JAMES MADISON UNIVERSITY®

AUDITED FINANCIAL REPORT

FOR THE YEAR ENDED

JUNE 30, 2024

JAMES MADISON UNIVERSITY

AUDITED FINANCIAL REPORT 2023 – 2024

TABLE OF CONTENTS

PAGES

Page Left Intentionally Blank

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Overview

This Management's Discussion and Analysis (MD&A) is required supplementary information under the Governmental Accounting Standards Board's (GASB) reporting model. It is designed to assist readers in understanding the accompanying financial statements and provides an overall view of the University's financial activities based on currently known facts, decisions, and conditions. This discussion includes an analysis of the University's financial condition and results of operations for the fiscal year ended June 30, 2024. Comparative numbers, where presented, are for the fiscal year ending June 30, 2023. Since this presentation includes highly summarized data, it should be read in conjunction with the accompanying basic financial statements, including notes and other supplementary information. University management is responsible for all of the financial information presented, including this discussion and analysis.

The University's financial statements referred to above were prepared in accordance with Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards. The three required financial statements are the Statement of Net Position (balance sheet), the Statement of Revenues, Expenses, and Changes in Net Position (operating statement), and the Statement of Cash Flows. These statements are summarized and analyzed in the following sections.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*, addresses which fund-raising, research, or other foundations should be included as component units and how these component units should be displayed in the financial statements. Under GASBS No. 61, the James Madison University Foundation, Inc. (Foundation) meets the criteria and is included as a component unit. The Foundation is presented in a separate column on the University's financial statements; however, inter-company transactions between the University and the Foundation have not been eliminated. The remainder of this discussion and analysis excludes the Foundation's financial condition and activities.

The following GASB guidance became effective in fiscal year 2024: Implementation Guide 2021-1, Question 5.1, indicating that institutions should capitalize assets whose individual acquisition costs are less than the institution's capitalization threshold for an individual asset if those assets in the aggregate are significant. See Notes 1H and 1S for further discussion of the impact to the University's net capital assets and net position, respectively.

Additional GASB statements of standards effective during fiscal year 2024 (in full or in part) included Statement No. 99, *Omnibus 2022*, (paragraphs 4 through 10 only), and Statement No. 100, *Accounting Changes and Error Corrections* (an amendment of GASB Statement No. 62). Neither of these Statements had a significant effect upon the University's financial statements for the current year.

Statement of Net Position

The Statement of Net Position (SNP) presents the University's assets, deferred outflows, liabilities, deferred inflows, and net position as of the end of the fiscal year. The purpose of the statement is to present a snapshot of the University's financial position to the financial statement readers. The data presented aids readers in determining the assets available to continue the University's operations. It also allows readers to determine how much the University owes to vendors and creditors. Finally, the SNP provides a picture of the University's assets and the restrictions for expenditure for the net position components. Sustained increase in net position over time is one indicator of an organization's financial health.

Net position is classified as follows:

- Net investment in capital assets – Net investment in capital assets represents the University's total investment in capital assets, net of accumulated depreciation, amortization, and outstanding debt obligations related to those capital assets. Debt incurred, but not yet expended for capital assets, is not included as a component of net investment in capital assets.

- Restricted net position, expendable – The expendable restricted net position includes resources the University is legally or contractually obligated to expend in accordance with restrictions imposed by external third parties.

- Restricted net position, nonexpendable – Nonexpendable restricted net position consists of endowments and similar type funds where donors or other outside sources have stipulated that, as a condition of the gift instrument, the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income to be expended or added to the principal.

- Unrestricted net position – Unrestricted net position represents resources used for the University's general operations. They may be used at the discretion of the University's Board of Visitors to meet current expenses for any lawful purpose in support of the University's primary missions of instruction, public service and outreach. These resources are derived from student tuition and fees, state appropriations and sales and services of auxiliary enterprises. The auxiliary enterprises are self-supporting entities that provide services for students, faculty and staff.

Statement of Net Position
(In thousands)

	2024	2023	Change Amount	Change Percent
Current assets	**$ 370,192**	**$ 332,504**	**$ 37,688**	**11.3%**
Noncurrent assets				
Capital assets, net	1,442,394	1,368,909	73,485	5.4%
Other noncurrent assets	146,501	158,443	(11,942)	(7.5%)
Total noncurrent assets	**1,588,895**	**1,527,352**	**61,543**	**4.0%**
Total Assets	**1,959,087**	**1,859,856**	**99,231**	**5.3%**
Deferred outflow of resources	**50,477**	**41,024**	**9,453**	**23.0%**
Total Assets and deferred outflow of resources	**2,009,564**	**1,900,880**	**108,684**	**5.7%**
Current liabilities	**160,157**	**143,055**	**17,102**	**12.0%**
Noncurrent liabilities				
Long-term liabilities	425,406	405,899	19,507	4.8%
Net pension liability	140,909	126,928	13,981	11.0%
OPEB liability	45,642	46,512	(870)	(1.9%)
Total Noncurrent liabilities	**611,957**	**579,339**	**32,618**	**5.6%**
Total liabilities	**772,114**	**722,394**	**49,720**	**6.9%**
Deferred inflow of resources	**36,932**	**55,674**	**(18,742)**	**(33.7%)**
Total liabilities and deferred inflow of resources	**809,046**	**778,068**	**30,978**	**4.0%**
Net position				
Net investment in capital assets	1,022,380	946,221	76,159	8.0%
Restricted - expendable	114,689	156,357	(41,668)	(26.6%)
Unrestricted	63,449	20,234	43,215	213.6%
Total net position	**$ 1,200,518**	**$ 1,122,812**	**$ 77,706**	**6.9%**

In 2024, the University's total assets and deferred outflow of resources increased by $108.7 million, a portion of which related to an increase in current assets of $37.7 million. This was mainly due to an increase in cash and cash equivalents of $29.6 million, $16.5 million of which was related to auxiliary cash attributed to strong performances for the University's dining and residence life functions, as well as a 4.7 percent increase in comprehensive fee. Additional increases to auxiliary cash of $7.9 million were attributable to increased auxiliary interest yield recognized throughout the year ($5.4 million) and conference distributions to athletics ($2.5 million). Unrestricted cash was further increased by $4.1 million in bond funds received in support of the Village Housing capital project, allocated to unrestricted cash to cover payables in the coming year.

In addition to the increases to current assets cited above, noncurrent assets also increased $61.5 million. This increase is primarily attributable to increased net capital assets of $73.5 million, offset by a decrease in other noncurrent assets of $11.9 million. The increase to net capital assets is driven by a few factors. As a result of the enactment of GASB Implementation Guide 2021-1, Question 5.1, regarding capitalization of aggregate assets, $48.1 million in depreciable capitalized equipment was added, as well as the offsetting $27.5 million in accumulated depreciation (for a net impact of $20.6 million). Capital construction activity also increased net capital assets by $68.5 million in construction in progress from the Carrier Library renovation project ($42.1 million), the East Campus Steam Plant project ($5.1 million) and the Village Housing Ph. 1 project ($21.3 million). As in prior years, there were few major projects completed, making the increases to construction in progress the most significant activity. Capital asset activity is further discussed in the next section of this analysis. This increase to net assets was offset by a decrease to other noncurrent assets of $11.9 million, which was driven by a decrease to appropriations due from the Commonwealth of $42.9 million. This is due to the spend-down of prior year appropriated general fund capital project monies associated with the Carrier Library and East Campus Steam Plant projects. This decrease was offset slightly by an increase in restricted cash of $29.9 million, primarily from bond funds received in the current year for the Village Housing Ph. 1 project ($34.0 million) offset by $4.1 million allocated to current unrestricted cash to cover payables in the coming year. The increase in deferred outflows of resources ($9.5 million) can be attributed to an increase in deferred outflows related to the State pension plan ($11.6 million) with an offsetting decrease to the State OPEB plans ($1.1 million) as provided by the Virginia Retirement System (VRS), as well as a decrease in outflows related to debt refundings ($1.0 million).

Current liabilities increased $17.1 million. Part of this increase is attributable to a $4.5 million increase in obligations under the securities lending program as provided by the Department of Accounts. Securities lending balances reported represent the University's allocated share of the activity in the General Account of the Commonwealth (see footnote 2D for details on the securities lending program). The remainder of the increase is due to an $8.8 million increase in accounts payable and accrued expenses and a $3.5 million increase in the current portion of long-term liabilities. The change in accounts payable and accrued expenses is related to increased capital project activity ($5.1 million) and timing of operating payables compared to the prior year ($2.4 million). The increase to the current portion of long-term liabilities is the result of receipt of a new bond issue for the Village Housing project and the accrual of the related principal payment due in fiscal year 2025 ($0.9 million), and additional increases to current debt service of $0.9 million due to the structure of the debt payment schedules. In addition, new subscription-based software arrangement (SBITA) activity during FY24 added $1.0 million to the current portion of long-term liabilities, and increased participation by retirees in the Supplemental Retirement Plan produced a further increase of $0.5 million.

Non-current liabilities increased by $32.6 million, primarily due to an increase in long-term liabilities of $19.5 million. This increase was the result of the current year debt issue for the Village Housing project (long-term portion $43.4 million), offset by a decrease of $2.9 million in debt service due on bonds refinanced during 2024. Additional decreases in revenue bonds payable of $17.0 million were due to the effect of current year principal payments combined with no new revenue bond issues during 2024. For more detailed debt information, see the Capital Asset and Debt Administration section. This overall increase was supplemented by a $14.0 million increase in net pension liability related to the University's portion of VRS' unfunded pension liability. The decrease in deferred inflows of resources ($18.7 million) can be attributed to a decrease in deferred inflows related to the State pension plan ($13.1 million), and the State OPEB plans ($7.8 million) as provided by VRS and the Department of Human Resource Management (DHRM), as well as the effect of debt refundings recognized during the year, for which a coordinating deferred inflow was recognized ($1.9 million).

The increase in total assets and deferred outflows of resources offset by a smaller increase in total liabilities and deferred inflows of resources is reflected in the $77.7 million increase of the University's total net position. Net investment in capital assets increased $76.2 million, reflecting the University's continued investment in new facilities and equipment supporting the University's missions, as well as prudent management of the University's fiscal resources.

Capital Asset and Debt Administration

A critical factor in ensuring quality University academic, research, and residential life functions is the development and renewal of its capital assets. The University continues to maintain and upgrade current facilities as well as pursue funding opportunities for construction and purchase of additional facilities. Investment in new and upgrading current structures serves to enrich high-quality instructional programs, research activities, and residential lifestyles.

Depreciable capital asset additions totaled $52.2 million in 2024, as compared to $36.6 million in 2023.

PROJECTS COMPLETED OR ACQUIRED DURING 2023-24 *(in thousands)*

PROJECT	**CAPITALIZED COST**
Convocation Center Renovation	$ 19,402
Aggregate Assets	6,597
Various Building Improvements > $250K	4,669
Various Maintenance Reserve Projects > $250K	2,083
Various Other Improvements > $250K	1,738
Various Infrastructure Improvements > $250K	1,805
All other capitalized additions	15,939
TOTAL	**$ 52,233**

There were $0.2 million in non-depreciable additions for 2024 other than construction in progress, which were primarily purchases of artwork and historical treasures. Depreciation expense was $61.3 million with net asset retirements of $2.9 million. Amortization expense for intangible capital assets was $4.7 million.

Major projects under construction in 2024 totaled $98.3 million, as compared to $40.1 million in 2023.

PROJECTS IN PROGRESS AT YEAR-END *(in thousands)*

PROJECT	**AMOUNT**
Carrier Library Renovation/Expansion	$ 52,623
Replace Village Housing, Phase 1	25,582
East Campus Steam Plant Repairs	5,327
Various Maintenance Reserve Projects	3,019
All other projects in progress	11,733
TOTAL	**$ 98,284**

The remaining balance of "Construction in progress" was comprised of subscription-based information technology arrangements (SBITAs) in progress of $6.1 million in 2024 and $2.5 million in 2023.

The University's total long-term bond debt increased to $417.4 million in 2024 from $399.1 million in fiscal year 2023. The increase is the result of a new bond issue for the Village Housing project ($44.3 million), offset by debt principal payments made throughout the year on outstanding debt balances.

The University's Board of Visitors approved "Debt Management Guidelines and Procedures" established that the maximum annual debt service costs as a percentage of total operating revenues shall not exceed ten percent for non-revenue producing capital projects. The University's 2024 ratio was 6.2%, as compared to 6.5% for 2023.

Overall, unpaid construction commitments decreased from $164.3 million in 2023 to $106.4 million in 2024, and other related contractual commitments increased from $1.7 million to $1.8 million, respectively.

UNPAID CONSTRUCTION COMMITMENTS AT YEAR-END *(in thousands)*

PROJECT	UNPAID COMMITMENT
Carrier Library Renovation/Expansion	$ 54,731
Village Student Housing	41,079
East Campus Power Plant	3,389
All other construction contracts	7,191
TOTAL	**$ 106,390**

Further information relating to capital assets, construction, and capital debt is included in the Notes to Financial Statements in Notes 6 and 9. Information on other contractual commitments is included in Note 18.

Statement of Revenues, Expenses, and Changes in Net Position

Operating and non-operating activities creating changes in the University's total net position are presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present all revenues received and accrued, all expenses paid and accrued, and gains or losses from investment and capital asset activities.

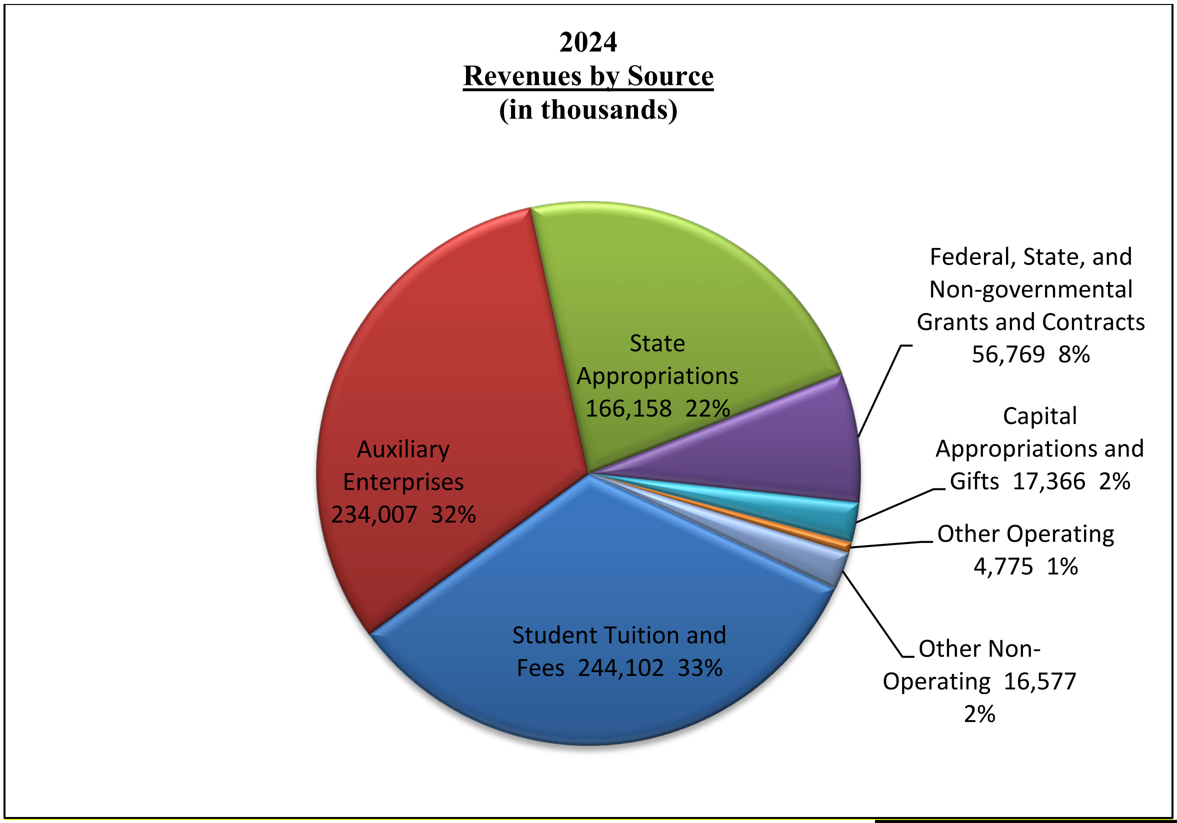
Generally, operating revenues are received through providing goods and services to students and other constituencies of the University. Operating expenses are those expenses made to acquire or produce the goods and services provided in return for the operating revenues and to carry out the University's mission. Salaries and wages, and fringe benefits for faculty and staff are the largest type of operating expense.

Non-operating revenues are revenues received for which goods and services are not directly provided. State appropriations and gifts are included in this category, but provide substantial support for paying the University's operating expenses. Therefore, the University, like most public institutions, will expect to show an operating loss.

Statement of Revenues, Expenses, and Changes in Net Position
(In thousands)

	2024	2023	Change Amount	Change Percent
Operating revenues	**$ 523,046**	**$ 497,630**	**$ 25,416**	**5.1%**
Operating expenses	**661,027**	**624,242**	**36,785**	**5.9%**
Operating gain (loss)	**(137,981)**	**(126,612)**	**(11,369)**	**(9.0%)**
Nonoperating revenues (expenses)				
State appropriations	166,158	145,185	20,973	14.4%
Grants and Contracts	16,607	19,990	(3,383)	(16.9%)
OPEB-related contribution revenue	2,841	6,601	(3,760)	(57.0%)
Gifts	3	1	2	200.0%
Investment Income	13,733	5,356	8,377	156.4%
Interest on capital asset related debt	(11,478)	(12,950)	1,472	11.4%
Gain (loss) on disposal of plant assets	(6,371)	(655)	(5,716)	(872.7%)
Payments to the Commonwealth	(3,098)	(3,098)	-	0.0%
Net nonoperating revenue (expenses)	**178,395**	**160,430**	**17,965**	**11.2%**
Income (loss) before other revenues, expenses, gains, or losses	**40,414**	**33,818**	**6,596**	**19.5%**
Capital appropriations and contributions	13,356	155,746	(142,390)	(91.4%)
Capital gifts	4,010	5,873	(1,863)	(31.7%)
Total other revenues	**17,366**	**161,619**	**(144,253)**	**(89.3%)**
Increase in net position	**57,780**	**195,437**	**(137,657)**	**(70.4%)**
Net position - beginning of year, as restated	1,142,738	927,375	215,363	23.2%
Net position - end of year	**$ 1,200,518**	**$ 1,122,812**	**$ 77,706**	**6.9%**

Following is a graphic illustration of revenues by source (both operating and non-operating) used to fund the University's activities for the year ended June 30, 2024. As noted above, critical recurring revenue sources such as state and capital appropriations are considered non-operating.



