

**GEORGE MASON UNIVERSITY**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**JUNE 30, 2024**



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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)

## Introduction

We are pleased to present this *Management’s Discussion and Analysis* (MD&A) for George Mason University (“University” or “George Mason”). The MD&A is intended to make the University’s financial statements easier to understand and to communicate George Mason’s financial situation in an open and accountable manner. This section of the financial report provides an objective discussion and analysis of the financial performance of the University for the fiscal years ended June 30, 2024 (FY 2024) and June 30, 2023 (FY 2023). The MD&A provides an analysis of George Mason’s financial activities based on currently known facts, decisions, or existing conditions. University Management is responsible for completeness and fairness of this discussion and analysis, the financial statements, and related footnote disclosures.

## Financial Highlights

The University’s net position increased by \$144.0 million or 12 percent in FY 2024, compared to an increase of \$60.4 million or 5 percent in FY 2023. The majority of this increase is attributable to continued investment in campus facilities supported by nonoperating resources such as capital appropriations from the Commonwealth and gifts.

Operating activities reflect continued expansion in research and auxiliary revenues, along with growth in corresponding expenses to deliver those programs. Enrollment has remained strong with record class sizes, but tuition revenue growth has been moderated by increased financial aid awards supporting access and affordability goals. Operating expenses also grew due to inflation and budgetary pressures of hiring and retaining faculty and staff with market-competitive salaries while also investing in student services, academic support, and technology and infrastructure to increase operational efficiency. In addition to operating revenues, these operating expenses are also supported by growth in state appropriations as well as the University’s efforts to diversify revenues with increased financial investment activity in FY 2024 and acquisition of revenue-generating real estate assets.

Of particular note was the University’s acquisition of Vernon Smith Hall (VSH) on the Mason Square campus from the GMU Foundation in November 2023. Deploying unrestricted cash reserves to acquire this facility (which was partially leased by the University for operations) resulted in a reduction of the University’s operating expenses for leased space while simultaneously generating additional income from rental and parking operations of the building. The transaction also allowed GMUF to retire outstanding debt related to the building, resulting in a reduction of interest expense and long-term debt of the consolidated entity. The transaction is more fully described in Notes 23.F and 26 of the Notes to the Financial Statements.

<b><u>Changes in Revenues, Expenses, and Net Position (\$ in millions)</u></b>				
	<b>FY 2024</b>		<b>FY 2023</b>	
Operating Revenues	\$69.2	9%	\$13.3	2%
Operating Expenses	\$100.7	9%	\$81.2	8%
Net Nonoperating Activities	\$122.0	36%	\$(14.6)	-4%
Net Other Activities	\$(25.7)	-34%	\$30.5	68%
Net Position	\$144.0	12%	\$60.4	5%

Beyond operational changes, the FY 2024 financial statements also include a change in accounting and financial reporting standards. During FY 2024, the University implemented guidance from GASB Implementation Guide No. 2021-1, Question 5.1. This guidance requires the University to capitalize assets whose individual acquisition costs are less than the \$5,000 threshold for individual asset capitalization if those assets are significant in the aggregate. The guidance is applied retroactively with a restatement of beginning net position for assets purchased in prior fiscal years. Capitalizing assets that met this definition resulted in a beginning net position restatement of \$18.8 million (\$36.5 million in equipment offset by \$17.7 million in accumulated depreciation).

## **Overview of the Financial Statements**

Following is a high-level discussion of the University's primary financial statements with comparisons to the prior year. Since this presentation includes highly summarized data, it should be read in conjunction with the financial statements, which have the following parts:

- The ***Statement of Net Position*** presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University as of the end of the University's fiscal year (June 30). Its purpose is to present a financial snapshot of the University's financial position at a point in time. This statement aids readers in determining the assets available to continue the University's operations. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the University is improving or deteriorating.
- The ***Statement of Revenues, Expenses and Changes in Net Position*** presents the total revenues earned and expenses incurred by the University for operating, nonoperating, and other related activities during a period of time (the fiscal year ended June 30). Its purpose is to identify the components leading to the change in net position during the fiscal year, including operating activities, nonoperating items, and other activities.
- The ***Statement of Cash Flows*** presents the University's cash receipts and payments during a period of time (the fiscal year ended June 30). Its purpose is to assess the University's ability to generate cash flows and meet its payment obligations as they come due.
- ***Notes to the Financial Statements*** present additional information to support the financial statements and are commonly referred to as Notes. Their purpose is to clarify and expand on the information in the financial statements. Notes are referenced in this discussion to indicate where details of the financial highlights may be found.

## Financial Analysis

The financial analysis below can be combined with relevant nonfinancial indicators to assess the overall health of the University.

### Statement of Net Position

A summary of the University's *Statement of Net Position* at June 30, 2024, and June 30, 2023, follows:

<b>Condensed Statement of Net Position (\$ in thousands)</b>				
	<b>June 30, 2024</b>	<b>June 30, 2023</b>	<b>Dollar Change</b>	<b>Percent Change</b>
<b>Assets:</b>				
Current assets	\$721,167	\$876,262	\$(155,095)	-18%
Capital assets, net	1,492,903	1,349,862	143,041	11%
Other noncurrent assets	195,876	70,250	125,626	179%
<b>Total Assets</b>	<b>2,409,946</b>	<b>2,296,374</b>	<b>113,572</b>	<b>5%</b>
<b>Deferred Outflows of Resources</b>	<b>89,399</b>	<b>74,345</b>	<b>15,054</b>	<b>20%</b>
<b>Total Assets &amp; Deferred Outflows</b>	<b>2,499,345</b>	<b>2,370,719</b>	<b>128,626</b>	<b>5%</b>
<b>Liabilities:</b>				
Current liabilities	286,454	309,559	(23,105)	-7%
Noncurrent liabilities	779,358	748,983	30,375	4%
<b>Total Liabilities</b>	<b>1,065,812</b>	<b>1,058,542</b>	<b>7,270</b>	<b>1%</b>
<b>Deferred Inflows of Resources</b>	<b>70,759</b>	<b>93,433</b>	<b>(22,674)</b>	<b>-24%</b>
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>1,136,571</b>	<b>1,151,975</b>	<b>(15,404)</b>	<b>-1%</b>
<b>Net Position:</b>				
Net investment in capital assets	1,039,997	820,656	219,341	27%
Restricted: nonexpendable	7,167	7,167	-	0%
Restricted: expendable	40,688	36,504	4,184	11%
Unrestricted	274,922	354,417	(79,495)	-22%
<b>Total Net Position</b>	<b>\$1,362,774</b>	<b>\$1,218,744</b>	<b>\$144,030</b>	<b>12%</b>

### Assets

Assets are resources owned by the University that are measured at current or fair value, except for capital assets, which are stated at historical cost less an allowance for depreciation and amortization. Total assets increased by \$113.6 million during FY 2024 due to the below factors.

Current assets decreased \$155.1 million, primarily due to the use of cash for the acquisition of VSH and investing available cash balances which are locally managed. In November 2023, the University launched an investment pool dubbed the *Patriot Investment Fund* to maximize return on the funds held outside of the state treasury.

An increase in net capital assets of \$143.0 million as a result of the following:

- Land increased by \$10.6 million due to purchases in Arlington adjacent to the Mason Square campus, including VSH.

- Construction-in-Progress increased by \$148.8 million as a result of continued construction on FUSE at Mason Square, Life Sciences and Engineering Building and Aquatic Fitness Center renovation projects.
- Buildings increased by \$48.2 million primarily due to the purchase of VSH (see Note 26) and another building in Arlington. As a result of the VSH acquisition, Right-to-use Lease Assets, Buildings, decreased by \$35.8 million due to the lease termination.
- Equipment increased by \$51.9 million. \$15.4 million of the increase is attributable to FY 2024 purchases for classrooms and labs, while \$36.5 million is due to the restatement for aggregate assets purchased in previous years described above.
- Right-to-use subscription assets increased by \$11.8 million for new and renewal subscriptions to access vendor-provided IT software.
- Capital assets are offset by an increase of \$94.3 million in accumulated depreciation and amortization.

An increase in other noncurrent assets of \$125.6 million, primarily due to the University having increased its investment activity during FY 2024 with the launch of the *Patriot Investment Fund* described above.

#### Deferred Outflows of Resources

Deferred Outflows of Resources are a consumption of net position that are applicable to a future reporting period. The \$15.1 million increase is related mostly to pensions and arise from the difference between projected and actual earnings on pension plan investments, changes in assumptions, and an increase in employer contributions during FY 2024.

#### Liabilities

Liabilities are amounts the University owes to others or resources it has collected from others before the University has provided services. Total liabilities increased by \$7.3 million during FY 2024. This change included a decrease in current liabilities of \$23.1 million, offset by an increase in noncurrent liabilities of \$30.4 million. A decrease in Unearned revenue was the primary driver reducing current liabilities and was due to the expenditure of funds during FY 2024 that had been advanced by the federal government in FY 2023 for a contract. An increase in the pension liability was the primary cause of the increase in noncurrent liabilities.

#### Deferred Inflows of Resources

Deferred Inflows of Resources are an acquisition of net position that are applicable to a future reporting period. The \$22.7 million decrease is attributable mainly to:

- Deferred inflows of resources related to pension and OPEB decreased by \$16.2 million and \$9.9 million, respectively. The decreases were primarily due to the difference between projected and actual earnings on plan investments and differences between expected and actual experience.
- Deferred inflows of resources related to leases increased by \$4.6 million. These relate to leases receivable for university space.

#### Net Position

Net position is the excess of the University's total assets/deferred outflows over total liabilities/deferred inflows and is divided into three categories.

- "Net investment in capital assets" provides the University's equity in the property, plant and equipment that it owns or leases.

- “Restricted net position” includes amounts that have been restricted as to use by an external party and is further broken down into nonexpendable and expendable. Restricted nonexpendable net position consists of endowments and similar funds in which the principal is to be maintained inviolate and in perpetuity. Restricted expendable net position is available for expenditure but must be spent as determined by external entities that have placed purpose restrictions on the use of the assets.
- “Unrestricted net position” is available to the University for any lawful purpose of the institution.
- Total net position increased by \$144.0 million in FY 2024, which is due to:
  - \$219.3 million increase in net investment in capital assets including capital appropriations and gifts to support construction projects, as well as use of unrestricted university funds for capital acquisitions and projects.
  - \$4.2 million increase in restricted expendable net position.
  - Offset by a decrease of \$79.5 million in unrestricted net position from use of unrestricted funds for investment in capital assets and net unrestricted operating and nonoperating activities.

### Capital Asset and Debt Administration

Development and renewal of capital assets is one of the critical factors in sustaining the high quality of the University’s academic, research, and residential life functions. The University continues to maintain and upgrade current structures, and to add new facilities.

