



COMMONWEALTH OF VIRGINIA
Department of the Treasury

DAVID L. RICHARDSON
TREASURER OF VIRGINIA

FAX (804) 225-3187

P. O. BOX 1879
RICHMOND, VA 23218

(804) 225-2142

October 29, 2024

Ms. Laura Wilborn
Division of Legislative Automated Systems
General Assembly Building
Richmond, VA 23219

Via Email

Dear Ms. Wilborn:

In accordance with the provisions of §§ 23.1-1216, 22.1-171 C, and 2.2-2263 of the Code of Virginia, I hereby submit the unaudited annual financial statements for the Virginia College Building Authority, the Virginia Public School Authority, and the Virginia Public Building Authority for the fiscal year ended June 30, 2024.

The financial statements are unaudited. The Auditor of Public Accounts has not completed the annual audit of these public bodies for the year ended June 30, 2024. Audited financial statements will be sent to you when completed.

The financial statements have been prepared by the Department of the Treasury, whose management is responsible for their integrity and objectivity. The financial statements are considered by management to fairly present these public bodies' financial position and results of operations. We believe the data presented is accurate in all material respects and that all disclosures necessary to enable the reader to obtain a thorough understanding of the financial statements have been included.

Sincerely,

A handwritten signature in blue ink, appearing to read "B L Jones".

Bradley L. Jones
Director of Debt Management

BLJ:bj
Enclosures

VIRGINIA COLLEGE BUILDING AUTHORITY

FINANCIAL STATEMENTS (Unaudited)

FOR THE YEAR ENDED JUNE 30, 2024



VIRGINIA COLLEGE BUILDING AUTHORITY

FINANCIAL STATEMENTS (Unaudited)
FOR THE YEAR ENDING JUNE 30, 2024

Table of Contents

Management’s Discussion and Analysis	1
Basic Financial Statements:	
Statement of Net Position and Governmental Funds Balance Sheet	7
Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balance.....	8
Notes to the Financial Statements.....	9
Supplementary Information:	
Detail of Long-Term Indebtedness	18
Schedule of Outstanding Bond Issues for Private Colleges and Universities	19
Authority Officials.....	20

VIRGINIA COLLEGE BUILDING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)

This section of the annual financial report of the Virginia College Building Authority (“the Authority”) presents an analysis of the Authority’s financial performance during the fiscal year that ended on June 30, 2024. This information should be considered in conjunction with the information contained in the financial statements, which follow this section.

Authority Activities and Highlights

The Virginia College Building Authority is authorized to issue revenue bonds and notes to finance (1) capital projects of public institutions of higher education under the Pooled Bond Program; (2) capital projects of public institutions of higher education under the 21st Century College and Equipment Programs; and (3) loans to private, non-profit institutions of higher education within the Commonwealth and non-profit foundations of public institutions of higher education.

Under the Pooled Bond Program, bonds of the Authority are secured by notes of participating institutions of higher education to which the general revenues of the college or university have been pledged. During the year, the Authority did not issue bonds under this Program.

The 21st Century College Program and the Equipment Program were established in 1996 and 1986, respectively, and provide financing for state-supported institutions of higher education. The 21st Century Program provides funding for capital projects designated by the General Assembly. The Equipment Program provides funding for educational equipment. Bonds for both programs are payable from amounts to be appropriated by the General Assembly, and are frequently issued together as a single 21st Century College and Equipment Programs offering. During the year, the Authority issued \$642 million of bonds under these Programs.

The Authority is also authorized to issue conduit revenue bonds and notes to finance educational projects through loans to private, non-profit institutions of higher education within the Commonwealth and non-profit foundations of public institutions of higher education (to date, no foundations of public institutions have participated in the program). Since these financings are not obligations of the Commonwealth, they are not included in these financial statements. However, for informational purposes only, a Schedule of Outstanding Bond Issues for Private Colleges and Universities is included on page 19 of this report.

Overview of the Financial Statements

This discussion and analysis is an introduction to the Authority’s basic financial statements, which are comprised of two components: 1) combined government-wide and fund financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities are two basic financial statements that report information about the Authority as a whole. The data is reported using

VIRGINIA COLLEGE BUILDING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

the accrual basis of accounting, and provides insight as to whether or not the Authority's total financial position has improved as a result of the current year's activities.

The Statement of Net Position presents all of the Authority's assets, deferred outflows of resources, and liabilities, with net position representing the difference between these elements. Over time, increases and decreases in net position measure whether the Authority's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g. receipt or payments on long-term debt obligations).

Both statements report governmental activities. The financial information in this section is related to Authority programs backed by appropriations from the Commonwealth and by note obligations from institutions of higher education. This includes the Authority's 21st Century College and Equipment Programs and Pooled Bond Program.

Fund Financial Statements

The fund financial statements provide detailed information about the major individual funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the Authority uses to keep track of specific sources of funding and spending for a particular purpose.

All of the Authority's activity is reported in a Special Revenue fund within the Governmental Fund Financial Statements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements focus on near-term inflows and outflows of spendable resources. This approach is known as using the current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the Authority's finances that assists in determining whether there will be adequate financial resources available to meet the current needs of the Authority.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented in the adjustment column in each of the financial statements.

VIRGINIA COLLEGE BUILDING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements.

Government-wide Financial Analysis of the Authority

The primary purpose of the Authority is to provide a vehicle for financing capital and equipment needs for state supported institutions of higher education. The Department of the Treasury provides staff support for the Authority. Consequently, the only operating costs are those attributable to its financing programs, which are paid from bond proceeds. The Authority owns no capital assets.

