



# 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,

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

Bradley L. Jones  
Director of Debt Management

BLJ:bj  
Enclosures

**VIRGINIA PUBLIC SCHOOL AUTHORITY**  
**FINANCIAL STATEMENTS (Unaudited)**  
**FOR THE YEAR ENDED JUNE 30, 2026**



VIRGINIA PUBLIC SCHOOL AUTHORITY  
FINANCIAL STATEMENTS (Unaudited)  
FOR THE YEAR ENDING JUNE 30, 2026

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VIRGINIA PUBLIC SCHOOL AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

This section of the annual financial report of the Virginia Public School Authority (the "Authority" or "VPSA") presents management's discussion and analysis of the Authority's financial position and results of operations for the fiscal year ended June 30, 2026. This discussion should be read in conjunction with the Authority's financial statements and the accompanying notes to the financial statements.

## 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) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements. The Authority is not required to present government-wide financial statements since all of its activity is reported in an enterprise fund, which would not change in measurement focus (economic resources) or basis of accounting (accrual) for government-wide statements.

The financial statements of the Authority offer short- and long-term financial information about its activities. The Statement of Net Position provides information about the nature and amounts of the Authority's cash, investments, and receivables (assets), deferred outflows of resources, and its obligations to creditors (liabilities). All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Position. This statement measures whether the Authority successfully recovered all its costs through investment earnings, bond proceeds, appropriations from the Commonwealth, and the collection of receivables. The Statement of Cash Flows provides information on the Authority's cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financial activities.

## Financial Summary and Detailed Analyses

### Condensed Statement of Net Position (in millions)

|                              | 2026   | Enterprise Fund<br>2025 | Change |
|------------------------------|--------|-------------------------|--------|
| Current assets               | \$ 561 | \$ 487                  | \$ 74  |
| Noncurrent assets            | 4,194  | 4,177                   | 17     |
| Total assets                 | 4,755  | 4,664                   | 91     |
| Total deferred outflows      | (6)    | 22                      | (28)   |
| Current liabilities          | 763    | 564                     | 199    |
| Noncurrent liabilities       | 3,882  | 4,009                   | (127)  |
| Total liabilities            | 4,645  | 4,573                   | 72     |
| Net position:                |        |                         |        |
| Restricted for debt service  | 62     | 72                      | (10)   |
| Unrestricted                 | 42     | 41                      | 1      |
| Total net position (deficit) | \$ 104 | \$ 113                  | \$ (9) |

VIRGINIA PUBLIC SCHOOL AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

The Authority's financial position remained closely related to its role as a financing entity for local public school capital projects throughout the Commonwealth of Virginia. Total assets increased during the year by \$91 million, or 2 percent. This increase is primarily driven by a \$28 million net increase in total cash and cash equivalents, as reflected on the Statement of Cash Flows; a \$56 million net increase in local school bonds outstanding, resulting primarily from \$377 million in new local school bond purchases offset by \$321 million in payments received against outstanding bonds; a \$4 million increase in interest receivable; and a \$4 million net increase in restricted investments.

Total liabilities increased by \$72 million, or 1.6 percent, during the same period primarily due to an \$80 million increase in net bonds payable as the result of \$377 million in new bonds issued offset by \$297 million in bond payments, and a \$7 million increase in interest payable. These increases were partially offset by a \$5 million decrease in amounts due to localities related to timing of Educational Technology and Security Notes activity, and a \$9 million decrease in outstanding premium on bonds sold due to current year amortizations.

Additionally, deferred outflows of resources decreased by approximately \$28 million due to current year amortizations of amounts deferred in prior years. Accordingly, a decrease of \$9 million is reflected in net position. All activity is a direct result of the financing needs of the various public schools.

**Condensed Statement of Revenues, Expenses,  
and Changes in Net Position (in millions)**

|                                 | 2026                 | Enterprise Fund<br>2025 | Change               |
|---------------------------------|----------------------|-------------------------|----------------------|
| Revenues:                       |                      |                         |                      |
| Operating revenues:             |                      |                         |                      |
| Charges for services            | \$ 170               | \$ 164                  | \$ 6                 |
| Other                           | 7                    | 7                       | -                    |
| Total revenues                  | <u>177</u>           | <u>171</u>              | <u>6</u>             |
| Expenses:                       |                      |                         |                      |
| Interest on long-term debt      | 177                  | 120                     | 57                   |
| Other                           | 5                    | 3                       | 2                    |
| Total expenses                  | <u>182</u>           | <u>123</u>              | <u>59</u>            |
| Payments to Literary Fund       | <u>(4)</u>           | <u>(3)</u>              | <u>(1)</u>           |
| Change in net position          | (9)                  | 45                      | (54)                 |
| Net position (deficit), July 1  | <u>113</u>           | <u>68</u>               | <u>45</u>            |
| Net position (deficit), June 30 | <u><u>\$ 104</u></u> | <u><u>\$ 113</u></u>    | <u><u>\$ (9)</u></u> |

The increase in revenues of \$6 million, or 4 percent, is mainly attributable to a \$9 million increase in interest on local school bonds, partially offset by a \$1 million decrease in the fair value adjustment of investments and a \$2 million decrease in interest on cash, cash equivalents, and investments. Meanwhile, the increase in expense of \$59 million, or 48 percent, is primarily due to

VIRGINIA PUBLIC SCHOOL AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

a \$57 million increase in interest on bonds, which fluctuates with the underlying debt schedules established at issuance and approximately \$2 million increase in rebate and penalty payments and calculation fees, resulting in a net position decrease of \$9 million.

### **Significant Capital Asset and Long-Term Financing Activity**

#### *Capital Assets*

The Authority does not own capital assets. Accordingly, there was no significant capital asset acquisition or disposal activity during fiscal year 2026.

The Authority's activities are primarily financial in nature and consist of issuing bonds and notes, purchasing local school bonds, investing available proceeds, and administering the related debt and financing programs.

#### *Long-Term Financing Activity*

Long-term financing is a significant component of the Authority's operations. The Authority issues bonds through its pooled bond programs to finance capital projects for primary and secondary public schools approved by the local governing bodies of counties, cities, and towns of the Commonwealth of Virginia. The bonds are secured by general obligation bonds of the participating local issuers, which provide payment of principal and interest when due. Obligations issued under the school technology and security notes programs, in conjunction with the Board of Education, are paid from, and secured by, appropriations made from the Literary Fund.

Local school bonds held by the Authority under its Pooled Bond Program and issued prior to March 26, 2009 bear interest rates 10 basis points (0.10%) above the rates paid by the Authority on corresponding maturities of its bonds. Effective March 26, 2009, the Authority reduced this differential to 5 basis points (0.05%) for local school bonds issued thereafter under the Pooled Bond Program. At its March 15, 2023 Board Meeting, the Authority further amended this policy to provide that local school bonds issued subsequent to that date under either the Pooled Bond Program or the Stand-Alone Bond Program bear interest at rates 5 basis points (0.05%) above the rates paid by the Authority on corresponding maturities of its bonds.

The interest rate differential is retained by the Authority to fund operating costs attributable to its financing programs, including staffing provided by the Department of the Treasury.

The table on the following page summarizes bond issuance activity during the year under each program. Please see Note 2.C.1 on page 14 for additional details on the table.

**VIRGINIA PUBLIC SCHOOL AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

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

|                                           | Outstanding<br>at 6/30/25 | Issued<br>During Year | Retired<br>During Year | Outstanding at<br>6/30/26 |
|-------------------------------------------|---------------------------|-----------------------|------------------------|---------------------------|
| Pooled Bond Programs <sup>1</sup>         | \$ 2,632                  | \$ 73                 | \$ (205)               | \$ 2,500                  |
| Technology and Security<br>Notes Programs | 198                       | 63                    | (63)                   | 198                       |
| Special Obligation Bonds                  | 1,509                     | 304                   | (92)                   | 1,721                     |
| Total                                     | <u>\$ 4,339</u>           | <u>\$ 440</u>         | <u>\$ (360)</u>        | <u>\$ 4,419</u>           |

<sup>1</sup> Includes 1997 Resolution and School Tax Credit bonds.