Note 6 of the Notes to Financial Statements describes the University’s cumulative investment in capital assets, with \$2.62 billion in capital assets, less accumulated depreciation and amortization of \$1.13 billion for net capital assets of \$1.49 billion. Depreciation and amortization expense increased by \$8.9 million over the prior year to \$99.3 million. The following table summarizes the University’s capital assets, net of accumulated depreciation and amortization, as of June 30, 2024 and June 30, 2023:

<b>Capital Assets, Net (\$ in thousands)</b>				
	<b>June 30, 2024</b>	<b>June 30, 2023</b>	<b>Dollar Change</b>	<b>Percent Change</b>
Land	\$39,544	\$28,931	\$10,613	37%
Construction in Progress	243,827	95,057	148,770	157%
Works of Art & Historical Treasures	5,645	5,017	628	13%
Buildings	984,701	991,312	(6,611)	-1%
Improvements	3,891	4,688	(797)	-17%
Infrastructure	81,376	84,104	(2,728)	-3%
Equipment	82,210	55,692	26,518	48%
Library Materials	7,785	8,911	(1,126)	-13%
Intangibles:				
Computer Software	254	468	(214)	-46%
Right-to-use lease assets:				
Buildings	16,590	46,452	(29,862)	-64%
Equipment	2,589	2,622	(33)	-1%
Right-to-use Subscription assets	24,491	26,608	(2,117)	-8%
<b>Total Capital Assets, Net</b>	<b>\$1,492,903</b>	<b>\$1,349,862</b>	<b>\$143,041</b>	<b>11%</b>

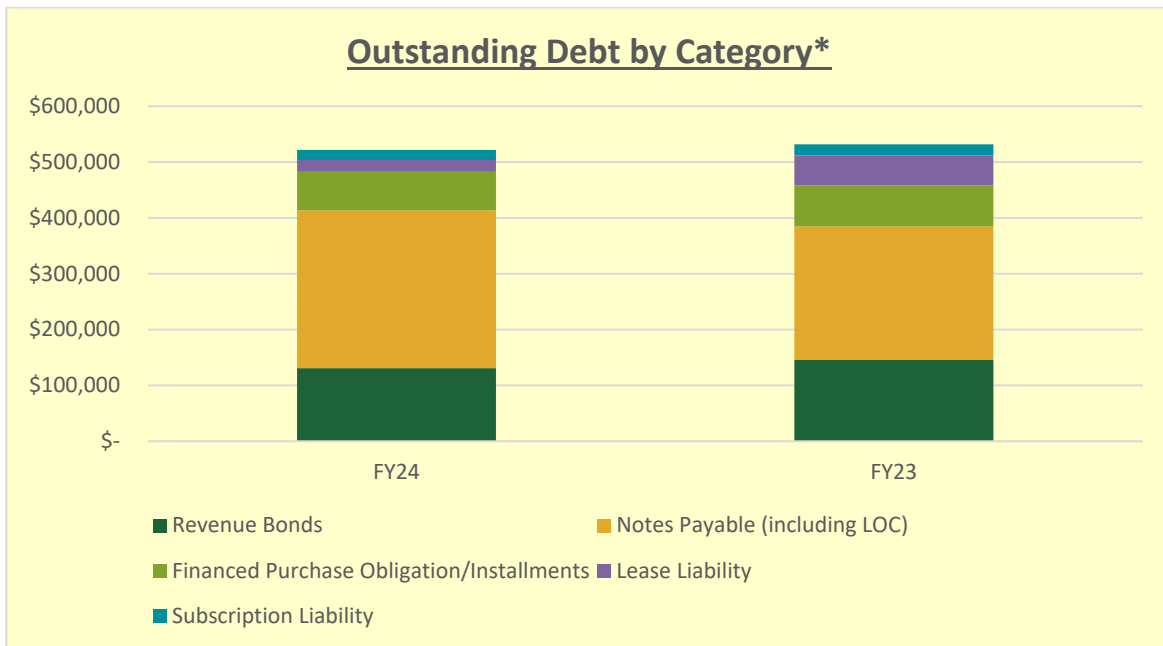
Construction in Progress at June 30, 2024 increased primarily due to three large projects. The largest project is FUSE at Mason Square. It will house a mix of university R&D and related education programs, as well as corporate innovation labs, incubators, accelerators, co-working facilities, retail, a parking garage, and enhanced public spaces. The project incorporates state of the art smart and green building technologies, as well as advanced cyberinfrastructure essential to advance the digital innovation goals of universities, industry, and community innovators who will use the FUSE facilities. It is expected to be substantially complete in July 2025.



Also accumulating costs in Construction in Progress is the Life Sciences and Engineering Building project at the SciTech Campus. The building’s design focuses on George Mason’s growth and need for highly specialized instructional labs, classrooms, and support spaces. The project supports the increasing graduate level curricula in science, technology, engineering and health. Substantial completion is expected in January 2025.

The Aquatic Fitness Center on the Fairfax Campus is also undergoing significant renovations. Constructed in 1988, the facility required updates to the HVAC system, fire alarm, elevator, roofing, and other aging components. Renovations are expected to be complete in September 2024.

Financial stewardship requires the effective management of resources, including the use of long-term debt to finance capital projects. Notes 9-14 of the Notes to Financial Statements describe changes in the University’s long-term debt. At June 30, 2024, the University had \$521.7 million in outstanding long-term debt. The debt primarily consists of bonds and notes issued to finance major construction projects such as student housing, student activity centers and parking garages. During FY2024, the University drew \$68 million from a line of credit with a local bank. Funds have been invested until required for capital projects. The following graph illustrates debt by category:



\* In thousands

Long-term debt outstanding decreased by \$10.1 million in FY 2024, as compared to a decrease of \$5.7 million in FY 2023. Principal payments on revenue bonds, notes payable, financed purchase obligations, installments, lease liability and subscription liability reduced debt by \$61.8 million. Long-term debt was also reduced by \$32.5 million with the termination of the VSH lease. These reductions were offset by additions to the lease liability and subscription liability of \$3.9 million and \$12.4 million, respectively, and the addition of \$68 million notes payable related to the line of credit draw.

Contractual commitments for capital outlay projects under construction at year end decreased from \$191.2 million in FY 2023 to \$61.7 million in FY 2024. This decrease is attributable to nearing completion on the FUSE at Mason Square and Life Sciences and Engineering projects. These obligations are for future efforts and therefore have not been accrued as expenses or liabilities on the University’s financial statements.

## Statement of Revenues, Expenses, and Changes in Net Position

The *Statement of Revenues, Expenses and Changes in Net Position* presents the University's operating revenues earned, operating expenses incurred and all other revenues, expenses, gains and losses during the fiscal year.

A summary of the University's *Statement of Revenues, Expenses, and Changes in Net Position* follows:

<b>Condensed Statement of Revenues, Expenses, and Changes in Net Position (\$ in thousands)</b>				
	<b>For the Year Ended</b>		<b>Dollar</b>	<b>Percent</b>
	<b>June 30, 2024</b>	<b>June 30, 2023</b>	<b>Change</b>	<b>Change</b>
<b>Operating Revenues:</b>				
Student tuition and fees, net of allowances	\$363,345	\$360,309	\$3,036	1%
Grants and contracts	233,464	198,197	35,267	18%
Auxiliary enterprises and other	248,991	218,055	30,936	14%
<b>Total Operating Revenues</b>	<b>845,800</b>	<b>776,561</b>	<b>69,239</b>	<b>9%</b>
<b>Operating Expenses:</b>				
Educational and general	970,754	898,617	73,137	8%
Depreciation and amortization	99,268	90,396	8,872	10%
Auxiliary enterprises	160,799	141,069	19,730	14%
<b>Total Operating Expenses</b>	<b>1,230,821</b>	<b>1,130,082</b>	<b>100,739</b>	<b>9%</b>
<b>Operating Income (loss)</b>	<b>(385,021)</b>	<b>(353,521)</b>	<b>(31,500)</b>	<b>-9%</b>
<b>Nonoperating revenues and expenses (net)</b>	<b>460,541</b>	<b>338,569</b>	<b>121,972</b>	<b>36%</b>
<b>Income (loss) before other revenue/expense/gain/loss</b>	<b>75,520</b>	<b>(14,952)</b>	<b>90,472</b>	<b>605%</b>
<b>Other revenue/expense/gain/loss</b>	<b>49,688</b>	<b>75,340</b>	<b>(25,652)</b>	<b>-34%</b>
<b>Net increase in net position</b>	<b>125,208</b>	<b>60,388</b>	<b>64,820</b>	<b>107%</b>
Net position at beginning of year	1,218,744	1,158,356	60,388	5%
Beginning balance restatement	18,822 **	-	18,822	100%
<b>Net position at beginning of year, restated</b>	<b>1,237,566</b>	<b>1,158,356</b>	<b>79,210</b>	<b>7%</b>
<b>Net position at end of year</b>	<b>\$1,362,774</b>	<b>\$1,218,744</b>	<b>\$144,030</b>	<b>12%</b>

\*\* See Notes 1.X., 6, and 25

### Operating Revenues

Operating revenues are earned for providing goods and services to the students and other constituencies of the institution. Total operating revenues, consisting primarily of tuition and fees, grants and contracts, and auxiliary enterprises, increased by \$69.2 million from the prior year, as detailed below:

- Student tuition and fees, net of scholarship allowances, increased by \$3.0 million.
- As a result of the University's focus on research, innovation and economic impact, revenue from grants and contracts increased by \$35.3 million. Areas of research growth included in social sciences, computer and information science, and engineering.
- The \$30.9 million increase in auxiliary enterprises and other revenue was primarily the result of increased use of on-campus auxiliary facilities and programs, increased room and board rates, and rental revenue from properties acquired in late FY 2023 and early FY 2024.

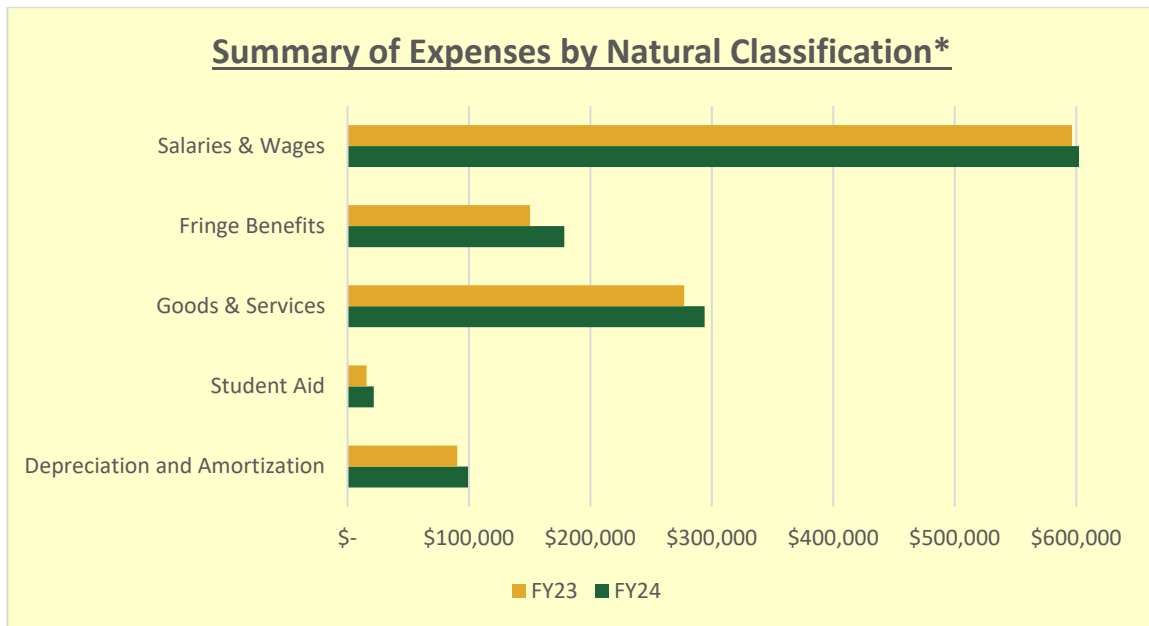
Total scholarships and fellowships, which is the sum of scholarship allowances and student aid expense, increased by \$37.8 million to \$273.0 million in FY 2024. The increase is a result of the University’s commitment to access and affordability by providing financial assistance to promote graduation success, supported in part by increased state appropriations restricted to financial aid awards.

