COMMONWEALTH OF VIRGINIA

Department of the Treasury

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October 28, 2026

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, 2026.

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, 2026. 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,

Bradley L. Jones
Director of Debt Management

BLJ:bj
Enclosures

VIRGINIA COLLEGE BUILDING AUTHORITY

FINANCIAL STATEMENTS (Unaudited)

FOR THE YEAR ENDED JUNE 30, 2026

VIRGINIA COLLEGE BUILDING AUTHORITY

FINANCIAL STATEMENTS (Unaudited)
FOR THE YEAR ENDING JUNE 30, 2026

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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, 2026. This information should be considered in conjunction with the information contained in the financial statements, which follow this section.

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 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.

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.

Financial Summary and Detailed Analyses

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.

Condensed Statement of Net Position
(in millions)

	2026	2025	Change
Current assets	$ 491	$ 560	$ (69)
Noncurrent assets	1,036	1,157	(121)
Total assets	1,527	1,717	(190)
Total deferred outflows	7	10	(3)
Current liabilities	800	811	(11)
Noncurrent liabilities	5,658	6,087	(429)
Total liabilities	6,458	6,898	(440)
Total deferred inflows	39	22	17
Net position (deficit):			
Restricted	255	303	(48)
Unrestricted	(5,218)	(5,496)	278
Total net position (deficit)	$ (4,963)	$ (5,193)	$ 230

Net position of the Authority increased by $230 million, or 4%, in fiscal year 2026 compared to fiscal year 2025. The increase was primarily related to changes in capital financing activity for the Commonwealth's public institutions of higher education. Capital project activity slowed during fiscal year 2026, resulting in lower capital expenditures and a corresponding reduction in the need for new bond financing. Bonds are issued based on the institutions' anticipated capital expenditure needs.

Total assets decreased by $190 million, or 11%, during fiscal year 2026. The decrease was primarily attributable to the use of bond proceeds previously received for capital projects. As capital project proceeds were expended and the pace of new bond issuances declined, the balance of assets associated with available capital project financing decreased. This decline reflects the reduced level of capital project activity during the fiscal year.

Total liabilities decreased during fiscal year 2026, primarily as a result of changes in outstanding bonds and capital-related payables. During the year, retirements and other decreases on bonds totaled $850 million, while issuances and other increases totaled $439 million. Additional information on these bond-related changes is presented in the Summary of Authority Bond Obligations on page 5. In addition, year-end payables related to capital expenditures decreased by $30 million compared to fiscal year 2025, consistent with the lower level of capital project activity during fiscal year 2026. Together, these changes contributed to the overall decrease in total liabilities and were consistent with the Authority's reduced capital financing needs during the fiscal year.

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)

	2026	2025	Change
Revenues:			
Appropriations from the Commonwealth	$ 615	$ 632	$ (17)
Other revenues/sources	57	73	(16)
Total revenues	672	705	(33)
Expenses:			
Interest on long-term debt	187	206	(19)
Construction and equipment disbursements	254	298	(44)
Other	1	-	1
Total expenses	442	504	(62)
Increase in net position	230	201	29
Net position (deficit) July 1	(5,193)	(5,394)	201
Net position (deficit) June 30	$ (4,963)	$ (5,193)	$ 230

The decrease in revenues of $33 million, or 5%, is mainly attributable to a $20 million decrease in debt service-related receipts and a $14 million decrease in interest on investments. Debt service receipts are tied to the structure of the repayment schedules on outstanding bonds. The decrease in expenses of $62 million, or 12%, is primarily due to a $43 million decrease in construction and equipment disbursements and an $18 million decrease in debt service-related disbursements. The revenues and expenses activity is consistent with the decrease in capital project spending by the public institutions of higher education.

Financial Analysis of the Authority's Funds

In the Special Revenue Fund, total assets decreased by $69 million, or 16% in fiscal year 2026 while total liabilities decreased by $6 million or 8%. As noted previously, this is mainly a result of the slower capital project activity in fiscal year 2026.

Significant Capital Asset and Long-Term Financing Activity

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 authority does not own any capital assets. The table below summarizes bond issuance activity during the year under each program. Please see Note 2.F on page 14 for additional details on the table below.