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

**Virginia Public School Authority Bond Ratings**

|                                      | Moody's | S&P | Fitch |
|--------------------------------------|---------|-----|-------|
| Pooled Bond Programs <sup>1</sup>    | Aa1     | AA+ | AA+   |
| School Technology and Security Notes | Aa1     | AA+ | AA+   |

<sup>1</sup> 1997 Resolution Bonds

Since the Authority's bond programs are either backed by state appropriations (School Technology and Security Notes Program) or carry the credit support of the State Aid Intercept Provision along with a sum sufficient pledge (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, Decisions, or Conditions**

The Authority plans to issue the following obligations after June 30, 2026:

- On October 27, 2026, the Virginia Public School Authority issued \$49,270,000 of its School Financing Bonds (1997 Resolution), Series 2026B, to fund school construction and improvements.
- On December 3, 2026, the Authority plans to issue approximately \$218,755,000 of its Special Obligation School Financing and Refunding Bonds, Prince William County Series 2026, to fund school construction and improvements.

These planned issuances are expected to affect the Authority's future cash flows, local school bond holdings, outstanding debt, and related debt-service obligations.

# VIRGINIA PUBLIC SCHOOL AUTHORITY

## STATEMENT OF NET POSITION (Unaudited)

As of JUNE 30, 2026

### ASSETS

#### Current assets:

|                                             |                    |
|---------------------------------------------|--------------------|
| Cash and cash equivalents (Note 2A)         | \$ 41,979,072      |
| Restricted short-term investments (Note 2A) | 63,565,435         |
| Loans to localities:                        |                    |
| Restricted local school bonds (Note 2B)     | 325,884,863        |
| Unrestricted interest receivable            | 123,687            |
| Restricted interest receivable              | 65,670,340         |
| Restricted due from Literary Fund           | <u>63,800,000</u>  |
| Total current assets                        | <u>561,023,397</u> |

#### Noncurrent assets:

|                                                |                      |
|------------------------------------------------|----------------------|
| Restricted cash and cash equivalents (Note 2A) | 407,263,830          |
| Restricted long-term investments (Note 2A)     | 26,913,848           |
| Loans to localities:                           |                      |
| Restricted local school bonds (Note 2B)        | 3,626,885,897        |
| Restricted due from Literary Fund              | <u>133,650,000</u>   |
| Total noncurrent assets                        | <u>4,194,713,575</u> |
| Total assets                                   | <u>4,755,736,972</u> |

### DEFERRED OUTFLOWS OF RESOURCES

|                                      |                    |
|--------------------------------------|--------------------|
| Deferred charge on refunding         | <u>(6,356,300)</u> |
| Total deferred outflows of resources | <u>(6,356,300)</u> |

### LIABILITIES

#### Current liabilities:

|                  |               |
|------------------|---------------|
| Accounts payable | <u>37,421</u> |
|------------------|---------------|

#### Current liabilities payable from restricted assets:

|                                                          |                    |
|----------------------------------------------------------|--------------------|
| Interest payable                                         | 63,475,622         |
| Due to localities (Note 2D)                              | 132,843,536        |
| Notes payable (Note 2C)                                  | 63,800,000         |
| Bonds payable (Note 2C)                                  | 498,610,000        |
| Premium on bonds sold (Note 2C)                          | <u>4,079,766</u>   |
| Total current liabilities payable from restricted assets | <u>762,808,924</u> |

#### Noncurrent liabilities payable from restricted assets:

|                                                             |                      |
|-------------------------------------------------------------|----------------------|
| Notes payable (Note 2C)                                     | 133,650,000          |
| Bonds payable (Note 2C)                                     | 3,722,840,000        |
| Premium on bonds sold (Note 2C)                             | <u>25,815,134</u>    |
| Total noncurrent liabilities payable from restricted assets | <u>3,882,305,134</u> |

|                   |                      |
|-------------------|----------------------|
| Total liabilities | <u>4,645,151,479</u> |
|-------------------|----------------------|

### DEFERRED INFLOWS OF RESOURCES

|                                     |                |
|-------------------------------------|----------------|
| Deferred gain on refunding          | <u>122,900</u> |
| Total deferred inflows of resources | <u>122,900</u> |

### NET POSITION

|                             |                       |
|-----------------------------|-----------------------|
| Restricted for debt service | 62,040,955            |
| Unrestricted                | <u>42,065,338</u>     |
| Total net position          | <u>\$ 104,106,293</u> |

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

VIRGINIA PUBLIC SCHOOL AUTHORITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION (Unaudited)  
For the Year Ended JUNE 30, 2026

Operating Revenues:

Interest on:

|                                                |                |
|------------------------------------------------|----------------|
| Local school bonds                             | \$ 146,262,988 |
| Cash equivalents and investments               | 15,973,540     |
| Payments received from Literary Fund (Note 2J) | 6,718,573      |
| Premium on bonds sold                          | 696,107        |
| Net increase in fair value of investments      | 3,710,867      |
| Rebate payments from localities                | 3,454,515      |
| Other                                          | 69,066         |

|                          |             |
|--------------------------|-------------|
| Total operating revenues | 176,885,656 |
|--------------------------|-------------|

Operating Expenses:

|                                                  |             |
|--------------------------------------------------|-------------|
| Interest on bonds                                | 176,529,442 |
| Financial advisor fees                           | 184,084     |
| Bond Counsel                                     | 213,831     |
| Bond rating fees                                 | 330,600     |
| Printing and electronic distribution             | 5,131       |
| Board expenses                                   | 267         |
| Staffing expenses                                | 639,202     |
| Rebate and penalty payments and calculation fees | 3,571,620   |
| Other                                            | 208,114     |

|                          |             |
|--------------------------|-------------|
| Total operating expenses | 181,682,291 |
|--------------------------|-------------|

|                |             |
|----------------|-------------|
| Operating Loss | (4,796,635) |
|----------------|-------------|

Nonoperating Payments

|                                    |             |
|------------------------------------|-------------|
| Payment to Literary Fund (Note 2J) | (3,754,882) |
|------------------------------------|-------------|

|                                        |             |
|----------------------------------------|-------------|
| Total nonoperating revenues (expenses) | (3,754,882) |
|----------------------------------------|-------------|

|                        |             |
|------------------------|-------------|
| Change in net position | (8,551,517) |
|------------------------|-------------|

|                            |             |
|----------------------------|-------------|
| Net position, July 1, 2025 | 112,657,810 |
|----------------------------|-------------|

|                             |                |
|-----------------------------|----------------|
| Net position, June 30, 2026 | \$ 104,106,293 |
|-----------------------------|----------------|

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

# VIRGINIA PUBLIC SCHOOL AUTHORITY

## STATEMENT OF CASH FLOWS (Unaudited)

For the Year Ended JUNE 30, 2026

### Cash flows from operating activities:

|                                            |                    |
|--------------------------------------------|--------------------|
| Purchase of local school bonds             | \$ (376,985,000)   |
| Principal received on local school bonds   | 320,517,805        |
| Interest received on local school bonds    | 142,436,298        |
| Payments to vendors for goods and services | (2,047,636)        |
| Payments received from the Literary Fund   | 68,292,092         |
| Rebate payments received from localities   | 2,946,409          |
| Other operating revenues                   | <u>563,672</u>     |
| Net cash provided by operating activities  | <u>155,723,640</u> |

### Cash flows from noncapital financing activities:

|                                                               |                      |
|---------------------------------------------------------------|----------------------|
| Proceeds from the sale of bonds and notes                     | 445,263,107          |
| Principal paid on VPSA bonds and notes                        | (360,285,000)        |
| Interest paid on VPSA bonds and notes                         | (150,539,968)        |
| Payments to localities (School Technology and Security Notes) | (74,769,339)         |
| Rebate and penalty payments and calculation fees              | <u>(3,568,480)</u>   |
| Net cash used by noncapital financing activities              | <u>(143,899,680)</u> |

### Cash flows from investing activities:

|                                           |                       |
|-------------------------------------------|-----------------------|
| Interest on cash equivalents              | <u>16,039,626</u>     |
| Net cash provided by investing activities | <u>16,039,626</u>     |
| Net increase in cash and cash equivalents | 27,863,586            |
| Cash and cash equivalents, July 1, 2025   | <u>421,379,316</u>    |
| Cash and cash equivalents, June 30, 2026  | <u>\$ 449,242,902</u> |