Operating Expenses

Operating expenses are those expenses incurred to acquire or produce the goods and services to carry out the mission of the institution provided in return for the operating revenues. Total operating expenses increased by \$100.7 million as compared to FY 2023, mainly due to the following:

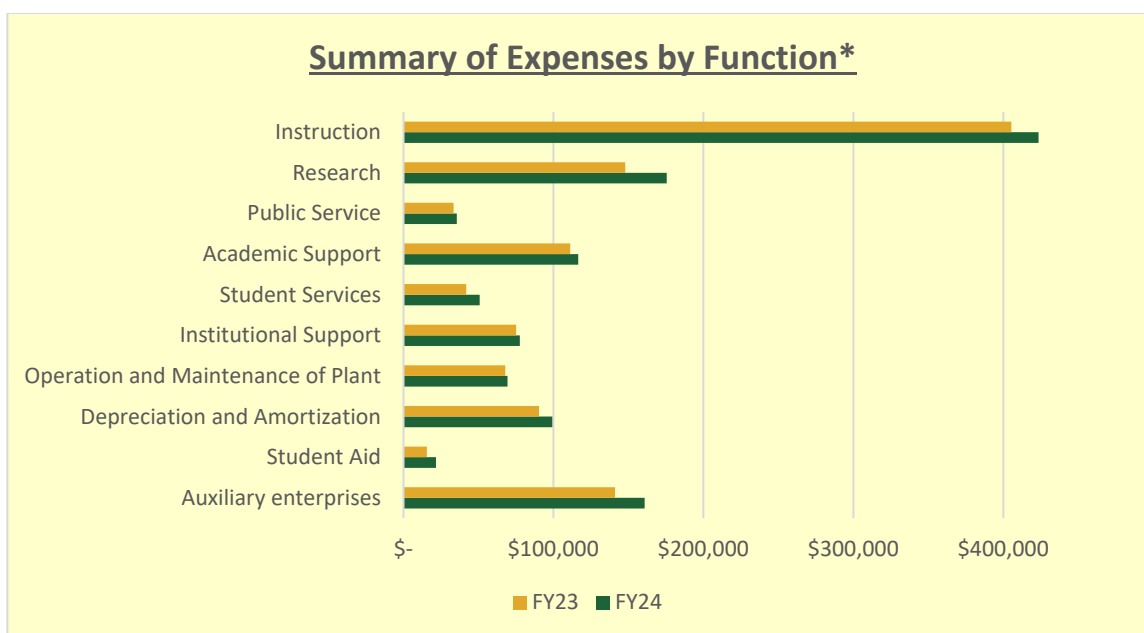
- Increase of \$40.8 million in salaries and wages, as a result of state-mandated salary increases as well as hiring additional and open positions at market rates.
- Increase of \$28.2 million in fringe benefits, as a result of the compensation increases described above and pension and OPEB expense.
- Increase in the purchase of goods and services of \$16.8 million, mainly as a result of research subaward agreements and investments for efficient operations in technology and infrastructure.
- \$8.9 million increase in depreciation and amortization expense as a result of increases in capital assets and aggregate assets implementation.
- Increase in student aid expense of \$6.0 million, resulting from the University’s commitment to affordable access.

Note 16 of the Notes to Financial Statements describes the University’s classification of operating expenses both by functional and natural classification. The following graphs depict a two-year comparison of expenses by both classifications.



\* In thousands

While the total operating expenses increased by \$100.7 million, on a functional basis, Instruction, Research, and Auxiliary Enterprises experienced the largest increases, primarily in the area of compensation and benefits. There was also a significant increase in contractual services within Research as noted above and below.



\* In thousands

### Nonoperating and Other Revenues, Expenses, Gains and Losses

Nonoperating revenues are revenues received for which goods and services are not provided to the resource provider in exchange, such as gifts and governmental support. Nonoperating revenues net of nonoperating expenses increased by \$122.0 million, primarily due to a \$58.2 million increase in state general fund appropriations, a \$53.7 million increase in gifts, and a \$10.5 million increase in interest revenue due to increased investing activities.

While the Operating Income (Loss) depicts a \$31.5 million larger loss in FY 2024, an important number to note in the *Statement of Revenues, Expenses, and Changes in Net Position* is “Income/(loss) before other revenues, expenses, gains or losses” because this number is a better representation of the true operating results of the University. This number includes other non-capital revenues such as state appropriations which are intended to fund operating expenses. These items are reported separately from other operating results due to GASB’s reporting requirements, but from a financial perspective should be combined to understand operating results. In FY 2024, “Income/(loss) before other revenues, expenses, gains or losses” was \$75.5 million net income, as compared to \$(14.9) million net loss in FY 2023.

The final category on the *Statement of Revenues, Expenses, and Changes in Net Position* is called Other revenues, expenses, gains and losses which generally includes capital-related items. This category decreased by \$25.7 million from FY 2023. Capital appropriations from the Virginia College Building Authority 21<sup>st</sup> Century capital reimbursement program increased by \$13.1 million in FY 2024 as the Life Sciences and Engineering Building project continued construction. Capital grants and gifts also increased by \$5.7 million. The University purchased Vernon Smith Hall from the George Mason University Foundation (GMUF) during FY 2024 and recorded land, building and equipment at GMUF’s net book value as of the date of purchase. The difference between

the price paid for the capital assets and the net book value of the assets caused a decrease in this category, offsetting the increases mentioned above.

### Statement of Cash Flows

The *Statement of Cash Flows* provides information about the University’s financial results by reporting the major sources and uses of cash and cash equivalents. This statement assists in evaluating the University’s ability to generate cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows are reported in four groupings:

- **Cash flows from operating activities** show the net cash used by the operating activities of the University. Due to the categorization of operating and nonoperating expenses by GASB, cash flows from operating activities typically reflect a net use of cash.
- **Cash flows from noncapital financing activities** is a major funding source for operating expenses and includes state appropriations, federal Pell grants, donations and other activities not covered in the other sections.
- **Cash flows from capital financing activities** include cash outflows to purchase or construct capital assets and related long-term debt activities.
- **Cash flows from investing activities** show the net source and use of cash related to purchasing or selling investments, and earning income on those investments.

A summary of the University’s *Statement of Cash Flows* follows:

<b>Condensed Statement of Cash Flows (\$ in thousands)</b>		
	<b>June 30, 2024</b>	<b>June 30, 2023</b>
<b>Cash Provided (Used) by:</b>		
Operating activities	(315,339)	(\$251,022)
Noncapital financing activities	507,229	351,480
Capital financing activities	(244,995)	(111,146)
Investing activities	(106,148)	15,620
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(159,253)</b>	<b>4,932</b>
Cash and Cash Equivalents, Beginning of Year	710,627	705,695
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$551,374</b>	<b>\$710,627</b>

### Economic Outlook

George Mason is the largest and most diverse 4-year public university in the Commonwealth of Virginia. Despite enrollment pressures on higher education nationally, George Mason has continued to grow, enrolling more than 40,000 students in Fall 2024 and welcoming the largest and most diverse incoming freshman class in the University’s history. The incoming undergraduate class, freshmen and transfers combined, also reached an all-time high for George Mason. In addition to enrolling a larger number of students, the University is seeing an increase in the quality of students coming to George Mason. The number of students with a high school GPA of 4.0+ has increased to 27% of the Fall 2024 entering freshman class, and more than 70% of the entering class has a GPA of 3.5 or above.

While some parts of the country are already experiencing the “enrollment cliff” precipitated by declining numbers of high schools graduates, the number of Northern Virginia (NoVA) high school graduates is expected

to continue rising through 2026 before leveling off. With more than 80% of George Mason's students coming from NoVA, the University expects at least 2 additional years of enrollment growth. George Mason anticipates increased regional competition as other institutions recruit from and establish branch locations in NoVA but also recognizes that as an institution committed to access, George Mason admits and enrolls a broader cross-section of students than most other universities. Innovative programs such as ADVANCE partnerships with several local community colleges, as well as direct admission for qualified graduating high school seniors who might not otherwise pursue higher education, will continue to make George Mason a viable opportunity for more students, helping insulate the University's enrollment from increased regional competition and potential population shifts. The University is working towards expanding direct entry into George Mason and the Early Identification Program (EIP), a program dedicated to empowering first-generation students in achieving their goal of higher education and thriving in academic environments by providing access to academic and socio-emotional resources.

In addition to strong enrollment statistics, the University's philanthropic efforts exceeded expectations. During FY 2024, GMUF raised nearly \$102M in gifts, pledges, and matching gifts. George Mason's historic fundraising campaign, *Mason Now: Power the Possible*, is making steady progress toward its \$1B goal. Additionally, George Mason has risen dramatically in many college rankings in recent years, having been recognized as Virginia's top public university for diversity, innovation, cybersecurity, homeland security, service to military veterans, and service to students outside the traditional college ages. George Mason achieved a new distinction, from U.S. News & World Report's Best Colleges 2025, as a top 20 school nationally and No. 1 in Virginia for internships, reflecting its commitment to developing the talent needed for today's dynamic workforce demands.

Like many universities across the country, George Mason is managing budgetary pressures brought on by a combination of increasing operating expenses and constrained revenue growth. Salaries and benefits have grown due to state-mandated salary increases as well as hiring open positions at market-competitive rates. Inflationary cost escalations are impacting the cost of purchased goods and services. George Mason seeks to keep tuition affordable for students and has limited tuition and fee increases, while increasing funds provided for need-based financial aid. George Mason has chosen to make strategic draws from reserves, while balancing these budgetary sources and uses through longer term initiatives such as improved systems and tools, department restructuring, resetting service models, strategic capital acquisitions, earnings from increased investment activity, and seeking equitable support from the Commonwealth. George Mason is partnering with colleagues throughout the Commonwealth in advocating for an updated higher education funding model to incentivize positive outcomes and recognize the contributions of each institution to the Commonwealth's economy and citizens.

The University's continued pursuit of operational and administrative efficiencies, prudent fiscal management, and commitment to innovation in the delivery of affordable, high-quality education and research programs make us confident that we will continue to attract a diverse and talented population of students, faculty and staff. The strong leadership and resilience of the George Mason community have positioned the University to navigate a successful course through economic uncertainties and geopolitical risks. Our vision is to leverage, lift, and integrate our past experiences to better serve our student community through more accessible, flexible, and high-quality academic programs that provide greater choice and opportunity for our students, while fueling business in NoVA and beyond with a talented and educated workforce to meet the demands of our 21<sup>st</sup> century economy.

# **FINANCIAL STATEMENTS**

## Statement of Net Position as of June 30, 2024 (Unaudited)

### ASSETS

#### Current assets

Cash and cash equivalents (Note 2)	\$ 598,188,892
Accounts receivable, net of allowance of \$11,730,053 (Note 4)	85,203,490
Due from the Commonwealth of Virginia	14,105,947
Lease receivable (Note 5)	3,946,774
Prepaid expenses	6,156,383
Inventories	1,822,249
Short-term investments (Note 2)	11,743,750
<b>Total current assets</b>	<b>721,167,485</b>

#### Noncurrent assets

Appropriations available- capital projects, restricted	16,110,367
Restricted cash and cash equivalents in custody of others (Note 2)	2,340,441
Long-term investments (Note 2)	145,258,388
Lease receivable (Note 5)	20,776,667
Depreciable and amortizable capital assets, net (Note 6)	1,203,886,870
Nondepreciable capital assets (Note 6)	289,015,769
Other post-employment benefits asset (Note 20)	11,390,220
<b>Total noncurrent assets</b>	<b>1,688,778,722</b>

**Total assets** **2,409,946,207**

#### DEFERRED OUTFLOWS OF RESOURCES (Note 7)

**89,398,398**

**Total assets and deferred outflows of resources** **2,499,344,605**

### LIABILITIES

#### Current liabilities

Accounts payable and accrued expenses (Note 8)	111,577,990
Unearned revenue	61,211,700
Obligations under securities lending	49,155,747
Deposits held in custody for others	893,187
Long-term debt - current portion (Notes 9 - 14)	51,946,733
Other post-employment benefits liability - current portion (Note 9 and Note 20)	1,331,200
Accrued compensated absences- current portion (Note 9)	10,008,784
Other current liabilities (Note 9 and Note 18)	328,467
<b>Total current liabilities</b>	<b>286,453,808</b>

#### Noncurrent liabilities

Long-term debt (Notes 9 - 14)	469,745,229
Net pension liability (Note 9 and Note 19)	195,361,609
Other post-employment benefits liability (Note 9 and Note 20)	84,988,685
Accrued compensated absences (Note 9)	21,598,907
Other noncurrent liabilities (Note 9 and Note 18)	7,663,337
<b>Total noncurrent liabilities</b>	<b>779,357,767</b>