Condensed Statement of Net Position
(in millions)

	2024	2023	Change
Current assets	\$ 828	\$ 805	\$ 23
Noncurrent assets	1,238	1,355	(117)
Total assets	<u>2,066</u>	<u>2,160</u>	<u>(94)</u>
Total deferred outflows	<u>14</u>	<u>17</u>	<u>(3)</u>
Current liabilities	816	907	(91)
Noncurrent liabilities	6,633	6,533	100
Total liabilities	<u>7,449</u>	<u>7,440</u>	<u>9</u>
Total deferred inflows	<u>25</u>	<u>27</u>	<u>(2)</u>
Net position (deficit):			
Restricted	576	430	146
Unrestricted	<u>(5,970)</u>	<u>(5,720)</u>	<u>(250)</u>
Total net position (deficit)	<u>\$ (5,394)</u>	<u>\$ (5,290)</u>	<u>\$ (104)</u>

Net position decreased by \$104 million, or 2%, in fiscal year 2024 as compared to fiscal year 2023. The 21st Century College and Equipment Programs comprise the majority of the Authority's net position. During the year, under this Program, the Authority spent \$722 million on disbursements to institutions and on bond interest expenses. Offsetting revenues were only \$619 million. The Authority's total assets decreased by \$94 million, or 4%, primarily attributable to a \$85 million increase in the 21st Century College and Equipment Programs' assets and a \$179 million decrease in the Pooled Bond Program's assets. Changes in assets were mainly driven by the addition of new bond proceeds, offset by disbursements to institutions. The Authority's total liabilities increased by \$9 million, or 0%, primarily attributable to a \$188 million increase in the 21st Century College and Equipment Programs' liabilities and a \$179 million decrease in the Pooled Bond Program's liabilities. Increases in liabilities under the 21st Century College and Equipment Programs were primarily driven by increases in bonds payable and in premium on bonds sold. Decreases in liabilities under the Pooled Bond Program offset the Pooled Bond asset decrease, leaving a minimal change

VIRGINIA COLLEGE BUILDING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

in Pooled Bond net position. Under the 21st Century College and Equipment Programs debt-related receipts of \$596 million and interest on investments of \$22 million were less than disbursements to institutions of \$567 million, interest payments on bonds of \$155 million and underwriter's discount of \$1 million. When combined with small changes in other accounts, the result was a decrease to net position of \$104 million.

Deficit net position reported by the Authority is a function of the reporting of outstanding obligations for the 21st Century College Program and the Equipment Program without the reporting of the corresponding appropriation receivable from the Commonwealth, which secures these bonds. This is done since future appropriations are not considered available and do not constitute a legally binding commitment, and generally accepted accounting principles do not permit the reporting of these receivables prior to their receipt. The General Assembly has never failed to appropriate funds to the Authority for payment of debt service on the Authority's bonds.

Condensed Statement of Activities
(in millions)

	2024	2023	Change
Revenues:			
Appropriations from the Commonwealth	\$ 594	\$ 562	\$ 32
Other revenues/sources	73	62	11
Total revenues	667	624	43
Expenses:			
Interest on long-term debt	203	193	10
Construction and equipment disbursements	567	650	(83)
Other	1	6	(5)
Total expenses	771	849	(78)
Decrease in net position	(104)	(225)	121
Net position (deficit) July 1	(5,290)	(5,065)	(225)
Net position (deficit) June 30	\$ (5,394)	\$ (5,290)	\$ (104)

The increase in revenues of \$43 million, or 7%, is mainly attributable to a \$33 million increase in debt service-related receipts and an \$11 million increase in interest on investments. Debt service receipts are tied to the structure of the repayment schedules on outstanding bonds. The decrease in expenses of \$78 million, or 9%, is primarily due to a \$83 million decrease in disbursements to higher education institutions and an increase of \$6 million in debt service-related disbursements.

VIRGINIA COLLEGE BUILDING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Financial Analysis of the Authority's Funds

In the Special Revenue Fund, total assets increased by \$23 million, or 3%, in fiscal year 2024. This is primarily attributable to current period receipts, comprised of \$693 million in spendable bond proceeds and \$25 million interest on investments, offset by disbursements to institutions totaling \$693 million. Total liabilities decreased by \$60 million, or 42% primarily due to a decrease in payables to institutions of \$60 million. These liabilities generally fluctuate with construction schedules and reimbursement requests.

Debt Administration

As a financing entity, the whole business of the Authority is debt administration. The Authority issues bonds to finance capital projects approved by the General Assembly of the Commonwealth of Virginia. Depending on the program, certain bonds are secured by obligations of the recipient institutions of higher education; other bonds are secured by amounts to be appropriated by the General Assembly. The table below summarizes bond issuance activity during the year under each program. Please see Note 2.F on page 15 for additional details on the table below.

**Summary of Authority Bond Obligations
(in millions)**

	Balance June 30, 2023	Issuances and Other Increases	Retirements and Other Decreases	Balance June 30, 2024
21st Century Program - Capital	\$ 4,693	\$ 557	\$ (317)	\$ 4,933
Pooled Bond Program	1,467	-	(115)	1,352
21st Century Program - Equipment	325	85	(78)	332
Add: Unamortized Premium	619	51	(63)	607
Total	<u>\$ 7,104</u>	<u>\$ 693</u>	<u>\$ (573)</u>	<u>\$ 7,224</u>

The Authority obtains bond ratings from Moody's Investors Service (Moody's), S&P Global Ratings (S&P) and Fitch Ratings, Inc. (Fitch). The table below summarizes the ratings on outstanding Authority bonds.