Summary of Authority Bond Obligations
(in millions)

	Balance June 30, 2025	Issuances and Other Increases	Retirements and Other Decreases	Balance June 30, 2026
21st Century Program - Capital	$ 4,600	$ 226	$ (582)	$ 4,244
Pooled Bond Program	1,273	-	(120)	1,153
21st Century Program - Equipment	254	178	(67)	365
Add: Unamortized Premium	544	35	(81)	498
Total	$ 6,671	$ 439	$ (850)	$ 6,260

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

	Moody's	S&P	Fitch
21st 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.

Currently Known Facts, Decision, or Conditions

The are no currently known facts, decisions or conditions that will affect the financial situation of the Authority.

VIRGINIA COLLEGE BUILDING AUTHORITY

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET (Unaudited)
As of June 30, 2026

	Special Revenue Fund	Adjustments (Note 1F)	Statement of Net Position
ASSETS			
Current assets:			
Cash and cash equivalents (Note 2A)	$ 357,524,634	$ -	$ 357,524,634
Short-term notes receivable (Note 2B)	-	119,185,000	119,185,000
Restricted interest receivable	4,173	12,466,132	12,470,305
Interest receivable	1,243,657	-	1,243,657
Due from the federal government (Note 2C)	-	1,000,037	1,000,037
Total current assets	358,772,464	132,651,169	491,423,633
Noncurrent assets:			
Restricted cash and cash equivalents (Note 2A)	1,438,623	-	1,438,623
Long-term notes receivable (Note 2B)	-	1,034,250,000	1,034,250,000
Discount on bonds	-	-	-
Total noncurrent assets	1,438,623	1,034,250,000	1,035,688,623
Total assets	$ 360,211,087	1,166,901,169	1,527,112,256
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding (Note 2G)		6,621,400	6,621,400
Total deferred outflows		6,621,400	6,621,400
LIABILITIES			
Current liabilities:			
Due to higher education institutions (Note 2D)	$ 38,225,761	39,857,241	78,083,002
Allocation payable (Note 2E)	25,905,248	-	25,905,248
Interest payable	-	93,793,431	93,793,431
Accrued interest sold	-	-	-
Bonds payable (Note 2F)	-	542,405,000	542,405,000
Premium on bonds sold (Note 2F)	-	60,367,730	60,367,730
Total current liabilities	64,131,009	736,423,402	800,554,411
Noncurrent liabilities:			
Bonds payable (Note 2F)	-	5,220,275,000	5,220,275,000
Premium on bonds sold (Note 2F)	-	437,381,427	437,381,427
Total noncurrent liabilities	-	5,657,656,427	5,657,656,427
Total liabilities	64,131,009	6,394,079,829	6,458,210,838
DEFERRED INFLOWS OF RESOURCES			
Deferred gain on refunding (Note 2G)		38,898,200	38,898,200
Total deferred inflows		38,898,200	38,898,200
FUND BALANCE/NET POSITION:			
Fund balance:			
Restricted for construction and equipment	294,641,455	(294,641,455)	-
Restricted for debt service	1,438,623	(1,438,623)	-
Total fund balance	296,080,078	(296,080,078)	-
Total liabilities and fund balance	$ 360,211,087		
Net position (deficit):			
Restricted for construction and equipment purchases		254,780,043	254,780,043
Restricted for debt service		289,426	289,426
Unrestricted		(5,218,444,851)	(5,218,444,851)
Total net position (deficit) (Note 2H)		$ (4,963,375,382)	$ (4,963,375,382)