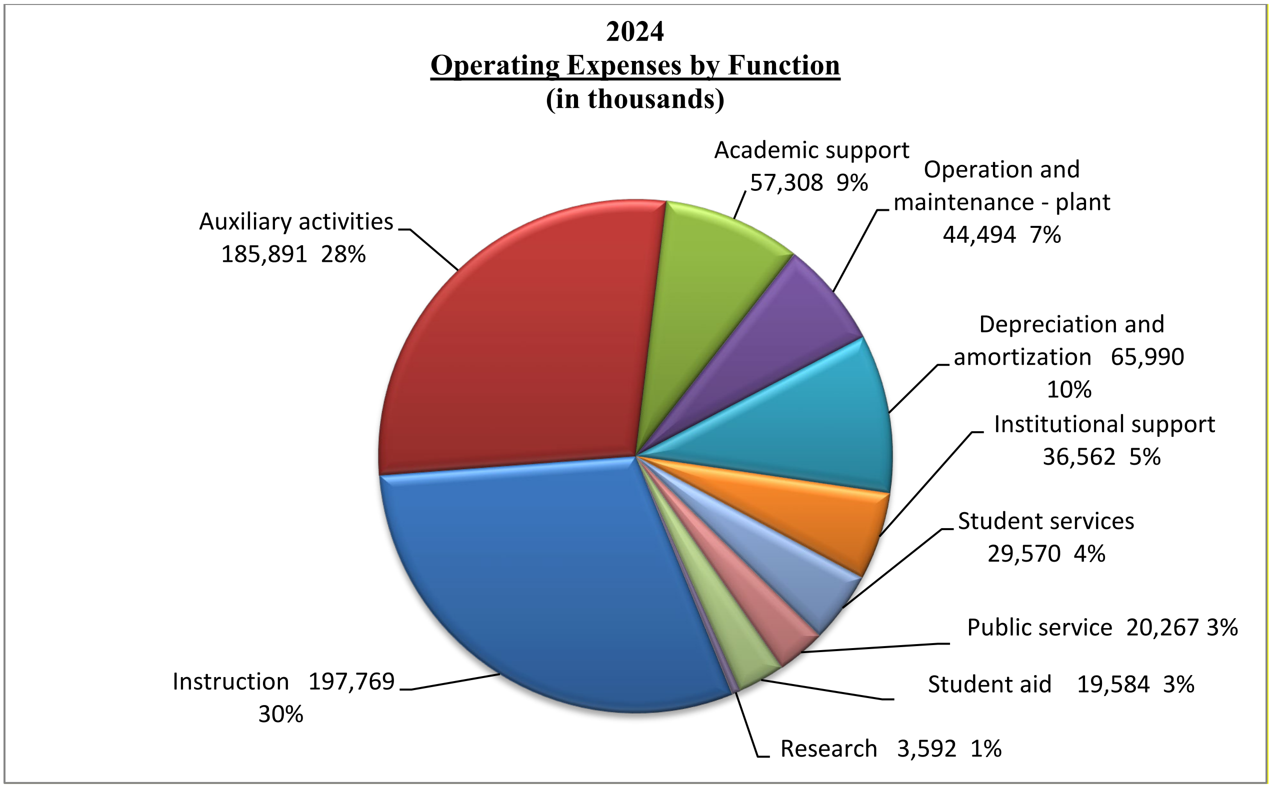
	2024	2023	Amount	Percent
Operating revenues:				
Student tuition and fees, net	244,102	235,832	$ 8,270	3.5%
Grants and contracts	40,162	43,535	(3,373)	(7.7%)
Auxiliary enterprises, net	234,007	212,408	21,599	10.2%
Other operating revenues	4,775	5,855	(1,080)	(18.4%)
Total operating revenues	**523,046**	**497,630**	**25,416**	**5.1%**
Nonoperating revenues:				
State appropriations	166,158	145,185	20,973	14.4%
Grants and contracts	16,607	19,990	(3,383)	(16.9%)
Other nonoperating revenue	16,577	11,959	4,618	38.6%
Total nonoperating revenues	**199,342**	**177,134**	**22,208**	**12.5%**
Other revenues:				
Capital appropriations and contributions	13,356	155,746	(142,390)	(91.4%)
Capital gifts	4,010	5,873	(1,863)	(31.7%)
Total other revenues	**17,366**	**161,619**	**(144,253)**	**(89.3%)**
Total revenues	**739,754**	**836,383**	**(96,629)**	**(11.6%)**

Operating revenues, consisting mostly of tuition and fees and auxiliary enterprises, increased $25.4 million (or 5.1 percent) from the prior fiscal year. This increase is mainly attributable to increased auxiliary revenues ($21.6 million), which includes increased revenue from on-campus meal plans ($5.5 million) and the related increase to commissions revenue ($1.6 million). Auxiliary revenues increased an additional $6.1 million from comprehensive fee revenue (net of scholarship discounts and allowances) due to an increase in the comprehensive fee rate of 4.7 percent and an increase student headcount of 2.4 percent. Also bolstering auxiliary revenues were increases related to Athletics ($4.9 million) which was primarily the result of the University's move to the Sun Belt conference and the first official year of post-season and bowl competition for the basketball and football programs. Tuition revenue increased $8.3 million (or 3.5 percent) mainly due to an average 2.3 percent increase in tuition and fee rates, combined with the 2.4 percent increase in student headcount.

Nonoperating revenues, which are comprised mainly of state appropriations and non-operating grants and contracts, increased $22.2 million or 12.5 percent. This increase is primarily due to a $21.0 million increase in state appropriations, which is attributable to an increase of $5.3 million in financial aid appropriations, and an $8.3 million increase in appropriations for the "Maintain Affordable Access" initiative to help keep annual tuition increases to a minimum and support access to an affordable education for students. Additionally, appropriations increased $6.8 million to support the cost of compensation increases during fiscal year 2024. Nonoperating revenues were further increased by other nonoperating revenues of $4.6 million due to increased interest yield distributed to the University by the Commonwealth ($6.9 million) as well as improved interest earnings on University investments due to overall economic conditions compared to the prior year ($0.9 million), offset by a decrease of $3.8 million to pension and OPEB-related contribution revenue as provided by VRS. These increases to non-operating revenue were slightly offset by a $3.4 million decrease to non-operating grants and contracts, which was related to $5.3 million in American Rescue Plan Act (ARPA) funds received for student financial aid in fiscal year 2023 with no similar funds received in fiscal year 2024. This decrease was offset by a $1.9 million increase in Pell funds received as compared to the prior year.

Offsetting the overall increases to operating and non-operating revenues was a decrease to capital revenues of $144.3 million. This decrease was mainly driven by a decrease in capital appropriations and contributions of $142.4 million. This was due to capital appropriation revenue recognized in the prior year for the Carrier Library Renovation project ($114.2 million) and the East Campus Steam Plant project ($30.2 million). Similar capital appropriations were not received in the current year.

The following graphical illustration presents total operating expenses for fiscal year 2024 by function:



	2024	2023	Change Amount	Percent
Operating expenses:				
Instruction	197,769	190,232	$ 7,537	4.0%
Research	3,592	3,267	325	9.9%
Public service	20,267	23,295	(3,028)	(13.0%)
Academic support	57,308	53,165	4,143	7.8%
Student services	29,570	27,059	2,511	9.3%
Institutional support	36,562	37,703	(1,141)	(3.0%)
Operation and maintenance - plant	44,494	46,138	(1,644)	(3.6%)
Depreciation and amortization	65,990	57,009	8,981	15.8%
Student aid	19,584	21,387	(1,803)	(8.4%)
Auxiliary activities	185,891	164,987	20,904	12.7%
Total operating expenses	**661,027**	**624,242**	**36,785**	**5.9%**

Total 2024 operating expenses increased $36.8 million, or 5.9 percent. Compensation expenses, consisting of the natural expense classifications salaries, wages, and fringe benefits, comprise the largest University expense. Compensation expenses comprised 55% of the University's total operating expenses in 2024 and 55% in 2023. Compensation expense increased $25.2 million (seven percent) over the prior year. This was due to across-the-board pay increases totaling five percent, as well as an increase to salaries expense of $3.1 million over the prior year from the impact of the pension and OPEB liability changes provided by VRS and the Department of Human Resource Management (DHRM). Depreciation and amortization expense increased $9.0 million (15.8 percent) over the prior year. $5.9 million of that increase was due to the implementation of GASB Implementation Guide 2021-1, *Implementation Guidance Update—2021*, *section 5.1* which requires the aggregate capitalization of assets that fall below the individual capitalization threshold, if purchased in groups exceeding a total value of $50,000. See footnote 1B for further details on the overall effects of this implementation.

Net non-operating revenue and expenses totaled $178.4 million, an increase of $18.0 million from the prior year. This increase is attributable to the increases in non-operating revenues discussed in the previous section.

Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the University's cash activity during the year. Operating cash flows will always be different from the operating loss on the Statement of Revenues, Expenses, and Changes in Net Position (SRECNP). This difference occurs because the SRECNP is prepared on the accrual basis of accounting and includes non-cash items such as depreciation and amortization expense, and the Statement of Cash Flows presents cash inflows and outflows without regard to accrual items. The Statement of Cash Flows assists readers in assessing the ability of an institution to generate sufficient cash flows necessary to meet obligations.

The statement is divided into five sections. The first section shows the net cash used by the University's operating activities. The second section reflects the cash flows from non-capital financing activities and includes state appropriations for the University's educational and general programs and financial aid. This information represents the cash received and spent for items other than operating, investing, and capital financing purposes. The section that follows itemizes cash flows from capital financing activities, which presents cash used for the acquisition and construction of capital and related items. The next section shows cash flows related to purchases, proceeds, and interest received from investing activities. The last section reconciles the net cash used by operating activities to the operating loss reflected on the SRECNP.

Statement of Cash Flows
(in thousands)

	2024	2023	Change Amount	Change Percent
Cash provided (used) by:				
Operating activities	$ (83,957)	$ (99,513)	$ 15,556	15.6%
Non-capital financing activities	179,387	161,859	17,528	10.8%
Capital financing activities	(50,585)	(85,965)	35,380	41.2%
Investing activities	14,625	4,979	9,646	193.7%
Net increase (decrease) in cash	**59,470**	**(18,640)**	**78,110**	**419.0%**
Cash - beginning of the year	281,384	300,024	(18,640)	(6.2%)
Cash - end of the year	**$ 340,854**	**$ 281,384**	**$ 59,470**	**21.1%**

Major sources of cash from operating activities include student tuition and fees ($243.2 million in 2024 and $234.8 million in 2023), auxiliary enterprises receipts ($233.8 million in 2024 and $212.9 million in 2023), and grants and contracts ($42.9 million in 2024 and $38.9 million in 2023). Major uses of cash include payments for salaries, wages, and fringe benefits ($379.3 million in 2024 and $366.2 million in 2023), payments for supplies, services, and utilities ($185.2 million in 2024 and $174.7 million in 2023), and payments for non-capitalized plant improvements and equipment ($25.0 million in 2024 and $29.7 million in 2023).

Cash flows from non-capital financing activities include state appropriations for the University's educational and general programs and financial aid of $166.2 million and $145.3 million in 2024 and 2023, respectively. The cash flows from capital financing activities section deals with cash used for the acquisition and construction of capital and related items. Primary sources of cash from capital financing activities in 2024 and 2023 include proceeds from capital debt ($49.4 million in 2024), and capital appropriations and contributions ($52.8 million in 2024 and $9.9 million in 2023). Significant cash outflows include acquisition and construction of capital assets ($113.3 million in 2024 and $59.5 million in 2023) and repayment of principal and interest on capital related debt ($39.5 million in 2024 and $38.7 million in 2023).

Economic Outlook

As part of the Commonwealth of Virginia's statewide system of higher education, the University's economic outlook is closely tied to that of the Commonwealth. Economic factors related to the Commonwealth can be found in the Commonwealth's Annual Comprehensive Financial Report (ACFR). In July 2024, the Governor announced that the Commonwealth finished fiscal year 2024 with a $1.2 billion surplus. The September 2024 Secretary of Finance presentation to the Senate and House Finance and Appropriations Committees cited the ongoing strength of the Virginia economy with factors to support a positive near-term outlook for revenues. However, the Secretary noted broader economic risks remain, including a weaker than expected job market, geopolitical concerns, and the possibility of federal government dysfunction. Those risks and the November elections will have a significant impact on the outlook for our economy and will be reflected in a revised forecast in December.

As a public institution, the University receives significant Commonwealth support from operating and capital appropriations. In 2024, state operating appropriations covered 41% of operating expenses, excluding auxiliary activities and depreciation. $23.2 million reverted in 2023 was re-appropriated in 2024, and the $31.8

million reverted in 2024 has been re-appropriated in 2025. The General Assembly made additional investments in higher education during the 2024 legislative session. The University's 2025 base budget was increased by $31.0 million over the 2024 base budget, including $3.9 million related to financial aid.

The University remains financially well-positioned to adjust as circumstances evolve over the remainder of the current fiscal year. As in 2023, the University generated an overall increase in net position during 2024. This indicates the University's sound and prudent uses of financial resources and the ability to maintain a favorable financial position.

Page Left Intentionally Blank

FINANCIAL STATEMENTS

JAMES MADISON UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2024

	2024	
	James Madison University	Component Unit
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	$ 310,478,284	$ 9,201,036
Securities lending - Cash and cash equivalents (Note 2)	22,923,816	-
Short-term investments (Note 2)	5,704,718	-
Accounts receivable (Net of allowance for doubtful accounts of $1,324,713) (Note 3)	9,781,043	170,626
Accounts receivable from James Madison University		156
Contributions receivable (Net of allowance for doubtful contributions of $207,120) (Note 3)	-	3,380,993
Due from the Commonwealth (Note 4)	9,307,861	-
Prepaid expenses	10,263,986	29,250
Prepaid expenses to component unit	367,653	-
Inventory	1,245,814	-
Leases receivable (Note 5)	48,164	
Notes receivable (Net of allowance for doubtful accounts of $3,261)	70,573	-
Total current assets	370,191,912	12,782,061
Non-current assets:		
Restricted cash and cash equivalents (Note 2)	30,375,744	-
Endowment investments (Note 2)	-	110,818,909
Other long-term investments (Note 2)	2,622,290	84,530,331
Land held for future use	-	6,264,640
Contributions receivable (Net of allowance for doubtful contributions of $152,860) (Note 3)	-	4,942,461
Due from the Commonwealth (Note 4)	102,450,569	
Finance lease receivable from James Madison University	-	8,003,496
Prepaid expenses	713,212	-
Leases receivable (Note 5)	2,371,598	
Notes receivable (Net of allowance for doubtful accounts of $12,049)	260,757	8,941,798
Capital assets, net: (Note 6)		
Non-depreciable	190,474,622	767,302
Depreciable	1,229,739,541	2,504,161
Intangible right-to-use assets (Notes 5 and 6)	22,180,172	
OPEB asset (Note 13)	7,706,512	-
Other assets	-	73,010
Total non-current assets	1,588,895,017	226,846,108
Total assets	1,959,086,929	239,628,169
DEFERRED OUTFLOW OF RESOURCES		
Related to debt refundings (Note 10)	4,246,771	-
Related to pensions (Note 12)	36,019,364	-
Related to OPEB (Note 13)	10,211,001	-
Total deferred outflow of resources	50,477,136	-
Total assets and deferred outflow of resources	$ 2,009,564,065	$ 239,628,169

JAMES MADISON UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2024

	2024	
	James Madison University	Component Unit
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses (Note 7)	$ 66,768,383	$ 175,185
Accounts payable to James Madison University	-	331,653
Unearned revenue	21,658,130	3,494
Unearned revenue from James Madison University	-	364,357
Obligations under securities lending	22,923,816	-
Deposits held in custody for others	654,086	-
Long-term liabilities - current portion (Notes 5 and 8)	47,117,888	1,158,046
OPEB liability - current portion (Note 13)	1,034,783	-
Total current liabilities	160,157,086	2,032,735
Non-current liabilities:		
Accounts payable and accrued expenses (Note 7)	356,030	-
Long-term liabilities (Notes 5 and 8)	425,050,173	16,310,774
Net pension liability (Note 12)	140,908,351	-
OPEB liability (Note 13)	45,641,988	-
Total non-current liabilities	611,956,542	16,310,774
Total liabilities	772,113,628	18,343,509
DEFERRED INFLOW OF RESOURCES		
Related to debt refundings (Note 10)	2,534,273	-
Related to leases (Note 5)	2,202,852	
Related to pensions (Note 12)	14,701,443	-
Related to OPEB (Note 13)	17,493,698	-
Total deferred inflow of resources	36,932,266	-
Total liabilities and deferred inflow of resources	809,045,894	18,343,509
NET POSITION		
Net investment in capital assets	1,022,380,437	2,540,352
Restricted for:		
Non-expendable:		
Scholarships and fellowships	-	74,404,172
Research and public service	-	1,994,690
Other	-	36,857,317
Expendable:		
Scholarships and fellowships	-	29,100,307
Research and public service	3,441,377	1,406,901
Debt service	208,099	-
Capital projects	103,338,889	1,693,175
Loans	34,728	-
Other	7,665,499	40,263,563
Unrestricted	63,449,142	33,024,183
Total net position	$ 1,200,518,171	$ 221,284,660

The accompanying Notes to Financial Statements are an integral part of this statement.