Virginia College Building Authority Bond Ratings

	<u>Moody's</u>	<u>S&P</u>	<u>Fitch</u>
21 st Century College and Equipment Programs	Aa1	AA+	AA+
Pooled Bond Program	Aa1	AA+	AA+

Since the Authority's bond programs are either backed by state appropriations (21st Century College and Equipment Programs) or carry the credit support of the State Aid Intercept Provision (Pooled Bond Program), the bond ratings are a direct reflection of the Commonwealth's triple-A rating from each of the three rating agencies.

VIRGINIA COLLEGE BUILDING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Future Impact to Financial Position

The Authority does not plan to issue bonds prior to December 15, 2024.

VIRGINIA COLLEGE BUILDING AUTHORITY

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET (Unaudited) As of June 30, 2024

	Special Revenue Fund	Adjustments (Note 1F)		Statement of Net Position
ASSETS				
Current assets:				
Cash and cash equivalents (Note 2A)	\$ 692,075,472	\$ -		\$ 692,075,472
Investments (Note 2A)	1,077,325	-		1,077,325
Short-term notes receivable (Note 2B)	-	116,175,000		116,175,000
Restricted interest receivable	9,219	14,319,904		14,329,123
Interest receivable	3,399,122	-		3,399,122
Due from the federal government (Note 2C)	-	1,370,817		1,370,817
	696,561,138	131,865,721		828,426,859
Noncurrent assets:				
Restricted cash and cash equivalents (Note 2A)	2,167,351	-		2,167,351
Long-term notes receivable (Note 2B)	-	1,235,485,000		1,235,485,000
	2,167,351	1,235,485,000		1,237,652,351
	\$ 698,728,489	1,367,350,721		2,066,079,210
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding (Note 2G)		13,586,900		13,586,900
		13,586,900		13,586,900
LIABILITIES				
Current liabilities:				
Due to higher education institutions (Note 2D)	\$ 41,842,499	37,125,787		78,968,286
Allocation payable (Note 2E)	42,073,660	-		42,073,660
Interest payable	-	104,257,318		104,257,318
Bonds payable (Note 2F)	-	527,925,000		527,925,000
Premium on bonds sold (Note 2F)	-	62,797,355		62,797,355
	83,916,159	732,105,460		816,021,619
Noncurrent liabilities:				
Bonds payable (Note 2F)	-	6,089,130,000		6,089,130,000
Premium on bonds sold (Note 2F)	-	544,210,007		544,210,007
	-	6,633,340,007		6,633,340,007
	83,916,159	7,365,445,467		7,449,361,626
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding (Note 2G)		24,799,000		24,799,000
		24,799,000		24,799,000
FUND BALANCE/NET POSITION:				
Fund balance:				
Restricted for construction and equipment	612,644,979	(612,644,979)		-
Restricted for debt service	2,167,351	(2,167,351)		-
	614,812,330	(614,812,330)		-
	\$ 698,728,489			
Net position (deficit):				
Restricted for construction and equipment purchases		575,509,973		575,509,973
Restricted for debt service		153,264		153,264
Unrestricted		(5,970,157,753)		(5,970,157,753)
		(5,394,494,516)		(5,394,494,516)

The accompanying notes are an integral part of the financial statements.

VIRGINIA COLLEGE BUILDING AUTHORITY

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (Unaudited) For the Fiscal Year Ended June 30, 2024

	Special Revenue Fund	Adjustments (Note 1F)	Statement of Activities
REVENUES:			
Interest on investments	\$ 26,179,948	\$ (3,429,301)	\$ 22,750,647
Interest on bonds	47,732,460	(1,694,002)	46,038,458
Receipt of note principal payments	114,089,371	(114,089,371)	-
Appropriations from the Commonwealth	594,474,780	-	594,474,780
Interest on Build America Bonds	4,134,105	(240,067)	3,894,038
	786,610,664	(119,452,741)	667,157,923
EXPENDITURES/EXPENSES:			
Current:			
Legal and financial services	202,614	-	202,614
Bond rating fees	229,915	-	229,915
Printing and electronic distributions	9,658	-	9,658
Equipment allocation	102,950,354	-	102,950,354
Disbursement to higher education institutions	529,458,513	(65,446,331)	464,012,182
Underwriter's discount	1,151,061	-	1,151,061
Miscellaneous	17,545	(16,424)	1,121
Debt service:			
Principal retirement	509,030,000	(509,030,000)	-
Interest and fiscal charges	252,835,832	(49,830,709)	203,005,123
	1,395,885,492	(624,323,464)	771,562,028
			-
Excess (deficiency) of revenues over (under) expenditures	(609,274,828)	-	-
Other financing sources (uses):			
Bond issuance	642,215,000	(642,215,000)	-
Bond premium	50,986,736	(50,986,736)	-
	693,201,736	(693,201,736)	-
			-
Excess of revenues and other financing sources over expenditures and other financing uses	83,926,908	(83,926,908)	-
Change in net position	-	(104,404,105)	(104,404,105)
Fund balance/Net position (deficit), July 1, 2023	530,885,422	(5,820,975,833)	(5,290,090,411)
Fund balance/Net position (deficit), June 30, 2024 (Note 2H)	\$ 614,812,330	\$ (6,009,306,846)	\$ (5,394,494,516)

The accompanying notes are an integral part of the financial statements.

VIRGINIA COLLEGE BUILDING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

AS OF JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Virginia College Building Authority (“the Authority”) was created by the Virginia College Building Authority Act of 1966, Chapter 12, Title 23.1, *Code of Virginia*. The Authority is a public body corporate and a political subdivision, agency, and instrumentality of the Commonwealth. Under this chapter, the Authority is authorized to issue revenue bonds and notes to finance (i) capital projects under the Authority’s Pooled Bond Program, and (ii) capital projects under the Authority’s 21st Century College and Equipment Programs for all public institutions of higher education of the Commonwealth.