# VIRGINIA PUBLIC SCHOOL AUTHORITY

Reconciliation of operating income to net cash provided by operating activities:

|                                                                                            |                              |
|--------------------------------------------------------------------------------------------|------------------------------|
| Operating Loss                                                                             | <u>\$ (4,796,635)</u>        |
| Adjustments to reconcile operating income to net cash provided<br>by operating activities: |                              |
| Increase in interest receivable                                                            | (3,760,604)                  |
| Decrease in accounts payable                                                               | (463,267)                    |
| Increase in interest payable                                                               | 7,342,110                    |
| Payments from the Literary Fund                                                            | 61,573,519                   |
| Principal received on local school bonds                                                   | 320,517,805                  |
| Purchase of local school bonds                                                             | (376,985,000)                |
| Rebate and penalty payments to the Internal Revenue Service                                | 3,568,480                    |
| Amortization of premium                                                                    | (9,199,136)                  |
| Premium on bonds sold                                                                      | (696,107)                    |
| Amortization of interest deferral                                                          | 27,833,000                   |
| Interest paid on VPSA bonds                                                                | 150,539,968                  |
| Increase in fair value of investments                                                      | (3,710,867)                  |
| Interest on cash equivalents                                                               | <u>(16,039,626)</u>          |
| Total adjustments                                                                          | <u>160,520,275</u>           |
| Net cash provided by operating activities                                                  | <u><u>\$ 155,723,640</u></u> |

Non-Cash Investing and Financing Activities:

|                                                                                   |              |
|-----------------------------------------------------------------------------------|--------------|
| Amortization of bond premium/discount on bonds                                    | \$ 9,199,136 |
| Amortization of gain/loss on debt refinancing                                     | (27,833,000) |
| Changes in fair value of investments recognized as a component of interest income | 3,710,867    |

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

VIRGINIA PUBLIC SCHOOL AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

AS OF JUNE 30, 2026

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

The Virginia Public School Authority (the “Authority” or “VPSA”) was created by Chapter 11, Title 22.1, *Code of Virginia*, 1950, as amended (the “Enabling Act”). The Authority provides financing to localities through the sale of its bonds. With the proceeds of its bonds, the Authority purchases a predetermined number of general obligation bonds issued by localities. The Enabling Act authorizes the Authority to purchase local school bonds issued by counties, cities, and towns under the provisions of Section 15.2-2600, et seq., *Code of Virginia* (the “Public Finance Act of 1991”). The Enabling Act further authorizes the Authority to issue bonds which are payable from the funds of the Authority including:

- 1) principal and interest received on local school bonds held by the Authority;
- 2) proceeds from the sale of such local school bonds;
- 3) any moneys transferred from the Literary Fund or funds appropriated from the General Assembly; and
- 4) a reserve fund(s) created from bond proceeds pledged to secure designated bonds.

Currently, the Authority has pooled bonds outstanding under its 1997 Resolution which was adopted on October 23, 1997. Bonds issued under the 1997 Resolution are secured by local school bonds purchased, the State Aid Intercept Provision, and a “sum sufficient appropriation,” first from available Literary Fund monies and then from the Commonwealth’s General Fund. During the fiscal year, the authority issued a total of \$73,390,000 in bonds under the pooled bond program.

Also under its pooled bond program, the Authority has Qualified School Construction Bonds (“QSCB”) and Qualified Zone Academy Bonds (“QZAB”) outstanding under a separate Master Indenture of Trust dated as of October 1, 2009. QSCBs are tax credit bonds established under the American Recovery and Reinvestment Act of 2009 (“ARRA”) and QZABs are tax credit bonds established in the Internal Revenue Code of 1986. Both QSCBs and QZABs provide the bondholder a federal tax credit in lieu of interest. These bonds are secured by payments from Local Issuers on their general obligation local school bonds, then from amounts obtained through the State Aid Intercept Provision, and then from a sum sufficient appropriation received by the Authority pursuant to any current Appropriation Act Provision. It should be noted that the Authority can no longer issue QSCBs or QZABs since the Tax Cuts and Jobs Act of 2017 (“TCJA”) repealed the ability to issue these types of bonds. These bonds are taxable, but they expect to receive a 100% interest rate subsidy from the federal government. As a result of the Federal Sequestration, the actual December 15, 2025 and June 15, 2026 payments were reduced by 5.7%. Therefore, the localities are not receiving the full benefit of the tax credit.

In addition to its pooled bond program, the Authority also issues special obligation bonds under its stand-alone program. Bonds issued under the stand-alone program are secured by the local school bonds purchased from one or more specific localities and by the State Aid Intercept Provision. Bonds issued on behalf of localities under the stand-alone program carry the credit rating of the participating locality and are not secured by the sum sufficient

VIRGINIA PUBLIC SCHOOL AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

appropriation from the Literary Fund and the Commonwealth's General Fund. The Authority issued \$303,595,000 under the stand-alone program during the fiscal year.

As directed by the General Assembly, the Authority has also issued obligations to finance technology and security equipment purchases for local public school systems within the Commonwealth. These obligations are payable from, or otherwise secured by, appropriations by the General Assembly from the Literary Fund and the Commonwealth's General Fund. The Authority issued \$63,215,000 under the school technology and security note program during the fiscal year.

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 (GAAP) 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 significant policies.

**B. Basis of Accounting**

The accompanying financial statements are reported using the economic resources measurement focus and the accrual basis of accounting under which revenues are recognized when they are earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. The cash basis of accounting is used during the year. The financial statements are prepared on the accrual basis at the end of the fiscal year by the Authority.

**C. Fund Accounting**

The activities of the Authority are accounted for in an enterprise fund, used to account for governmental operations that are financed and operated in a manner similar to private business enterprises. Enterprise fund accounting is used where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate. All fund accounts of the Authority are presented in total on the financial statements.

The Authority considers revenues and expenses as operating if the revenue or expense results from the Authority's principal purpose. The Authority's principal purpose is to provide financing to localities through the sale of its bonds. With the proceeds of its bonds, the Authority purchases a predetermined number of general obligation bonds issued by localities. Therefore, the Authority's operating revenues or expenses generally include revenues or expenses related to bonds purchased or sold and revenues or expenses related to usual operating activities such as cash management.

VIRGINIA PUBLIC SCHOOL AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

D. Bond Issuance Costs, Discounts, and Premiums

Costs associated with issuing debt, which are either offset by fees collected over the life of the respective pooled bond issues from local issuers, or reimbursed directly by localities participating in stand-alone issues, are expensed in the year incurred. The net original issue discount or premium (after distributing the allocable share to various participating localities), for each bond issuance, is also expensed or recorded as revenue in the year incurred unless it exceeds 1% of the amount of bonds issued. In that case, the net original issue discount or premium is deferred and amortized, on a straight-line basis, over the life of the outstanding debt.

**2. DETAILED NOTES**

A. Cash, Cash Equivalents and Investments (Unrestricted and Restricted)

Cash and Cash equivalents of \$193,937,379 are held by the Treasurer of Virginia. Cash equivalents of \$255,305,524 and investments of \$90,479,282 are held by U.S. Bank. 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.

Section 2.2-4500 and Section 2.2-4501 of the *Code of Virginia* outline the instruments in which public sinking funds and other public funds may legally invest. The Authority adheres to these general guidelines unless bond resolutions require more restrictive investment policies.

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 are valued at amortized cost, which approximates fair value, and its investments are valued at fair value. Fair values are based upon quoted market prices (level 1 inputs, in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*). Details of cash equivalents and investments are presented on the following page.

**VIRGINIA PUBLIC SCHOOL AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (Unaudited)**

Summary of Cash, Cash Equivalents, and Investments  
(Dollars in Thousands)

| Investment Type                               | June 30,<br>2026  | Investment Maturities (in years) |                  |                 |                 | S&P<br>Rating |
|-----------------------------------------------|-------------------|----------------------------------|------------------|-----------------|-----------------|---------------|
|                                               |                   | Less Than 1                      | 1-5              | 6-10            | More Than<br>10 |               |
| U.S. Treasury Securities                      | \$ 90,479         | \$ 63,565                        | \$ 23,245        | \$ 3,669        | \$ -            | AA+           |
| Money Market Accounts <sup>1</sup>            | 297,300           | 297,300                          | -                | -               | -               | AAAm          |
| State Non-Arbitrage Program <sup>® 2</sup>    | 151,943           | 151,943                          | -                | -               | -               | AAAm          |
| Total cash, cash equivalents, and investments | <u>\$ 539,722</u> | <u>\$ 512,808</u>                | <u>\$ 23,245</u> | <u>\$ 3,669</u> | <u>\$ -</u>     |               |

1 The Authority invests certain short-term cash balances held within its accounts in the State Street Institutional Treasury Plus Money Market Fund – Premier Class. The Treasury Plus Fund attempts to meet its investment objective by investing only in U.S. Treasury bills, notes and bonds (which are direct obligations of the U.S. government) and repurchase agreements collateralized by these obligations. The Authority also invests certain short-term cash balances held within the First American Government Obligation Fund which seeks to provide maximum current income and daily liquidity by purchasing U.S. government securities and repurchase agreements collateralized by such obligations.