Page Left Intentionally Blank

JAMES MADISON UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the year ended June 30, 2024

	2024	
	James Madison University	Component Unit
Operating revenues:		
Student tuition and fees (Net of scholarship allowances of $36,103,986)	$ 244,102,412	$ -
Gifts and contributions	-	13,055,076
Federal grants and contracts	20,645,299	-
State grants and contracts	13,432,743	-
Non-governmental grants and contracts	6,084,072	-
Auxiliary enterprises (Net of scholarship allowances of $27,279,958) (Note 14	234,006,444	-
Sales and Services of Education and General Activities	2,624,655	-
Other operating revenues	2,150,648	1,107,829
Total operating revenues	523,046,273	14,162,905
Operating expenses (Note 15):		
Instruction	197,768,612	916,017
Research	3,592,327	33,677
Public service	20,267,051	177,204
Academic support	57,307,752	1,357,223
Student services	29,570,307	142,975
Institutional support	36,561,528	9,807,675
Operation and maintenance - plant	44,494,426	2,299,896
Depreciation and amortization	65,990,716	95,846
Student aid	19,583,792	8,825,652
Auxiliary activities (Note 14)	185,891,210	2,041,667
Total operating expenses	661,027,721	25,697,832
Operating income/(loss)	(137,981,448)	(11,534,927)
Nonoperating revenues/(expenses):		
State appropriations (Note 16)	166,158,504	-
Grants and contracts (Note 1T)	16,607,084	-
Pension and OPEB-related contribution revenue (Note 12)	2,841,415	-
Gifts	2,671	-
Investment income (loss) (Net of investment expense of $1,073,557 for the University and $836,858 for the Foundation, respectively)	13,732,975	17,948,460
In-Kind support from James Madison University	-	5,823,572
Interest on capital asset - related debt	(11,477,683)	(599,911)
Gain(Loss) on disposal of plant assets	(6,370,622)	-
Payment to the Commonwealth	(3,098,291)	-
Net nonoperating revenues/(expenses)	178,396,053	23,172,121
Income/(loss) before other revenues, expenses, gains or losses	40,414,605	11,637,194
Capital appropriations and contributions (Note 17)	13,356,116	-
Capital gifts	4,009,998	-
Additions to permanent endowments	-	9,685,956
Net other revenues	17,366,114	9,685,956
Increase (decrease) in net position	57,780,719	21,323,150
Net position - beginning of year, as restated (Note 1W)	1,142,737,452	199,961,510
Net position - end of year	$ 1,200,518,171	$ 221,284,660

The accompanying Notes to Financial Statements are an integral part of this statement.

JAMES MADISON UNIVERSITY
STATEMENT OF CASH FLOWS
For the year ended June 30, 2024

	2024
Cash flows from operating activities:	
Student tuition and fees	$ 243,232,187
Grants and contracts	42,918,387
Auxiliary enterprises	233,818,497
Other receipts	5,107,545
Payments for compensation and benefits	(379,250,799)
Payments for services, supplies and utilities	(185,230,480)
Payments for scholarships and fellowships	(19,583,792)
Payments for non-capitalized plant improvements and equipment	(24,989,947)
Refunds to the federal government (Perkins loan contributions)	(182,058)
Collections of loans from students	111,845
Custodial receipts	3,044,167
Custodial payments	(2,952,885)
Federal direct lending program receipts	91,689,456
Federal direct lending program disbursements	(91,689,456)
Net cash used by operating activities	(83,957,333)
Cash flows from noncapital financing activities:	
State appropriations	166,170,202
Nonoperating grants and contracts	16,312,903
Payment to the Commonwealth	(3,098,291)
Loans issued to students and employees	(7,025)
Collections of loans from students and employees	7,025
Gifts and grants for other than capital purposes	2,671
Net cash provided by noncapital financing activities	179,387,485
Cash flows from capital and related financing activities:	
Proceeds from capital debt	49,391,335
Capital appropriations and contributions	52,790,914
Proceeds from sale of capital assets	445,150
Capital gifts	3,880,515
Acquisition and construction of capital assets	(113,272,991)
Payments on leases and subscription based information technology arrangement	(4,297,415)
Principal paid on capital debt, leases, and installments	(26,532,501)
Interest paid on capital debt, leases, and installments	(12,990,038)
Net cash used by capital and related financing activities	(50,585,031)
Cash flows from investing activities:	
Interest on investments	3,721,072
Interest on cash management pools	10,850,660
Proceeds from sale of investments	107,183
Purchase of investments	(53,743)
Net cash provided by investing activities	14,625,172
Net increase (decrease) in cash	59,470,293
Cash and cash equivalents - beginning of the year	281,383,735
Cash and cash equivalents - end of the year	$ 340,854,028

JAMES MADISON UNIVERSITY
STATEMENT OF CASH FLOWS
For the year ended June 30, 2024

	2024
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	$ (137,981,448)
Adjustments to reconcile net loss to net cash used by operating activities:	
Depreciation and amortization expense	65,990,716
Changes in assets, liabilities, deferred outflows, and deferred inflows:	
Receivables, net	1,450,111
Prepaid expenses	(1,640,229)
Inventory	123,605
Notes receivable, net	124,044
OPEB asset	(507,920)
Deferred outflows of resources - pension and OPEB	(10,426,613)
Accounts payable and accrued expenses	1,980,480
Unearned revenue	580,232
Net Pension liability	16,002,027
OPEB liability	(482,071)
Accrued compensated absences	867,216
Accrued retirement plan	641,360
Federal loan programs contributions refundable	(174,306)
Deferred inflows of resources - leases	311,969
Deferred inflows of resources - pension and OPEB	(20,907,788)
Custodial accounts, net	91,282
Net cash used by operating activities	$ (83,957,333)

NON-CASH INVESTING, NONCAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS:	
Gift of capital assets	$ 129,483
Amortization of bond premium/discount and gain/loss on debt refinancing	$ (2,168,443)
Refinancing accrued interest and issue costs	$ 218,691
Change in fair value of investments recognized as a component of interest income	$ 261,550
Retainage payable	$ 2,362,915
Loss on disposal of capital assets	$ (6,815,771)
Change in pension and OPEB liability recognized as a component of non-operating revenue	$ 2,841,415
Right-to-use assets acquired through the assumption of a liability	$ 7,022,616

During 2024, the Commonwealth of Virginia, on behalf of the University, issued $27,198,000 of General Obligation Refunding Bonds, Series 2024B. The proceeds were used for the defeasance of $30,535,491 of outstanding revenue bond principal and related accrued interest.

The accompanying Notes to Financial Statements are an integral part of this statement

JAMES MADISON UNIVERSITY
STATEMENT OF FIDUCIARY NET POSITION
As of June 30, 2024

	2024
	Custodial Funds - Other
ASSETS	
Cash and cash equivalents (Note 2)	$ 772,074
Other short-term investments (Note 2)	-
Other assets	
Total assets	772,074
LIABILITIES	
Unearned revenue	10,220
Total liabilities	10,220
NET POSITION	
Restricted for:	
Organizations and other governments	761,854
Total fiduciary net position	$ 761,854

The accompanying Notes to Financial Statements are an integral part of this statement.

The statements above do not include fiduciary activities for which the University holds resources for a p
normally expected to be less than three months.

JAMES MADISON UNIVERSITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the year ended June 30, 2024

	2024
	Custodial Funds - Other
Additions:	
Interest	$ 21,924
Other	52,513
Total additions	74,437
Deductions:	
Food services	10,388
Building and equipment rentals	15,221
Other	75,111
Total deductions	100,720
Net increase (decrease) in fiduciary net position	(26,283)
Net position - beginning of year	788,137
Net position - end of year	$ 761,854

The accompanying Notes to Financial Statements are an integral part of this statement.

The statements above do not include fiduciary activities for which the University holds resources for a p
normally expected to be less than three months.

Page Left Intentionally Blank

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The University is a comprehensive University that is part of the Commonwealth's statewide system of public higher education. The University's Board of Visitors, appointed by the Governor, is responsible for overseeing governance of the University. A separate report is prepared for the Commonwealth, which includes all agencies, higher education institutions, boards, commissions, and authorities over which the Commonwealth exercises or has the ability to exercise oversight authority. The University is a component unit of the Commonwealth and is included in the basic financial statements of the Commonwealth.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*, the James Madison University Foundation, Inc. is included as a component unit of the University. The Foundation is a legally separate, tax-exempt organization formed to promote the achievements and further the aims and purposes of the University. The Foundation accomplishes its purposes through fundraising and funds management efforts that benefit the University and its programs. The 20-member board of the Foundation is self-perpetuating and consists of friends and supporters of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the University, the Foundation is considered a component unit of the University and is discretely presented in the financial statements.

During the year ended June 30, 2024, the Foundation distributed $16,822,043 to the University for both restricted and unrestricted purposes. Separate financial statements for the Foundation can be obtained by writing the Chief Financial Officer, JMU Foundation, Inc., MSC 8501, Harrisonburg, Virginia 22807.

B. Financial Statement Presentation

The financial statements have been prepared in accordance with Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

The GASB Codification of Governmental Accounting and Financial Reporting Standards are designed to provide financial information that responds to the needs of three groups of primary users of general-purpose external financial reports: the citizenry, legislative and oversight bodies, and investors and creditors. Under this guidance, the University is required to include a management's discussion and analysis (MD&A), basic financial statements, and notes to the financial statements.

The following GASB statements of standards became effective in fiscal year 2024: Statement No. 99, *Omnibus 2022*, (paragraphs 4 through 10 only), and Statement No. 100, *Accounting Changes and Error Corrections* (an amendment of GASB Statement No. 62). Neither of these Statements had a significant effect upon the University's financial statements for the current year.

In addition to the statements of standards noted above, also effective in fiscal year 2024 was GASB Implementation Guide 2021-1, *Implementation Guidance Update—2021*, *section 5.1*, indicating that institutions should capitalize assets whose individual acquisition costs are less than the institution's capitalization threshold for an individual asset if those assets in the aggregate are significant. The definition of "significance" is subjective to the entity and open to reasonable interpretation based on contributing factors. The University considered in its analysis such factors as type and annual spend of equipment purchases, total and proportion of purchases capitalized at the individual asset threshold, and useful lives of the types of equipment purchased, among other factors. Upon in-depth analysis it was determined that aggregate assets would be considered under three scenarios: 1) all assets purchased but not capitalized under the state's equipment trust fund program will be considered an aggregate purchase 2) all assets purchased but not capitalized as part of the equipment funding for a capital project will be considered an aggregate asset, and 3) all other equipment purchase orders greater than $50,000 will be reviewed for consideration as an aggregate asset. Purchase orders meeting this criteria are reviewed for equipment falling below the individual capitalization threshold, thereby potentially qualifying the purchase for capitalization as a group of assets. Assets meeting the individual capitalization threshold of $5,000 continue to be capitalized individually. To reflect the impact of accumulated depreciation associated with the longest useful life of the assets involved, a look-back period of ten years for capital projects and six years for all other equipment purchases was utilized in implementing this new procedure for the 2024 financial statements. As a result, a beginning balance adjustment was made to beginning net position (see Note 1W, below). In addition, the University recognized a grand total of $48.1 million in gross aggregate assets and offsetting accumulated depreciation of $27.5 million. Current year depreciation expense was increased $5.9 million. See the capital assets footnote (Note 6) for details regarding current year additions and reductions.

The Foundation is a private, non-profit organization that reports under Financial Accounting Standards Board (FASB) standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition and presentation features. Certain reclassifications have been made to the Foundation's financial information to convert the presentation from FASB format to GASB format to align with the University's financial reporting.

C. Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. All significant intra-agency transactions have been eliminated.

D. Cash Equivalents and Investments

In accordance with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, the University considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 72, *Fair Value Measurement and Application*, purchased investments, interest-bearing temporary investments classified with cash, and investments received as gifts are recorded at fair value. All investment income, including changes in the fair value of investments (unrealized gains and losses), is reported as non-operating revenue in the Statement of Revenues, Expenses, and Changes in Net Position.

E. Accounts Receivable

Accounts receivable consists of tuition and fee charges to students, and amounts due for auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from federal, state and local governments and nongovernmental sources, in connection with reimbursement of allowable expenses made pursuant to the University's grants and contracts. Leases receivable in-scope under GASB Statement No. 87 also fall into the accounts receivable designation. Accounts receivable are recorded net of allowance for doubtful accounts.

F. Prepaid Expenses

The University has recorded certain expenses for future fiscal years that were paid in advance as of June 30, 2024. Payments of expenses that extend beyond fiscal year 2025 are classified as a non-current asset. Prepaid expenses consist primarily of information technology maintenance contracts, property leases, and insurance.

G. Inventories

Inventories are valued at the lower of cost (generally determined on the first-in, first-out method) or market and consist primarily of expendable supplies held for consumption.

H. Capital Assets

Capital assets consisting of land, buildings, infrastructure, computer software and equipment are stated at cost at date of acquisition, or acquisition value at date of donation for gifts. Library materials are valued using published average prices for library acquisitions. The University capitalizes construction costs that have a value or cost in excess of $200,000 at the date of acquisition. Renovation costs are capitalized when expenses total more than $200,000, the asset value significantly increases, or the useful life is significantly extended. Routine repairs and maintenance are charged to operating expense.

Equipment is capitalized when the unit acquisition cost is $5,000 or greater, and the estimated useful life is more than two years. Equipment purchased under the equipment trust fund program, capital project funding, and other equipment purchases $50,000 or greater (excluding individually capitalized units) is capitalized in the aggregate. Computer software is capitalized when the unit acquisition or development costs are $100,000 or greater and the estimated useful life is more than two years. Expenses related to construction are capitalized at actual cost as they are incurred (construction-in-progress).

Collections of works of art and historical treasures are capitalized at cost or acquisition value at the date of donation. These collections are considered inexhaustible and therefore are not depreciated.

Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expense categories. Useful lives by asset categories are listed below:

Buildings	25-50 years
Other improvements and infrastructure	20 years
Equipment	5-20 years
Equipment – aggregate	3-10 years
Computer software	5 years
Library material	5 years

Capital assets also include intangible, right-to-use assets for buildings, equipment, and subscription-based software as defined under GASB Statement No.'s 87 and 96. These right-to-use assets are amortized straight-line over the lives of their related underlying agreements.

I. Non-current Cash and Investments

Cash and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital and other non-current assets are classified as non-current assets in the Statement of Net Position. Assets that will be used to liquidate current liabilities, including capital project liabilities that are expected to be paid within one year, are classified as current assets.

J. Unearned Revenue

Unearned revenue represents revenues collected but not earned as of June 30. This consists primarily of revenue for student tuition and certain auxiliary activities accrued in advance of the semester, and advance payments on grants and contracts. To approximate unearned revenues related to summer tuition, the University utilizes an estimate based on summer session credit hours earned in the next fiscal year.

K. Deposits Held in Custody for Others

Deposits held in custody represents funds held by the University related to various groups and organizations that do not qualify as fiduciary activities or for which revenue recognition will be based on a future event (e.g., forfeiture of room damage deposit due to condition of dorm room at end of housing contract). The University records balances related to additions and deductions for fiduciary activities that are expected to be settled within three months or less in the Statement of Net position as deposits held in custody for others.

L. Long-term Debt, Debt Issue Costs, and Financed Purchases

Long-term debt on the Statement of Net Position is reported net of related discounts and premiums, which are amortized over the life of the debt. Debt issuance costs are expensed as non-operating expenses.

Financed purchases include lease obligations in which ownership is transferred at the end of the lease (excluding those with purchase options).

M. Leases and SBITAs

Leases and SBITAs in-scope under GASB Statement No.'s 87 and 96 are required to be reported on the Statement of Net Position. Leases are classified as in-scope under Statement No. 87 if the agreement is valued at greater than $50,000 and is longer than 12 months in duration. SBITAs are classified as in-scope under Statement No. 96 if the agreement is valued at greater than $50,000 and is longer than 12 months in duration. Agreements falling below these thresholds are recognized as outflows of resources (expenses) during the period in which the related payments occur. In-scope situations in which the University acts as the Lessee are recorded as leases/SBITAs payable at the discounted present value of the fixed payment streams stipulated by the related agreement. A coordinating 'right-to-use' intangible asset is recorded and amortized straight-line over the life of the related agreement.

Situations in which the University acts as the Lessor are recorded as leases receivable at the discounted present value of the fixed payment streams. A coordinating deferred inflow of resources is recorded at the same value, and amortized to current year inflows of resources (revenues) straight-line over the life of the lease. Changes to lease terms can result in remeasurement of the lease and adjustments to the related assets/liabilities as necessary, with effects of those changes impacting current year inflows/outflows of resources (revenues/expenses) as reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

Leases ultimately transferring ownership are reported separately as financed purchases in Note 5, section A3.

N. Accrued Compensated Absences

The amount of leave earned, but not taken by non-faculty salaried employees is recorded as a liability on the Statement of Net Position. The amount reflects, as of June 30, all unused vacation leave, sabbatical leave, and the amount payable upon termination under the Commonwealth's sick leave payout policy. The applicable share of employer-related taxes payable on the eventual termination payments is also included.

O. Pensions

The Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' System (VaLORS) Retirement Plan are single employer pension plans that are treated like cost-sharing plans. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the VRS State Employee Retirement Plan and the VaLORS Retirement Plan; and the additions to/deductions from the

VRS State Employee Retirement Plan's and the VaLORS Retirement Plan's fiduciary net position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

See Note 12 for more information about pension plans.

P. Other Post-Employment Benefits

VRS: Group Life Insurance

The VRS Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers.

VRS: State Employee Health Insurance Credit Program

The VRS State Employee Health Insurance Credit Program is a single employer plan that is presented as a multiple-employer, cost-sharing plan. The State Employee Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The State Employee Health Insurance Credit Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired state employees.

VRS: Disability Insurance Program

The VRS Disability Insurance Program (Virginia Sickness and Disability Program) is a single employer plan that is presented as a multiple-employer, cost-sharing plan. The Disability Insurance Program was established pursuant to §51.1-1100 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Disability Insurance Program is a managed care program that provides sick, family and personal leave and short-term and long-term disability benefits for State Police Officers, state employees, and VaLORS employees.

VRS: Line of Duty Act Program

The VRS Line of Duty Act Program (LODA) is a multiple-employer, cost-sharing plan. The Line of Duty Act Program was established pursuant to §9.1-400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Line of Duty Act Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members.

For purposes of measuring each net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to each OPEB, and each OPEB's related expense, information about the fiduciary net position of each VRS program OPEB and the additions to/deductions from each OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Virginia DHRM: Pre-Medicare Retiree Healthcare Plan

Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes. This program was established by Title 2.2, Chapter 28 of the *Code of Virginia* for retirees who are not yet eligible to participate in Medicare. It is the same health insurance program offered to active employees and managed by the Virginia Department of Human Resource Management. After retirement, James Madison University no longer subsidizes the retiree's premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, retiree rates are effectively lower than what might otherwise be available outside of this benefit.

See Note 13 for more information about other post-employment benefits.

Q. Federal Financial Assistance Programs

The University participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants, and federal work-study and Perkins loans programs. Federal programs are audited in accordance with Title 2, Part 200 of the U.S. Code of Federal Regulations, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

R. Deferred Inflows and Outflows of Resources

Deferred inflows of resources are defined as the acquisition of net assets applicable to a future reporting period. The deferred inflows of resources have a negative effect on net position, similar to liabilities.