Under the Pooled Bond Program, the Authority issues its bonds and uses the proceeds thereof to purchase notes of public institutions of higher education in the Commonwealth. Proceeds are used by the institutions to finance or refinance capital projects approved by the General Assembly. Authority bonds issued under the Pooled Bond Program are secured by payments on the notes to which the institutions have pledged their general revenues. Pooled Bond Program bonds have been issued under a Master Indenture of Trust dated as of September 1, 1997 (“the 1997 Indenture”).

Under the 21st Century College and Equipment Programs, bonds are issued under the Master Indenture of Trust dated December 1, 1996 (“the 1996 Indenture”), which provides for the payment of debt service from amounts to be appropriated by the General Assembly through a payment agreement between the Authority and the Treasury Board. Title to the capital projects financed remains with the Commonwealth.

Pursuant to the Educational Facilities Authority Act, Article 2 of Chapter 12 of Title 23.1, *Code of Virginia*, the Authority is authorized to issue revenue bonds and notes and to use the proceeds thereof to finance educational facilities projects through loans to private, non-profit institutions of higher education within the Commonwealth as well as non-profit foundations of public institutions of higher education. Such financings are not obligations of the Commonwealth, but are limited obligations of the Authority payable solely from loan payments made by the private, non-profit institutions of higher education or non-profit foundations of public institutions of higher education. This indebtedness, therefore, is not included in the financial statements. Total debt outstanding under this program at June 30, 2024 was \$592.2 million. (Detailed information for this program is presented on page 19 in the Supplementary Information section following the Notes to the Financial Statements.)

VIRGINIA COLLEGE BUILDING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

A separate report is prepared for the Commonwealth of Virginia, which includes all agencies, boards, commissions, and authorities over which the Commonwealth exercises or has the ability to exercise oversight authority. The Authority is a component unit of the Commonwealth of Virginia and is included in the basic financial statements of the Commonwealth.

The accounting and reporting policies of the Authority conform to generally accepted accounting principles applicable to governmental units as prescribed by the Governmental Accounting Standards Board (“GASB”), the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Authority’s more significant policies.

B. Measurement Focus and Basis of Accounting

The accompanying financial statements are presented using the accounting principles generally accepted in the United States of America as prescribed by GASB. The government-wide statements use the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they are earned and expenditures are recognized when the related liability is incurred, regardless of the timing of related cash flows. For financial reporting purposes, the Authority defines payables as those items which have been identified by the submitting institutions as payable at June 30 and which have been presented to the Authority for payment.

The accompanying governmental funds financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to fund current operations. Expenditures are recognized when the related fund liability is incurred, except for principal and interest on long-term debt which is recognized when due.

The Authority uses the cash basis of accounting during the year and reports on the accrual and modified accrual basis for financial statement purposes at the end of the fiscal year.

C. Fund Accounting

The activities of the Authority are accounted for in a Special Revenue Fund. The Special Revenue Fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Special Revenue Fund consists of bond proceeds, bond funds and issuance expense funds. Included are funds established in accordance with the provisions of the 1996 Indenture with the Bank of New York Mellon Trust Company, N.A. for the

VIRGINIA COLLEGE BUILDING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

21st Century College Program and the Equipment Program revenue bonds issued by the Authority, since their consolidation in 1999. Also included are the outstanding bonds issued under the Authority's Pooled Bond Program.

D. Bond Issuance Costs, Premiums, and Discounts

Costs associated with issuing debt are expensed in the year incurred. The original issue premium or discount, for each bond issuance, is also expensed or recognized as revenue in the year incurred unless it exceeds 1% of the amount of the bonds issued. In that case, the original issue premium or discount is deferred and amortized, on a straight-line basis, over the life of the outstanding debt, in the case of tax-exempt bonds, and on an effective interest basis, in the case of taxable bonds. Premiums on Pooled Bonds are allocated to the participating institutions.

E. Budget to Actual Statement

Due to the nature of activity accounted for by the Authority, a budget is not prepared. Therefore, a Statement of Revenues, Expenditures, and Changes in Balances – Budget to Actual is not included in the financial statements.

F. Adjustments

The adjustments column primarily represents the recording of bonds payable-related assets and liabilities on the Statement of Net Position and the effect of these transactions on the Statement of Activities. Governmental fund statements do not reflect bonds payable and related activity, but do reflect debt proceeds and debt service payments that occurred during the current period. The non-current portion of bonds payable includes those payments that are not due and payable in the current period.

2. DETAILED NOTES

A. Cash, Cash Equivalents, and Investments

The Bank of New York Mellon Trust Company, N.A. holds certain deposits and cash equivalents of the Authority as trustee. Other funds of the Authority are invested in the State Treasurer's Local Government Investment Pool. Cash is defined as currency on hand and demand deposits, or monies in accounts or cash management pools having the characteristics of demand deposit accounts. Cash equivalents are defined as investments with an original maturity of less than three months.

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act"). Under the Act, banks and savings institutions holding

VIRGINIA COLLEGE BUILDING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice will pledge collateral that ranges in amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Deposits held by trustees are collateralized in accordance with the Trust Subsidiary Act, Section 6.2-1057 et seq. of the *Code of Virginia*. Under the Act, the affiliate bank delivers securities to the trust department as collateral that is at least equal to the market value of the trust funds held on deposit in excess of amounts insured by federal deposit insurance.