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, 2026

	Special Revenue Fund	Adjustments (Note 1F)	Statement of Activities
REVENUES:			
Interest on investments	$ 15,688,077	$ (1,894,475)	$ 13,793,602
Interest on bonds	40,227,240	(244,719)	39,982,521
Receipt of note principal payments	119,683,100	(119,683,100)	-
Appropriations from the Commonwealth	614,992,496	-	614,992,496
Interest on Build America Bonds	3,192,882	(311,203)	2,881,679
Miscellaneous revenue	-	41	41
Total revenues	793,783,795	(122,133,456)	671,650,339
EXPENDITURES/EXPENSES:			
Current:			
Legal and financial services	102,214	(7,735)	94,479
Bond rating fees	114,832	-	114,832
Equipment allocation	83,688,071	-	83,688,071
Disbursement to higher education institutions	184,915,097	(14,522,709)	170,392,388
Underwriter's discount	552,306	-	552,306
Miscellaneous	14,238	(13,219)	1,019
Debt service:			
Principal retirement	525,255,000	(525,255,000)	-
Interest and fiscal charges	255,768,432	(68,171,855)	187,596,577
Total expenditures/expenses	1,050,410,190	(607,970,518)	442,439,672
Excess (deficiency) of revenues over (under) expenditures	(256,626,395)		
Other financing sources (uses):			
Bond issuance	404,150,000	(404,150,000)	-
Bond premium	35,086,779	(35,086,779)	-
Payments to refunded bond escrow agent	(245,520,886)	245,520,886	-
Total other financing sources (uses)	193,715,893	(193,715,893)	-
Excess of revenues and other financing sources over expenditures and other financing uses	(62,910,502)	62,910,502	-
Change in net position	-	229,210,667	229,210,667
Fund balance/Net position (deficit), July 1, 2025	358,990,580	(5,551,576,629)	(5,192,586,049)
Fund balance/Net position (deficit), June 30, 2026 (Note 2H)	$ 296,080,078	$ (5,259,455,460)	$ (4,963,375,382)

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

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. During the year, the authority did not issue bonds under this Program. Pooled Bond Program bonds have been issued under a Master Indenture of Trust dated as of September 1, 1997 ("the 1997 Indenture").

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 frequently issued together as a single 21st Century College and Equipment Programs offering. During the year, the authority issued $404 million of bonds under these programs. 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 (to date, no foundations of public institutions have participated in the program). 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, 2026 was $599 million. (Detailed information for this program is presented on page 19 in the Supplementary Information section following the Notes to the Financial Statements.)

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 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 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, 2026, The Bank of New York Mellon Trust Company, N.A., which currently serves as trustee for both Indentures, maintained $358,705,421 in cash, cash equivalents, and investments for the Authority. The Authority also directly held cash equivalents of $257,836 for a total invested balance of $358,963,257.

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 below.

Summary of Cash, Cash Equivalents and Investments
As of June 30, 2026

		Maturities (in years)	
	June 30, 2026	Less Than 1	S&P Rating
State Non-Arbitrage Program® [1]	$ 158,946,909	$ 158,946,909	AAAm
Local Government Investment Pool [2]	198,567,913	198,567,913	AAAm
Money Market Accounts [3]	1,438,623	1,438,623	AAAm
Cash held by Trustee	9,812	-	
Total cash, cash equivalents and investments	$ 358,963,257	$ 358,953,445	

[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® (44%) and the Local Government Investment Pool (55%).

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.

Future Minimum Note Payments Due from Institutions
As of June 30, 2026

Year Ending June 30	Principal	Interest	Total
2027	$ 119,185,000	$ 39,286,645	$ 158,471,645
2028	117,770,000	35,087,534	152,857,534
2029	100,955,000	30,921,038	131,876,038
2030	94,370,000	27,298,951	121,668,951
2031	85,010,000	24,231,667	109,241,667
2032-2036	295,095,000	87,064,768	382,159,768
2037-2041	186,180,000	43,312,059	229,492,059
2042-2046	90,810,000	19,911,883	110,721,883
2047-2051	51,115,000	6,280,011	57,395,011
2052-2056	12,945,000	697,128	13,642,128
Total	$ 1,153,435,000	$ 314,091,684	$ 1,467,526,684