Deferred outflows of resources are defined as the consumption of net assets applicable to a future reporting period. The deferred outflows of resources have a positive effect on net position, similar to assets.

S. Net Position

GASB Statement No. 63 requires that the Statement of Net Position report the difference between assets, deferred outflows, liabilities, and deferred inflows as net position, not net assets or fund balances. Net position is classified as net investment in capital assets, restricted, and unrestricted. "Net investment in capital assets" consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding debt that is attributable to the acquisition, construction, or improvement of those assets. Net position is reported as restricted when constraints on the net asset/deferral use are either externally imposed by creditors, grantors, contributors, or imposed by law. Unrestricted net position consists of net assets/deferrals that do not meet the definitions above. When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to use restricted resources first, then unrestricted resources as needed. During fiscal year 2024, the implementation of GASB Implementation Guide 2021-1, *Implementation Guidance Update—2021*, *section 5.1* (capitalization of assets purchased in aggregate) required that the impact of certain prior period changes be reflected in the current year. Those changes resulted in the restatement of beginning net position, detailed in Note 1W, below.

T. Revenue and Expense Classifications

Operating revenues include activities that have the characteristics of exchange transactions, meaning revenues are received in exchange for goods and services. Operating revenues include (1) student tuition and fees, net of scholarship allowance; (2) sales and services of auxiliary enterprises, net of scholarship allowance; and (3) most federal, state, and non-governmental grants and contracts. With the exception of interest expense, losses on disposal of capital assets, and payment to the Commonwealth, the University classifies all expense transactions as operating expenses.

Non-operating revenues include activities that have the characteristics of non-exchange transactions as defined by GASB Statement No. 9 and GASB Statement No. 34. The University relies on and budgets these revenues for basic operational support of the institutional mission. Non-operating revenues include state appropriations, investment and interest income, and grants and contracts. Federal Pell grant receipts are reported on the line item "non-operating grants and contracts" on the Statement of Revenues, Expenses, and Changes in Net Position. Pell grants are considered as non-operating because the University's administrative involvement with the grant requirements have the characteristics of a nonexchange transaction.

U. Scholarship Discounts and Allowances

Student tuition and fees revenues, certain auxiliary revenues, and student aid expenses, are reported net of scholarship discounts and allowances in the Statements of Revenue, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the student's behalf. Scholarship discounts and allowances are reported using the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). The alternative method is a computation that calculates scholarship discounts and allowances on a University-wide basis, rather than on an individual student basis.

V. Commonwealth Equipment and Capital Project Reimbursement Programs

The Commonwealth has established several programs to provide state-supported institutions of higher education with bond proceeds for financing the acquisition and replacement of instructional and research equipment and facilities. During fiscal year 2024, funding has been provided to the University from two programs managed by the Virginia College Building Authority (VCBA): 21st Century and Equipment Trust Fund. The VCBA issues bonds and uses the proceeds to reimburse the University and other institutions of higher education for expenses incurred in the acquisition of equipment and facilities.

The Statement of Net Position line item "Due from the Commonwealth" includes pending reimbursements at year-end from these programs, as further described in Note 4. The Statement of Revenue, Expenses, and Changes in Net Position line item "Capital appropriations and contributions" includes reimbursements during the year for the acquisition of equipment and facilities under these programs, as further described in Note 17.

W. Adjustment to Beginning Net Position

The University's beginning net position, as of July 1, 2023 has been adjusted. The adjustment is due to a change in accounting principle under the implementation of GASB Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*, *section 5.1 (capitalization of assets purchased in aggregate)*. Prior year net assets were restated due to the recognition of equipment assets whose individual acquisition costs did not meet the capitalization policy but are significant in the aggregate. The calculated adjustment is as follows:

Net Position July 1, 2023	$	1,122,812,373
Restatement due to a change in accounting principle:		
Aggregate assets reclassified to Net Investment in Capital Assets		19,925,079
Adjusted Net Position, July 1, 2023	$	1,142,737,452

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The following information is provided with respect to the University's cash, cash equivalents and investments as of June 30, 2024. The following risk disclosures are required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*:

- Custodial Credit Risk – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The University had no category 3 deposits or investments for 2024.

- Credit Risk – The risk that an issuer or other counterparty to an investment will not fulfill its obligations. This statement requires the disclosure of the credit quality ratings on any investments subject to credit risk.

- Concentration of Credit Risk – The risk of loss attributed to the magnitude of a government's investment in a single issuer. This statement requires disclosure of investments with any one issuer with more than five percent of total investments. However, investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The University places no limit on the amount that may be invested in any one issuer. The following issuer holds more than five percent of the University's investments as of June 30, 2024: United Bank (11.60%).

- Interest Rate Risk – The risk that interest rate changes will adversely affect the fair value of an investment. This statement requires disclosure of maturities for any investments subject to interest rate risk. The University does not have an interest rate risk policy and does not have investments or deposits that are sensitive to changes in interest rates as of June 30, 2024.

- Foreign Currency Risk – The risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The University had foreign deposits of $2,599,246 in 2024, consisting of $1,765,733 in Euros and $833,513 in Great Britain Pounds Sterling. The University does not have a foreign currency risk policy.

A. Cash and Cash Equivalents

Pursuant to Section 2.2-1800, et seq., Code of Virginia, all state funds of the University are maintained by the Treasurer of Virginia, who is responsible for the collection, disbursement, custody, and investment of state funds. Except for cash held in foreign banks, cash deposits held by the University are maintained in accounts that are collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400, et seq., Code of Virginia. These amounts are insured in accordance with the banking regulations of the respective countries where the funds are maintained. In accordance with the GASB Statement No. 9's definition of cash and cash equivalents, cash represents cash with the Treasurer of Virginia, cash on hand, cash deposits, including certificates of deposits and temporary investments with original maturities of 90 days or less, and cash equivalents under the state non-arbitrage program (SNAP®).

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.

B. Investments

The Board of Visitors established the University's investment policy. Authorized investments are set forth in the Investment of Public Funds Act, Section 2.2-4500 through 2.2-4513.1, et seq., Code of Virginia. Investments fall into two groups: short-term and long-term. Short-term investments have an original maturity of over 90 days but less than or equal to one year. Long-term investments have an original maturity greater than one year.

GASB Statement No. 72, *Fair Value Measurement and Application* establishes general principles for measuring fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. A fair value hierarchy of inputs is used in measuring fair value and requires that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing an asset or liability based on market data obtained from sources independent of the University. The fair value hierarchy is categorized into three levels based on the inputs as follows:

- *Level 1* - Unadjusted quoted prices in active markets for identical assets or liabilities that University has the ability to access.
- *Level 2* - Observable inputs other than quoted prices included in Level 1 that are not observable for the asset or liability either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, and/or prices for similar instruments in inactive markets.
- *Level 3* - Unobservable inputs for the asset or liability to the extent that relevant observable inputs are not available, representing the University's own assumptions about the assumptions that a market participant would use in valuing the asset or liability, and that would be based on the best information available.

For purposes of determining fair value of investments as of June 30, 2024, the University utilizes Level 1 and Level 2 inputs. Sources of these inputs may include observable price information, and/or quotations received from market makers, brokers, dealers and/or counterparties (when available and considered reliable) provided by independent pricing services or derived from market data. Additionally, sources of Level 2 inputs include valuation by the broker using a continuous evaluated pricing model, utilizing a rules-based pricing application that evaluates securities based on maturity date, issue date, coupon rate (where relevant) and settlement date.

Cash, cash equivalents, and investments consisted of the following at June 30, 2024:

	Standard & Poor's Credit Quality Rating	Value	Less than 1 Year	1-5 Years	GASB 72 Fair Value Measurement: Not Applicable to Fair Value Measurement	Level 1	Level 2
Cash:							
Cash with the Treasurer of Virginia		$ 257,977,789	$ -	$ -	$ 257,977,789	$ -	$ -
Cash on hand and deposits with financial institutions*		42,569,463	-	-	42,569,463	-	-
Total Cash		300,547,252	-	-	300,547,252	-	-
Cash Equivalents:							
Money market accounts with financial institutions:							
Bank of the James	N/A	1,634,540	1,634,540	-	1,634,540	-	-
United Bank	N/A	549,075	549,075		549,075	-	-
Atlantic Union Bank	N/A	4,742,128	4,742,128	-	4,742,128	-	-
Treasurer of Virginia (Securities Lending)	N/A	22,923,816	22,923,816		22,923,816		
Treasurer of Virginia (STIF)	N/A	48,545	48,545	-	48,545	-	-
State Non-Arbitrage Program (SNAP)	AAAm	34,104,562	34,104,562	-	34,104,562	-	-
Total Cash Equivalents		64,002,666	64,002,666	-	64,002,666	-	-
Total Cash and Cash Equivalents		364,549,918	64,002,666	-	364,549,918	-	-
Investments not with the Treasurer of Virginia:							
Certificates of Deposit - United Bank	N/A	966,041	966,041	-	966,041	-	-
Wells Fargo Advisors Money Market	AAAm	1,450,154	1,450,154	-	1,450,154	-	-
Mutual Funds:							
Wells Fargo Advisors	AAAm	254,465	254,465	-	-	254,465	-
Brokered Certificates of Deposit - Loomis	Unrated	4,731,086	3,034,059	1,697,027	239,305	-	4,491,781
Corporate Bonds and Notes - Loomis	BBB	737,804		737,804			737,804
International Bonds and Notes - Loomis	A-	187,458		187,458			187,458
Total Investments		8,327,008	5,704,719	2,622,289	2,655,500	254,465	5,417,043
Total Cash, Cash Equivalents and Investments at Fair Value*		$ 372,876,926	$ 69,707,385	$ 2,622,289	$ 367,205,418	$ 254,465	$ 5,417,043

**Includes $ 772,074 in 2024 that is reported as custodial fund cash, cash equivalents, and investments in the Statement of Fiduciary Net Position.*

C. James Madison University Foundation Cash and Investments

The following information is provided with respect to the Foundation's cash, cash equivalents and investments at June 30, 2024. The Foundation considers cash in demand deposit accounts and short-term certificates of deposit to be cash equivalents. The balances in these accounts are subject to electronic transfer for investment purposes and at times exceed federally insured limits. However, the Foundation does not believe it is subject to any significant credit risk as a result of these deposits.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the change in unrestricted net position unless the income or loss is restricted by donor or law.

The Investment Committee of the Foundation's Board of Directors establishes the investment policies, objectives, and guidelines. The major portions of the investments are maintained in a portfolio managed by the Foundations' investment advisors. As prescribed by FASB ASC 820, investments are placed into one of three categories based on the inputs used in valuation techniques (see section B, above, for definitions of those categories). As of June 30, 2024 the Foundation held investments totaling $83,609,313 and $2,670,636 in categories 1 and 2, respectively. In addition, the Foundation held category 3 privately managed investment pools (PMIPs) totaling $109,069,291. These PMIPs were measured at fair value using the net asset value per share (or its equivalent) practical expedient and have not been classified in the fair value hierarchy. Life insurance policies are not categorized as to credit risk. The Foundation's investments by type of security are as follows:

	Fair Value	Cost
Cash and cash equivalents	$ 6,372,661	$ 6,361,838
Certificates of deposit	617,103	617,103
US treasury securities and government bonds	4,084,657	4,963,697
Corporate and foreign debt securities	2,276,551	1,521,106
Common stocks	548,288	205,643
Mutual and exchange traded funds	71,986,604	66,368,185
Privately managed investment pools	109,069,291	93,772,242
Cash value of life insurance policies	394,085	10,823
Total	$ 195,349,240	$ 173,820,637

D. Securities Lending Transactions

GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, establishes accounting and financial reporting standards for security lending transactions. In these transactions, governmental entities transfer securities to broker-dealers and other entities for collateral and simultaneously agree to return the collateral for the same securities in the future.

The investments under securities lending (reported as either "cash equivalents" or "short-term investments") and the securities lending transactions reported on the financial statements represent the University's allocated share of securities received for securities lending transactions held in the General Account of the Commonwealth. The Commonwealth's policy is to record unrealized gains and losses in the General Fund in the Commonwealth's basic financial statements. When gains and losses are realized, the actual gains and losses are recorded by the affected agencies. Information related to the credit risk of these investments and securities lending transactions held in the General Account is available on a statewide basis in the Commonwealth of Virginia's ACFR.

3. ACCOUNTS AND CONTRIBUTIONS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2024:

Student tuition and fees	$ 4,223,032
Auxiliary enterprises	1,931,890
Federal, state, and non-governmental grants and contracts	4,519,556
Other activities	431,278
Total	11,105,756
Less: allowance for doubtful accounts	1,324,713
Net accounts receivable	$ 9,781,043

The Foundation's contributions receivable consisted of the following at June 30, 2024:

Due in less than one year	$ 3,588,113
Due between one and five years	5,161,661
Due in more than five years	250,968
Total	9,000,742
Less: present value discount (1% - 4%)	317,308
Less: allowance for doubtful accounts	359,980
Net contributions receivable	$ 8,323,454

4. DUE FROM THE COMMONWEALTH

Due from the Commonwealth consisted of the following at June 30, 2024:

Treasury programs reimbursement due:	
Equipment Trust Fund	$ 2,275,429
21st Century	259,168
Appropriations available - Capital Projects	109,215,826
Appropriations available - Financial Aid	8,007
Total	$ 111,758,430

5. LEASES & SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAS)

A. Leases

The University maintains contractual agreements with several third-parties that qualify for long-term lease treatment under GASB Statement No. 87. This includes all lease or lease-type agreements that are material in value and with a total life greater than 12 months in duration. For reporting purposes, the University uses a materiality threshold of $50,000 for lease activity. Lease lifespan includes renewal periods if the option to renew is reasonably certain to be exercised.

1. University as Lessee (Leases Payable)

Intangible Lease Assets

Contracts under which the University is a lessee include real estate agreements for building square footage and equipment for postal operations. Each in-scope lease results in the recording of a lease liability, valued at the discounted present value of the expected payment streams during the lease term, and an intangible, right-to-use asset valued at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease. See footnote six for details on balances and amortization.

Lease liability

The corresponding lease liability was calculated as the discounted present value of all fixed payment streams for all leases according to their individual lifespans. At June 30, 2024 the University was not aware of any lease commitments not yet commenced within the materiality threshold.

The schedule of future lease payments for building and equipment leases as of June 30, 2024 is as follows:

Year Ending June 30,	Principal	Interest
2025	$ 2,030,904	$ 219,415
2026	1,224,478	174,966
2027	1,019,521	137,638
2028	985,878	106,487
2029	402,038	83,151
2030-2034	1,463,371	225,681
2035-2039	684,026	43,876
Total	$ 7,810,216	$ 991,214

It is noted that of the total liability reflected above, $98,550 of the 2025 principal portion is due to the JMU Foundation. One of these leases is subject to 12-month annual renewal which is also prepaid, and the 2025 portion reflected above relates to the cancellation period. Therefore, there is no related interest or long-term component for this lease. The second lease is for a period of two years and contains a current portion due in 2025 of $17,147, and a non-current portion of $2,920 due in 2026.

The University is a lessee in a lease for housing related to the study abroad program in London, England. This lease is made up of variable payments based on the percentage of full weeks in a given semester. It is considered a long-term variable contract for which GASB does not require recording of a liability. The University paid $476,130 of operating expense on this lease in fiscal year 2024.

2. University as Lessor (Leases Receivable)

Contracts under which the University is a lessor include real estate agreements for land and/or building rooftop square footage for small-cell antenna sites, and a contract for third-party operation of the on-campus bookstore. Each in-scope lease results in the recording of a lease receivable, valued at the discounted present value of the expected revenue streams during the lease term, and deferred inflows of resources valued at an amount equal to the initial measurement of the related lease receivable plus any lease payments made prior to the lease term that relate to future periods, less any lease incentives paid by or on behalf of the lessee. The deferred inflows are amortized on a straight-line basis over the life of the related lease. A summary of the University's lease agreements in-scope under GASB Statement No. 87 is presented as follows:

As of June 24, 2019 the University entered into a 20-year master license agreement with Verizon Wireless, involving the construction of communications antenna sites on University property. Antenna sites have separate supplemental agreements, with initial lives of five years that renew for four additional five-year terms, for an overall life of 25 years per supplement. There are 17 supplements to the lease, covering 19 antenna sites. The antennas and related equipment remain the property of Verizon Wireless, with lease payments made to the University on a monthly basis for the square footage occupied by those antennas and equipment. Construction of the antenna sites occurred during fiscal year 2020, and the first lease payments were made in fiscal year 2021. Under each supplement, the license fees for each antenna site are $275 per month per small-cell equipment site and/or $1,850 per month per macro site. The fees increase two percent annually on the commencement date of each supplement. The revenue recognized in relation to these agreements was $31,166 for 2024 and $49,836 for 2023. The University has recorded a lease receivable and related deferred inflow of resources for amounts related to all active small cell and macro sites, calculated as the present value of lease payments expected to be received during each supplement term. The deferred inflows are amortized on a straight-line basis over the terms of the related supplements. The balances of the lease receivable and deferred inflow were $2,008,496 and $1,804,469, respectively, for 2024 and $2,048,599 and $1,890,884 for 2023.

As of December 13, 2019 the University entered into a 10-year master license agreement with New Cingular Wireless PCS (AT&T), involving the construction of communications antenna sites on University property. Antenna sites have separate supplemental agreements, with initial lives of five years that renew for four additional five-year terms, for an overall life of 25 years per supplement. There are seven supplements to the lease, covering seven antenna sites. The antennas and related equipment remain the property of AT&T, with lease payments made to the University on a monthly basis for the square footage occupied by those antennas and equipment. Construction of the antenna sites occurred during fiscal year 2023, and the first lease payments were made in fiscal year 2024. Under each supplement, the license fees for each antenna site are $275 per month. The fees increase two percent annually on the commencement date of each supplement. The revenue recognized in relation to these agreements was $15,667 for 2024. The University has recorded a lease receivable and related deferred inflow of resources for amounts related to all active small cell sites, calculated as the present value of lease payments expected to be received during each supplement term. The deferred inflows are amortized on a straight-line basis over the terms of the related supplements. The balances of the lease receivable and deferred inflow were $411,266 and $398,383, respectively, for 2024.