**Total liabilities** **1,065,811,575**

#### DEFERRED INFLOWS OF RESOURCES (Note 15)

**70,759,435**

**Total liabilities and deferred inflows of resources** **1,136,571,010**

### NET POSITION

Net investment in capital assets	1,039,997,495
Restricted: nonexpendable (Note 22)	7,166,911
Restricted: expendable (Note 22)	40,687,551
Unrestricted	274,921,638
<b>Total net position</b>	<b>\$ 1,362,773,595</b>

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



## Statement of Revenues, Expenses, and Changes in Net Position for the Year Ended June 30, 2024 (Unaudited)

<b>Operating revenues</b>	
Student tuition and fees (net of scholarship allowances of \$220,190,256)	\$ 363,344,609
Federal grants and contracts	188,259,729
State, local, and nongovernmental grants and contracts	45,204,183
Auxiliary enterprises (net of scholarship allowances of \$31,117,752)	232,903,290
Other operating revenue	16,087,813
<b>Total operating revenues</b>	<b>845,799,624</b>
<b>Operating expenses</b> (Note 16)	
Instruction	423,502,517
Research	175,574,060
Academic support	116,533,723
Student service	50,866,632
Public service	35,604,671
Operations and maintenance	69,413,366
Institutional support	77,595,167
Auxiliary enterprises	160,799,201
Student aid	21,663,534
Depreciation and amortization	99,268,456
<b>Total operating expenses</b>	<b>1,230,821,327</b>
<b>Operating income (loss)</b>	<b>(385,021,703)</b>
<b>Nonoperating revenues (expenses)</b>	
State appropriations (Note 17)	327,792,400
Pell grant receipts	49,235,929
Gifts	59,017,445
ARRA Build America Bonds subsidy	544,497
COVID relief funding	11,539,373
Investment income/(loss)	3,478,626
Other nonoperating revenue/(expense)	1,492,322
Interest revenue	25,541,355
Interest (expense)	(18,100,645)
<b>Net nonoperating revenues</b>	<b>460,541,302</b>
<b>Income (loss) before other revenues, expenses, gains, and losses</b>	<b>75,519,599</b>
<b>Other revenues, expenses, gains, and losses</b>	
Capital grants and gifts	12,614,029
Capital appropriations	99,726,235
Gain/(loss) on disposal of capital assets	3,046,814
Transfer component unit (Note 26)	(65,698,895)
<b>Net other revenues, expenses, gains, and losses</b>	<b>49,688,183</b>
<b>Increase in net position</b>	<b>125,207,782</b>
Net position beginning of year	1,218,743,865
Restatement of beginning net position (Note 25)	18,821,948
Net position beginning of year - restated	1,237,565,813
<b>Net position end of year</b>	<b>\$ 1,362,773,595</b>

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

## Statement of Cash Flows for the Year Ended June 30, 2024 (Unaudited)

<b>Cash flows from operating activities</b>	
Student tuition and fees	\$ 359,989,343
Grants and contracts	207,477,095
Auxiliary enterprises	232,682,776
Other receipts	13,596,385
Payments to suppliers	(289,536,425)
Payments to employees	(817,796,293)
Payments for scholarships and fellowships	(21,663,534)
Federal Direct Loan Program receipts	132,706,509
Federal Direct Loan Program disbursements	(132,706,509)
Custodial receipts	937,367
Custodial disbursements	(842,481)
Perkins loan disbursements	(183,254)
<b>Net cash used by operating activities</b>	<b>(315,339,021)</b>
 <b>Cash flows from noncapital financing activities</b>	
State appropriations	327,792,400
Pell Grant receipts	49,235,929
Other net nonoperating revenue/(expense)	(3,010,155)
Noncapital gifts	59,017,445
Noncapital debt issuances	68,000,000
Interest paid on noncapital related debt	(995,520)
COVID Relief Funding receipts	7,188,859
<b>Net cash provided by noncapital financing activities</b>	<b>507,228,958</b>
 <b>Cash flows from capital and related financing activities</b>	
Proceeds from capital appropriations available	109,466,651
Capital grants and contributions	8,655,898
Proceeds from sale of capital assets	81,871
Principal paid on capital related debt	(58,216,799)
Interest paid on capital related debt	(18,403,693)
Purchases of capital assets	(286,578,955)
<b>Net cash used by capital and related financing activities</b>	<b>(244,995,027)</b>
 <b>Cash flows from investing</b>	
Proceeds from sales and maturities of investments and interest on investments	994,413
Interest on auxiliary balances, securities lending and Build America bonds	24,869,543
Purchase of investments and related fees	(132,011,988)
<b>Net cash used by investing activities</b>	<b>(106,148,032)</b>
<b>Net decrease in cash</b>	<b>(159,253,122)</b>
Cash and cash equivalents - beginning of the year	765,785,297
Less: Securities Lending - Treasurer of Virginia	(55,158,589)
Net cash and cash equivalents - beginning of the year	<b>710,626,708</b>
<b>Cash and cash equivalents - end of the year (see next page)</b>	<b>\$ 551,373,586</b>

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

## Statement of Cash Flows for the Year Ended June 30, 2024 (Unaudited)

### RECONCILIATION OF STATEMENT OF CASH FLOWS, STATEMENT OF NET POSITION

#### Statement of Net Position

Cash and cash equivalents (Unrestricted and Restricted)	\$	600,529,333
Less: Securities lending - Treasurer of Virginia		(49,155,747)
Net cash and cash equivalents	<b>\$</b>	<b>551,373,586</b>

### RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Operating loss	\$	(385,021,703)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization expense		99,268,456
Changes in assets, liabilities, deferred outflows and deferred inflows:		
Accounts receivable (net)		(1,775,465)
Restricted assets receivable (net)		(1,503,848)
Lease Receivable		(4,402,582)
Perkins loan receivable		864,690
Inventory		(661,327)
Prepaid expenses		491,124
OPEB asset		(1,160,294)
Deferred outflows of resources- pension		(16,920,242)
Deferred outflows of resources- OPEB		90,552
Accounts payable and accrued liabilities		4,590,013
Unearned revenue		(27,775,593)
Perkins loan liability		(1,047,944)
Net pension liability		29,176,788
OPEB liability		3,536,329
Faculty Early Retirement liability		7,085,477
Compensated absences		2,411,587
Deferred inflows of resources- pension		(16,157,115)
Deferred inflows of resources- OPEB		(9,926,273)
Deferred inflows of resources- leases		4,598,632
Deferred inflows of resources- PPP		(1,195,168)
Custodial transactions, net		94,885
<b>Net cash used by operating activities</b>	<b>\$</b>	<b>(315,339,021)</b>

#### Noncash investing, capital and financing activities:

The following transactions occurred prior to the Statement of Net Position date:

Capital assets acquired through assumption of a liability (GASB 87, 96)	\$	16,258,743
Capital assets acquired through gifts		1,745,615
Amortization of bond premium/discount and gain/loss on debt refinancing		(1,844,220)
Gain on disposal of capital assets/termination of leases		3,128,685
Unrealized gain/(loss) on investments		2,642,596
VRS and VaLORS Special Revenue Allocation		4,502,477

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

## Component Units - Combined Statements of Financial Position as of June 30, 2024

	<u>Total Component Units*</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 68,678,257
Restricted cash and cash equivalents	3,337,123
Accounts receivable, net	787,555
Contributions receivable, net	32,021,798
Prepaid expenses and other assets	2,698,398
Net investment in direct financing lease	68,500,222
Beneficial interest in perpetual trusts	39,185,838
Investments	336,938,801
Property and equipment, net	19,341,471
<b>Total assets</b>	<b><u>\$ 571,489,463</u></b>
 <b>LIABILITIES AND NET ASSETS</b>	
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 7,912,783
Grants and student research awards payable	3,046,903
Unearned revenue	275,291
Charitable gift annuities	206,241
Other liabilities	435,298
Long-term debt including loan payable	73,470,147
Amounts held for others	12,878,414
<b>Total liabilities</b>	<b><u>98,225,077</u></b>
 <b>NET ASSETS</b>	
Net assets without donor restrictions	90,426,386
Net assets with donor restrictions	382,838,000
<b>Total net assets</b>	<b><u>473,264,386</u></b>
 <b>Total liabilities and net assets</b>	 <b><u>\$ 571,489,463</u></b>

\*All amounts audited except GMUF and MHI

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

## Component Units - Combined Statement of Activities for the Year Ended June 30, 2024

	<b>Total Component Units*</b>
<b>Operating revenues</b>	
Contributions	\$ 81,976,187
Grants	39,963,378
Interest on direct financing lease	4,321,316
Investment and trust return	37,116,242
Miscellaneous and other income	916,327
Rental income, net	3,614,920
Service fees	14,562,705
<b>Total operating revenues</b>	<b>182,471,075</b>
<b>Operating expenses</b>	
Academic program support	170,502,279
Advertising and promotion	4,454
Depreciation	434,541
Fundraising	2,676,624
Insurance	193,722
Interest expense	4,084,678
Maintenance	34,694
Management fees	1,762,681
Office and other administrative expenses	1,763,054
Salaries and wages	10,343,236
Rent, utilities and other	1,755,828
<b>Total operating expenses</b>	<b>193,555,791</b>
<b>Change in net assets before nonoperating items and other changes</b>	<b>(11,084,716)</b>
<b>Nonoperating items</b>	<b>73,071,661</b>
<b>Change in net assets</b>	<b>61,986,945</b>
<b>Beginning net assets</b>	<b>411,277,441</b>
<b>Ending net assets</b>	<b>\$ 473,264,386</b>

\*All amounts audited except GMUF and MHI

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

## **NOTES TO FINANCIAL STATEMENTS**

# NOTES TO THE FINANCIAL STATEMENTS

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. REPORTING ENTITY

George Mason University is a comprehensive, doctoral institution that is part of the Commonwealth of Virginia's statewide system of higher education. The Board of Visitors, appointed by the Governor, is responsible for overseeing the governance of the University. A separate report is prepared for the Commonwealth of Virginia that includes all agencies, 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 of Virginia and is included in the general-purpose financial statements of the Commonwealth.

The George Mason University Foundation, Inc. (GMUF), Mason Housing, Inc. (MHI), George Mason University Instructional Foundation (GMUIF), Mason Korea, LLC (MK), and Mercatus Center, Inc. (Mercatus) are private, independent organizations whose close relationships with the University require them to be reported as component units of the University. GMUF, MHI, GMUIF, MK and Mercatus are discretely presented herein by separate page display.

GMUF was established to receive, hold, invest and administer property, and to make expenditures for the benefit of the University. GMUF has a June 30<sup>th</sup> fiscal year-end. During the year ended June 30, 2024, GMUF distributed \$128,646,513 to, or on behalf of, the University for both restricted and unrestricted purposes. Separate financial information for GMUF may be obtained by writing to the GMUF Business Office at 4400 University Drive, MSN 1A3, Fairfax, VA 22030.

MHI was established to build and manage the University's faculty and staff housing. MHI has a March 31<sup>st</sup> fiscal year-end. Separate financial information for MHI may be obtained by writing to Mason Housing, Inc., Attn.: General Accounting, 4400 University Drive, MSN 3C1, Fairfax, VA 22030.

GMUIF was established to transmit educational and public affairs programming to the greater Washington, DC metropolitan area for a program fee under licenses issued by the Federal Communications Commission. GMUIF has a March 31<sup>st</sup> fiscal year-end. During FY 14 the University and GMUIF agreed that GMUIF would establish, and be the sole member of, Mason Global Pathways, LLC. The purpose of Mason Global Pathways LLC is to invest in, and own 50% of, INTO Mason, LLC. INTO Mason, LLC was established to manage a new program to recruit international students and create pathways programs, providing the students the opportunity to become degree seeking students at the University. Separate financial information for GMUIF may be obtained by writing to GMUIF, Attn.: CFO, Kelley II - 10716 Kelley Drive, MSN 1D2, Fairfax, VA 22030.