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, 2026 (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, 2026 (21st Century Bonds) and September 1, 2026 (Pooled Bonds). As a result of the Federal Sequestration, the actual August 1, 2026 and September 1, 2026 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

to finance capital projects. Therefore, the unspent portion of the note proceeds still held by the trustee at June 30, 2026 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 2026. The chart below shows the appropriations and reimbursements from fiscal year allocations 2019 through 2026. These allocations will be used, in part, to liquidate the $26 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, 2025		Appropriations	Reimbursements	Balance June 30, 2026
2019 Allocation	$ 367,817	a	$ -	$ 193,062	$ 174,755
2020 Allocation	783,943		-	548,246	235,697
2021 Allocation	1,643,526		-	1,342,465	301,061
2022 Allocation	2,744,973		-	956,118	1,788,855
2023 Allocation	7,318,402		-	4,853,276	2,465,126
2024 Allocation	20,796,921		-	16,728,535	4,068,386
2025 Allocation	76,258,409		-	53,488,333	22,770,076
2026 Allocation	-		97,650,000	25,855,952	71,794,048
Total	$ 109,913,991		$ 97,650,000	$ 103,965,987	$ 103,598,004

Note a: The 2019 Fund was closed in FY24. However, State Council of Higher Education for Virginia later determined that reimbursements would be issued from the 2019 Fund during FY26. The June 30, 2025 balance was calculated using the June 30, 2023 balance of $423,762 (per the FY23 Financial Statement), reduced by the FY24 disbursement of $55,945 (per the FY24 Financial Statement).

F. Long-Term Indebtedness

Changes in Long-Term Debt - the schedule on the following page is a summary of changes in long-term debt of the Authority for the year ended June 30, 2026.

	Balance June 30, 2025	Issuances and Other Increases	Retirements and Other Decreases	Balance June 30, 2026	Due Within One Year
21st Century College Program	$ 4,599,480,000	$ 226,315,000	$ (581,210,000)	$4,244,585,000	$341,155,000
Pooled Bond Program	1,273,120,000	-	(119,685,000)	1,153,435,000	119,185,000
Equipment Program	254,165,000	177,835,000	(67,340,000)	364,660,000	82,065,000
Add: Unamortized Premium	544,210,007	35,086,779	(81,547,629)	497,749,157	60,367,730
Total	$ 6,670,975,007	$ 439,236,779	$ (849,782,629)	$6,260,429,157	$602,772,730

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

Annual Requirements to Amortize Long-Term Debt
As of June 30, 2026

Year Ending June 30	Principal	Interest	Total
2027	$ 542,405,000	$ 239,295,192	$ 781,700,192
2028	537,450,000	221,936,217	759,386,217
2029	513,020,000	196,898,240	709,918,240
2030	489,065,000	173,157,560	662,222,560
2031	438,055,000	150,510,372	588,565,372
2032-2036	1,766,145,000	498,146,999	2,264,291,999
2037-2041	1,084,725,000	201,412,694	1,286,137,694
2042-2046	327,755,000	36,613,358	364,368,358
2047-2051	51,115,000	6,280,011	57,395,011
2052-2056	12,945,000	697,128	13,642,128
Unamortized Premium	497,749,157	-	497,749,157
Total	$6,260,429,157	$1,724,947,771	$ 7,985,376,928

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 in 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 issued one series of refunding bonds in fiscal year 2026. The following schedule reflects the refunding activity during the year.

Refunding Bonds Issued During Fiscal Year 2026

Program	Refunding Issue	Refunded Issue	Maturities Defeased	Amount Defeased
21st Century	2026B	2015A	2030; 2032~2034	$ 6,740,000
21st Century	2026B	2015D	2028~2035	97,615,000
21st Century	2026B	2016A	2027~2031; 2034	89,325,000
21st Century	2026B	2016B	2028~2029	49,300,000
		Total Defeased, FY 2026		$ 242,980,000

The issuance of the Authority's Series 2026B 21st Century Program refunding bonds refunded four series of the Authority's bonds as reflected on the above schedule. This defeasance resulted in an accounting gain of $19,904,500. Total debt service payments over the next 9 years will be reduced by $9,766,367 resulting in a present value savings of $8,595,062 discounted at the rate of 2.6491452 percent.

At June 30, 2026, $52,425,000 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 $4,963,375,382. 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, 2026.