3. Financed Purchase

The financed purchase represents the University's obligation to the James Madison University Foundation, Inc. for a purchase agreement related the Foundation Hall building. The asset value under the financed purchase was recorded at the present value of the minimum lease payments at the beginning of the agreement's term (which includes annual escalation at 1.25%) and depreciated straight-line over the building's useful life. The associated long-term liability was recorded for the same amount and is reduced as payments are made over the life of the agreement, which is 20 years with five one-year renewal options at the end of the initial term. The University expects to exercise all renewal options, and the purchase agreement term will officially expire in fiscal year 2045 with title passing to the University.

The financed purchase's future minimum obligations for fiscal years subsequent to June 30, 2024 are as follows:

	Principal	Interest
2025*	$ -	$ -
2026	516,280	295,857
2027	537,274	285,015
2028	558,835	273,733
2029	580,978	261,997
2030-2034	3,258,356	1,117,234
2035-2039	3,907,430	748,557
2040-2044	4,646,310	308,043
2045	82,981	1,743
Total	$ 14,088,444	$ 3,292,179

**Amount prepaid to the JMU Foundation in 2024 and is recorded as a reduction of the financed purchase liability rather than as a prepayment to the Component Unit.*

B. Subscription-Based Information Technology Arrangements (SBITAs)

The University is a party to certain long-term subscription-based software agreements for services related to IT infrastructure, Library resources, customer-facing applications, and other functions in support of the University's operations that qualify for long-term lease treatment under GASB Statement No. 96. These agreements are recognized as right-to-use assets and related long-term liabilities, when applicable. Initial terms range from 2 to 10 years and may contain renewal options reasonably certain to be exercised.

Certain SBITA contracts can contain provisions for variable payments based upon usage of the underlying assets or additional licenses. The University did not have any such variable payments during fiscal year 2024, nor were there any impairment losses on the University's SBITA portfolio in fiscal year 2023. SBITAs in progress recognized by the University totaled $6.1 million for five agreements all commencing in fiscal year 2025.

The future minimum SBITA obligations for fiscal years subsequent to June 30, 2024 are as follows:

	Principal	Interest
2025	$ 2,644,993	$ 253,548
2026	2,222,607	244,744
2027	1,709,902	157,697
2028	1,606,057	94,429
2029	600,033	34,785
2030-2034	458,601	29,057
Total	$ 9,242,193	$ 814,260

6. CAPITAL ASSETS

A summary of changes in the various capital asset categories for the year ending June 30, 2024 is presented as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Non-depreciable capital assets:				
Land	$ 86,239,392	$ 62,910	$ 2,141,332	$ 84,160,970
Inexhaustible artwork and historical treasures	2,575,248	112,130	726,803	1,960,575
Construction-in-progress	42,532,231	96,027,784	34,206,938	104,353,077
Total non-depreciable capital assets	131,346,871	96,202,824	37,075,073	190,474,622
Depreciable capital assets:				
Buildings	1,518,924,377	26,026,624	2,760,651	1,542,190,350
Buildings - Financed Purchase	16,249,955	-	-	16,249,955
Infrastructure	117,925,810	1,804,656	-	119,730,466
Computer Software	14,469,702	119,594	948,863	13,640,433
Equipment*	168,823,496	19,047,431	8,174,908	179,696,019
Other Improvements	68,763,733	2,099,864	2,295,177	68,568,420
Library materials	65,444,110	3,135,038	1,001,474	67,577,674
Total depreciable capital assets	1,970,601,183	52,233,207	15,181,073	2,007,653,317
Intangible right-to-use assets				
Buildings	11,325,730	2,938,198	2,537,819	11,726,109
Equipment	246,124	-	-	246,124
Subscription-based software	11,048,825	11,020,527	2,786,148	19,283,204
Total intangible right-to-use assets	22,620,679	13,958,725	5,323,967	31,255,437
Less accumulated depreciation and amortization:				
Buildings	452,126,743	36,357,125	1,716,213	486,767,655
Buildings - Financed Purchase	1,096,474	326,880	-	1,423,354
Infrastructure	68,604,539	4,513,443	-	73,117,982
Computer Software	13,211,138	509,764	948,863	12,772,039
Equipment*	101,270,979	13,529,576	7,405,892	107,394,663
Other Improvements	35,830,366	3,158,093	1,178,725	37,809,734
Library materials	56,744,224	2,885,599	1,001,474	58,628,349
Total accumulated depreciation	728,884,463	61,280,480	12,251,167	777,913,776
Intangible right-to-use assets				
Buildings	4,845,884	1,587,698	2,023,403	4,410,179
Equipment	49,225	49,220	-	98,445
Subscription-based software	1,954,515	3,073,317	461,191	4,566,641
Total accumulated amortization	6,849,624	4,710,235	2,484,594	9,075,265
Depreciable capital assets, net	1,241,716,720	(9,047,273)	2,929,906	1,229,739,541
Intangible right-to-use assets, net	15,771,055	9,248,490	2,839,373	22,180,172
Total capital assets, net*	$ 1,388,834,646	$ 96,404,041	$ 42,844,352	$ 1,442,394,335

**as restated*

The Foundation's net capital assets consist of $2,944,761 in property and equipment, and $326,702 in collections of historical artifacts and artwork for the year ending June 30, 2024.

7. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following at June 30, 2024:

Employee salaries, wages, and fringe benefits payable	$ 40,317,000
Vendors and suppliers accounts payable	9,949,532
Employee benefit withholdings and WTA (primarily VRS)	2,168,471
Capital projects accounts and retainage payable	11,133,269
Accrued interest payable on bond debt, leases, and SBITAs	3,556,141
Total accounts payable and accrued expenses	$ 67,124,413

8. LONG-TERM LIABILITIES

The University's long-term liabilities consist of debt (further described in Note 9), accrued supplemental retirement incentive plan (further described in Note 11), leases and SBITAs (further described in footnote 5) and other liabilities. A summary of changes in long-term liabilities for the year ending June 30, 2024 is presented as follows:

Long-term debt:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Non-current Portion
Revenue bonds	$ 252,115,000	-	$ 16,390,000	235,725,000	$ 17,045,000	$ 218,680,000
General obligation bonds	125,312,432	71,498,000	40,677,993	156,132,439	11,037,656	145,094,783
Bond premium	21,718,173	8,756,201	4,912,988	25,561,386	2,977,254	22,584,132
Total long-term debt	399,145,605	80,254,201	61,980,981	417,418,825	31,059,910	386,358,915
Accrued supplemental retirement incentive plan	13,197,064	5,135,284	4,493,924	13,838,424	4,604,669	9,233,755
Accrued compensated absences	8,471,744	9,886,292	9,019,076	9,338,960	6,777,412	2,561,548
Leases payable*	6,916,697	2,938,198	2,044,679	7,810,216	2,030,904	5,779,312
SBITAs Payable	6,582,426	5,344,548	2,684,781	9,242,193	2,644,993	6,597,200
Financed purchase obligation to component unit	14,584,285	-	495,841	14,088,444	-	14,088,444
Federal loan program contributions	605,304	7,752	182,057	430,999	-	430,999
Total long-term liabilities	$ 449,503,125	$ 103,566,275	$ 80,901,339	$ 472,168,061	$ 47,117,888	$ 425,050,173

**It is noted that $95,630 of the current potion of leases payable as well as $2,920 of the non-current portion is due to the University's component unit.*

9. LONG-TERM DEBT

A. Bonds Payable

The University has issued two categories of bonds pursuant to Section 9 of Article X of the Constitution of Virginia. Section 9(d) bonds are revenue bonds, which are limited obligations of the University payable exclusively from pledged general revenues and are not debt of the Commonwealth, legally, morally, or otherwise. Pledged general revenues include General Fund appropriations, tuition and fees, auxiliary enterprise revenues, and other revenues not required by law to be used for another purpose. The University participates in the Public Higher Education Financing Program (Pooled Bond Program) created by the Virginia General Assembly in 1996. Through the Pooled Bond Program, the Virginia College Building Authority (VCBA) issues 9(d) bonds and uses the proceeds to purchase debt obligations (notes) of the University and various other institutions of higher education. The University's general revenue also secures these notes.

Section 9(c) bonds are general obligation bonds issued by the Commonwealth on behalf of the University, which are secured by the net revenues of the completed project and the full faith, credit, and taxing power of the Commonwealth.

Description	Interest Rates (%)	Fiscal Year Maturity	2024
Revenue bonds:			
Multipurpose Recreation Fields, Series 2015B	3.00 – 5.00	2029	2,360,000
Multipurpose Recreation Fields, Series 2021B	1.33	2030	385,000
Softball/Baseball Complex, Series 2015B	3.00 – 5.00	2029	2,225,000
Softball/Baseball Complex, Series 2021B	1.33	2030	375,000
Renov/Expand Athletics/Recreation 2016A	3.00 – 5.00	2030	11,075,000
Renov/Expand Athletics/Recreation 2021B	1.53	2031	1,540,000
Renov/Expand Athletics/Recreation 2010A	4.75 – 5.50	2031	4,150,000
Renov/Expand Athletics/Recreation 2021A	3.00	2032	435,000
Renov/Expand Bridgeforth Stadium 2016A	3.00 – 5.00	2030	17,350,000
Renov/Expand Bridgeforth Stadium 2021B	1.53	2031	2,420,000
Grace St. acquisition, Series 2010A	4.75 – 5.50	2031	3,745,000
Grace St. acquisition, Series 2021A	3.00	2032	390,000
RMH property acquisitions, Series 2010A	4.75 – 5.50	2031	3,330,000
RMH property acquisitions, Series 2021A	3.00	2032	350,000
Construct Student Health Ctr, 2021B	.48 - 1.91	2034	6,795,000
Renovate West Wing RMH-Dining, 2021B	.48 - 1.91	2034	3,430,000
Renov/Expand Recreation Center, 2014A	5.00	2025	2,250,000
Renov/Expand Recreation Center, 2021B	.48 - 2.11	2036	36,945,000
Parking, Series 2016A	3.00	2027	1,705,000
Acq of Land, Athletics, Series 2016A	3.00	2027	790,000
Mason Street Parking Deck, Series 2015A	3.00 – 5.00	2036	5,440,000
Mason Street Parking Deck, Series 2021B	2.21	2037	330,000
Property acquisition, Series 2014B	4.00 – 5.00	2026	1,360,000
Property acquisition, Series 2016A	3.00 – 5.00	2028	1,530,000
New Student Housing 2017A	2.125 - 5.00	2038	39,525,000
New Student Housing 2021B	2.40	2039	1,965,000
East Campus Parking Deck, 2018A	4.00 – 5.00	2039	11,380,000
East Campus Parking Deck, 2021B	2.50	2040	480,000
West Campus Parking Deck, 2018A	4.00 – 5.00	2039	5,315,000
West Campus Parking Deck, 2021B	2.50	2040	225,000
New Convocation Center, 2018B	3.54 – 5.00	2049	66,130,000
Total revenue bonds			235,725,000

General obligation revenue bonds:			
General obligation bonds:			
Dormitory and dining hall:			
Series 2010A	3.75 – 4.40	2030	5,345,000
Series 2015B	5.00	2028	8,369,439
Series 2016A	3.00 – 5.00	2036	38,195,000
Series 2018A	3.00 – 5.00	2038	32,725,000
Series 2024A	4.00 – 5.00	2044	44,300,000
Series 2024B	5.00	2034	27,198,000
Total general obligation bonds			156,132,439
Total bonds payable			$ 391,857,439

Long-term debt as of June 30, 2024 matures as follows:

	Principal	Interest
2025	$ 28,082,656	$ 15,272,594
2026	29,643,355	13,644,827
2027	30,351,200	12,477,064
2028	29,095,228	11,232,480
2029	27,935,000	10,012,279
2030-2034	122,850,000	35,487,409
2035-2039	72,570,000	17,531,518
2040-2044	31,710,000	8,137,913
2045-2049	19,620,000	2,286,450
Total	$ 391,857,439	$ 126,082,534

B. Foundation

The Foundation's long-term debt consists of the following:

- $731,111 outstanding at June 30, 2024, in notes payable at a fixed interest rate of 3.20%, and maturing through fiscal year 2029. The note is secured by real estate consisting of a $2,363,528 building included in the Foundation's property and equipment

- $9,022,794 outstanding at June 30, 2024, in notes payable, accruing interest at 3.50%, maturing through fiscal year 2032. The note is secured by a first priority security interest in $3,000,000 of unrestricted cash or marketable securities/mutual funds margined at 70%, a first priority security interest in a specific deposit account maintained by the lender, and a first priority security interest in the assignment of certain agreements specific to the Shenandoah Valley Conference Center project.

- $7,554,337 outstanding at June 30, 2024 in a note payable established on July 9, 2019, maturing November 9, 2040. The interest rate is fixed at 3.09% through maturity of the loan in fiscal year 2041. The note is secured by a first priority security interest in investment assets held by the lender valued at $2,064,306 at June 30, 2024, and real estate for which loan proceeds were used. Unamortized debt issuance costs were $120,994 as of June 30, 2024.

10. DEBT DEFEASANCE

A. Deferral on Debt Defeasance

In accordance with 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*, for current refundings and advance refundings resulting in defeasance of debt, the difference between the new and old debt (accounting gain or loss) is deferred and amortized as a component of interest expense. For each of the current or advance refundings noted below, the accounting gain or loss is amortized to interest expense over the life of the new debt. A summary of changes in deferred outflows and deferred inflows for the year ending June 30, 2024 is presented as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Deferred Outflows	5,220,623	84,485	1,058,337	4,246,771
Deferred Inflows	680,010	1,914,608	60,345	2,534,273

During 2024, the Commonwealth of Virginia, on behalf of the University, issued $27,198,000 of General Obligation Refunding Bonds, Series 2024B, with an interest rate of 5 percent. The bonds, issued at a premium of $3,521,457, were used to refund the following:

- $2,335,491 of outstanding General Obligation Bonds, Series 2013B with an interest rate of 4.00 percent. The advance refunding resulted in the recognition of a deferred net accounting loss of $32,710 in fiscal year 2024, which is being amortized to interest expense over the life of the new debt. The University in effect decreased its aggregate debt service obligation by $42,320 over the next two years and obtained an economic gain (equal to the difference between the present values of the old and new debt service payments) of $41,067, discounted at a rate of 2.87 percent.

- $28,200,000 of outstanding General Obligation Bonds, Series 2014B with interest rates between 3.00 - 4.00 percent. The advance refunding resulted in the recognition of a deferred accounting gain of $1,862,834 in fiscal year 2024, which is being amortized to interest expense over the life of the new debt. The University in effect decreased its aggregate debt service obligation by $1,887,602 over the next ten years and obtained an economic gain (equal to the difference between the present values of the old and new debt service payments) of $1,625,738, discounted at a rate of 2.87 percent.

B. Long-term Debt Defeasance

In prior years, in accordance with GASB Statement No. 7, *Advance Refundings Resulting in the Defeasance of Debt*, the University excluded from its financial statements the assets in escrow and the Section 9(c) or 9(d) bonds payable that were defeased "in-substance." In fiscal year 2024, there were $29,960,000 that were defeased and outstanding as of June 30, 2024.

11. SUPPLEMENTAL RETIREMENT INCENTIVE PLAN

Effective January 1, 1997, the University established a Supplemental Retirement Incentive Plan for tenured faculty members, which provides for payout of 150% of final salary over a five-year period. In fiscal year 2018, the University extended plan eligibility to administrative and professional faculty. The plan was designed to provide flexibility in the allocation of faculty positions. The plan is a qualified plan within the meaning of section 401(c) of the Internal Revenue Code of 1986 (the Code) and is a governmental plan within the meaning of section 414(d) of the Code. Since it is a governmental plan, the plan is not subject to the Employee Retirement Income Security Act of 1974 as amended. Since inception, 443 faculty members have elected to enroll in the plan. As of June 30, 2024, 135 participants remain, including 27 new participants who retired under this plan during fiscal year 2024 or who will retire in fiscal year 2025. In order to satisfy IRS requirements, a trust fund has been established as means to make the payments to the plan participants. The University funded $4,604,469 of the plan obligation in 2024. The plan payment schedule, calculated using the undiscounted total of estimated future benefits at current cost levels, is as follows:

Year Ending June 30,	Supplemental Plan Obligations
2025	4,604,669
2026	3,944,187
2027	2,891,811
2028	1,667,802
2029	729,955
Total	$ 13,838,424

12. RETIREMENT PLANS

A. Virginia Retirement System (Defined Benefit Retirement Plans)

All full-time, salaried permanent employees of state agencies are automatically covered by the VRS State Employee Retirement Plan or the VaLORS Retirement Plan upon employment, unless they are eligible and choose to enroll in the optional retirement program described in section B of Note 12. These plans are administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees in the VRS State Employee Retirement Plan – Plan 1, Plan 2, and Hybrid; and two different benefit structures for covered employees in the VaLORS Retirement Plan – Plan 1 and Plan 2. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	**About Plan 2** Same as Plan 1.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment

		performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund. ***Hybrid Opt-In Election*** VRS Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were	**Eligible Members** Employees are in Plan 2 if their membership date is from July 1, 2010 to December 31, 2013, and they have not taken a refund, or their membership date is prior to July 1, 2010, and they were not vested as of January 1, 2013. ***Hybrid Opt-In Election*** Same as Plan 1.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Full-time permanent, salaried state employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 **Non-Eligible Members* Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Members of the Virginia Law Officers' Retirement System (VaLORS)

also eligible to opt into the Hybrid Retirement Plan.		Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Retirement Contributions State employees, excluding state elected officials, and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payments.	**Retirement Contributions** Same as Plan 1.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
Service Credit Service credit includes active service. Members earn service credit for each month they are employed in a	**Service Credit** Same as Plan 1.	**Service Credit** *Defined Benefit Component:* Under the defined benefit component of the plan, service credit includes active

covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.		service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. *Defined Contributions Component:* Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also	**Vesting** Same as Plan 1.	**Vesting** *Defined Benefit Component:* Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or

must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.		Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. *Defined Contribution Component:* Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

		Distributions not required, except as governed by law.
Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** *Defined Benefit Component:* See definition under Plan 1. *Defined Contribution Component:* The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier **VRS:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.	**Service Retirement Multiplier** **VRS:** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.	**Service Retirement Multiplier** *Defined Benefit Component:* **VRS:** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

VaLORS: The retirement multiplier for VaLORS employees is 1.70% or 2.00%.	**VaLORS:** The retirement multiplier for VaLORS employees is 2.00% applied to hazardous duty service and 1.70% applied to non-hazardous duty service and no supplement.	**VaLORS:** Not applicable. *Defined Contribution Component:* Not applicable.
Normal Retirement Age **VRS:** Age 65. **VaLORS:** Age 60.	**Normal Retirement Age** **VRS:** Normal Social Security retirement age. **VaLORS:** Same as Plan 1.	**Normal Retirement Age** *Defined Benefit Component:* **VRS:** Same as Plan 2. **VaLORS:** Not applicable. *Defined Contribution Component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility **VRS:** Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit. **VaLORS:** Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.	**Earliest Unreduced Retirement Eligibility** **VRS:** Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service equal 90. **VaLORS:** Same as Plan 1.	**Earliest Unreduced Retirement Eligibility** *Defined Benefit Component:* **VRS:** Same as Plan 2. **VaLORS:** Not applicable. *Defined Contribution Component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility	**Earliest Reduced Retirement Eligibility**	**Earliest Reduced Retirement Eligibility** *Defined Benefit Component:*

VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit. **VaLORS:** Age 50 with at least five years of service credit.	**VRS:** Age 60 with at least five years (60 months) of service credit. **VaLORS:** Same as Plan 1.	**VRS:** Same as Plan 2. **VaLORS:** Not applicable. *Defined Contribution Component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. *Eligibility:* For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	**Cost-of-Living Adjustment (COLA) in Retirement** The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. *Eligibility:* Same as Plan 1.	**Cost-of-Living Adjustment (COLA) in Retirement** *Defined Benefit Component:* Same as Plan 2. *Defined Contribution Component:* Not applicable. *Eligibility:* Same as Plan 1 and Plan 2.

Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	*Exceptions to COLA Effective Dates:* Same as Plan 1.	*Exceptions to COLA Effective Dates:* Same as Plan 1 and Plan 2.
Disability Coverage Members who are eligible to be considered for disability	**Disability Coverage** Members who are eligible to be considered for disability	**Disability Coverage** State employees (including Plan 1 and Plan 2 opt-ins)

retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** *Defined Benefit Component:* Same as Plan 1, with the following exception: • Hybrid Retirement Plan members are ineligible for ported service. *Defined Contribution Component:* Not applicable.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of *the Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the

Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each state agency's contractually required employer contribution rate for the fiscal year ended June 30, 2024 was 14.46% of covered employee compensation for employees in the VRS State Employee Retirement Plan. For employees in the VaLORS Retirement Plan, the contribution rate was 24.60% of covered employee compensation. These rates were the final approved General Assembly rates which were based on actuarially determined rates from an actuarial valuation as of June 30, 2021. The actuarially determined rates, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the University to the VRS State Employee Retirement Plan were $20,265,789 and $18,362,919 for the years ended June 30, 2024 and June 30, 2023, respectively. Contributions from the University to the VaLORS Retirement Plan were $463,586 and $408,722 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately $73.0 million to the VRS State plan and $6.6 million to VaLORS. These special payments were authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session and are classified as special employer contributions. The University's portion of these special contributions is reported as "Pension and OPEB-related contribution revenue" in the non-operating section of the Statement of Revenues, Expenses, and Changes in Net Position.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, the University reported a liability of $137,974,504 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of $2,933,847 for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The University's proportion of the Net Pension Liability was based on the University's actuarially determined employer contributions to the pension plans for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the University's proportion of the VRS State Employee Retirement Plan was 2.73% as compared to 2.73% at June 30, 2022. At June 30, 2023, the University's proportion of the VaLORS Retirement Plan was .45% as compared to .48% at June 30, 2022.

For the year ended June 30, 2024, the University recognized pension expense of $11,892,051 for the VRS State Employee Retirement Plan and $362,887 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2022 and June 30, 2023, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	State employee plan		VaLORs plan	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 9,656,364	$ -	$ 124,990
Differences between expected and actual experience	13,401,756	3,985,637	64,813	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	871,856	689	62,596
Change in assumptions	1,822,730	-	-	-
Employer contributions subsequent to the measurement date	20,265,790	-	463,586	-
Total deferred outflows/inflows related to pensions	$ 35,490,276	$ 14,513,857	$ 529,088	$ 187,586

$20,729,376 reported as deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30,	State employee plan	VaLORs plan
2025	$ (3,150,293)	$ (89,261)
2026	(7,040,189)	(157,098)
2027	10,551,820	119,703
2028	349,291	4,572
2029	-	-
Total	$ 710,629	$ (122,084)

Actuarial Assumptions (State Employee Plan)

The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.50%
Salary increases, including inflation	3.5% – 5.35%

Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates:

Pre-Retirement:
Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.

Mortality Improvement:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the standard rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Actuarial Assumptions (VaLORS Plan)

The total pension liability for the VaLORS Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.50%
Salary increases, including inflation	3.5% – 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates:

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally;
95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally;
110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally;
95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally;
110% of rates for males and females set forward 2 years

Mortality Improvement:
Rates projected generationally with Modified MP-2020 Improvement Scale
that is 75% of the standard rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Net Pension Liability

The net pension liability (NPL) is calculated separately for each plan and represents that particular plan's total pension liability determined in accordance with GASB Statement No. 67, less that plan's fiduciary net position. As of June 30, 2023, NPL amounts for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan are as follows (amounts expressed in thousands):

	State employee plan	VaLORs plan
Total Pension Liability	$ 28,411,528	$ 2,577,980
Plan Fiduciary Net Position	23,351,827	1,931,061
Employer' Net Pension Liability (Asset)	$ 5,059,701	$ 646,919
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.19%	74.91%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Stategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
	Inflation		2.50%
	Expected arithmetic nominal return*		8.25%

** The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.*

On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions were made per the VRS Statutes and the employer contributions were made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2023, the rate contributed by the University for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan was subject to the portion of the VRS Board-certified rates that were funded by the Virginia General Assembly, which was 102% of the actuarially determined contribution rate. From July 1, 2023, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the University's proportionate share of the VRS State Employee Retirement Plan and VaLORS Retirement Plan net pension liabilities using the discount rate of 6.75%, as well as what the University's proportionate share of the net pension liabilities would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00 % Decrease (5.75%)	Current Discount Rate (6.75%)	1.00 % Increase (7.75%)
The University's proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	229,921,844	137,974,504	61,021,664
The University's proportionate share of the VaLORS Retirement Plan Net Pension Liability	4,485,246	2,933,847	1,666,525

Pension Plan Fiduciary Net Position

Detailed information about the VRS State Employee Retirement Plan's Fiduciary Net Position or the VaLORS Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Report. A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

Included in Accounts Payable and Accrued Expenses at June 30, 2024 are payables of $1,952,133 and $27,991 for the outstanding amount of contributions to the VRS State Employee Retirement Plan and the VaLORS Retirement Plan, respectively.

B. Optional Retirement Plans

Full-time faculty and certain administrative staff participate in defined contribution plans as authorized by the Code of Virginia, offered by TIAA/CREF Insurance Companies and DCP. These plans are fixed-contribution programs where the retirement benefits received are based upon employer and employee contributions, plus interest and dividends. Employees hired prior to July 1, 2010 (Plan 1) have an employer required contribution rate of 10.4%. Employees hired on or after July 1, 2010 (Plan 2) have an employer required contribution rate of 8.5% and an employee required contribution rate of 5%.

Individual contracts issued under the plan provide for full and immediate vesting of both the University's and the employee's contributions. Total pension costs under this plan were approximately $7,658,377 for the year ended June 30, 2024. Contributions to the optional retirement plan were calculated using the base salary amount of approximately $79,960,469 for fiscal year 2024.

Included in Accounts Payable and Accrued Expenses at June 30, 2024 are payables of $1,173,441 for the outstanding amount of contributions to the Optional Retirement Plans.

C. Deferred Compensation Plan

Employees of the University are employees of the Commonwealth. State employees may participate in the Commonwealth's Deferred Compensation Plan. Participating employees can contribute to the plan each pay period with the Commonwealth matching up to $20 per pay period. The dollar amount match can change depending on the funding available in the Commonwealth's budget. The Deferred Compensation Plan is a qualified defined contribution plan under Section 401(a) of the Internal Revenue Code. The University's expense for contributions under the Deferred Compensation Plan, which is an amount assessed by the Commonwealth, was approximately $874,998 for the fiscal year 2024.

13. OTHER POSTEMPLOYMENT BENEFITS

Note: the information presented applies to all programs, unless a specific program is referenced.

Group Life Insurance: Plan Description

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
Eligible Employees The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City School Board

Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts
The benefits payable under the Group Life Insurance Program have several components.

- **Natural Death Benefit** – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- **Accidental Death Benefit** – The accidental death benefit is double the natural death benefit.
- **Other Benefit Provisions** – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
    - Accidental dismemberment benefit
    - Seatbelt benefit
    - Repatriation benefit
    - Felonious assault benefit
    - Accelerated death benefit option

Reduction in Benefit Amounts
The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)
For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $9,254 as of June 30, 2024.

Health Insurance Credit: Plan Description

All full-time, salaried permanent employees of state agencies are automatically covered by the VRS State Employee Health Insurance Credit Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the State Health Insurance Credit Program OPEB, including eligibility, coverage and benefits is set out in the table below:

STATE EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS
Eligible Employees The State Employee Retiree Health Insurance Credit Program was established January 1, 1990, for retired state employees covered under VRS, SPORS, VaLORS and JRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: • Full-time and part-time permanent salaried state employees covered under VRS, SPORS, VaLORS and JRS.
Benefit Amounts The State Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees: • **At Retirement** – For State employees who retire, the monthly benefit is $4.00 per year of service per month with no cap on the benefit amount. • **Disability Retirement** – For State employees, other than state police officers, who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP), the monthly benefit is $120.00 or $4.00 per year of service, whichever is higher. For State police officer employees with a non-work-related disability who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP) the monthly benefit is $120.00 or $4.00 per year of service, whichever is higher. For State police officer employees with a work-related disability, there is no benefit provided under the State Employee Retiree Health Insurance Credit Program if the premiums are being paid under the Virginia Line of Duty Act. However, they may receive the credit for premiums paid for other qualified health plans.

Health Insurance Credit Program Notes:

- The monthly Health Insurance Credit benefit cannot exceed the individual's premium amount.
- Employees who retire after being on long-term disability under VSDP must have at least 15 years of service credit to qualify for the Health Insurance Credit as a retiree.

VRS Disability Insurance: Plan Description

All full-time and part-time permanent salaried state employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) hired on or after January 1, 1999 are automatically covered by the Disability Insurance Program (VSDP) upon employment. The Disability Insurance Program also covers state employees hired before January 1, 1999 who elected to transfer to VSDP rather than retain their eligibility to be considered for disability retirement. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

The specific information for Disability Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

DISABILITY INSURANCE PROGRAM (VSDP) PLAN PROVISIONS

Eligible Employees

The Virginia Sickness and Disability Program (VSDP), also known as the Disability Insurance Trust Fund was established January 1, 1999 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities.

Eligible employees are enrolled automatically upon employment. They include:

- Full-time and part-time permanent salaried state employees covered under VRS, SPORS and VaLORS (members new to VaLORS following its creation on October 1, 1999, have been enrolled since the inception of VSDP).
- State employees hired before January 1, 1999, who elected to transfer to VSDP rather than retain their eligibility to be considered for VRS disability retirement.
- Public college and university faculty members who elect the VRS defined benefit plan. They may participate in VSDP or their institution's disability program, if offered. If the institution does not offer the program or the faculty member does not make an election, he or she is enrolled in VSDP.

Benefit Amounts

The Virginia Sickness and Disability Program (VSDP) provides the following benefits for eligible employees:

- **Leave** – Sick, family and personal leave. Eligible leave benefits are paid by the employer.
- **Short-Term Disability** – The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. The benefit provides income replacement beginning at 100% of the employee's pre-disability income, reducing to 80% and

then 60% based on the period of the disability and the length of service of the employee. Short-term disability benefits are paid by the employer.

- **Long-Term Disability** – The program provides a long-term disability benefit beginning after 125 workdays of short-term disability and continuing until the employee reaches his or her normal retirement age. The benefit provides income replacement of 60% of the employee's pre-disability income. If an employee becomes disabled within five years of his or her normal retirement age, the employee will receive up to five years of VSDP benefits, provided he or she remains medically eligible. Long-term disability benefits are paid for by the Virginia Disability Insurance Program (VSDP) OPEB Plan.
- **Income Replacement Adjustment** – The program provides for an income replacement adjustment to 80% for catastrophic conditions.
- **VSDP Long-Term Care Plan** – The program also includes a self-funded long-term care plan that assists with the cost of covered long-term care services.

Disability Insurance Program (VSDP) Plan Notes:

- Employees hired or rehired on or after July 1, 2009, must satisfy eligibility periods before becoming eligible for non-work-related short-term disability benefits and certain income-replacement levels.
- A state employee who is approved for VSDP benefits on or after the date that is five years prior to his or her normal retirement date is eligible for up to five years of VSDP benefits.
- Employees on work-related short-term disability receiving only a workers' compensation payment may be eligible to purchase service credit for this period if retirement contributions are not being withheld from the workers' compensation payment. The rate will be based on 5.00% of the employee's compensation.

Cost-of-Living Adjustment (COLA)

- During periods an employee receives long-term disability benefits, the LTD benefit may be increased annually by an amount recommended by the actuary and approved by the Board.
  - Plan 1 employees vested as of 1/1/2013 – 100% of the VRS Plan 1 COLA (The first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%).
  - Plan 1 employees non-vested as of 1/1/2013, Plan 2 and Hybrid Plan employees – 100% of the VRS Plan 2 and Hybrid COLA (The first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%).
- For participating full-time employees taking service retirement, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement.
  - 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4.00%
- For participating full-time employees receiving supplemental (work-related) disability benefits, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement.

- 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4.00%.

Line of Duty Act: Plan Description

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the Line of Duty Act Program (LODA). As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

The specific information for the LODA OPEB, including eligibility, coverage and benefits is set out in the table below:

LINE OF DUTY ACT PROGRAM (LODA) PLAN PROVISIONS
Eligible Employees The eligible employees of the LODA Program include paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under VRS, SPORS, or VaLORS.
Benefit Amounts LODA provides death and health insurance benefits for eligible individuals: • **<u>Death</u>** – The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: o $100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after. o $25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date. o An additional $20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001. • **<u>Health Insurance</u>** – The LODA program provides health insurance benefits. o The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.

Virginia DHRM: Pre-Medicare Retiree Healthcare: Plan Description

The Commonwealth provides a healthcare plan established by Title 2.2, Chapter 28 of the *Code of Virginia* for retirees who are not yet eligible to participate in Medicare.

Following are eligibility requirements for Virginia Retirement System retirees:

- You are a retiring state employee who is eligible for a monthly retirement benefit from the Virginia Retirement System (VRS), and
- You start receiving (do not defer) your retirement benefit immediately upon retirement*, and
- Your last employer before retirement was the Commonwealth of Virginia, and
- You were eligible for (even if you were not enrolled) coverage as an active employee in the State Health Benefits Program until your retirement date (not including Extended Coverage/COBRA), and
- You enroll no later than 31 days from your retirement date.

*For VRS retirees, this means that your employing agency reported a retirement contribution or leave without pay status for retirement in the month immediately prior to your retirement date. Some faculty members may also be eligible if they are paid on an alternate pay cycle but maintain eligibility for active coverage until their retirement date.

Effective January 1, 2017**, following are eligibility requirements for Optional Retirement Plan retirees:

- You are a terminating state employee who participates in one of the qualified Optional Retirement Plans, and
- Your last employer before termination was the Commonwealth of Virginia, and
- You were eligible for (even if you were not enrolled in) coverage in the State Employee Health Benefits Program for active employees at the time of your termination, and
- You meet the age and service requirements for an immediate retirement benefit under the non-ORP Virginia Retirement System plan that you would have been eligible for on your date of hire had you not elected the ORP, and
- You enroll in the State Retiree Health Benefits Program no later than 31 days from the date you lose coverage (or lose eligibility for coverage) in the State Health Benefits Program for active employees due to your termination of employment.

**This change applies to ORP terminations effective January 1, 2017, or later. Eligibility for those who terminated employment prior to January 1 should be determined based on the policy in place at the time of their termination.

The employer does not pay a portion of the retirees' healthcare premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, this generally results in a higher rate for active employees. Therefore, the employer effectively subsidizes the costs of the participating retirees' healthcare through payment of the employer's portion of the premiums for active employees.

This fund is reported as part of the Commonwealth's Healthcare Internal Service Fund. Benefit payments are recognized when due and payable in accordance with the benefit terms. Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes and is administered by the Department of Human Resource Management. There were approximately 3,551 retirees and 92,780 active employees in the program as of June 30, 2023. There are no inactive employees entitled to future benefits who are not currently receiving benefits. There are no assets accumulated in a trust to pay benefits.

Contributions – VRS:

The contribution requirements for each program are governed by the respective *Code of Virginia* sections, as follows:

- Group Life Insurance Program: §51.1-506 and §51.1-508, as amended
- Health Insurance Credit Program: §51.1-1400(D), as amended
- VRS Disability Insurance Program: §51.1-1140, as amended
- Line of Duty Act Program: §9.1-400.1, as amended

These requirements may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly.

The total rate information for each program was as follows:

	Required Contribution Rate (based on actuarial valuation as of June 30, 2021)	**Allocation**	**Rate Expectation**
Group Life Ins.	1.34% of covered employee compensation	Allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.	The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.
Health Ins. Credit	1.12% of covered employee compensation	N/A	The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an

	for employees in the program.		additional amount to finance any unfunded accrued liability.
VRS Disability Ins.	0.61% of covered employee compensation	N/A	The actuarially determined rate was expected to finance the costs of benefits payable during the year, with an adjustment to amortize the accrued OPEB assets.
Line of Duty Act	$830.00 per covered full-time-equivalent employee	N/A	This rate represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year.

Contributions to each program by James Madison University for the years ended June 30, 2024 and June 30, 2023 are as follows:

Program:	**June 30, 2024**	**June 30, 2023**
Group Life Ins.	$ 1,269,589	$ 1,172,101
Health Ins. Credit	$ 2,649,948	$ 2,445,313
VRS Disability Ins.	$ 848,242	$ 747,405
Line of Duty Act	$ 34,902	$ 26,592

In June 2023, the Commonwealth made a special contribution of approximately $10.1 million to the Group Life Insurance Plan, and approximately $8.5 million to the Health Insurance Credit Plan for state employees. These special payments were authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. The University's portion of these special contributions is reported as "Pension and OPEB-related contribution revenue" in the non-operating section of the Statement of Revenues, Expenses, and Changes in Net Position.