MK was established to develop and operate a campus for the University on the Incheon Global Campus in Songdo, South Korea. MK has a December 31<sup>st</sup> fiscal year-end. Separate financial information for MK may be obtained by writing to Mason Korea, LLC, Attn.: General Accounting, 4400 University Drive, MSN 3C1, Fairfax, VA 22030.

Mercatus supports the University by providing a research center that conducts research, works with students to apply ideas to problems in the world and makes research findings available to the general public to connect academic learning with real-world practice. Mercatus has an August 31<sup>st</sup> fiscal year-end. Separate financial information for Mercatus may be obtained by writing to Mercatus Center, Inc., Attn.: Gary Leff, 3434 Washington Blvd., 4<sup>th</sup> Floor, Arlington, VA 22201.

## **B. BASIS OF PRESENTATION**

The University's accounting policies conform with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), in the Codification of Governmental Accounting and Financial Reporting Standards. The University follows accounting and reporting standards for "reporting by special-purpose governments engaged only in business-type activities."

GMUF, MHI, GMUIF, MK, and Mercatus are private, nonprofit organizations that report under Financial Accounting Standards Board (FASB) standards. Their financial statements included herein are presented in accordance with those standards.

## **C. BASIS OF ACCOUNTING**

The University's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus considers all inflows, outflows, and balances affecting an entity's net position. 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. The University's policy is to spend restricted resources before unrestricted resources when both are available for expenses that are properly chargeable to restricted resources.

## **D. PREPAID EXPENSES**

The University's prepaid expenses consist primarily of membership dues, short term software subscriptions, and software maintenance and support expenses for fiscal years 2025 and beyond, and that were paid in advance as of June 30, 2024.

## **E. INVENTORY**

Inventory is composed of two distinct categories of items. The first category is natural gas, which is used to power the University's physical plant. The second category consists of the on-hand stock of materials, supplies, and parts for use in maintaining the University's physical plant. Both categories of inventory are valued at cost using the first-in, first-out inventory methodology.

## **F. LEASE RECEIVABLE**

The University determines if an arrangement contains a lease at the inception of a contract and the lease classification is determined at the commencement date. Short-term leases with an initial term of 12 months or less, including all renewal options, are not recorded on the *Statement of Net Position* and are recognized as revenue in the period to which the payments relate. Long-term leases are capitalized and the lease term includes renewal options that are reasonably certain of being exercised. The University's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under some lease agreements, the University may receive variable payments based on future performance by the lessee. These variable payments are not included in the measurement of the lease receivable and are recognized as revenue in the period to which those payments relate. Any component of the variable payments that is fixed in substance is included in the measurement of the lease receivable. The University uses its incremental borrowing rate to discount the lease payments. The incremental borrowing rate is based on the University's estimated rate of interest for borrowing over a similar term as the lease term.

The University also has certain sublease arrangements. Subleases are accounted for as transactions separate from the original lease. Payments to be received from subleases are included in the measurement of lease receivables.



A deferred inflow of resources is recorded at the commencement of a lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

## **G. INVESTMENTS**

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as modified by GASB Statement No. 59, *Financial Instruments Omnibus*, and GASB Statement No. 72, *Fair Value Measurement and Application*, require that purchased investments, interest-bearing temporary investments classified with cash, and investments received as gifts be recorded at fair value (see Note 2). All investment income/(loss), including changes in the value of investments (unrealized gains and losses), is reported as nonoperating revenues/(expenses) in the *Statement of Revenues, Expenses, and Changes in Net Position*. Short-term investments include investments with an original maturity over 90 days but less than one year at the time of purchase.

The investment policy of the University is established by the Board of Visitors and monitored by the Finance and Land Use Committee of the Board. Authorized investments are those permitted by the Virginia Investment of Public Funds Act, Section 2.2-4500 et seq., *Code of Virginia*, and include US Treasury and agency securities, corporate debt securities, asset-backed securities, mortgage-backed securities, AAA rated obligations of foreign governments, banker's acceptances and bank notes, negotiable certificates of deposit, repurchase agreements, commercial paper, and money market funds.

The University's investments also consist of an interest in an internal investment pool managed by GMUF, consisting of both restricted and endowment investments for the University. Investment policies approved by the GMUF Board of Trustees govern the treatment and risk parameters of each portfolio. Restricted investments are temporarily restricted investable funds that are intended to fund donor supported University programs. Restricted funds are invested in highly liquid fixed income holdings, short in duration. Endowment funds are invested with the primary objective to achieve a real rate of return over inflation sufficient to support, in perpetuity, University programs. GMUF relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). GMUF diversifies endowment assets among several asset classes in order to achieve its long-term return objectives within prudent risk constraints. The internal investment pool functions like an external investment pool. Consistent with FASB's measurement principles for investment companies, investments in external investment pools are measured at the net asset value (NAV) per share, or its equivalent, determined by the pool.

## **H. CAPITAL ASSETS**

Capital assets include land, buildings, library materials, works of art and historical treasures, equipment, improvements, infrastructure assets such as sidewalks, electrical and computer network cabling systems, and intangible assets. Intangible assets include computer software, right-to-use lease assets, and right-to-use subscription assets. Capital assets generally are defined by the University as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Library books and materials are valued at averaged actual cost of purchase for library acquisitions.

Right-to-use lease assets and subscription assets represent the University's right to use an underlying asset for a lease/subscription term, and are initially measured as the sum of the following:

- Amount of the initial measurement of the related lease/subscription liability
- Payments made prior to the commencement of the lease/subscription term, less any incentives
- Initial direct costs that are ancillary charges necessary to place the lease asset into service or any capitalizable initial implementation costs necessary to place the subscription asset into service

Other capital assets are recorded at historical cost if purchased or constructed. Donated capital assets, including library books, are recorded at estimated acquisition value at the date of donation, with the exception of intra-entity capital asset donations which are recorded at the carrying value of the asset on the transferor's books as of the date of transfer. Expenses for major capital assets and improvements are capitalized as projects are constructed (construction in progress). The costs of normal maintenance and repairs that do not enhance the use of an asset, or materially extend its useful life, are not capitalized.

Depreciation is computed using the straight-line method over the estimated useful life of the asset with no residual value. Depreciation is not allocated to the functional expense categories. Normal useful lives by asset categories are listed below:

- Buildings - 25-50 years\*
- Improvements and infrastructure - 10-30 years
- Equipment - 3-20 years
- Library materials - 10 years

\* Research buildings are depreciated using the component method. The estimated useful lives of research building components range from 10-50 years.

Amortization for computer software is computed using the straight-line method over the estimated useful life of the asset. Normal useful life for computer software is between 5 to 10 years. Right-to-use lease assets and right-to-use subscription assets are amortized on a straight-line basis over the shorter of the lease/subscription term or the useful life of the underlying asset. Amortization is not allocated to the functional expense categories. Amortization expense is combined with depreciation expense in the *Statement of Revenues, Expenses, and Changes in Net Position*.

## **I. NONCURRENT CASH AND INVESTMENTS**

Cash and investments that are externally restricted for expenditure in the acquisition or construction of noncurrent assets, to make debt service payments, or maintain sinking or reserve funds are classified as noncurrent assets in the *Statement of Net Position*.

## **J. UNEARNED REVENUE**

Unearned revenue represents revenues collected but not earned as of June 30, 2024. This is primarily composed of student tuition and advance payments on grants and contracts. An estimate based on summer session credit hours earned after June 30, 2024 is used to approximate unearned revenue related to summer tuition.

## **K. LEASE LIABILITY**

The University determines if an arrangement contains a lease at the inception of a contract. The lease classification is determined at the commencement date, the date the University has the right to control the property. The lease term includes renewal options that are reasonably certain of being exercised. Short-term leases with an initial term of 12 months or less, including all renewal options, are not recorded on the *Statement of Net Position* and are recognized as expenses in the period to which the payments relate. Lease liabilities are measured at the present value of payments expected to be made during the lease term. Measurement of the lease liability includes the following, if required by a lease:

- Fixed payments
- Variable payments that are fixed in substance
- Amounts that are reasonably certain of being required to be paid under residual value guarantees
- The exercise price of a purchase option if it is reasonably certain that the University will exercise that option
- Payments for penalties for terminating the lease

- Any lease incentives
- Any other payments that are reasonably certain of being required based on an assessment of all relevant factors

Variable payments are not included in the measurement of the lease liability and are recognized as expenses in the period to which those payments relate. For real estate leases, the present value of payments expected to be made during the lease term is calculated using the discount rate implicit in the lease agreement. If the implicit rate is unavailable, the University will obtain the lessor's internal borrowing rate. If that is also unavailable, then the University will use the rate derived from market data by property location at the beginning of the lease term. For equipment leases, the present value of payments expected to be made during the lease term is calculated using the discount rate implicit in the lease agreement and if unavailable, the University will use its incremental borrowing rate to discount the lease payments. The incremental borrowing rate is based on the University's estimated rate of interest for borrowing over a similar term as the lease term.

#### **L. SUBSCRIPTION LIABILITY**

The University recognizes a subscription liability at the commencement of the subscription term. The subscription term includes renewal options that are reasonably certain of being exercised. Short-term subscriptions with an initial term of 12 months or less, including all renewal options, are not recorded on the *Statement of Net Position* and are recognized as expenses in the period to which the payments relate. Subscription liabilities are measured at the present value of payments expected to be made during the subscription term and includes the following:

- Fixed payments
- Variable payments that are fixed in substance
- Payments for penalties for terminating the arrangement, if the subscription term reflects the University exercising (1) an option to terminate the arrangement or (2) a fiscal funding or cancellation clause
- Any subscription contract incentives
- Any other payments that are reasonably certain of being required based on an assessment of all relevant factors

Variable payments are not included in the measurement of the subscription liability and are recognized as expenses in the period to which those payments relate.

The present value of payments expected to be made during the subscription term is calculated using the discount rate implicit in the subscription agreement and if unavailable, the University will use its incremental borrowing rate to discount the subscription payments. The incremental borrowing rate is based on the University's estimated rate of interest for borrowing over a similar term as the subscription term.

#### **M. ACCRUED COMPENSATED ABSENCES**

The amount of leave earned but not taken by salaried employees and administrative faculty members is recorded as a liability. The amount reflects, as of June 30, 2024, all unused vacation, overtime, compensatory, recognition and sick leave payable upon termination under University policy. The applicable share of employer related payroll taxes is also included.

#### **N. FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

The University participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants, Federal Work-Study, Direct Loan, and the Perkins Loan programs. Federal programs are audited in accordance with generally accepted governmental auditing standards.

## **O. NET POSITION**

The *Statement of Net Position* reports the difference between assets plus deferred outflows and liabilities plus deferred inflows as net position. 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 less 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 position use are either externally imposed by creditors, grantors, or contributors; or imposed by law. Unrestricted net position consists of net position that does not meet the definitions above.

## **P. REVENUE CLASSIFICATIONS**

Operating revenues include activities that have the characteristics of exchange transactions, such as: (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises, net of scholarship allowances; and (3) federal, state, local and nongovernmental grants and contracts.

Governmental financial aid grants are treated as operating revenue, with the exception of Pell grants which are treated as nonoperating revenue in the University's financial statements.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and state appropriations. Nonoperating expenses include interest on debt related to the purchase of capital assets.

## **Q. SCHOLARSHIP DISCOUNTS AND ALLOWANCES**

Student tuition and fees revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the *Statement of Revenues, 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.

## **R. ELIMINATIONS**

Some auxiliary units provide goods and services to internal customers. These include activities such as print services, parking services, and other auxiliaries with interdepartmental activities. The net effect of these internal transactions has been eliminated in the *Statement of Revenues, Expenses and Changes in Net Position* to avoid inflating revenue and expenses.