2 The Virginia State Non-Arbitrage Program<sup>®</sup> (SNAP<sup>®</sup>) 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<sup>®</sup> 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<sup>®</sup> should also report their investments in SNAP<sup>®</sup> at amortized cost.

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<sup>®</sup> (28%), the First American Government Obligation Fund (47%), US Government Treasury Strips (17%), and the State Street Instl Treasury Plus MMF Premier Class (8%).

**B. Local School Bonds**

The Authority purchases bonds from (makes loans to) various localities throughout the Commonwealth, which are issued to finance the construction of local public school facilities. These bonds are recorded at a purchase price that is equal to the face value of the bonds. Local school bonds purchased under the 1997 Resolution are held in a pledge account of the General Pledge Fund established under its bond resolution. Local school bonds purchased under the stand-alone program are deposited in separate purchase funds established for each issue. Assets of the Authority that are held or received in purchase funds, pledge funds, or debt service funds are classified as restricted assets because their use is limited to the purpose of the funds in which they reside, in accordance with applicable bond resolutions. The local school bonds are held and pledged to repay the Authority's bonds.

The interest rates on the local school bonds are determined by the Authority and fixed at the time of sale of the Authority bonds issued to fund the acquisition of the local school bonds. On local school bonds held by the Authority that were issued prior to March 26, 2009, the interest rate on each maturity of the local bonds is ten basis points (0.10%) higher than the interest rate paid by the Authority on the corresponding maturity on its bonds. As a result of a policy change made by the Authority on March 26, 2009, local school bonds issued by localities subsequent to March 26, 2009, and held by the Authority, will pay interest 5 basis points (0.05%) above the rates paid by the Authority on corresponding

VIRGINIA PUBLIC SCHOOL AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

maturities of its bonds. A further policy change was made by the Authority at its March 15, 2023 Board Meeting. The Authority's Pooled Bonds and its Stand- Alone Bonds issued subsequent to March 15, 2023 each pay interest 5 basis points (0.05%) above the rates paid by the Authority on corresponding maturities of its bonds and this fee covers the Authority's administrative expenses. Costs of issuance incurred by the Authority for its Pooled Bond and Stand-Alone Bond programs are passed through to the local issuer.

Local school bonds held by the Authority as of June 30, 2026 are shown below.

Local school bonds:

|                                                                    |                  |
|--------------------------------------------------------------------|------------------|
| Held in 1997 Pledge Account                                        | \$ 2,171,119,897 |
| Held in 2009-1 Purchase Fund (Qualified School Construction Bonds) | 4,102,062        |
| Held in 2010-1 Purchase Fund (Qualified School Construction Bonds) | 4,690,000        |
| Held in 2011-1 Purchase Fund (Qualified School Construction Bonds) | 5,273,788        |
| Held in 2011-2 Purchase Fund (Qualified School Construction Bonds) | 36,060,722       |
| Held in 2012-1 Purchase Fund (Qualified School Construction Bonds) | 9,759,291        |
| Held in 2014 Purchase Fund (Prince William County Stand Alone)     | 28,875,000       |
| Held in 2014 Purchase Fund (Warren County Stand Alone)             | 9,460,000        |
| Held in 2015 Purchase Fund (Prince William County Stand Alone)     | 29,550,000       |
| Held in 2016 Purchase Fund (Prince William County Stand Alone)     | 94,315,000       |
| Held in 2016 Purchase Fund (Montgomery County Stand Alone)         | 31,665,000       |
| Held in 2017 Purchase Fund (Prince William County Stand Alone)     | 42,695,000       |
| Held in 2016 Purchase Fund (Qualified Zone Academy Bonds)          | 940,000          |
| Held in 2017 Purchase Fund (King George County Stand Alone)        | 17,245,000       |
| Held in 2018 Purchase Fund (Prince William County Stand Alone)     | 69,540,000       |
| Held in 2019 Purchase Fund (Montgomery County Stand Alone)         | 21,400,000       |
| Held in 2019-1 Purchase Fund (Prince William County Stand Alone)   | 76,395,000       |
| Held in 2019-2 Purchase Fund (Prince William County Stand Alone)   | 32,880,000       |
| Held in 2020 Purchase Fund (Prince William County Stand Alone)     | 79,875,000       |
| Held in 2021 Purchase Fund (Henrico County Stand Alone)            | 38,480,000       |
| Held in 2021 Purchase Fund (Prince William County Stand Alone)     | 47,075,000       |
| Held in 2022 Purchase Fund (Chesterfield County Stand Alone)       | 93,285,000       |
| Held in 2022 Purchase Fund (Montgomery County Stand Alone)         | 83,570,000       |
| Held in 2022 Purchase Fund (Hanover County Stand Alone)            | 35,090,000       |
| Held in 2022 Purchase Fund (Prince William County Stand Alone)     | 36,040,000       |
| Held in 2023 Purchase Fund (Stafford County Stand Alone)           | 83,550,000       |
| Held in 2023 Purchase Fund (Prince William County Stand Alone)     | 122,225,000      |
| Held in 2024 Purchase Fund (Hanover County Stand Alone)            | 69,560,000       |
| Held in 2024 Purchase Fund (Prince William County Stand Alone)     | 127,240,000      |
| Held in 2024 Purchase Fund (Stafford County Stand Alone)           | 42,690,000       |
| Held in 2025 Purchase Fund (Chesapeake County Stand Alone)         | 104,530,000      |
| Held in 2025 Purchase Fund (Stafford County Stand Alone)           | 103,930,000      |
| Held in 2025 Purchase Fund (Prince William County Stand Alone)     | 94,530,000       |
| Held in 2025 Purchase Fund (Hanover County Stand Alone)            | 50,920,000       |
| Held in 2026 Purchase Fund (Stafford County Stand Alone)           | 54,215,000       |

|                          |                  |
|--------------------------|------------------|
| Total local school bonds | \$ 3,952,770,760 |
|--------------------------|------------------|

VIRGINIA PUBLIC SCHOOL AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

C. Long-Term Indebtedness

1. Changes in Long-Term Debt

The following schedules reflect summary changes in long-term debt of the Authority for the year ended June 30, 2026.

| Change in Long-Term Debt - Authority Bonds and Notes |                         |                                     |                                       |                          |                        |
|------------------------------------------------------|-------------------------|-------------------------------------|---------------------------------------|--------------------------|------------------------|
|                                                      | Balance<br>July 1, 2025 | Issuances<br>and Other<br>Increases | Retirements<br>and Other<br>Decreases | Balance<br>June 30, 2026 | Due Within<br>One Year |
| Pooled Bond Programs                                 | \$ 2,556,395,000        | \$ 73,390,000                       | \$ (200,460,000)                      | \$ 2,429,325,000         | \$ 389,575,000         |
| Technology and Security<br>Notes Programs            | 197,510,000             | 63,215,000                          | (63,275,000)                          | 197,450,000              | 63,800,000             |
| Special Obligation Bonds                             | 1,509,675,000           | 303,595,000                         | (92,445,000)                          | 1,720,825,000            | 104,875,000            |
| Add: Unamortized Premium                             | 39,094,036              | -                                   | (9,199,136)                           | 29,894,900               | 4,079,766              |
| Total                                                | <u>\$ 4,302,674,036</u> | <u>\$ 440,200,000</u>               | <u>\$ (365,379,136)</u>               | <u>\$ 4,377,494,900</u>  | <u>\$ 562,329,766</u>  |

| Change in Long-Term Debt - Authority Direct Placement Bonds |                         |                                     |                                       |                          |                        |
|-------------------------------------------------------------|-------------------------|-------------------------------------|---------------------------------------|--------------------------|------------------------|
|                                                             | Balance<br>July 1, 2025 | Issuances<br>and Other<br>Increases | Retirements<br>and Other<br>Decreases | Balance<br>June 30, 2026 | Due Within<br>One Year |
| Pooled Bond Programs                                        | \$ 75,405,000           | \$ -                                | \$ (4,105,000)                        | \$ 71,300,000            | \$ 4,160,000           |
| Total                                                       | <u>\$ 75,405,000</u>    | <u>\$ -</u>                         | <u>\$ (4,105,000)</u>                 | <u>\$ 71,300,000</u>     | <u>\$ 4,160,000</u>    |