OPEB Liabilities/(Assets), OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Each Program

At June 30, 2024, James Madison University reported the following liabilities (assets) for its proportionate share of each program's Net OPEB Liability (Asset) for each of the VRS administered OPEB plans. The Net OPEB Liability (Asset) was measured as of June 30, 2023 and the total OPEB liability (asset) used to calculate the Net OPEB Liability (Asset) was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. At June 30, 2024, James Madison University reported the following liability for its proportionate share of the collective total Pre-Medicare Retiree Healthcare OPEB liability of $351.9 million. The Pre-Medicare Retiree Healthcare OPEB liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2023.

Program:	Liability (Asset) at June 30, 2024
Group Life Ins.	$ 11,165,248
Health Ins. Credit	$ 21,927,265
VRS Disability Ins.	$ (7,706,512)
Line of Duty Act	$ 803,322
DHRM Pre-Medicare Retirees	$ 12,780,936

The University's proportion of each VRS Net OPEB Liability (Asset) was based on the University's actuarially determined employer contributions (pay-as-you-go, for LODA) to each program for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions (pay-as-you-go, for LODA) for all participating employers.

The University's proportion of the DHRM Pre-Medicare Retiree Healthcare OPEB liability was based on its calculated healthcare premium contributions as a percentage of the total employer's calculated healthcare premium contributions for all participating employers.

At June 30, 2023 and 2022, respectively, James Madison University's proportions were:

Program:	June 30, 2023	June 30, 2022
Group Life Ins.	0.93097%	0.95322%
Health Ins. Credit	2.66878%	2.73202%
VRS Disability Ins.	2.43971%	2.43894%
Line of Duty Act	0.20038%	0.23608%
DHRM Pre-Medicare Retirees	3.63178%	3.63963%

For the year ended June 30, 2024, James Madison University recognized OPEB expenses as shown in the following table. Since there was a change in proportionate share between measurement dates, a portion of each OPEB expense was related to deferred amounts from changes in proportion.

Program:	June 30, 2024
Group Life Ins.	$ 470,664
Health Ins. Credit	$ 3,398,590
VRS Disability Ins.	$ 122,966
Line of Duty Act	$ 118,525
DHRM Pre-Medicare Retirees	$ (5,977,857)
Total OPEB Expense:	$ (1,867,112)

At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to each OPEB from the following sources:

Group Life Ins.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,115,136	$ 338,922
Net difference between projected and actual earnings on OPEB program investments	$ -	$ 448,683
Change in assumptions	$ 238,662	$ 773,572
Changes in proportionate share	$ 90,560	$ 519,515
Employer contributions subsequent to the measurement date	$ 1,269,589	$ -
Total	$ 2,713,947	$ 2,080,692

Health Ins. Credit

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 517	$ 1,400,707
Net difference between projected and actual earnings on OPEB program investments	$ 57,227	$ -
Change in assumptions	$ 518,145	$ -
Change in proportionate share and differences between actual and expected contributions	$ 158,802	$ 875,787
Employer contributions subsequent to the measurement date	$ 2,649,948	$ -
Total	$ 3,384,639	$ 2,276,494

VRS Disability Ins.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 555,443	$ 1,060,363
Net difference between projected and actual earnings on OPEB program investments	$ -	$ 211,297
Change in assumptions	$ 26,440	$ 84,743
Changes in proportionate share	$ 5,435	$ 120,170
Employer contributions subsequent to the measurement date	$ 848,242	$ -
Total	$ 1,435,560	$ 1,476,573

Line of Duty Act

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 42,850	$ 151,265
Net difference between projected and actual earnings on OPEB program investments	$ -	$ 2,350
Change in assumptions	$ 178,427	$ 165,649
Changes in proportionate share	$ 203,826	$ 241,220
Employer contributions subsequent to the measurement date	$ 34,902	$ -
Total	$ 460,005	$ 560,484

DHRM Pre-Medicare Retirees

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 327,849	$ 3,089,595
Changes in assumptions	$ -	$ 7,825,526
Changes in proportionate share	$ 875,732	$ 184,334
Sub Total	$ 1,203,581	$ 11,099,455
Amounts associated with transactions subsequent to the measurement date	$ 1,013,269	$ -
Total	$ 2,216,850	$ 11,099,455

Amounts reported as deferred outflows of resources related to each OPEB resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the related OPEB Liability (or adjustment to the Net OPEB Asset) in the fiscal year ending June 30, 2025. Those amounts are as follows:

Program:	2024 Contrib. Deferred Outflows
Group Life Ins.	$ 1,269,589
Health Ins. Credit	$ 2,649,948
VRS Disability Ins.	$ 848,242
Line of Duty Act	$ 34,902
DHRM Pre-Medicare Retirees	$ 1,013,269
Total:	$ 5,815,950

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to each OPEB will be recognized in the related OPEB expense in future reporting periods as follows:

Year ended June 30	Group Life Ins.	Health Ins. Credit	VRS Disability Ins.	Line of Duty Act	DHRM Pre-Medicare Retirees
FY 2025	$ (151,389)	$ (318,143)	$ (410,153)	$ 6,881	$ (4,631,599)
FY 2026	(557,124)	(469,161)	(464,410)	6,954	(2,680,349)
FY 2027	66,001	(352,431)	12,480	9,924	(1,693,408)
FY 2028	(57,686)	(327,772)	(20,431)	5,529	(842,558)
FY 2029	63,864	(74,296)	17,760	(2,911)	(47,968)
Thereafter	-	-	(24,499)	(161,759)	-

Actuarial Assumptions – VRS:

The total OPEB liabilities (assets) were based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.50%
Salary increases, including inflation (not applicable to LODA) –	
General state employees (all plans)	3.50% – 5.35%
Teachers (GLI only)	3.50% – 5.95%
SPORS employees (all plans)	3.50% – 4.75%
VaLORS employees (all plans)	3.50% – 4.75%
JRS employees (GLI, HIC only)	4.00%
Locality – General employees (GLI only)	3.50% – 5.35%
Locality – Hazardous Duty employees (GLI only)	3.50% – 4.75%
Medical cost trend rates assumption (LODA only) –	
Under age 65	7.00% – 4.75%
Ages 65 and older	5.25% – 4.75%
Year of ultimate trend rate (LODA only)	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	6.75% (LODA only: 3.86%*), net of investment expenses, including inflation

** Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.86% was used since it approximates the risk-free rate of return.*

Mortality rates – General State Employees (all VRS OPEB programs)

Pre-Retirement:
Pub-2010 Amount Weighted General Employee Rates projected generationally;
females set forward 2 years.

Post-Retirement:
Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally;
110% of rates for females.

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally;
males and females set forward 3 years.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally;
110% of rates for males and females.

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is
75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change *(LODA, N/A)*

Mortality rates – Teachers (GLI only)

Pre-Retirement:
Pub-2010 Amount Weighted Teachers Employee Rates projected generationally;
110% of rates for males.

Post-Retirement:
Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally;
males set forward 1 year; 105% of rates for females.

Post-Disablement:
Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Mortality rates – SPORS Employees (all VRS OPEB programs)

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy (For VSDP and LODA plans). For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service; changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change *(LODA, N/A)*

Mortality rates – VaLORS Employees (all VRS OPEB programs)

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally;
95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally;
110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally;
95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally;
110% of rates for males and females set forward 2 years.

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is
75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy (For VSDP and LODA plans). For future mortality improvements,

	replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change *(LODA, N/A)*

Mortality rates – JRS Employees (GLI, HIC only)

Pre-Retirement:
Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years.

Post-Retirement:
Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males and females set back 2 years.

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Decreased rates for ages 60-66 and 70-72
Withdrawal Rates	No change
Disability Rates	No change
Salary Scale	Reduce increases across all ages by 0.50%
Discount Rate	No change

Mortality rates – Largest Ten Locality Employers - General Employees (GLI only)

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality rates – Largest and Non-Largest Ten Locality Employers With Public Safety Employees (LODA only)

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Largest: Decreased rates; Non-Largest: Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

Mortality rates – Non-Largest Ten Locality Employers - General Employees (GLI only)

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality rates – Largest Ten Locality Employers – Hazardous Duty Employees (GLI only)

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees (GLI only)

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty

Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Actuarial Assumptions and Methods – DHRM:

The total Pre-Medicare Retiree Healthcare OPEB liability was based on an actuarial valuation with a valuation date of June 30, 2023 (one year prior to the end of the fiscal year). The Department of Human Resource Management selected the economic, demographic and healthcare claim cost assumptions. The actuary provided guidance with respect to these assumptions. Initial healthcare costs trend rates used were 7.75 percent for medical and pharmacy and 4.00 percent for dental. The ultimate trend rates used were 4.50 percent for medical and pharmacy and 4.00 percent for dental.

Valuation Date	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.
Measurement Date	June 30, 2023 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed
Effective Amortization Period	5.80 years
Discount Rate	3.65%
Projected Salary Increases	5.35% to 3.50% based on years of service from 1 year to 20 years or more
Medical Trend Under 65	Medical & Rx: 7.75% to 4.50% Dental: 4.00%
Year of Ultimate Trend	2033
Mortality	Mortality rates vary by participant status and gender
Pre-Retirement:	Pub-2010 Benefits Weighted General Employee Rates projected generationally with a Modified MP-2021 Improvement Scale; females set forward 2 years
Post-Retirement:	Pub-2010 Benefits Weighted General Healthy Retiree Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for females
Post-Disablement:	Pub-2010 Benefits Weighted General Disabled Rates projected generationally with a Modified MP-2021 Improvement Scale; males and females set forward 3 years
Beneficiaries and Survivors:	Pub-2010 Benefits Weighted General Contingent Annuitant Rates projected generationally with a Modified MP-2021

	Improvement Scale; 110% of rates for males and females

The discount rate was based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date which is June 30, 2023.

Changes of Assumptions: There were not any changes in assumptions since the June 30, 2022 measurement date. The following remained constant since the prior measurement date:

- Spousal Coverage - rate remained at 20%
- Retiree Participation - rate remained at 35%

Retiree participation was based on a blend of recent experience and the prior year assumptions.

The trend rates were updated based on economic conditions as of June 30, 2023. Additionally, the discount rate was increased from 3.54% to 3.65% based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2023.

There were no plan changes in the valuation since the prior year.

Net OPEB Liability (Asset)

The net OPEB liability (NOL) or asset (NOA) represents each program's total OPEB liability (asset) determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, NOL (NOA) amounts for each program (except DHRM) are as follows (amounts expressed in thousands):

	Group Life Ins.	Health Ins. Credit	VRS Disability Ins.	Line of Duty Act
Total OPEB Liability	$ 3,907,052	$ 1,102,220	$ 318,901	$ 406,211
Plan Fiduciary Net Position	$ 2,707,739	$ 280,599	$ 634,779	$ 5,311
Employer's Net OPEB Liability (Asset)	$ 1,199,313	$ 821,621	$ (315,878)	$ 400,900
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	69.30%	25.46%	199.05%	1.31%

Each total OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. Each net OPEB liability (asset) is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information. The DHRM Pre-Medicare Retiree's Program is not included in the analysis above, as it does not accumulate assets in a trust and therefore does not report a fiduciary net position.

Long-Term Expected Rate of Return

All VRS Programs Except LODA:

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of the System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Expected Rate of Return	Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
	Inflation		2.50%
	Expected arithmetic nominal return**		8.25%

** The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.*

***On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.*

Line of Duty Act:

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.86% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments' 6.75% assumption. Instead, the assumed annual rate of return of 3.86% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Fidelity Fixed Income General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2023.

Discount Rate

All VRS Programs Except LODA:

The discount rate used to measure each OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2023, the rate contributed by the University for each OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 113% for GLI, 108% for HIC, and 109% for VSDP of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, each OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine each total OPEB liability.

Line of Duty Act:

The discount rate used to measure the total LODA OPEB liability was 3.86%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2023, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

Sensitivity of the University's Proportionate Share of each OPEB Liability (Assets) to Changes in the Discount Rate

The following presents the University's proportionate share of each VRS net OPEB liability (asset) using the discount rate of 6.75% (LODA: 3.86%), and the DHRM total OPEB liability at 3.65%, as well as what the University's proportionate share of each OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%, 2.86%, 2.65%) or one percentage point higher (7.75%, 4.86%, 4.65%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Employer's proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 16,550,387	$ 11,165,248	$ 6,811,328
Employer's proportionate share of the Health Ins. Credit Program Net OPEB Liability	24,760,453	21,927,265	19,497,799
Employer's proportionate share of the VRS Disability Ins. Program Net OPEB Liability (Asset)	(7,131,917)	(7,706,512)	(8,213,032)

	1.00% Decrease (2.86%)	Current Discount Rate (3.86%)	1.00% Increase (4.86%)
Employer's proportionate share of the Line of Duty Act Program Net OPEB Liability	$ 900,715	$ 803,322	$ 720,929

	1.00% Decrease (2.65%)	Current Discount Rate (3.65%)	1.00% Increase (4.65%)
Employer's proportionate share of the Pre-Medicare Retirees Total OPEB Liability	$ 13,536,513	$ 12,780,936	$ 12,059,747

Sensitivity of the University's Proportionate Share of the Net LODA and Total DHRM OPEB Liabilities to Changes in the Health Care Trend Rate

Because the Line of Duty Act Program (LODA) contains provisions for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the University's proportionate share of the net LODA OPEB liability using health care trend rate of 7.00% decreasing to 4.75%, as well as what the University's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate:

	1.00% Decrease (6.00% decreasing to 3.75%)	Health Care Trend Rate (7.00% decreasing to 4.75%)	1.00% Increase (8.00% decreasing to 5.75%)
Covered employer's proportionate share of the LODA Net OPEB Liability	$ 681,244	$ 803,322	$ 954,595

The following presents the University's proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability using healthcare cost trend rate of 7.75% decreasing to 4.50%, as well as what the University's proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (6.75% decreasing to 3.50%) or one percentage point higher (8.75% decreasing to 5.50%) than the current rate:

	1.00% Decrease (6.75% decreasing to 3.50%)	Health Care Trend Rates (7.75% decreasing to 4.50%)	1.00% Increase (8.75% decreasing to 5.50%)
Employer's proportionate share of the total DHRM Total OPEB Liability	$ 11,627,046	$ 12,780,936	$ 14,119,542

OPEB Programs Fiduciary Net Position - VRS

Detailed information about each VRS program's Fiduciary Net Position is available in the separately issued VRS 2023 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the VRS OPEB Plans

Included in Accounts Payable and Accrued Expenses at June 30, 2024 are payables related to the outstanding amount of contributions to the VRS OPEBs as follows: Group Life Insurance $138,396; Health Insurance Credit $312,261; Sickness and Disability Plan $74,697. The Line of Duty Act does not have a related payable, as it is a one-time annual payment. Additionally, a payable related to the DHRM Pre-Medicare Retirees Plan cannot be reported separately from the remainder of the health insurance payable, as the applicable individual rate for this OPEB is not readily determinable.

14. AUXILIARY ACTIVITIES

Auxiliary operating revenues and expenses consisted of the following for the year ended June 30, 2024. The University used auxiliary revenues and cash reserves to pay debt service and capitalized assets of $38,133,811 and $14,361,962. Those amounts are not included in the auxiliary operating expenses below.

Revenues:	
Room contracts, net of scholarship allowances of $5,120,119	$ 34,016,238
Food service contracts, net of scholarship allowances of $7,940,455	52,623,815
Comprehensive fee, net of scholarship allowances of $14,219,384	94,220,870
Food service commissions	18,733,244
Parking fees and fines	5,270,478
Other student fees and sales and services	29,141,799
Total auxiliary enterprises revenues	$ 234,006,444

Expenses:	
Residential facilities	$ 27,194,327
Dining operations	68,061,816
Athletics	47,553,227
Parking services	4,626,255
Health services	5,576,045
Student unions	8,009,067
Student recreation	10,119,958
Other auxiliary activities	14,750,515
Total auxiliary activities expenses	$ 185,891,210

15. EXPENSES BY NATURAL CLASSIFICATIONS

The following table shows a classification of expenses for the year ended June 30, 2024, both by function as listed in the Statement of Revenues, Expenses, and Changes in Net Position and by natural classification, which is the basis for amounts shown in the Statement of Cash Flows.

	Compensation and Benefits	Services, Supplies and Utilities	Scholarships and Fellowships	Non-capitalized equipment, property and plant improvements	Depreciation and Amortization	Total
Instruction	$ 180,269,803	$ 15,743,638	$ -	$ 1,755,171	$ -	$ 197,768,612
Research	2,323,836	1,189,620	-	78,871	-	3,592,327
Public service	14,303,125	5,710,268	-	253,658	-	20,267,051
Academic support	38,134,538	5,961,979	-	13,211,235	-	57,307,752
Student services	23,155,731	5,679,769	-	734,807	-	29,570,307
Institutional support	29,752,501	5,788,185	-	1,020,842	-	36,561,528
Operation and maintenance-plant	21,843,184	17,596,871	-	5,054,371	-	44,494,426
Depreciation and Amortizaation	-	-	-	-	65,990,716	65,990,716
Student aid	-	-	19,583,792	-	-	19,583,792
Auxiliary activities	56,025,699	127,266,305	-	2,599,206	-	185,891,210
Total	$ 365,808,417	$ 184,936,635	$ 19,583,792	$ 24,708,161	$ 65,990,716	$ 661,027,721

16. STATE APPROPRIATIONS

The University receives state appropriations from the General Fund of the Commonwealth. The Appropriation Act specifies that such unexpended appropriations that remain on the last day of the current year, ending June 30, 2024, shall be re-appropriated for expenditure in the first month of the next year, beginning on July 1, 2024, except as may be specifically provided otherwise by the General Assembly. The Governor may, at his discretion, unallot funds from the re-appropriated balances that relate to unexpended appropriations.