## **S. DISCOUNTS, PREMIUMS, AND BOND ISSUANCE COSTS**

General Obligation Bonds and notes payable on the *Statement of Net Position* are reported net of related discounts and premiums, which are recognized over the life of the bond. Deferred gains and losses on debt refundings are recorded as deferred inflows of resources and deferred outflows of resources, respectively. The deferred inflows and outflows are recognized as a component of interest expense over the remaining life of the old bond or the life of the new bond, whichever is shorter. Bond issuance costs are expensed.

## **T. 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 of instructional and research equipment and facilities. The Commonwealth 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 bond

liability is assumed by the Commonwealth and is not reflected as a liability on the University's financial statements.

During Fiscal Year 2024, funding has been provided to the University from two Reimbursement Programs:

- 21<sup>st</sup> Century Capital Project
- Equipment Trust Fund (ETF)

The *Statement of Net Position* line item "Due from the Commonwealth of Virginia" includes pending reimbursements at year-end from these programs. The *Statement of Revenues, Expenses, and Changes in Net Position* line item "Capital grants and gifts" includes reimbursements from the Equipment Trust Fund (ETF) program and the "Capital appropriations" line item includes reimbursements from the 21<sup>st</sup> Century Capital Project programs.

## **U. DEFINED BENEFIT 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 Virginia Law Officers' System (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.

## **V. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

### ***Group Life Insurance***

The Virginia Retirement System (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. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the VRS Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's fiduciary net 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.

### ***State Employee Health Insurance Credit Program***

The Virginia Retirement System (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. For purposes of measuring the net State Employee Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the State Employee Health Insurance Credit Program OPEB, and the State Employee Health Insurance Credit

Program OPEB expense, information about the fiduciary net position of the VRS State Employee Health Insurance Credit Program; and the additions to/deductions from the VRS State Employee Health Insurance Credit Program's fiduciary net position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### ***Line of Duty Act Program***

The Virginia Retirement System (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 the net Line of Duty Act Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Line of Duty Act Program OPEB, and Line of Duty Act Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Line of Duty Act Program OPEB Plan and the additions to/deductions from the VRS Line of Duty Act Program OPEB Plan's fiduciary net 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.

### ***Disability Insurance Program***

The Virginia Retirement System (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. For purposes of measuring the net Disability Insurance Program OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to the Disability Insurance Program OPEB, and Disability Insurance Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Disability Insurance Program OPEB Plan and the additions to/deductions from the VRS Disability Insurance Program OPEB Plan'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.

### ***Pre-Medicare Retiree Healthcare Plan***

Pre-Medicare Retiree Healthcare is a single-employer defined benefit Other Post Employment Benefits (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, the 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.

## **W. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES**

Deferred outflows of resources represent a consumption of net position applicable to a future reporting period and increase net position similar to assets. The University has three items that meet this criterion: pension and OPEB deferrals and refundings of debt. Deferred inflows of resources represent an acquisition of net position applicable to a future reporting period and decrease net position similar to liabilities. The University has five items that meet this criterion: pension and OPEB deferrals, leases, public-private partnership, and refundings of debt.

## **X. NEW ACCOUNTING PRONOUNCEMENTS**

In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. The University implemented GASB Statement No. 100 on July 1, 2023.

In May 2021, GASB issued Implementation Guide No. 2021-1. The objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements. Question 5.1 of the Implementation Guide No. 2021-1 requires capitalization of assets, whose individual acquisition costs are less than the threshold for an individual asset, if those assets in the aggregate are significant. The University implemented GASB Implementation Guide No. 2021-1, Question 5.1 on July 1, 2023 on a retroactive basis. See Notes 6 and 25.

## **2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

### **A. CASH AND CASH EQUIVALENTS**

Pursuant to Section 2.2-1800, et seq., *Code of Virginia*, the Treasurer of Virginia, who is responsible for the collection, disbursement, custody, and investment of state funds, maintains all state funds of the University. 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*. Cash and cash equivalents represent cash on hand, cash with the Treasurer of Virginia, cash deposits including certificates of deposit and temporary investments with original maturities of 90 days or less.

### **B. SECURITIES LENDING TRANSACTIONS**

Securities Lending represents the University's allocated share of cash collateral received and reinvested and securities received for the State Treasury's securities lending program. Information related to the credit risk of these investments and the State Treasury's securities lending program is available on a statewide level in the *Commonwealth of Virginia's Annual Comprehensive Financial Report*. The Commonwealth's policy is to record unrealized gains and losses in the General Fund in the Commonwealth's basic financial statements. When gains or losses are realized, the actual gains and losses are recorded by the affected agencies.

### **C. FAIR VALUE MEASUREMENT OF INVESTMENTS**

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are pricing inputs other than quoted prices in active markets; Level 3 inputs are not readily observable and require

significant management estimation. Investments in internal investment pools are measured at the net asset value (NAV) per share, or its equivalent, determined by the pool.

#### **D. RISKS**

The University's deposits and investments are subject to the following risks:

Custodial Credit Risk - the custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of investment or collateral securities that are in possession of an outside party.

The University's internal investment pool managed by GMUF contains corporate stocks and corporate bonds, both of which are subject to custodial credit risk. The other investments held by GMUF in the investment pool are not subject to custodial credit risk. The University has no other custodial credit risk related to investments as of June 30, 2024.

Credit Risk - is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality ratings are not required for U.S. government securities or other obligations explicitly guaranteed by the U.S. government. Investments subject to credit risk are outlined in the accompanying chart.

GMUF's investment pool contains corporate bonds, which are debt securities, and therefore subject to credit risk. Credit risk relative to these bonds is mitigated by GMUF's endowment investment policy guidelines on the credit quality of fixed income investments which state that the percentage of core fixed income assets rated below investment grade by one of the major reporting agencies (Standard and Poor's and Moody's) cannot exceed 25% of the total core fixed income allocation. The other investments held by GMUF in the investment pool are not investments of a type that are subject to credit risk.

Concentration of Credit Risk - is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Investments with any one issuer that represent five percent or more of total investments constitute concentration of credit risk. However, investments issued or explicitly guaranteed by the U.S. government, and investments in mutual funds, internal investment pools, and other pooled investments are excluded from the requirement. The University minimizes this risk by diversifying its investments.

The University's interest in the internal investment pool managed by GMUF is a portion of the total investment pool managed by GMUF. In order to achieve a prudent level of portfolio diversification, GMUF's endowment investment policy guidelines require that not more than 5% of the portfolio may be invested in the securities of any one issuer, at cost, unless the issue is U.S. Government guaranteed, or an agency of the U.S. Government.

The University also has cash and cash equivalents with the Treasurer of Virginia and an allocated share of the State Treasury's securities lending program. Information related to the credit risk is available in the *Commonwealth of Virginia's Annual Comprehensive Financial Report*.

Interest Rate Risk - the risk that changes in interest rates will adversely affect the fair value of an investment. The longer the duration of an investment, the greater the interest rate risk. The University reduces interest rate risk by limiting the maximum maturity lengths of investments and structuring its portfolio to maintain adequate liquidity to meet operating requirements. Investments subject to interest rate risk at June 30, 2024 are outlined in the accompanying chart.

GMUF's investment pool also contains corporate bonds. These corporate bonds are subject to interest rate risk. The interest rate risk relative to these bonds is mitigated by GMUF's endowment investment policy guidelines on fixed income investments, which state that the weighted average portfolio duration of the core bond portfolio should not exceed 125% of the weighted average portfolio duration of the Barclays Aggregate



Bond Index. The other investments held by GMUF in the investment pool are not investments of a type that are subject to interest rate risk.

Foreign Currency Risk - is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The University had no foreign investments or foreign deposits for FY 2024.

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Details of the University's investment risks and fair value measurements as of June 30, 2024 are outlined below:

	Credit Rating*	Less than 1 Year	1-5 Years	6-10 years	Balance At June 30, 2024	Fair Value Measurement		NAV	Amounts Not Measured At Fair Value
						Level 1	Level 2		
<b>Cash and cash equivalents</b>									
Local cash	N/A	N/A	N/A	N/A	\$12,666,576	\$-	\$-	\$-	\$12,666,576
Treasurer of Virginia	N/A	N/A	N/A	N/A	522,324,595	-	-	-	522,324,595
Securities Lending	N/A	N/A	N/A	N/A	49,155,747	-	-	-	49,155,747
Money Market**	AAA <sub>Am</sub>	10,732,188	-	-	10,732,188	-	-	-	10,732,188
Money Market**	AAA	425,365	-	-	425,365	425,365	-	-	-
U.S. Treasury**	AA+	399,058	-	-	399,058	399,058	-	-	-
Commercial Paper**	A-1	2,485,363	-	-	2,485,363	-	2,485,363	-	-
<b>Total cash and cash equivalents</b>		<b>\$14,041,974</b>	<b>\$-</b>	<b>\$-</b>	<b>\$598,188,892</b>	<b>\$824,423</b>	<b>\$2,485,363</b>	<b>\$-</b>	<b>\$594,879,106</b>
<b>Restricted cash and cash equivalents</b>									
Held in custody of others	N/A	N/A	N/A	N/A	\$2,340,441	\$-	\$-	\$-	\$2,340,441
<b>Total restricted cash and cash equivalents</b>		<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>\$2,340,441</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$2,340,441</b>
<b>Investments by fair value level</b>									
US Treasury	A-1+	\$2,935,650	\$-	\$-	\$2,935,650	\$2,935,650	\$-	-	-
US Treasury	AA+	5,418,587	23,543,097	81,161,956	110,123,640	110,123,640	-	-	-
Federal Agency	AA+	-	1,674,332	-	1,674,332	-	1,674,332	-	-
Federal Agency Collateralized Mortgage-Backed Securities	AA+	118,238	11,569,482	-	11,687,720	-	11,687,720	-	-
Supranational	AAA	-	1,049,858	-	1,049,858	-	1,049,858	-	-
Commercial Paper	A-1	1,231,124	-	-	1,231,124	-	1,231,124	-	-
Certificate of Deposit	A-1+	2,040,151	-	-	2,040,151	-	2,040,151	-	-
Certificate of Deposit	A+	-	453,895	-	453,895	-	453,895	-	-
Corporate Note	AA	-	108,440	-	108,440	-	108,440	-	-
Corporate Note	AA-	-	3,515,293	-	3,515,293	-	3,515,293	-	-
Corporate Note	A+	-	3,807,807	-	3,807,807	-	3,807,807	-	-
Corporate Note	A	-	823,660	-	823,660	-	823,660	-	-
Corporate Note	A-	-	1,234,084	-	1,234,084	-	1,234,084	-	-
Asset-Back Security	AAA	-	3,369,717	-	3,369,717	-	3,369,717	-	-
Asset-Back Security	NR	-	94,809	-	94,809	-	94,809	-	-
<b>Total Investments by fair value level</b>		<b>\$11,743,750</b>	<b>\$51,244,474</b>	<b>\$81,161,956</b>	<b>\$144,150,180</b>	<b>\$113,059,290</b>	<b>\$31,090,890</b>	<b>\$-</b>	<b>\$-</b>
<b>Investments measured at net asset value (NAV)</b>									
GMUF Investment Pool	N/A	N/A	N/A	N/A	\$12,851,958	N/A	N/A	\$12,851,958	\$-
<b>Total Investments</b>		<b>\$11,743,750</b>	<b>\$51,244,474</b>	<b>\$81,161,956</b>	<b>\$157,002,138</b>	<b>\$113,059,290</b>	<b>\$31,090,890</b>	<b>\$12,851,958</b>	<b>\$-</b>

\* Rating based on S&P Global Ratings \*\* These securities have original maturities of 90 days or less

The valuation method for investments measured at NAV per share or its equivalent is presented in the following table:

	Balance At June 30, 2024	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
<b>Investments measured at net asset value (NAV)</b>				
GMUF Investment pool	\$12,851,958	N/A	N/A	N/A

### 3. DONOR-RESTRICTED ENDOWMENTS

The University's endowment is managed by the GMUF. During FY 2024, the net change on the investments of donor-restricted endowments was an overall investment income of \$967,911.