2. Annual Requirements to Amortize Bonds Payable and Notes Payable

The following schedules provide the annual funding requirements necessary to amortize long-term debt of the Authority outstanding at June 30, 2026.

| Annual Requirements to Amortize Long-Term Debt<br>Authority Bonds and Notes |                         |                         |                         |
|-----------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|
| Year Ending June 30                                                         | Principal               | Interest                | Total                   |
| 2027                                                                        | \$ 558,250,000          | \$ 171,444,361          | \$ 729,694,361          |
| 2028                                                                        | 337,325,000             | 148,519,752             | 485,844,752             |
| 2029                                                                        | 314,995,000             | 133,740,202             | 448,735,202             |
| 2030                                                                        | 289,440,000             | 120,203,175             | 409,643,175             |
| 2031                                                                        | 381,250,000             | 105,671,126             | 486,921,126             |
| 2032-2036                                                                   | 1,068,805,000           | 377,142,009             | 1,445,947,009           |
| 2037-2041                                                                   | 786,025,000             | 200,802,779             | 986,827,779             |
| 2042-2046                                                                   | 412,680,000             | 80,318,708              | 492,998,708             |
| 2047-2051                                                                   | 140,505,000             | 27,031,078              | 167,536,078             |
| 2052-2056                                                                   | 58,325,000              | 5,522,975               | 63,847,975              |
| Unamortized Premium                                                         | 29,894,900              | -                       | 29,894,900              |
| Total                                                                       | <u>\$ 4,377,494,900</u> | <u>\$ 1,370,396,165</u> | <u>\$ 5,747,891,065</u> |

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Annual Requirements to Amortize Long-Term Debt  
Authority Direct Placement Bonds

| Year Ending June 30 | Principal            | Interest             | Total                |
|---------------------|----------------------|----------------------|----------------------|
| 2027                | \$ 4,160,000         | \$ 1,905,795         | \$ 6,065,795         |
| 2028                | 4,215,000            | 1,786,451            | 6,001,451            |
| 2029                | 4,270,000            | 1,665,540            | 5,935,540            |
| 2030                | 4,330,000            | 1,542,990            | 5,872,990            |
| 2031                | 4,390,000            | 1,418,730            | 5,808,730            |
| 2032-2036           | 25,250,000           | 5,168,190            | 30,418,190           |
| 2037-2041           | 24,685,000           | 1,780,609            | 26,465,609           |
|                     |                      |                      | -                    |
| Total               | <u>\$ 71,300,000</u> | <u>\$ 15,268,305</u> | <u>\$ 86,568,305</u> |

D. Technology and Security Notes

Periodically, the Authority issues Technology and Security Notes, the proceeds of which are used to make grants to school divisions for the purchase of educational technology and security equipment. The proceeds are invested in the Virginia State Non-Arbitrage Program<sup>®</sup> until requisitioned by localities. The following schedule details the notes that have been issued which still have either bonds outstanding or funds remaining to be disbursed to localities as of June 30, 2026.

| Technology and Security Notes |             |                       |                       |                                      |
|-------------------------------|-------------|-----------------------|-----------------------|--------------------------------------|
| Issue                         | Description | Amount Issued         | Outstanding Balance   | Remaining Available for Disbursement |
| Educ Tech Series XXI          | 2021 Notes  | \$ 49,800,000         | \$ -                  | \$ 1,565,713                         |
| Security Series IX            | 2021 Notes  | 10,655,000            | -                     | 50,099                               |
| Educ Tech Series XXII         | 2022 Notes  | 52,510,000            | 11,490,000            | 4,357,440                            |
| Security Series X             | 2022 Notes  | 11,230,000            | 2,455,000             | 9,036                                |
| Educ Tech Series XXIII        | 2023 Notes  | 52,400,000            | 22,390,000            | 10,444,941                           |
| Security Series XI            | 2023 Notes  | 11,240,000            | 4,805,000             | 33,489                               |
| Educ Tech Series XXIV         | 2024 Notes  | 53,145,000            | 33,295,000            | 16,051,873                           |
| Security Series XII           | 2024 Notes  | 11,410,000            | 7,145,000             | 442,597                              |
| Educ Tech Series XXV          | 2025 Notes  | 53,115,000            | 43,330,000            | 33,488,844                           |
| Security Series XIII          | 2025 Notes  | 11,430,000            | 9,325,000             | 5,893,490                            |
| Educ Tech Series XXVI         | 2026 Notes  | 51,990,000            | 51,990,000            | 48,506,014                           |
| Security Equipment Series XIV | 2026 Notes  | 11,225,000            | 11,225,000            | 12,000,000                           |
|                               |             | <u>\$ 380,150,000</u> | <u>\$ 197,450,000</u> | <u>\$ 132,843,536</u>                |

VIRGINIA PUBLIC SCHOOL AUTHORITY  
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E. Qualified Zone Academy Bonds

On October 31, 2012, the Authority issued \$2,014,104 for the City of Roanoke as a QZAB, as part of the School Tax Credit Bonds (Direct Payment) Series 2012-1. On November 30, 2016, the Authority issued \$2,350,000 for the Cities of Covington and Danville as QZABs, as part of the School Tax Credit Bonds (Direct Payment) Series 2016. These bonds were issued pursuant to Section 1297E of the Internal Revenue Code of 1986, as amended, and the Authority purchased certain general obligation school bonds of the Cities of Roanoke, Franklin, Petersburg, Covington, and Danville to finance capital projects for public schools.

The localities will make annual principal payments to the Authority on the anniversary date of each issuance. Such payments received by the Authority will be held in trust and invested in accordance with the funding agreements, until the QZABs mature. The final annual principal payments on the 2012 QZAB and the 2016 QZABs are due December 15, 2034, and December 15, 2031, respectively, at which dates the QZABs will mature.

F. Qualified School Construction Bonds

In prior years, the Authority has issued Qualified School Construction Bonds and has used the proceeds to purchase general obligation school bonds issued by certain localities. The bonds have been issued as “qualified school construction bonds” in accordance with Section 54F of the Internal Revenue Code of 1986, as amended. The total amount outstanding under this program as of June 30, 2026 is \$353,400,000 (which includes the 2012 QZAB detailed under Note 2E that was issued as part of the 2012 School Tax Credit Bonds). These bonds are non-interest bearing; however, a taxpayer who holds such bonds during a taxable year will be allowed a federal income tax credit for such taxable year in accordance with the structure established at issuance.

G. Direct Placement Bonds

The Authority has issued the 2014-1 Qualified Zone Academy Bond (QZAB) in the amount of \$3,816,000, and the 2016 QZAB, in the amount of \$2,350,000, as direct placement bonds. These bonds were issued as QZABs within the meaning of Sections 54A and 54E of the Internal Revenue Code of 1986, as amended. The 2014-1 QZAB matured on December 15, 2024.

The bonds are non-interest bearing bonds. The owner of the bonds is entitled to a tax credit on each tax credit allowance date equal to one-fourth of the product of the principal amount of the bonds owned, times the applicable tax credit rate.

Should the 2016 QZAB become disqualified as a QZAB, it shall be subject to extraordinary mandatory redemption prior to its fixed maturity date, in whole or in relevant part, within ninety (90) days after the disqualification notice date, at a redemption price equal to 100% of the principal amount of the Bonds called for redemption, plus the redemption premium, plus the amount which, after taking into account all penalties, fines, interest and additions to federal income tax (including lost tax credits taken by the owner prior to the disqualification notice date) that are imposed on the owner of this Bond as a result of the determination of disqualification, would restore the owner of this Bond to the same after-

VIRGINIA PUBLIC SCHOOL AUTHORITY  
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tax yield on this Bond that the owner would have realized had the determination of disqualification not occurred.