Under a Master Indenture of Trust dated December 1, 1996, and under a Master Indenture of Trust dated September 1, 1997, the trustee is authorized to invest in the following investments: bonds, notes and other obligations issued or guaranteed by the United States government; bonds, notes and other evidences of indebtedness of any state of the United States of America or any locality of any state of the United States of America that meet the requirements of *Code* Sections 2.2-4500 and 2.2-4501A.3; and investments made pursuant to the Investment of Public Funds and Local Government Investment Pool Act. At June 30, 2024, The Bank of New York Mellon Trust Company, N.A., which currently serves as trustee for both Indentures, maintained \$695,112,842 in cash, cash equivalents, and investments for the Authority. The Authority also directly held cash equivalents of \$ 207,306 for a total invested balance of \$695,320,148.

Custodial credit risk for cash equivalents and investments is the risk that, in the event of a failure of the counterparty, the Authority will not be able to recover the value of its cash equivalents and investments. All cash equivalents and investments of the Authority are held in the Authority's name and are therefore not exposed to custodial credit risk.

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Authority has elected to disclose the risk for its debt investments using the segmented time distribution method.

The Authority's cash equivalents and investments are valued at amortized cost, which approximates fair value. Details of cash, cash equivalents and investments are presented on the following page.

VIRGINIA COLLEGE BUILDING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

Summary of Cash, Cash Equivalents and Investments
As of June 30, 2024

	June 30, 2024	Maturities (in years)	
		Less Than 1	S&P Rating
U.S. Treasury Securities	\$ 1,077,325	\$ 1,077,325	N/A
State Non-Arbitrage Program ^{®(1)}	35,479,141	35,479,141	AAAm
Local Government Investment Pool ⁽²⁾	656,189,796	656,189,796	AAAm
Money Market Accounts ⁽³⁾	2,167,319	2,167,319	AAAm
Cash held by Trustee	406,567		
Total cash, cash equivalents and investments	<u>\$ 695,320,148</u>	<u>\$ 694,913,581</u>	

(1) The Virginia State Non-Arbitrage Program[®] (SNAP[®]) offers a professionally-managed money market mutual fund, which provides issuers with a temporary pooled investment vehicle for proceeds pending expenditure, and with record keeping, depository and arbitrage rebate calculation services. SNAP[®] is in compliance with all of the standards of GASB Statement No. 79 and elects to report its investments for financial reporting at amortized cost. Participants in SNAP[®] should also report their investments in SNAP[®] at amortized cost.

(2) The Local Government Investment Pool (LGIP) enables governmental entities to maximize their return on investments by providing for a State administered fund where monies can be commingled for investment purposes in order to realize the economies of large-scale investing and professional funds management. The LGIP is managed in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 79. The LGIP is in compliance with all of the standards of GASB Statement No. 79 and elects to report its investments for financial reporting at amortized cost. Participants in the LGIP should also report their investments in the LGIP at amortized cost.

(3) The Authority invests certain short-term cash balances held within its accounts in the Fidelity Treasury Money Market. This is an open-ended mutual fund registered under the Investment Company Act of 1940. The fund maintains a policy of investing all their assets in U.S. Treasury obligations and repurchase agreements backed by those obligations. These funds are reported at amortized cost, which approximates fair value.

The Authority does not limit the amount that may be invested in any one issuer. The Authority had investments of five percent or more in the State Non-Arbitrage Program[®] (5%) and the Local Government Investment Pool (94%).

B. Notes Receivable

Under the Authority's Pooled Bond Program, note payments made by the public institutions of higher education under the terms of note agreements between the Authority and the institutions provide for the payment of debt service on the Pooled Bonds. A summary of future minimum note payments due from the institutions is shown in the schedule on the following page.

VIRGINIA COLLEGE BUILDING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

Future Minimum Note Payments Due from Institutions
As of June 30, 2024

Year Ending June 30	Principal	Interest	Total
2025	\$ 116,175,000	\$ 45,761,724	\$ 161,936,724
2026	119,150,000	41,711,826	160,861,826
2027	118,425,000	37,665,089	156,090,089
2028	116,970,000	33,504,978	150,474,978
2029	100,115,000	29,379,482	129,494,482
2030-2034	361,465,000	102,875,102	464,340,102
2035-2039	234,575,000	53,082,793	287,657,793
2040-2044	104,120,000	23,250,448	127,370,448
2045-2049	63,825,000	8,439,984	72,264,984
2050-2054	16,840,000	971,550	17,811,550
Total	<u>\$ 1,351,660,000</u>	<u>\$ 376,642,976</u>	<u>\$ 1,728,302,976</u>

C. Due from the Federal Government

The America Recovery and Reinvestment Act of 2009 permitted the Authority to issue federally taxable bonds known as “Build America Bonds” to finance capital expenditures. Under the “Build America Bond” program, instead of issuing federally tax-exempt bonds, the Authority issued federally taxable Build America Bonds and elected to receive a subsidy payment from the federal government equal to 35% of each interest payment due semiannually on such taxable bonds. The Authority has issued three such series of bonds, two of which remain outstanding as of June 30, 2024 (the 21st Century College and Equipment Programs Series 2010B and the Pooled Bond Program Series 2010A). Therefore, the Authority is accruing a receivable from the federal government for the subsidy payment which will be on August 1, 2024 (21st Century Bonds) and September 1, 2024 (Pooled Bonds). As a result of the Federal Sequestration, the actual August 1, 2024 and September 1, 2024 payment will be reduced by 5.7% and the corresponding accrual was adjusted to reflect this reduction. It should be noted that the subsidy payments have not been pledged to the payment of the Build America Bonds, and the subsidy payments are not full faith and credit obligations of the United States. As such, future debt service payments have been reflected in these financial statements at their gross amounts, without consideration of possible future subsidy payments.