Net appreciation/loss of donor restricted-endowments is recorded in the Net position of the University as an increase/decrease in Net position restricted- expendable to reflect the fact that the net appreciation must be spent in accordance with the stipulations set forth in the underlying endowment agreements.

The state law regarding the ability to spend net appreciation of donor-restricted endowments is the *Uniform Prudent Management of Institutional Funds Act*, Section 64.2-11 of the Code of Virginia.

GMUF's endowment policy seeks to maintain the growth of the present value of existing assets at a rate at least equal to the inflation rate plus the current spending rate. Effective fiscal year 2020, GMUF implemented a banded inflation spending policy. For endowments in which the market value exceeds the original gift value, the prior year payout distribution will increase at the rate of the Consumer Price Index, with annual distributions to remain above 3% but not to exceed 6% of prior year fair market value. The endowment payout for accounts for which the market value is below the original gift value will receive a payout equal to 2% of the prior year fair market value. If the fair market value of an endowment is below 80% of the original gift value, no endowment payout will be made. Payout distributions for new, fully funded endowments, or gifts to existing endowments of \$25,000 or more, are calculated at 1.25% of the gift.

### 4. ACCOUNTS AND NOTES RECEIVABLE

#### A. ACCOUNTS AND NOTES RECEIVABLE

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

<b>Accounts Receivable</b>	
Current:	
Student tuition and fees	\$24,205,982
Grants and contracts receivable (restricted)	59,337,320
INTO receivable	7,885,461
Receivable from VDEM	3,192,891
Other accounts receivable (see note 4.B.)	2,246,655
Less allowance for doubtful accounts	(11,664,819)
Net current accounts receivable	\$85,203,490
<b>Notes Receivable</b>	
Current:	
Perkins loans receivable	\$27,927
Nurse faculty loan	35,335
Local loans to students	1,972
Less allowance for doubtful accounts	(65,234)
Net current notes receivable	\$-

## B. INSTALLMENT PAYMENT RECEIVABLE

The University has a PPP arrangement whereby the University (the transferor), contracted with a vendor (the operator), to provide arena management services by conveying control of the right to operate the arena. Initial term of the arrangement was 5 years with renewal options and includes provisions for the University to receive annual minimum guaranteed net income as well as variable payments. These variable payments are not included in the measurement of the Installment payment receivable and are recognized as revenue in the period to which those payments relate. The University did not receive any variable payments in FY24.

The University uses its incremental borrowing rate to discount the payments. The incremental borrowing rate is based on the University's estimated rate of interest for borrowing over a similar term as the PPP term. Discount rate applied to the measurement of the receivable for installment payments was 2.5%.

Installment payment receivable is included in Other accounts receivable, current in the amount of \$313,045 as of June 30, 2024. The University also has deferred inflows of resources related to this PPP arrangement, in the amount of \$302,935, as of June 30, 2024. See Note 15 for more details.

## 5. LEASE RECEIVABLE

The University leases out certain office space, retail space, antenna sites, and ATM space, some of which are subleases. The University also has an embedded lease arrangement with a catering and food services management provider for operating George Mason's dining space and dining equipment. Initial terms are typically 1 to 15 years and may contain rent escalation clauses, revenue share, commissions, and renewal options ranging from 1 to 10-year intervals. Discount rates ranged from 2.552%-3.56%. See note 1.F. for additional details on discount rates. In fiscal year 2024, the University recognized lease revenue of \$3,443,019 and interest revenue of \$632,625 included in Auxiliary Revenue and Other Operating Revenue. The University also recognized \$6,601,036 in Auxiliary Revenue for variable payments received that were not previously included in the measurement of the lease receivable. These variable payments were calculated based on a percentage of net sales and a tiered percentage of the lessee's net sales.

The lease and interest receivables for fiscal years subsequent to June 30, 2024 are as follows:

Year	Lease Receivable	Interest Receivable	Total
2025	\$3,946,774	\$629,779	\$4,576,553
2026	4,085,067	514,844	4,599,911
2027	2,807,395	414,911	3,222,306
2028	2,663,483	335,636	2,999,119
2029	2,158,491	268,589	2,427,080
2030-2034	8,422,048	529,359	8,951,407
2035-2039	640,183	25,792	665,975
Total	\$24,723,441	\$2,718,910	\$27,442,351

During FY 2024, the University entered into a lease-leaseback transaction, which was accounted for as a net transaction. As of June 30, 2024, the gross amounts related to the lease-leaseback transaction, where George Mason is the lessor, are outlined in the table below. See Note 13 for the amounts related to the lease-leaseback transaction where George Mason is the lessee.

Year	ST Lease Receivable	LT Lease Receivable	Deferred Inflow of Resources
2024	\$1,689,593	\$1,783,714	\$3,429,234

## 6. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2024 is as follows:

	Beginning Balance Restated*	Additions	Reductions	Ending Balance
<b><u>Non-depreciable capital assets:</u></b>				
Land	\$28,931,278	\$10,612,995	\$-	\$39,544,273
Construction-in-progress	95,057,012	178,652,319	29,882,871	243,826,460
Works of art and historical treasures	5,016,826	628,210	-	5,645,036
Total non-depreciable capital assets	\$129,005,116	\$189,893,524	\$29,882,871	\$289,015,769
<b><u>Depreciable and amortizable capital assets:</u></b>				
Buildings	\$1,613,401,766	\$48,237,617	\$-	\$1,661,639,383
Buildings – financed purchase	101,980,822	-	-	101,980,822
Improvements	38,321,450	115,477	-	38,436,927
Infrastructure assets	122,338,581	358,802	-	122,697,383
Equipment	193,376,319*	26,528,360	11,134,198	208,770,481
Equipment – financed purchase	1,825,932	-	-	1,825,932
Library materials	110,163,222	1,080,905	713,341	110,530,786
Intangible assets:				
Computer software	12,632,031	-	-	12,632,031
Right-to-use lease assets:				
Buildings	57,263,338	2,813,700	38,589,494	21,487,544
Equipment	4,280,877	1,056,911	748,856	4,588,932
Right-to-use subscription assets	40,339,731	12,819,691	1,038,326	52,121,096
Total depreciable and amortizable capital assets	\$2,295,924,069	\$93,011,463	\$52,224,215	\$2,336,711,317
<b><u>Less accumulated depreciation:</u></b>				
Buildings	\$694,649,612	\$51,568,971	\$-	\$746,218,583
Buildings – financed purchase	29,421,753	3,279,379	-	32,701,132
Improvements	33,633,344	912,402	-	34,545,746
Infrastructure assets	38,234,851	3,086,382	-	41,321,233
Equipment	118,862,680*	18,569,430	10,871,540	126,560,570
Equipment – financed purchase	1,825,932	-	-	1,825,932
Library materials	101,251,995	2,207,419	713,341	102,746,073
<b><u>Less accumulated amortization:</u></b>				
Computer software	12,163,702	214,386	-	12,378,088
Right-to-use lease assets:				
Buildings	10,810,860	3,444,024	9,357,297	4,897,587
Equipment	1,658,453	1,089,989	748,856	1,999,586
Right-to-use subscription assets	13,731,775	14,896,074	997,932	27,629,917
Total accumulated depreciation and amortization	\$1,056,244,957	\$99,268,456	\$22,688,966	\$1,132,824,447
Total depreciable and amortizable capital assets, net	\$1,239,679,112	\$(6,256,993)	\$29,535,249	\$1,203,886,870
<b>Total capital assets, net</b>	<b>\$1,368,684,228</b>	<b>\$183,636,531</b>	<b>\$59,418,120</b>	<b>\$1,492,902,639</b>

\* See Note 25

## 7. DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources consisted of the following at June 30, 2024:

<b>Deferred Outflows of Resources</b>	
Refundings of debt	\$5,050,238
Pension	57,800,254
Other post-employment benefits	26,547,906
Total deferred outflows of resources	<u>\$89,398,398</u>

## 8. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

<b>Accounts Payable and Accrued Expenses</b>	
Employee salaries, wages and fringe benefits payable	\$50,602,345
Vendors and suppliers accounts payable	33,331,674
Interest payable	3,546,361
Capital projects retainage payable	9,007,113
Capital projects and equipment accounts payable	15,090,497
Total accounts payable and accrued expenses	<u>\$111,577,990</u>

## 9. NONCURRENT LIABILITIES

Noncurrent liabilities consist of long-term debt, accruals for compensated absences and other noncurrent liabilities. A summary of changes in noncurrent liabilities for the year ended June 30, 2024 is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>	<b>Noncurrent Portion</b>
Long-term debt:						
Revenue bonds	\$139,354,180	\$14,759,000	\$28,516,893	\$125,596,287	\$12,183,837	\$113,412,450
Notes payable	226,860,000	-	22,795,000	204,065,000	22,545,000	181,520,000
Notes payable - LOC	-	68,000,000	-	68,000,000	-	68,000,000
Financed purchase obligation	72,827,583	-	4,327,361	68,500,222	4,630,098	63,870,124
Installment purchases	1,028,144	-	510,422	517,722	517,722	-
Lease liability	53,220,466	3,870,611	35,823,244	21,267,833	2,073,809	19,194,024
Subscription liability	20,004,711	12,388,132	14,524,928	17,867,915	7,285,559	10,582,356
Bond premium	18,480,670	1,101,727	3,705,414	15,876,983	2,710,708	13,166,275
Total long-term debt	<u>\$531,775,754</u>	<u>\$100,119,470</u>	<u>\$110,203,262</u>	<u>\$521,691,962</u>	<u>\$51,946,733</u>	<u>\$469,745,229</u>
Net pension liability	168,980,232	26,381,377	-	195,361,609	-	195,361,609
OPEB liability	84,490,622	1,829,263	-	86,319,885	1,331,200	84,988,685
Accrued compensated absences	29,196,104	26,333,447	23,921,860	31,607,691	10,008,784	21,598,907
Other noncurrent liabilities:						
Faculty early retirement incentive liability	487,891	7,399,159	313,682	7,573,368	328,467	7,244,901
Loan funds	1,466,380	-	1,047,944	418,436	-	418,436
<b>Total long-term liabilities</b>	<b><u>\$816,396,983</u></b>	<b><u>\$162,062,716</u></b>	<b><u>\$135,486,748</u></b>	<b><u>\$842,972,951</u></b>	<b><u>\$63,615,184</u></b>	<b><u>\$779,357,767</u></b>

## 10. BONDS PAYABLE

### A. GENERAL OBLIGATION BONDS

The Commonwealth issues General Obligation Bonds, pursuant to Article X, Section 9c of the Constitution of Virginia. These General Obligation Bonds are backed by the full faith, credit, and taxing power of the Commonwealth, and are issued to finance capital projects which, when completed, are expected to generate revenue to repay the debt.