The Authority also issued its Series 2020A Pooled Bonds as direct placement bonds. These bonds are secured by the State Aid Intercept Provision and a sum sufficient appropriation from the Commonwealth. Therefore, there are no other default provisions related to these bonds.

H. 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 No. 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.

The Authority did not issue refunding bonds during fiscal year 2026. At June 30, 2026, there were no bonds outstanding considered defeased for financial reporting purposes.

I. Local School Bond Credits

Beginning in fiscal year 2015, the Authority modified its process for returning refunding savings to localities. Previously, these savings had been returned to localities in the form of lump sum payments when refunding bonds were issued. This process negatively impacted the Authority's net position. Under the current process, the Authority has calculated credit amounts to be returned to each locality annually as savings are actually achieved. The savings accrue to the Authority over time and the return of refunding savings to localities is now consistent with the timeframe in which the savings are earned by the Authority. As of June 30, 2026, the total remaining credits to be paid to the impacted localities over the next sixteen years is \$40 million.

J. Payments to/from the Literary Fund

In fiscal year 2026, after final rebate computations on several series of School Technology and Security Notes, the residual earnings of \$808,473 on the related bond proceeds, as shown on the following page, were paid to the Literary Fund, which had been the source of the debt service appropriation for these Notes.

VIRGINIA PUBLIC SCHOOL AUTHORITY  
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Technology and Security Notes

| Issue                          | Description | Residual Earnings |
|--------------------------------|-------------|-------------------|
| Security Equipment Series III  | 2015 Notes  | \$ 23,414         |
| Security Equipment Series IV   | 2016 Notes  | 45,973            |
| Security Equipment Series V    | 2017 Notes  | 105,391           |
| Security Equipment Series VI   | 2018 Notes  | 172,956           |
| Security Equipment Series VII  | 2019 Notes  | 137,778           |
| Security Equipment Series VIII | 2020 Notes  | 48,525            |
| Educ Tech Series XX            | 2020 Notes  | 274,435           |
|                                |             | \$ 808,473        |

In addition, the Literary Fund reimbursed VPSA for the rebate liability payment of \$2,946,409 that was paid on May 27, 2026, for VPSA's Series 2021 Notes (Series IX) as reflected in Note 2K on page 18.

The Authority received \$6,718,573 from the Literary Fund to pay interest on the various outstanding Educational Technology and Security Notes.

K. Arbitrage Earnings

The Tax Reform Act of 1986 requires that governmental entities issuing tax-exempt debt subsequent to August 1986 calculate and rebate arbitrage earnings to the federal government. The U.S. Treasury has issued regulations on calculating the rebate amount and complying with the provisions of the Tax Reform Act of 1986. The Authority and the issuers of local school bonds purchased by the Authority must comply with the rebate regulations in order for the Authority's bonds to maintain a tax-exempt status. The regulations require the excess of the aggregate amount earned on investments purchased with the bond proceeds over the amount that would have been earned if the proceeds were invested at a rate equal to the bond yield to be rebated to the federal government.

Income earned on excess earnings is also subject to rebate. Rebate payments, if required, are due at least every five years over the life of the bonds. Some Authority bonds may be exempt from the rebate requirement if they meet statutory exceptions per the rebate regulations. The Authority may also elect, on or before the date of the bond issue, to pay a penalty in lieu of rebate if it does not meet certain expenditure schedules. If such an election is made and if the Authority (local issuer) meets the expenditure schedule, the Authority (local issuer) retains any arbitrage earnings. The Authority, to date, has not elected penalty in lieu of rebate due to the difficulty in estimating local issuer's expenditure schedules. Rebate and penalty payments are calculated and paid by the Authority as required by law on bond issues that do not meet the statutory exceptions. Rebate installments must be paid no later than 60 days after the computation date.

In most cases, rebate liability is payable by local issuers whose local school bonds were purchased by the Authority. During the year, the Authority's rebate calculation agent, or the locality's rebate calculation agent in the case of special obligation stand-alone bonds,

VIRGINIA PUBLIC SCHOOL AUTHORITY  
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calculate rebate liability or penalty in lieu of rebate if selected by a locality. Rebate calculations were performed for the following issues during the year:

| Bond Issue                                                    | Computation<br>Time Frame | Computation<br>Date | Liability     | Fee      |
|---------------------------------------------------------------|---------------------------|---------------------|---------------|----------|
| (97 Resolution) 2015C                                         | Final                     | 8/1/2025            | \$ -          | \$ 1,540 |
| (97 Resolution) 2016A                                         | 10 Year                   | 8/1/2025            | -             | 1,000    |
| (97 Resolution) 2019C                                         | Final                     | 8/1/2025            | 141,546 *     | 1,000    |
| (97 Resolution) 2020B                                         | 5 Year                    | 8/1/2025            | 366,561 **    | 13,825   |
| (97 Resolution) 2021A                                         | 5 Year                    | 8/1/2025            | -             | 7,650    |
| Educational Technology and<br>School Security Notes Series IX | Final                     | 4/15/2026           | 2,946,409 *** | 2,840    |
| Qualified School Construction Bonds 2016                      | 10 Year                   | 12/15/2025          | 76,190 ****   | 6,280    |
| Qualified School Construction Bonds 2011-1                    | 15 Year                   | 6/15/2026           | -             | 3,140    |

\* VPSA's Series 2019C School Financing Bonds owed a rebate liability of \$141,545.73 as of August 1, 2025. This amount was paid from VPSA's General Fund on September 15, 2025 and reimbursed to VPSA from the participating localities on September 22, 2025.

\*\* VPSA's Series 2020B School Financing Bonds owed a rebate liability of \$366,560.64 as of August 1, 2025. This amount was paid from VPSA's General Fund on September 17, 2025 and reimbursed to VPSA from the participating localities on September 23, 25 and 26, 2025.

\*\*\* VPSA's Series 2021 Notes (Series IX) owed a rebate liability of \$2,130,072.29 and a yield reduction payment of \$816,336.28 as of April 15, 2026. This amount was paid from VPSA's General fund on May 27, 2026 and reimbursed to VPSA from DOE on May 28, 2026.

\*\*\*\* VPSA's Series 2016 QSCB owed a yield reduction payment of \$76,190.21 as of December 15, 2025. This amount was paid from VPSA's General Funds on March 11, 2026 and will be reimbursed to VPSA by the localities upon the maturity of their bonds.

The Authority paid \$37,275 to its rebate calculation agent for services provided in connection with the above rebate calculations.

**L. Subsequent Events**

On October 27, 2026, the Virginia Public School Authority issued \$49,270,000 of its School Financing Bonds (1997 Resolution), Series 2026B, to fund school construction and improvements.

On December 3, 2026, the Virginia Public School Authority plans to issue approximately \$218,755,000 of its Special Obligation School Financing and Refunding Bonds, Prince William County Series 2026 to fund school construction and improvements.

**M. 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 risk management insurance plans are administered by the Department of 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 this Department 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 PUBLIC SCHOOL AUTHORITY