D. Due to Higher Education Institutions

Bonds were issued under the Pooled Bond Program and the proceeds of these bonds were used to purchase institutional notes from various public institutions of higher education. These institutions in turn will use the proceeds of the notes

VIRGINIA COLLEGE BUILDING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

to finance capital projects. Therefore, the unspent portion of the note proceeds still held by the trustee at June 30, 2024 is reflected as “due to higher education institutions” in the government-wide statements. Amounts reflected as “due to higher education institutions” within the Special Revenue Fund in the fund financial statements represent normal year-end payables to institutions as a result of on-going operations.

E. Allocation Payable

In past fiscal years, the Authority has issued bonds to support the General Assembly allocations to finance the purchase of equipment at public institutions of higher education. The Authority is committed by this to reimburse institutions of higher education for the cost of equipment from its cash and investments.

Institutions purchased and obtained reimbursement in equipment in fiscal year 2024. The chart below shows the appropriations and reimbursements from fiscal year allocations 2020 through 2024. The 2013 through 2019 allocations were closed during fiscal year 2024. Of the closed allocations, only 2019 had reimbursements in the amount of \$55,945. These allocations will be used, in part, to liquidate the \$42 million reflected as “allocation payable” in the government-wide and fund financial statements, which represent normal year-end payables to institutions as a result of on-going operations.

	Balance June 30, 2023	Appropriations	Reimbursements	Balance June 30, 2024
2020 Allocation	1,355,222	-	222,158	1,133,064
2021 Allocation	9,313,390	-	6,251,986	3,061,404
2022 Allocation	24,637,611	-	15,783,264	8,854,347
2023 Allocation	70,863,216	-	53,377,603	17,485,613
2024 Allocation	-	91,650,000	26,379,224	65,270,776
Total	<u>\$ 106,169,439</u>	<u>\$ 91,650,000</u>	<u>\$ 102,014,235</u>	<u>\$ 95,805,204</u>

F. Long-Term Indebtedness

Changes in Long-Term Debt - the schedule below is a summary of changes in long-term debt of the Authority for the year ended June 30, 2024.

	Balance June 30, 2023	Issuances and Other Increases	Retirements and Other Decreases	Balance June 30, 2024	Due Within One Year
21st Century College Program	\$ 4,693,400,000	\$ 556,905,000	\$ (316,540,000)	\$4,933,765,000	\$334,285,000
Pooled Bond Program	1,467,225,000	-	(115,565,000)	1,351,660,000	116,175,000
Equipment Program	324,720,000	85,310,000	(78,400,000)	331,630,000	77,465,000
Add: Unamortized Premium	618,652,424	50,986,736	(62,631,798)	607,007,362	62,797,355
Total	<u>\$ 7,103,997,424</u>	<u>\$ 693,201,736</u>	<u>\$ (573,136,798)</u>	<u>\$7,224,062,362</u>	<u>\$590,722,355</u>

VIRGINIA COLLEGE BUILDING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

The schedule below reflects the amounts needed to amortize long-term debt.

Annual Requirements to Amortize Long-Term Debt
As of June 30, 2024

Year Ending June 30	Principal	Interest	Total
2025	\$ 527,925,000	\$ 269,062,702	\$ 796,987,702
2026	524,720,000	254,091,344	778,811,344
2027	517,580,000	232,222,647	749,802,647
2028	517,365,000	210,436,596	727,801,596
2029	490,955,000	187,378,846	678,333,846
2030-2034	1,986,365,000	642,414,418	2,628,779,418
2035-2039	1,327,625,000	297,079,521	1,624,704,521
2040-2044	643,855,000	79,757,946	723,612,946
2045-2049	63,825,000	8,439,984	72,264,984
2050-2054	16,840,000	971,550	17,811,550
Unamortized Premium	607,007,362	-	607,007,362
Total	<u>\$7,224,062,362</u>	<u>\$2,181,855,554</u>	<u>\$ 9,405,917,916</u>

G. Defeasance of Debt

From time to time, when interest rates indicate that it would be favorable to do so, the Authority has issued refunding bonds to defease outstanding bonds. These refundings have placed the proceeds of the new bonds in irrevocable trusts with escrow agents to provide for all future debt service on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the Authority's financial statements.

In accordance with Governmental Accounting Standards Board (GASB) Statement 23, "Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities," as amended by GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," the difference between the reacquisition price and the net carrying amount of the bonds defeased with refunding debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of Interest and Fiscal Charges over the shorter of the remaining life of the refunded debt or the life of the new debt. However, the deferral amount for the Pooled Bond Program has been allocated to the participating institutions and is therefore not reflected in the Authority's financial statements.

The Authority did not issue refunding bonds in fiscal year 2024. On July 12, 2023, College of William & Mary issued its own refunding bonds. Some of the proceeds were used to refund selected maturities of the Authority's 2014B and 2016A Pooled Program bonds in a total of \$1,475,000.

VIRGINIA COLLEGE BUILDING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

At June 30, 2024, \$236,785,000 of bonds outstanding are considered defeased for financial reporting purposes.

H. Deficit Net Position

Under the 21st Century College and Equipment Programs, bonds issued under the Master Indenture of Trust dated December 1, 1996 are secured by General Assembly appropriations through a payment agreement between the Authority and the Treasury Board. Because future appropriations do not constitute a legally binding commitment and do not meet the criteria for recognition under the accrual basis of accounting, the Authority ended the year with a net position deficit of \$5,394,494,516. The General Assembly has never failed to appropriate funds to the Authority for payment of debt service on the Authority's bonds.