During the year ending June 30, 2024 the following adjustments were made to the University's original appropriations:

Original legislative appropriation:	
Educational and general programs	$ 130,958,217
Student financial assistance	19,168,696
Mandated carryforward of FY2023 reversion	23,215,191
Maintain affordable access	5,384,000
Maintain affordable access - student financial assistance	2,917,000
Tech talent investment program	470,560
Online Virginia Network Authority	650,000
Supplemental adjustments:	
Central Fund appropriation transfers:	
Cost of compensation increases	13,811,966
Health insurance premium	667,671
Changes in contribution rates for retirement and benefits	22,251
Other central fund transfers	(66,157)
Other financial aid transfers	722,404
Other	48,872
Reversion to the General Fund - planned FY2024 carryforward	(31,812,167)
Adjusted appropriation	$ 166,158,504

17. CAPITAL APPROPRIATIONS AND CONTRIBUTIONS

Following are the capital appropriations and contributions recognized by the University from the Commonwealth for the year ending June 30, 2024:

Treasury reimbursement programs:	
VCBA 21st Century	$ 5,835,755
VCBA Equipment Trust Fund	2,290,417
Capital Project General Fund Appropriations	5,229,944
Total capital appropriations and contributions	$ 13,356,116

18. COMMITMENTS

At June 30, 2024, the University was a party to construction and other contracts totaling approximately $206,608,546 of which $100,218,674 has been incurred.

In December 2014, the University entered into a Memorandum of Understanding with the City of Harrisonburg, the Industrial Development Authority of the City of Harrisonburg, dpM Partners, LLC (the developer) and the James Madison University Foundation, to address the development, ownership, financing and operation of a 230-room hotel and conference center. As a part of this agreement, the University is leasing land located between Martin Luther King, Jr. Way and East Grace Street to the developer for an annual nominal rent payment for 50 years. The hotel and conference center opened in May 2018. The developer owns and operates the hotel and conference center. 300 of 1,021 spaces in the nearby Mason Street Parking Deck are available for the hotel.

The University is committed under various operating agreements for equipment and space. Those agreements that are long-term in nature and/or greater than $50,000 in value are classified separately in accordance with GASB Statement No. 87 – *Leases* (See Note 5 for details). Otherwise, leases short-term in nature and/or less significant in value are recorded as outflows of resources in the period to which they pertain. Rental expense related to these types of lease agreements was approximately $1,762,181 for the year ended June 30, 2024.

19. GRANTS AND CONTRACTS CONTINGENCIES

The University has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Claims against these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the University.

In addition, the University is required to comply with the various federal regulations issued by the Office of Management and Budget. Failure to comply with certain system requirements of these regulations may result in questions concerning the allowance of related direct and indirect charges pursuant to such agreements. As of June 30, 2024, the University estimates that no material liabilities will result from such audits or questions.

20. RISK MANAGEMENT AND EMPLOYEE HEALTH CARE PLANS

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. The University participates in insurance plans maintained by the Commonwealth. 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 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 University 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 ACFR.

21. FEDERAL DIRECT LENDING PROGRAM

The University participates in the Federal Direct Lending Program. Under this program, the University receives funds from the U.S. Department of Education for Stafford and Plus Parent Loan Programs and disburses these funds to eligible students. The funds can be applied to outstanding student account balances or refunded directly to the student.

These loan programs are treated as student payments with the University acting as a fiduciary agent for the student. Therefore, the receipt of the funds from the federal government is not reflected on the Statement of Revenues, Expenses and Changes in Net Position. The activity is included in the operating section of the Statement of Cash Flows. For the fiscal year ended June 30, 2024, cash provided and used by the program totaled $91,689,456.

22. SUBSEQUENT EVENTS

Subsequent events for both JMU and the JMU Foundation have been evaluated through October 9, 2024, the date the consolidated financial statements were available to be issued.

The two properties listed as "Land held for sale or future use" on the JMU Foundation's consolidated statements of financial position are currently under contract. Due diligence periods specified in the contracts expire within 90-180 days of fiscal year-end, with sale closings expected shortly thereafter. Both contracts' sales prices exceed the current book value of the property being sold.

The Foundation signed purchase agreements on August 13, 2024, to acquire land, warehousing space, and residential properties through an outright and bargain purchase sale negotiated with a major donor. The property will be leased to JMU, and the purchases will be financed through debt issuance. The sale is expected to close by October 2024.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER'S SHARE OF THE NET PENSION LIABILITY

VRS STATE EMPOYEE RETIREMENT PLAN

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's Proportion of the Net Pension Liability (Asset)	2.72693%	2.73029%	2.75193%	2.76228%	2.70274%	2.60653%	2.55125%	2.48665%	2.38118%	2.23926%
Employer's Proportionate Share of the Net Pension Liability (Asset)	$ 137,974,504	$ 123,912,027	$ 99,818,822	$ 200,123,255	$ 170,805,939	$ 141,108,000	$ 148,674,000	$ 163,889,000	$ 145,789,000	$ 125,362,000
Employer's Covered Payroll	$ 126,991,141	$ 118,196,853	$ 114,276,113	$ 115,844,068	$ 112,195,218	$ 106,622,132	$ 100,984,332	$ 96,387,707	$ 90,050,760	$ 85,089,890
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	108.65%	104.84%	87.35%	172.75%	152.24%	132.34%	147.22%	170.03%	161.90%	147.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.19%	83.26%	86.44%	72.15%	75.13%	77.39%	75.33%	71.29%	72.81%	74.28%

VALORS RETIREMENT PLAN

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's Proportion of the Net Pension Liability (Asset)	0.45351%	0.47651%	0.45703%	0.45034%	0.47326%	0.44065%	0.42201%	0.39940%	0.41071%	0.38856%
Employer's Proportionate Share of the Net Pension Liability (Asset)	$ 2,933,847	$ 3,016,439	$ 2,384,254	$ 3,521,129	$ 3,284,586	$ 2,746,000	$ 2,769,000	$ 3,092,000	$ 2,919,000	$ 2,620,000
Employer's Covered Payroll	$ 1,661,472	$ 1,608,849	$ 1,603,393	$ 1,665,382	$ 1,644,314	$ 1,511,584	$ 1,408,518	$ 1,378,784	$ 1,377,116	$ 1,333,379
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	176.58%	187.49%	148.70%	211.43%	199.75%	181.66%	196.59%	224.26%	211.96%	196.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.91%	74.41%	78.18%	65.74%	68.31%	69.56%	67.22%	61.01%	62.64%	63.05%

The amounts presented have a measurement date of the previous fiscal year end.

VRS STATE EMPOYEE RETIREMENT PLAN

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 20,265,789	$ 18,362,919	$ 17,091,265	$ 16,524,326	$ 15,662,118	$ 14,766,205	$ 14,037,842	$ 13,466,814	$ 13,331,290	$ 10,894,300
Contributions in relation to the contractually required contribution	20,265,789	18,362,919	17,091,265	16,524,326	15,662,118	14,766,205	14,037,842	13,466,814	13,331,290	10,894,300
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Employer's covered payroll	140,150,685	126,991,141	118,196,853	114,276,113	115,844,068	112,195,218	106,622,132	100,984,332	96,387,707	90,050,760
Contributions as a percentage of covered payroll	14.46%	14.46%	14.46%	14.46%	13.52%	13.16%	13.17%	13.34%	13.83%	12.10%

VALORS RETIREMENT PLAN

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 463,586	$ 408,722	$ 352,338	$ 351,143	$ 359,889	$ 356,383	$ 319,712	$ 296,567	$ 253,832	$ 243,989
Contributions in relation to the contractually required contribution	463,586	408,722	352,338	351,143	359,889	356,383	319,712	296,567	253,832	243,989
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Employer's covered payroll	1,884,496	1,661,472	1,608,849	1,603,393	1,665,382	1,644,314	1,511,584	1,408,518	1,378,784	1,377,116
Contributions as a percentage of covered payroll	24.60%	24.60%	21.90%	21.90%	21.61%	21.67%	21.15%	21.06%	18.41%	17.72%

JAMES MADISON UNIVERSITY
SCHEDULE OF EMPLOYER'S SHARE OF VRS AND DHRM POST-EMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS

OTHER POST EMPLOYMENT BENEFITS - VRS GROUP LIFE INSURANCE

	2024	2023	2022	2021	2020	2019	2018
Employer's Proportion of the Net OPEB Liability (Asset)	0.93097%	0.95322%	0.96724%	0.98637%	0.97557%	0.97157%	0.95484%
Employer's Proportionate Share of the Net OPEB Liability (Asset)	11,165,248	11,477,688	11,261,298	16,460,901	15,875,121	14,755,000	14,370,000
Employer's Covered Payroll	$ 217,055,741	$ 205,443,889	$ 198,462,222	$ 202,999,253	$ 189,732,328	$ 179,323,377	$ 170,718,914
Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	5.14%	5.59%	5.67%	8.11%	8.37%	8.23%	8.42%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

OTHER POST EMPLOYMENT BENEFITS - VRS HEALTH INSURANCE CREDIT PLAN

	2024	2023	2022	2021	2020	2019	2018
Employer's Proportion of the Net OPEB Liability (Asset)	2.66878%	2.73202%	2.76635%	2.81430%	2.79920%	2.73750%	2.71863%
Employer's Proportionate Share of the Net OPEB Liability (Asset)	21,927,265	22,379,965	23,362,950	25,835,445	25,838,610	24,973,000	$ 24,753,000
Employer's Covered Payroll	$ 218,331,518	$ 206,623,571	$ 201,095,268	$ 202,758,881	$ 189,732,328	$ 179,323,377	$ 170,718,914
Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	10.04%	10.83%	11.62%	12.74%	13.62%	13.93%	14.50%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	25.46%	21.52%	19.75%	12.02%	10.56%	9.51%	8.03%

OTHER POST EMPLOYMENT BENEFITS - VRS SICKNESS AND DISABILITY PLAN

	2024	2023	2022	2021	2020	2019	2018
Employer's Proportion of the Net OPEB Liability (Asset)	2.43971%	2.43894%	(2.43057%)	(2.43058%)	(2.40915%)	(2.30943%)	(2.27373%)
Employer's Proportionate Share of the Net OPEB Liability (Asset)	(7,706,512)	(7,198,592)	(8,378,671)	(5,364,006)	(4,726,638)	(5,202,000)	$ (4,668,000)
Employer's Covered Payroll	$ 122,525,410	$ 110,952,623	$ 105,358,852	$ 105,325,358	$ 94,202,520	$ 88,019,605	$ 82,713,915
Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	(6.29%)	(6.49%)	(7.95%)	(5.09%)	(5.02%)	(5.91%)	(5.64%)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	199.05%	195.90%	229.01%	181.88%	167.18%	194.74%	186.63%

OTHER POST EMPLOYMENT BENEFITS - VRS LINE OF DUTY ACT

	2024	2023	2022	2021	2020	2019	2018
Employer's Proportion of the Net OPEB Liability (Asset)	0.20038%	0.23608%	0.25009%	0.27524%	0.16828%	0.16512%	0.15782%
Employer's Proportionate Share of the Net OPEB Liability (Asset)	803,322	893,458	1,102,875	1,152,748	603,765	518,000	$ 415,000
Employer's Covered-Employee Payroll	$ 2,197,355	$ 2,015,823	$ 1,893,518	$ 2,009,937	$ 1,681,778	$ 1,538,722	$ 1,600,113

Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll	36.56%	44.32%	58.24%	57.35%	35.90%	33.66%	25.94%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.31%	1.87%	1.68%	1.02%	0.79%	0.60%	1.30%

OTHER POST EMPLOYMENT BENEFITS - DHRM PRE-MEDICARE RETIREES PROGRAM

	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Employer's Proportion of the Collective Total OPEB Liability (Asset)	3.63178%	3.63963%	3.62232%	3.64059%	3.57353%	3.46293%	3.41632%
Employer's Proportionate Share of the Collective Total OPEB Liability (Asset)	12,780,936	13,227,004	16,260,296	20,708,551	24,260,004	34,824,640	$ 44,374,693
Employer's Covered-Employee Payroll	$ 208,359,084	$ 194,278,820	$ 187,905,619	$ 187,408,920	$ 176,974,664	$ 169,510,476	$ 161,869,196
Employer's Proportionate Share of the Collective Total OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll	6.13%	6.81%	8.65%	11.05%	13.71%	20.54%	27.41%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only seven years of data are available. However, additional years will be included as they become available.

The amounts presented have a measurement date of the previous fiscal year end.

VRS OTHER POST EMPLOYMENT BENEFITS:

GROUP LIFE INSURANCE	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 1,269,589	$ 1,172,101	$ 1,109,397	$ 1,071,696	$ 1,059,821	$ 1,001,769	$ 963,513
Contributions in relation to the contractually required contribution	1,269,589	1,172,101	1,109,397	1,071,696	1,059,821	1,001,769	963,513
Contribution deficiency (excess)	-	-	-	-	-	-	-
Employer's covered payroll	235,109,074	217,055,741	205,443,889	198,462,222	202,999,253	189,732,328	179,323,377
Contributions as a percentage of covered payroll	0.54%	0.54%	0.54%	0.54%	0.52%	0.53%	0.54%

HEALTH INSURANCE CREDIT	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 2,649,948	$ 2,445,313	$ 2,314,184	$ 2,252,267	$ 2,363,094	$ 2,232,104	$ 2,164,740
Contributions in relation to the contractually required contribution	2,649,948	2,445,313	2,314,184	2,252,267	2,363,094	2,232,104	2,164,740
Contribution deficiency (excess)	-	-	-	-	-	-	-
Employer's covered payroll	236,602,500	218,331,518	206,623,571	201,095,268	202,758,881	189,732,328	179,323,377
Contributions as a percentage of covered payroll	1.12%	1.12%	1.12%	1.12%	1.17%	1.18%	1.21%

VRS SICKNESS AND DISABILITY PROGRAM	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 848,242	$ 747,405	$ 676,811	$ 642,689	$ 652,987	$ 603,687	$ 597,171
Contributions in relation to the contractually required contribution	848,242	747,405	676,811	642,689	652,987	603,687	597,171
Contribution deficiency (excess)	-	-	-	-	-	-	-
Employer's covered payroll	139,056,066	122,525,410	110,952,623	105,358,852	105,325,358	94,202,520	88,019,605
Contributions as a percentage of covered payroll	0.61%	0.61%	0.61%	0.61%	0.62%	0.64%	0.68%

LINE OF DUTY ACT	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution*	$ 34,902	$ 26,592	$ 32,515	$ 34,431	$ 37,406	$ 22,585	$ 17,588
Contributions in relation to the contractually required contribution	34,902	26,592	32,515	34,431	37,406	22,585	17,588
Contribution deficiency (excess)	-	-	-	-	-	-	-
Employer's covered-employee payroll*	2,407,127	2,197,355	2,015,823	1,893,518	2,009,937	1,681,778	1,538,722
Contributions as a percentage of covered-employee payroll	1.45%	1.21%	1.61%	1.82%	1.86%	1.34%	1.14%

** The contributions for the Line of Duty Act Program are based on the numbers of participants in the program using a per capita-based contribution versus a payroll-based contribution. Therefore, a covered - employee payroll is a more relevant measure, which is the total payroll of employees in the OPEB plan.*

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only seven years of data are available. However, additional years will be included as they become available.

1. PENSION:

CHANGES OF BENEFIT TERMS

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

CHANGES OF ASSUMPTIONS

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions for the VRS - State Employee Retirement Plan as a result of the experience study and VRS Board action are as follows:

VRS Changes

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

VaLORS Changes

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70

Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

2. OTHER POST-EMPLOYMENT BENEFITS (OPEBS)

VIRGINIA RETIREMENT SYSTEM

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

General State Employees (all VRS OPEB programs)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate (LODA N/A)	No change

Teachers (GLI only)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

SPORS Employees (all VRS OPEB programs)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy (VSDP and LODA only). For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service; changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate (LODA N/A)	No change

VaLORS Employees (all VRS OPEB programs)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy (VSDP and LODA only). For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each age and service (decrement (VSDP and LODA)) through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate (LODA N/A)	No change

JRS Employees (GLI and HIC only)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Decreased rates for ages 60-66 and 70-72
Withdrawal Rates	No change
Disability Rates	No change
Salary Scale	Reduce increases across all ages by 0.50%
Discount Rate	No change

Largest Ten Locality Employers - General Employees (GLI only)

Mortality Rates (Pre-retirement, post-retirement healthy, and	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a

disabled)	modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Largest and Non-Largest Ten Locality Employers With Public Safety Employees (LODA only)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Largest 10 employers: Decreased rates Non-Largest 10 employers: Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

Non-Largest Ten Locality Employers - General Employees (GLI only)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Largest Ten Locality Employers – Hazardous Duty Employees (GLI only)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020

Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers – Hazardous Duty Employees (GLI only)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

VIRGINIA DEPARTMENT OF HUMAN RESOURCE MANAGEMENT (DHRM)

There are no assets accumulated in a trust to pay related benefits.

Changes of benefit terms – There have been no changes to the benefit provisions since the prior actuarial valuation.

Changes of assumptions – There were not any changes in assumptions since the June 30, 2022, measurement date. The following remained constant since the prior measurement date:

- Spousal Coverage – rate remained at 20%
- Retiree Participation – rate remained at 35%

Retiree participation was based on a blend of recent experience and the prior year assumptions.

The trend rates were updated based on economic conditions as of June 30, 2023. Additionally, the discount rate was increased from 3.54% to 3.65% based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2023.

INDEPENDENT AUDITOR’S REPORT ON FINANCIAL STATEMENTS

Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

March 25, 2025

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Visitors
James Madison University

Charlie King
Interim President, James Madison University

INDEPENDENT AUDITOR'S REPORT

Report on Financial Statements

Opinions

We have audited the financial statements of the business-type activities and discretely presented component unit and remaining fund information of **James Madison University** (University), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of another auditor, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit and remaining fund information of the University as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the discretely presented component unit of the University, which is discussed in Note 1. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit of the University, is based solely on the report of the other auditor.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the component unit of the University that were audited by another auditor upon whose report we are relying were not audited in accordance with Government Auditing Standards.

Emphasis of Matters

Change in Accounting Principle

As discussed in Note 1 of the accompanying financial statements, the University implemented Governmental Accounting Standards Board (GASB) Implementation Guide 2021-1 Question 5.1, related to capitalizing groups of assets. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements: Management's Discussion and Analysis on pages 1 through 13; the Schedule of Employer's Share of Net Pension Liability, the Schedule of Employer Contributions, the Schedule of Employer's Share of VRS and DHRM Post-Employment Benefit Plans Other than Pensions, the Schedule of Employer Contributions – OPEBS, and the Notes to Required Supplementary Information for Pensions and Other Post-Employment Benefits on pages 102 through 111. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 25, 2025, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the University's internal control over financial reporting and compliance.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

MBR/clj

JAMES MADISON UNIVERSITY

OFFICERS

Jonathan R. Alger
President

Towana H. Moore
Vice President for Administration and Finance

Mark W. Angel
Associate Vice President for Finance