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, 2026

(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, 2025	Issued (Retired) During Year	Outstanding June 30, 2026	Original Maturity
Series 2010B-2	10/26/10	21st Century	2.82%	$ 290,600	$ -	$ 93,045	$ (20,625)	$ 72,420	02/01/30
Series 2010A-2	11/18/10	Pooled	3.40%	156,610	156,610	96,305	(11,015)	85,290	09/01/40
Series 2012B	12/13/12	21st Century	2.42%	349,255	-	19,955	(19,955)	-	02/01/33
Series 2013B Refunding	11/19/13	Pooled	3.24%	12,355	12,355	2,420	(730)	1,690	09/01/28
Series 2014A	05/15/14	21st Century/Equip.	3.04%	319,155	-	13,735	(13,735)	-	02/01/34
Series 2014B Refunding	11/13/14	Pooled	2.09%	186,035	186,035	29,480	(20,035)	9,445	09/01/35
Series 2015A	04/15/15	21st Century	3.06%	373,230	-	6,740	(6,740)	-	02/01/35
Series 2015B Refunding	04/15/15	21st Century	2.23%	204,880	-	59,385	(29,370)	30,015	02/01/27
Series 2015D	08/13/15	21st Century/Equip.	2.93%	290,065	-	137,450	(111,480)	25,970	02/01/35
Series 2015A	12/03/15	Pooled	3.24%	53,615	53,615	35,365	(1,825)	33,540	09/01/45
Series 2015B Refunding	12/03/15	Pooled	2.65%	153,895	153,895	85,660	(15,965)	69,695	09/01/38
Series 2016A	06/01/16	21st Century	2.50%	360,485	-	146,525	(100,785)	45,740	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	-	4,325	(4,325)	-	02/01/26
Series 2016A	07/12/16	Pooled	2.10%	231,880	231,880	159,980	(21,460)	138,520	09/01/39
Series 2017B	06/21/17	21st Century	1.66%	173,295	-	49,710	(21,585)	28,125	02/01/28
Series 2017A	12/05/17	Pooled	2.67%	113,050	113,050	84,315	(5,135)	79,180	09/01/37
Series 2017B	12/05/17	Pooled	3.09%	24,630	24,630	18,305	(1,170)	17,135	09/01/37
Series 2017C	08/02/17	21st Century	2.96%	492,730	-	381,000	(15,705)	365,295	02/01/37
Series 2017D	08/02/17	21st Century	2.55%	99,915	-	21,700	(10,700)	11,000	02/01/27
Series 2017E Refunding	12/21/17	21st Century	2.52%	560,555	-	398,140	(45,295)	352,845	02/01/32
Series 2018A	12/04/18	Pooled	3.50%	134,505	134,505	107,335	(5,475)	101,860	09/01/38
Series 2018B	12/04/18	Pooled	4.42%	76,695	76,695	67,725	(1,730)	65,995	09/01/48
Series 2019A	06/05/19	21st Century/Equip.	2.52%	513,245	-	353,250	(30,135)	323,115	02/01/39
Series 2019A	12/04/19	Pooled	2.29%	37,090	37,090	29,660	(1,860)	27,800	09/01/39
Series 2019B	12/05/19	21st Century	2.48%	134,855	-	109,635	(5,825)	103,810	02/01/39
Series 2019C	12/05/19	21st Century	1.62%	229,135	-	125,840	(22,775)	103,065	02/01/30
Series 2020A	08/06/20	21st Century/Equip.	1.86%	339,360	-	240,090	(21,110)	218,980	02/01/40
Series 2020B	08/06/20	21st Century	1.95%	341,455	-	172,115	(2,910)	169,205	02/01/40
Series 2021A	02/09/21	Pooled	1.21%	29,315	29,315	13,345	(890)	12,455	09/01/42
Series 2021B	02/09/21	Pooled	1.72%	357,395	357,395	297,925	(26,205)	271,720	09/01/46
Series 2021A	06/09/21	21st Century/Equip.	1.77%	537,115	-	429,380	(28,225)	401,155	02/01/41
Series 2021C	06/29/21	Pooled	2.17%	82,740	82,740	75,695	(1,725)	73,970	09/01/51
Series 2022A	02/23/22	Pooled	2.24%	11,410	11,410	10,430	(415)	10,015	09/01/41
Series 2022A	06/01/22	21st Century/Equip.	3.74%	584,175	-	537,940	(30,715)	507,225	02/01/42
Series 2023A	02/08/23	Pooled	3.44%	124,735	124,735	121,540	(3,515)	118,025	09/01/52
Series 2023A	06/06/23	21st Century/Equip.	3.49%	618,815	-	555,140	(28,800)	526,340	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	-	607,435	(28,455)	578,980	02/01/44
Series 2025A	02/26/25	Pooled	3.93%	37,635	37,635	37,635	(535)	37,100	09/01/54
Series 2026A	05/12/26	21st Century/Equip.	2.64%	177,835	-	-	177,835	177,835	02/01/33
Series 2026A	05/12/26	21st Century	2.71%	226,315	-	-	226,315	226,315	02/01/35
Total				$ 10,113,365	$ 1,823,590	$ 6,126,765	$ (364,085)	$ 5,762,680	