I. Subsequent Events

The Authority does not plan to issue bonds prior to December 15, 2024.

J. Risk Management

The Authority is exposed to various risks of loss related to torts; theft, damage to, and/or destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. The Department of the Treasury participates in insurance plans maintained by the Commonwealth of Virginia on behalf of the Authority. The state employee health care and worker's compensation plans are administered by the Department of Human Resource Management and the risk management insurance plans are administered by the Department of the Treasury, Division of Risk Management. Risk management insurance includes property, general liability, medical malpractice, faithful performance of duty bond, automobile, and air and watercraft plans. The Department of the Treasury pays premiums to each of these Departments for its insurance coverage. Information relating to the Commonwealth's insurance plans is available at the statewide level in the Commonwealth of Virginia's Annual Comprehensive Financial Report.

**VIRGINIA COLLEGE BUILDING AUTHORITY
SUPPLEMENTARY INFORMATION**

**Detail of Long-Term Indebtedness
June 30, 2024**

(Dollars in Thousands)

Detail of Long-Term Indebtedness by Series

	Dated Date	Bond Program	True Interest Cost ("TIC")	Amount Issued	Institutional Notes Purchased	Outstanding July 1, 2023	Issued (Retired) During Year	Outstanding June 30, 2024	Original Maturity
Series 2009E1 Refunding	10/08/09	21st Century	3.01%	\$ 134,000	\$ -	\$ 17,725	\$ (17,725)	\$ -	02/01/24
Series 2010B-2	10/26/10	21st Century	2.82%	290,600	-	132,660	(19,545)	113,115	02/01/30
Series 2010A-2	11/18/10	Pooled	3.40%	156,610	156,610	117,365	(10,365)	107,000	09/01/40
Series 2012B	12/13/12	21st Century	2.42%	349,255	-	19,955	-	19,955	02/01/33
Series 2013A	11/19/13	Pooled	3.67%	74,925	74,925	1,760	(1,760)	-	09/01/43
Series 2013B Refunding	11/19/13	Pooled	3.24%	12,355	12,355	4,200	(1,075)	3,125	09/01/28
Series 2014A	05/15/14	21st Century/Equip.	3.04%	319,155	-	26,190	(12,455)	13,735	02/01/34
Series 2014B Refunding	05/15/14	21st Century	1.71%	27,985	-	4,885	-	4,885	02/01/25
Series 2014A	11/13/14	Pooled	3.11%	98,040	98,040	8,925	(4,355)	4,570	09/01/44
Series 2014B Refunding	11/13/14	Pooled	2.09%	186,035	186,035	62,340	(20,805)	41,535	09/01/35
Series 2015A	04/15/15	21st Century	3.06%	373,230	-	36,965	(8,015)	28,950	02/01/35
Series 2015B Refunding	04/15/15	21st Century	2.23%	204,880	-	113,030	(24,915)	88,115	02/01/27
Series 2015D	08/13/15	21st Century/Equip.	2.93%	290,065	-	165,050	(20,195)	144,855	02/01/35
Series 2015A	12/03/15	Pooled	3.24%	53,615	53,615	38,755	(1,655)	37,100	09/01/45
Series 2015B Refunding	12/03/15	Pooled	2.65%	153,895	153,895	115,295	(14,440)	100,855	09/01/38
Series 2016A	06/01/16	21st Century	2.50%	360,485	-	167,840	(10,400)	157,440	02/01/36
Series 2016B	06/01/16	21st Century	2.55%	49,300	-	49,300	-	49,300	02/01/29
Series 2016C	06/01/16	21st Century	2.02%	39,980	-	12,685	(4,135)	8,550	02/01/26
Series 2016A	07/12/16	Pooled	2.10%	231,880	231,880	193,610	(12,485)	181,125	09/01/39
Series 2017A	06/21/17	21st Century	1.30%	75,100	-	14,230	(14,230)	-	02/01/24
Series 2017B	06/21/17	21st Century	1.66%	173,295	-	89,520	(19,365)	70,155	02/01/28
Series 2017A	12/05/17	Pooled	2.67%	113,050	113,050	93,850	(4,645)	89,205	09/01/37
Series 2017B	12/05/17	Pooled	3.09%	24,630	24,630	20,540	(1,100)	19,440	09/01/37
Series 2017C	08/02/17	21st Century	2.96%	492,730	-	410,205	(14,245)	395,960	02/01/37
Series 2017D	08/02/17	21st Century	2.55%	99,915	-	42,280	(10,165)	32,115	02/01/27
Series 2017E Refunding	12/21/17	21st Century	2.52%	560,555	-	497,150	(42,365)	454,785	02/01/32
Series 2018A	06/06/18	21st Century/Equip.	2.22%	75,685	-	23,920	(11,670)	12,250	02/01/25
Series 2018A	12/04/18	Pooled	3.50%	134,505	134,505	117,490	(4,945)	112,545	09/01/38
Series 2018B	12/04/18	Pooled	4.42%	76,695	76,695	70,995	(1,600)	69,395	09/01/48
Series 2019A	06/05/19	21st Century/Equip.	2.52%	513,245	-	409,275	(27,330)	381,945	02/01/39
Series 2019A	12/04/19	Pooled	2.29%	37,090	37,090	33,105	(1,680)	31,425	09/01/39
Series 2019B	12/05/19	21st Century	2.48%	134,855	-	120,470	(5,285)	115,185	02/01/39
Series 2019C	12/05/19	21st Century	1.62%	229,135	-	168,180	(20,655)	147,525	02/01/30
Series 2020A	08/06/20	21st Century/Equip.	1.86%	339,360	-	279,345	(19,150)	260,195	02/01/40
Series 2020B	08/06/20	21st Century	1.95%	341,455	-	179,345	(3,085)	176,260	02/01/40
Series 2021A	02/09/21	Pooled	1.21%	29,315	29,315	18,015	(3,355)	14,660	09/01/42
Series 2021B	02/09/21	Pooled	1.72%	357,395	357,395	356,150	(28,905)	327,245	09/01/46
Series 2021A	06/09/21	21st Century/Equip.	1.77%	537,115	-	481,860	(25,600)	456,260	02/01/41
Series 2021C	06/29/21	Pooled	2.17%	82,740	82,740	78,890	(1,560)	77,330	09/01/51
Series 2022A	02/23/22	Pooled	2.24%	11,410	11,410	11,205	(375)	10,830	09/01/41
Series 2022A	06/01/22	21st Century/Equip.	3.74%	584,175	-	573,095	(10,275)	562,820	02/01/42
Series 2022B	06/01/22	21st Century	3.07%	48,070	-	22,335	(17,885)	4,450	02/01/25
Series 2023A	02/08/23	Pooled	3.44%	124,735	124,735	124,735	(460)	124,275	09/01/52
Series 2023A	06/06/23	21st Century/Equip.	3.49%	618,815	-	618,815	(36,250)	582,565	02/01/43
Series 2023B Refunding	06/06/23	21st Century	2.77%	341,810	-	341,810	-	341,810	02/01/35
Series 2024A	05/07/24	21st Century/Equip.	3.61%	642,215	-	-	642,215	642,215	02/01/44