## SUPPLEMENTARY INFORMATION

### Detail of Long-Term Indebtedness June 30, 2026 (Dollars in Thousands)

#### Detail of Long-Term Indebtedness by Series

|                                                         | Dated    | Bond           | True Interest | Amount     | Local        | Outstanding | Issued    | Outstanding | Original |
|---------------------------------------------------------|----------|----------------|---------------|------------|--------------|-------------|-----------|-------------|----------|
|                                                         | Date     | Resolution     | Cost ("TIC")  | Issued (a) | School Bonds | July 1,     | (Retired) | June 30,    | Maturity |
|                                                         |          |                |               |            | Purchased    | 2025        | During    | 2026        |          |
|                                                         |          |                |               |            |              |             | Year      |             |          |
| Series 2009-1 QSCB                                      | 11/13/09 | School Tax Cr. | 0.63%         | \$ 61,120  | \$ 61,120    | \$ 61,120   | \$ -      | \$ 61,120   | 09/15/26 |
| Series 2010 B                                           | 05/13/10 | 1997           | 5.09%         | 63,840     | 63,840       | 27,770      | (4,575)   | 23,195      | 08/01/30 |
| Series 2010-1 QSCB                                      | 07/08/10 | School Tax Cr. | 0.06%         | 72,655     | 72,655       | 72,655      | -         | 72,655      | 06/15/27 |
| Series 2011-1 QSCB                                      | 06/28/11 | School Tax Cr. | 0.05%         | 67,400     | 67,400       | 67,400      | -         | 67,400      | 06/15/27 |
| Series 2011-2 QSCB                                      | 12/15/11 | School Tax Cr. | 0.00%         | 128,960    | 128,960      | 128,960     | -         | 128,960     | 12/15/30 |
| Series 2012-1 QTCB                                      | 10/31/12 | School Tax Cr. | 0.01%         | 23,265     | 23,265       | 23,265      | -         | 23,265      | 12/15/34 |
| Series 2013 B                                           | 11/21/13 | 1997           | 3.45%         | 45,075     | 45,075       | 4,810       | (2,365)   | 2,445       | 08/01/40 |
| Series 2014 A                                           | 05/15/14 | 1997           | 3.03%         | 51,510     | 51,510       | 29,725      | (2,610)   | 27,115      | 08/01/39 |
| Series 2014 B                                           | 05/15/14 | 1997           | 2.21%         | 215,405    | -            | 42,710      | (23,625)  | 19,085      | 08/01/26 |
| Series 2014 Prince William County                       | 10/07/14 | Stand Alone    | 2.62%         | 82,545     | 82,545       | 33,000      | (4,125)   | 28,875      | 07/15/34 |
| Series 2014 Warren County                               | 12/09/14 | Stand Alone    | 3.42%         | 42,440     | 42,440       | 11,020      | (1,560)   | 9,460       | 07/15/39 |
| Series 2015 A                                           | 02/17/15 | 1997           | 2.20%         | 435,715    | -            | 38,655      | (38,655)  | -           | 08/01/37 |
| Series 2015 B                                           | 05/14/15 | 1997           | 3.11%         | 33,820     | 33,820       | 4,185       | (1,455)   | 2,730       | 08/01/35 |
| Series 2015 Prince William County                       | 07/30/15 | Stand Alone    | 2.89%         | 98,485     | 98,485       | 34,475      | (4,925)   | 29,550      | 08/01/35 |
| Series 2015 C                                           | 11/19/15 | 1997           | 2.91%         | 49,350     | 49,350       | 32,125      | (2,105)   | 30,020      | 08/01/45 |
| Series 2016 Prince William County                       | 04/27/16 | Stand Alone    | 2.38%         | 171,160    | 171,160      | 108,635     | (14,320)  | 94,315      | 08/01/36 |
| Series 2016 A                                           | 05/17/16 | 1997           | 2.40%         | 101,770    | 90,970       | 63,875      | (6,145)   | 57,730      | 08/01/36 |
| Series 2016 Montgomery County                           | 11/10/16 | Stand Alone    | 2.22%         | 64,605     | 64,605       | 37,665      | (6,000)   | 31,665      | 02/01/32 |
| Series 2016 B                                           | 11/17/16 | 1997           | 2.49%         | 90,080     | 83,665       | 60,065      | (5,215)   | 54,850      | 08/01/36 |
| Series 2016-1 QZAB                                      | 11/30/16 | School Tax Cr. | 0.00%         | 2,350      | 2,350        | 2,350       | -         | 2,350       | 12/15/31 |
| Series 2017 Prince William County                       | 03/09/17 | Stand Alone    | 2.88%         | 77,660     | 77,660       | 46,580      | (3,885)   | 42,695      | 03/01/37 |
| Series 2017 A                                           | 05/16/17 | 1997           | 2.93%         | 18,470     | 18,470       | 13,740      | (820)     | 12,920      | 08/01/37 |
| Series 2017 B                                           | 08/22/17 | 1997           | 2.37%         | 106,075    | -            | 82,635      | (9,210)   | 73,425      | 08/01/36 |
| Series 2017 C                                           | 11/07/17 | 1997           | 2.99%         | 115,820    | 115,820      | 94,620      | (3,855)   | 90,765      | 08/01/47 |
| Series 2017 King George County                          | 11/09/17 | Stand Alone    | 2.97%         | 20,840     | 20,840       | 17,945      | (700)     | 17,245      | 02/01/38 |
| Series 2018 A                                           | 05/15/18 | 1997           | 3.12%         | 63,920     | 63,920       | 49,310      | (2,975)   | 46,335      | 08/01/38 |
| Series 2018 Prince William County                       | 05/24/18 | Stand Alone    | 2.97%         | 115,895    | 115,895      | 75,335      | (5,795)   | 69,540      | 03/01/38 |
| Series 2018 B                                           | 11/06/18 | 1997           | 3.36%         | 109,070    | 109,070      | 80,720      | (5,145)   | 75,575      | 08/01/38 |
| Series 2019 A                                           | 05/21/19 | 1997           | 2.89%         | 88,250     | 88,250       | 74,855      | (2,955)   | 71,900      | 08/01/49 |
| Series 2019 B                                           | 05/21/19 | 1997           | 1.69%         | 156,560    | -            | 23,295      | (6,730)   | 16,565      | 08/01/28 |
| Series 2019 Montgomery County                           | 10/24/19 | Stand Alone    | 2.21%         | 27,315     | 27,315       | 22,510      | (1,110)   | 21,400      | 02/01/40 |
| Series 2019 A Prince William County                     | 10/29/19 | Stand Alone    | 2.18%         | 109,155    | 109,155      | 81,855      | (5,460)   | 76,395      | 10/01/39 |
| Series 2019 B Prince William County                     | 10/29/19 | Stand Alone    | 2.67%         | 34,610     | 34,610       | 33,185      | (305)     | 32,880      | 07/15/33 |
| Series 2019 C                                           | 11/12/19 | 1997           | 2.36%         | 88,360     | 88,360       | 73,205      | (4,350)   | 68,855      | 08/01/39 |
| Series 2019 D                                           | 11/12/19 | 1997           | 2.72%         | 22,290     | -            | 21,115      | (215)     | 20,900      | 08/01/40 |
| Series 2020 A                                           | 05/08/20 | 1997           | 2.85%         | 88,990     | 88,990       | 73,055      | (4,105)   | 68,950      | 08/01/40 |
| Series 2020 Prince William County                       | 10/15/20 | Stand Alone    | 1.43%         | 106,510    | 106,510      | 85,200      | (5,325)   | 79,875      | 10/01/40 |
| Series 2020 B                                           | 11/10/20 | 1997           | 1.63%         | 142,195    | 118,820      | 102,550     | (5,050)   | 97,500      | 08/01/50 |
| Series 2020 C                                           | 11/10/20 | 1997           | 1.63%         | 320,840    | 11,910       | 217,165     | (41,315)  | 175,850     | 08/01/41 |
| Series 2021 A                                           | 05/11/21 | 1997           | 1.74%         | 77,790     | 77,790       | 68,975      | (2,895)   | 66,080      | 08/01/50 |
| Series 2021 B                                           | 05/11/21 | 1997           | 2.30%         | 10,535     | 10,535       | 10,015      | (115)     | 9,900       | 08/01/39 |
| Series 2021 School Technology<br>and Security Series IX | 05/13/21 | Equip. Notes   | 0.32%         | 60,455     | -            | 13,250      | (13,250)  | -           | 04/15/26 |
| Series 2021 Henrico County                              | 10/12/21 | Stand Alone    | 1.50%         | 48,115     | 48,115       | 40,885      | (2,405)   | 38,480      | 08/15/41 |
| Series 2021 Prince William County                       | 10/21/21 | Stand Alone    | 1.68%         | 58,855     | 58,855       | 50,020      | (2,945)   | 47,075      | 10/01/41 |

(a) Includes refunding bonds issued.