Detail of Long-Term Indebtedness by Program

	Amount Issued	Institutional Notes Purchased	Outstanding July 1, 2025	Issued (Retired) During Year	Outstanding June 30, 2026
21st Century College Program	$ 7,527,580	$ -	$ 4,599,480	$ (354,895)	$ 4,244,585
Pooled Bond Program	1,823,590	1,823,590	1,273,120	(119,685)	1,153,435
Equipment Program	762,195	-	254,165	110,495	364,660
Total	$ 10,113,365	$ 1,823,590	$ 6,126,765	$ (364,085)	$ 5,762,680

VIRGINIA COLLEGE BUILDING AUTHORITY
SUPPLEMENTARY INFORMATION

Schedule of Outstanding Bond Issues for Private Colleges and Universities

June 30, 2026

(Dollars in Thousands)

College/University	Series	Dated Date	Yield (a)	Amount Originally Issued	Amount of Notes Purchased	Outstanding July 1, 2025	Issued (Retired) During Year	Outstanding June 30, 2026	Original Final Maturity
Lynchburg College	2010	12/21/10	VAR	$ 8,838	$ 8,838	$ 2,417	$ (441)	$ 1,976	12/01/34
Marymount University	2015A	04/08/15	3.25%	65,010	65,010	52,045	(1,455)	50,590	07/01/45
	2015B	07/15/15	5.13%	66,815	66,815	59,335	(1,635)	57,700	07/01/45
Randolph-Macon College	2018	07/11/18	3.56%	26,505	26,505	18,235	(1,505)	16,730	01/15/43
	2021A	05/12/21	2.38%	27,640	27,640	24,830	(800)	24,030	01/15/51
	2021B	05/12/21	2.38%	1,925	1,925	1,245	(170)	1,075	01/15/35
	2025A	03/20/25	3.91%	14,276	14,276	14,276	(502)	13,774	04/15/55
	2025B	03/20/25	3.85%	3,023	3,023	3,023	(708)	2,315	04/15/29
Regent University	2021	05/25/21	2.78%	72,185	72,185	65,090	(2,015)	63,075	06/01/46
	2025	07/01/25	5.88%	45,615	45,615	-	45,615	45,615	06/01/55
Shenandoah University	2011	12/09/11	VAR	36,455	36,455	14,200	(1,665)	12,535	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	48,995 (b)	(48,995)	-	11/01/36
	2024	03/07/24	3.96%	100,545	100,545	100,545	-	100,545	03/01/54
	2026	03/03/26	3.35%	78,875	78,875	-	78,875	78,875	03/01/44
Washington & Lee University	1998	04/01/98	5.10%	52,205	52,205	34,465	(5,035)	29,430	01/01/31
	2001	06/01/01	5.35%	43,000	43,000	23,050	(55)	22,995	01/01/34
	2021	12/15/21	3.03%	27,775	27,775	26,995	(1,270)	25,725	01/01/40
	2023	06/15/23	3.90%	52,700	52,700	52,700	(200)	52,500	06/01/44
				$ 825,287	$ 825,287	$ 587,446	$ 12,039	$ 599,485	

(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.

(b) University of Richmond 6/30/2025 balance was restated to $48,995 from $55,900. Its 6/20/2025 balance was overstated by $6,905 which was caused by FY 24 payment of $4,650 and FY 25 payment of $2,255 not reflected on FY 24 and FY 25 schedules.

VIRGINIA COLLEGE BUILDING AUTHORITY
Richmond, Virginia

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