	Total	\$ 10,205,385	\$ 1,958,920	\$ 6,485,345	\$ 131,710	\$ 6,617,055
--	--------------	----------------------	---------------------	---------------------	-------------------	---------------------

Detail of Long-Term Indebtedness by Program

	Amount Issued	Institutional Notes Purchased	Outstanding July 1, 2023	Issued (Retired) During Year	Outstanding June 30, 2024
21st Century College Program	\$ 7,511,320	\$ -	\$ 4,693,400	\$ 240,365	\$ 4,933,765
Pooled Bond Program	1,958,920	1,958,920	1,467,225	(115,565)	1,351,660
Equipment Program	735,145	-	324,720	6,910	331,630
Total	\$ 10,205,385	\$ 1,958,920	\$ 6,485,345	\$ 131,710	\$ 6,617,055

VIRGINIA COLLEGE BUILDING AUTHORITY
SUPPLEMENTARY INFORMATION
Schedule of Outstanding Bond Issues for Private Colleges and Universities
June 30, 2024
(Dollars in Thousands)

College/University	Series	Dated Date	Yield (a)	Amount Originally Issued	Amount of Notes Purchased	Outstanding July 1, 2023	Issued (Retired) During Year	Outstanding June 30, 2024	Original Final Maturity
Hampton University	2015	07/23/15	2.30%	\$ 14,240	\$ 14,240	\$ 1,252	\$ (620)	\$ 632	04/01/25
Lynchburg College	2010	12/21/10	VAR	8,838	8,838	3,448	(443)	3,005	12/01/34
Marymount University	2015A	04/08/15	3.25%	65,010	65,010	54,755	(1,320)	53,435	07/01/45
	2015B	07/15/15	5.13%	66,815	66,815	62,365	(1,480)	60,885	07/01/45
Randolph-Macon College	2018	07/11/18	3.56%	26,505	26,505	21,035	(1,375)	19,660	01/15/43
	2021A	05/12/21	2.38%	27,640	27,640	26,295	(710)	25,585	01/15/51
	2021B	05/12/21	2.38%	1,925	1,925	1,585	(170)	1,415	01/15/35
Regent University	2021	05/25/21	2.78%	72,185	72,185	68,835	(1,825)	67,010	06/01/46
Shenandoah University	2011	12/09/11	VAR	36,455	36,455	17,845	(2,020)	15,825	12/27/36
University of Richmond	2004A	08/04/04	VAR	46,000	46,000	46,000	-	46,000	08/01/34
	2006	11/08/06	VAR	55,900	55,900	55,900	-	55,900	11/01/36
	2012	11/06/12	3.39%	60,000	60,000	60,000	(60,000)	-	03/01/42
	2024	03/07/24	3.96%	100,545	100,545	-	100,545	100,545	03/01/54
Washington & Lee University	1998	04/01/98	5.10%	52,205	52,205	43,790	(4,540)	39,250	01/01/31
	2001	06/01/01	5.35%	43,000	43,000	23,180	(65)	23,115	01/01/34
	2021	12/15/21	3.03%	27,775	27,775	27,520	(260)	27,260	01/01/40
	2023	06/15/23	3.90%	52,700	52,700	52,700	-	52,700	06/01/44
				<u>\$ 757,738</u>	<u>\$ 757,738</u>	<u>\$ 566,505</u>	<u>\$ 25,717</u>	<u>\$ 592,222</u>	

(a) "Yield" refers to the Net Interest Cost ("NIC") in most cases, to the TIC when available, and to the Arbitrage Yield in other cases.

VIRGINIA COLLEGE BUILDING AUTHORITY
Richmond, Virginia

BOARD MEMBERS

As of June 30, 2024

Gary Ometer, Chairman

Martin A. Thomas, Jr.

William T. Clarke, Jr.

Jerrell D. Saunders

Christine M. McIntyre

Barry Green

Craig A. Robinson

EX OFFICIO

David L. Richardson, Treasurer, State Treasurer

A. Scott Fleming, Director, State Council of Higher Education for Virginia

Sharon H. Lawrence, Acting State Comptroller

Michael D. Maul, Director, Department of Planning and Budget