# VIRGINIA PUBLIC SCHOOL AUTHORITY

## SUPPLEMENTARY INFORMATION

### Detail of Long-Term Indebtedness June 30, 2026 (Dollars in Thousands)

#### Detail of Long-Term Indebtedness by Series (continued)

|                                                           | Dated<br>Date | Bond<br>Resolution | True Interest<br>Cost ("TIC") | Amount<br>Issued (a) | Local<br>School Bonds<br>Purchased | Outstanding<br>July 1,<br>2025 | Issued<br>(Retired)<br>During<br>Year | Outstanding<br>June 30,<br>2026 | Original<br>Maturity |
|-----------------------------------------------------------|---------------|--------------------|-------------------------------|----------------------|------------------------------------|--------------------------------|---------------------------------------|---------------------------------|----------------------|
| Series 2021 C                                             | 11/09/21      | 1997               | 1.76%                         | 150,235              | 150,235                            | 129,555                        | (7,675)                               | 121,880                         | 08/01/41             |
| Series 2022 Chesterfield County                           | 02/08/22      | Stand Alone        | 1.78%                         | 116,605              | 116,605                            | 99,115                         | (5,830)                               | 93,285                          | 01/15/42             |
| Series 2022 Montgomery County                             | 04/26/22      | Stand Alone        | 3.21%                         | 84,690               | 84,690                             | 84,690                         | (1,120)                               | 83,570                          | 02/01/42             |
| Series 2022 A                                             | 05/17/22      | 1997               | 3.63%                         | 213,080              | 213,080                            | 204,645                        | (4,625)                               | 200,020                         | 08/01/51             |
| Series 2022 School Technology<br>and Security Series X    | 05/24/22      | Equip. Notes       | 2.47%                         | 63,740               | -                                  | 27,230                         | (13,285)                              | 13,945                          | 04/15/27             |
| Series 2022 Hanover County                                | 09/28/22      | Stand Alone        | 3.05%                         | 41,285               | 41,285                             | 37,155                         | (2,065)                               | 35,090                          | 08/01/42             |
| Series 2022 B                                             | 11/09/22      | 1997               | 4.18%                         | 99,915               | 99,915                             | 97,315                         | (1,525)                               | 95,790                          | 08/01/52             |
| Series 2022 Prince William County                         | 11/10/22      | Stand Alone        | 4.08%                         | 42,400               | 42,400                             | 38,160                         | (2,120)                               | 36,040                          | 10/01/42             |
| Series 2023 Stafford County                               | 03/14/23      | Stand Alone        | 3.52%                         | 89,935               | 89,935                             | 86,590                         | (3,040)                               | 83,550                          | 08/01/43             |
| Series 2023 A                                             | 05/16/23      | 1997               | 3.31%                         | 69,780               | 69,780                             | 66,915                         | (2,925)                               | 63,990                          | 08/01/43             |
| Series 2023 School Technology<br>and Security Series XI   | 05/23/23      | Equip. Notes       | 2.50%                         | 63,640               | -                                  | 39,830                         | (12,635)                              | 27,195                          | 04/15/28             |
| Series 2023 B                                             | 11/09/23      | 1997               | 4.37%                         | 79,710               | 79,710                             | 78,175                         | (1,930)                               | 76,245                          | 08/01/48             |
| Series 2023 Prince William County                         | 11/09/23      | Stand Alone        | 4.25%                         | 135,815              | 135,815                            | 129,020                        | (6,795)                               | 122,225                         | 10/01/43             |
| Series 2024 A                                             | 05/14/24      | 1997               | 3.26%                         | 54,630               | 14,960                             | 54,225                         | (4,615)                               | 49,610                          | 08/01/44             |
| Series 2024 School Technology<br>and Security Series XII  | 05/16/24      | Equip. Notes       | 3.05%                         | 64,555               | -                                  | 52,655                         | (12,215)                              | 40,440                          | 04/15/29             |
| Series 2024 Hanover County                                | 09/24/24      | Stand Alone        | 3.33%                         | 73,225               | 73,225                             | 73,225                         | (3,665)                               | 69,560                          | 08/01/44             |
| Series 2024 B                                             | 10/30/24      | 1997               | 3.76%                         | 83,435               | 83,435                             | 83,435                         | (2,240)                               | 81,195                          | 08/01/54             |
| Series 2024 Prince William County                         | 10/31/24      | Stand Alone        | 3.41%                         | 133,940              | 133,940                            | 133,940                        | (6,700)                               | 127,240                         | 10/01/44             |
| Series 2024 Stafford County                               | 12/10/24      | Stand Alone        | 3.53%                         | 44,940               | 44,940                             | 44,940                         | (2,250)                               | 42,690                          | 08/01/44             |
| Series 2025 A                                             | 05/13/25      | 1997               | 4.16%                         | 86,090               | 86,090                             | 86,090                         | -                                     | 86,090                          | 08/01/49             |
| Series 2025 School Technology<br>and Security Series XIII | 05/15/25      | Equip. Notes       | 3.11%                         | 64,545               | -                                  | 64,545                         | (11,890)                              | 52,655                          | 04/15/30             |
| Series 2025 B                                             | 05/28/25      | 1997               | 3.14%                         | 186,520              | -                                  | 186,520                        | (2,545)                               | 183,975                         | 08/01/38             |
| Series 2025 Chesapeake City                               | 06/26/25      | Stand Alone        | 3.96%                         | 104,530              | 104,530                            | 104,530                        | -                                     | 104,530                         | 08/01/45             |
| Series 2025 C                                             | 10/28/25      | 1997               | 3.95%                         | 24,125               | 24,125                             | -                              | 24,125                                | 24,125                          | 08/01/55             |
| Series 2025 Stafford County                               | 11/13/25      | Stand Alone        | 4.28%                         | 103,930              | 103,930                            | -                              | 103,930                               | 103,930                         | 08/01/55             |
| Series 2025 Prince William County                         | 11/19/25      | Stand Alone        | 3.59%                         | 94,530               | 94,530                             | -                              | 94,530                                | 94,530                          | 10/01/45             |
| Series 2025 Hanover County                                | 12/11/25      | Stand Alone        | 3.60%                         | 50,920               | 50,920                             | -                              | 50,920                                | 50,920                          | 08/01/45             |
| Series 2026A                                              | 04/28/26      | 1997               | 3.64%                         | 49,265               | 49,265                             | -                              | 49,265                                | 49,265                          | 08/01/46             |
| Series 2026 School Technology<br>and Security Series XIV  | 04/30/26      | Equip. Notes       | 2.50%                         | 63,215               | -                                  | -                              | 63,215                                | 63,215                          | 04/15/31             |
| Series 2026 Stafford County                               | 05/27/26      | Stand Alone        | 3.79%                         | 54,215               | 54,215                             | -                              | 54,215                                | 54,215                          | 08/01/46             |
| Total                                                     |               |                    |                               | <u>\$ 6,557,565</u>  | <u>\$ 4,665,660</u>                | <u>\$ 4,338,985</u>            | <u>\$ 79,915</u>                      | <u>\$ 4,418,900</u>             |                      |

#### Detail of Long-Term Indebtedness by Resolution

|                               | Amount<br>Issued (a) | Local<br>School Bonds<br>Purchased | Outstanding<br>July 1,<br>2025 | Issued<br>(Retired)<br>During<br>Year | Outstanding<br>June 30,<br>2026 |
|-------------------------------|----------------------|------------------------------------|--------------------------------|---------------------------------------|---------------------------------|
| 1997 Resolution               | \$ 3,592,515         | \$ 2,080,760                       | \$ 2,276,050                   | \$ (131,175)                          | \$ 2,144,875                    |
| Stand Alone Issues            | 2,229,150            | 2,229,150                          | 1,509,675                      | 211,150                               | 1,720,825                       |
| Technology and Security Notes | 380,150              | -                                  | 197,510                        | (60)                                  | 197,450                         |
| School Tax Credit             | 355,750              | 355,750                            | 355,750                        | -                                     | 355,750                         |
| Total                         | <u>\$ 6,557,565</u>  | <u>\$ 4,665,660</u>                | <u>\$ 4,338,985</u>            | <u>\$ 79,915</u>                      | <u>\$ 4,418,900</u>             |

(a) Includes refunding bonds issued.

VIRGINIA PUBLIC SCHOOL AUTHORITY  
Richmond, Virginia

BOARD OF COMMISSIONERS

As of June 30, 2026

John R. Riley, Jr., Chairman

Michael Nguyen, Vice Chairman

Honorable Cardell C. Patillo Jr.

Maria J. Perrotte

Karen Spence

EX OFFICIO

David L. Richardson, Secretary and Treasurer, State Treasurer

Sharon Lawrence, State Comptroller

Jenna Conway, Superintendent of Public Instruction