The following schedule describes each of the bonds outstanding:

Bond Title	Calendar Year Issued	Original Amount	Original Interest Rate	Original Bond Term	Fiscal Year Final Payment Due	Balance Outstanding at June 30, 2024
Housing VIII	2010	\$39,420,000	2.1 to 5.0%	25 Years	2035	\$21,785,000
Smithsonian CRC - Housing	2010	5,415,000	2.1 to 5.0%	25 Years	2035	2,990,000
Renovate Commons	2010	1,325,000	2.1 to 5.0%	20 Years	2030	510,000
2015B Refunding (2006B)	2015	11,765,000	3.0 to 5.0%	16 Years	2031	11,765,000
2015B Refunding (2007B)	2015	7,670,410	3.0 to 5.0%	17 Years	2032	7,035,623
2015B Refunding (Housing VII 2008B)	2015	1,366,447	3.0 to 5.0%	18 Years	2033	932,690
2015B Refunding (Housing VIIC 2008B)	2015	17,565,586	3.0 to 5.0%	18 Years	2033	11,984,377
2015B Refunding (Pres Park II 2008B)	2015	1,999,393	4.0 to 5.0%	13 Years	2028	924,597
2016B Refunding (2009B)	2016	12,420,000	2.0 to 5.0%	17 Years	2034	9,135,000
2020B Refunding (Housing VIIC 2011A)	2020	865,000	0.55 to 1.91%	16 Years	2036	745,000
2020B Refunding (Housing VIII 2011A)	2020	16,255,000	0.55 to 1.91%	16 Years	2036	14,720,000
2020B Refunding (SMSC Housing 2011A)	2020	3,350,000	0.55 to 1.91%	16 Years	2036	3,025,000
2020B Refunding (Renov Commons 2011A)	2020	10,345,000	0.55 to 1.41%	11 Years	2031	8,240,000
2021A Refunding (Housing VIII 2010A-2)	2021	3,145,000	2%	16 Years	2037	3,145,000
2021A Refunding (SMSC Housing 2010A-2)	2021	440,000	2%	16 Years	2037	440,000
2021A Refunding (Reno Commons 2010A-2)	2021	120,000	3.0 to 5.0%	11 Years	2032	120,000
2021A Refunding (SH VII 2007B, 2013B)	2021	80,000	2%	12 Years	2033	80,000
2021A Refunding (SH VIIC & Entr Rd 2007B, 2013B)	2021	610,000	2%	12 Years	2033	610,000
2021A Refunding (Housing VIII 2014A)	2021	95,000	2%	14 Years	2035	95,000
2021A Refunding (Housing VII 2008B, 2015B)	2021	75,000	2%	13 Years	2034	75,000
2021A Refunding (Housing VII-C 2008B, 2015B)	2021	885,000	2%	13 Years	2034	885,000
2021A Refunding (Reno Pres Park Ph II 2008B, 2015B)	2021	135,000	5%	8 Years	2029	135,000
2021A Refunding (Housing VII-C 2009B, 2016B)	2021	310,000	2%	14 Years	2035	310,000
2021A Refunding (Housing VIII 2009B, 2016B)	2021	315,000	2%	14 Years	2035	315,000
2021A Refunding (Housing V 2001, 2009C, 2019B)	2021	1,200,000	5%	4 Years	2025	1,200,000
2021A Refunding (Housing VII 2005, 2009D, 2019B)	2021	825,000	5%	10 Years	2031	825,000
2021A Refunding (Housing VII 2006B, 2009D, 2019B)	2021	1,410,000	3%	11 Years	2032	1,410,000
2021B Refunding (SH VII 2007B, 2013B)	2021	90,000	2.15%	13 Years	2034	90,000
2021B Refunding (SH VIIC & Entr Rd 2007B, 2013B)	2021	710,000	2.15%	13 Years	2034	710,000
2021B Refunding (Housing VIII 2014A)	2021	110,000	2.20%	15 Years	2036	110,000
2021B Refunding (Housing VII 2008B, 2015B)	2021	80,000	2.15%	14 Years	2035	80,000
2021B Refunding (Housing VII-C 2008B, 2015B)	2021	1,030,000	2.15%	14 Years	2035	1,030,000
2021B Refunding (Reno Pres Park Ph II 2008B, 2015B)	2021	180,000	3%	9 Years	2030	180,000
2021B Refunding (Housing VII-C 2009B, 2016B)	2021	355,000	2.20%	15 Years	2036	355,000
2021B Refunding (Housing VIII 2009B, 2016B)	2021	360,000	2.20%	15 Years	2036	360,000
2021B Refunding (Housing V 2001, 2009C, 2019B)	2021	1,370,000	3%	5 Years	2026	1,370,000
2021B Refunding (Housing VII 2005, 2009D, 2019B)	2021	1,265,000	1.85%	11 Years	2032	1,265,000
2021B Refunding (Housing VII 2006B, 2009D, 2019B)	2021	1,850,000	1.95%	12 Years	2033	1,850,000
2024B Refunding (2005, 2013B)	2024	8,738,000	5%	6 Years	2030	8,738,000
2024B Refunding (2006, 2013B)	2024	4,002,000	5%	2 Years	2026	4,002,000
2024B Refunding (2007, 2013B)	2024	824,000	5%	1 Year	2025	824,000
2024B Refunding (Housing VIII 2014A)	2024	1,195,000	5%	10 Years	2034	1,195,000
<b>Total bonds payable</b>		<b>\$161,565,836</b>				<b>\$125,596,287</b>

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

Year	Principal	Interest	BAB Interest Subsidy*	Total Net of Subsidy
2025	\$12,183,837	\$4,302,914	\$(393,793)	\$16,092,958
2026	12,880,826	3,831,530	(367,543)	16,344,813
2027	11,908,069	3,348,386	(339,852)	14,916,603
2028	12,097,928	2,872,270	(306,896)	14,663,302
2029	12,297,003	2,408,720	(273,016)	14,432,707
2030-2034	52,043,624	5,894,705	(814,461)	57,123,868
2035-2039	12,185,000	471,212	(43,017)	12,613,195
Total	\$125,596,287	\$23,129,737	\$(2,538,578)	\$146,187,446

\* The University expects the BAB (Build America Bonds) subsidy to occur as displayed. However, the subsidy is subject to intervening Congressional action and thus is not guaranteed.

## B. 2024 DEFEASANCE OF DEBT

In February 2024, the Treasury Board, on behalf of the University, issued \$14,759,000 of General Obligation Refunding Bonds, Series 2024B to refund \$15,782,012 of Series 2013B and Series 2014A bonds. The resulting net gain of \$382,008 will be amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The details of each bond issue refunded are below:

Bond Title	Bonds Refunded	Interest Rate (Bonds Refunded)	Refunding Bonds Issued	Interest Rate (Refunding Bonds)	Accounting Gain (Loss)	Reduction in Debt Service	Economic Gain (Loss)
Student Housing, 2013B/2005	\$9,532,214	3.0 – 4.0%	\$8,738,000	5.0%	\$216,707	\$416,660	\$365,472
Housing VII, 2013B/2006B	4,063,578	4.0%	4,002,000	5.0%	66,894	38,478	37,623
Housing VIIC & Entr Rd, 2013B/2007B	740,103	4.0%	729,000	5.0%	14,578	10,453	10,217
Housing VII, 2013B/2007B	96,117	4.0%	95,000	5.0%	1,554	1,013	994
Housing VIII, 2014A	1,350,000	3.0 – 4.0%	1,195,000	5.0%	82,275	87,333	75,118
Total	\$15,782,012		\$14,759,000		\$382,008	\$553,937	\$489,424

## 11. NOTES PAYABLE

### A. VCBA NOTES

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. VCBA Pooled Bonds are reported as Notes Payable by the University. The University's general revenue secures these notes.

The following schedule describes each of the notes outstanding:

Note Title	Calendar Year Issued	Original Amount	Original Interest Rate	Original Note Term	Fiscal Year Final Pymt Due	Balance Outstanding at June 30, 2024
Student Union II Renovation	2010	\$2,935,000	3.75 to 5.5%	20 Years	2031	\$1,310,000
Student Union I Addition/Renovation	2010	5,390,000	3.75 to 5.5%	20 Years	2031	2,400,000
Smithsonian CRC-Dining	2010	2,395,000	3.75 to 5.6%	25 Years	2036	1,440,000
Krasnow Institute Addition II	2010	5,215,000	2.0 to 5.5%	20 Years	2031	2,250,000
Fieldhouse Life/Safety/Code Renovation	2010	1,395,000	3.75 to 5.5%	20 Years	2031	620,000

Note Title	Calendar Year Issued	Original Amount	Original Interest Rate	Original Note Term	Fiscal Year Final Pymt Due	Balance Outstanding at June 30, 2024
2013B Refunding (Patriot Center 2006A)	2013	7,280,000	1.0 to 4.0%	14 Years	2028	2,410,000
2013B Refunding (Patriot Center 2009A)	2013	1,845,000	1.0 to 4.0%	15 Years	2029	715,000
2014B Refunding (2005A)	2014	1,455,000	3.0 to 5.0%	12 Years	2027	1,035,000
2014B Refunding (2007A)	2014	28,290,000	3.0 to 5.0%	11 Years	2026	8,155,000
2015B Refunding (Arlington Ph II 2009A)	2015	5,595,000	3.0 to 5.0%	18 Years	2034	4,275,000
2015B Refunding (PW Perf Arts 2009A)	2015	10,375,000	3.0 to 5.0%	13 Years	2029	6,350,000
2015B Refunding (Parking Deck III, Ph I 2009A)	2015	6,520,000	3.0 to 5.0%	18 Years	2034	5,015,000
2015B Refunding (PE Bldg, Ph I 2009A)	2015	1,580,000	3.0 to 5.0%	13 Years	2029	965,000
2015B Refunding (Surge Space/Fit Out 2009A)	2015	6,185,000	3.0 to 5.0%	13 Years	2029	3,785,000
2015B Refunding (Acad VI/Rsch II 2009A)	2015	11,750,000	3.0 to 5.0%	13 Years	2029	7,185,000
2015B Refunding (PE Bldg, Ph II 2009A)	2015	3,020,000	3.0 to 5.0%	13 Years	2029	1,845,000
2015B Refunding (Biomed Rsch Lab 2009A)	2015	3,685,000	3.0 to 5.0%	13 Years	2029	2,250,000
2015B Refunding (Hotel & Conf Ctr 2009A)	2015	15,790,000	3.0 to 5.0%	23 Years	2039	13,020,000
2015B Refunding (SUB I Add/Reno 2009A)	2015	4,600,000	3.0 to 5.0%	13 Years	2029	2,815,000
2015B Refunding (Park Deck III, Ph II 2009A)	2015	9,275,000	3.0 to 5.0%	18 Years	2034	7,135,000
2015B Refunding (W Campus Connect 2009A)	2015	3,460,000	3.0 to 5.0%	13 Years	2029	2,115,000
2016A Refunding (Krasnow 2006A)	2016	390,000	3.00%	10 Years	2027	390,000
2016A Refunding (PE Add/Reno 2006A)	2016	1,750,000	3.0 to 5.0%	12 Years	2029	1,750,000
2016A Refunding (PE Bldg Add, Ph II 2006A)	2016	805,000	3.0 to 5.0%	12 Years	2029	805,000
2016A Refunding (PW Bio Lab 2006A)	2016	3,825,000	3.0 to 5.0%	12 Years	2029	3,825,000
2016A Refunding (PW Perf Arts Ctr 2006A)	2016	3,105,000	3.0 to 5.0%	12 Years	2029	3,105,000
2016A Refunding (Student Union III 2006A)	2016	1,315,000	3.0 to 5.0%	11 Years	2028	1,315,000
2016A Refunding (Surge Space Fit Out 2006A)	2016	390,000	3.0 to 5.0%	11 Years	2028	390,000
2016A Refunding (Surge Space Bldg 2006A)	2016	1,595,000	3.0 to 5.0%	11 Years	2028	1,595,000
2016A Refunding (PW Perf Arts Ctr 2007A)	2016	1,285,000	3.0 to 5.0%	11 Years	2028	1,285,000
2016A Refunding (Parking Deck III 2007A)	2016	7,795,000	3.0 to 5.0%	16 Years	2033	7,795,000
2016A Refunding (PE Bldg, Ph I 2007A)	2016	1,285,000	3.0 to 5.0%	11 Years	2028	1,285,000
2016A Refunding (Surge Space Bldg 2007A)	2016	450,000	3.0 to 5.0%	11 Years	2028	450,000
2016A Refunding (Acad VI/Rsch II 2007A)	2016	745,000	3.0 to 5.0%	11 Years	2028	745,000
2016A Refunding (PE Bldg Add, Ph II 2007A)	2016	575,000	3.0 to 5.0%	11 Years	2028	575,000
2016A Refunding (Hotel & Conf Ctr 2007A)	2016	8,345,000	3.0 to 5.0%	21 Years	2038	8,345,000
2016A Refunding (Sub I Reno 2007A)	2016	765,000	3.0 to 5.0%	11 Years	2028	765,000
2016A Refunding (Student Union III 2007A)	2016	2,255,000	3.0 to 5.0%	16 Years	2033	2,255,000
2016A Refunding (Arl Ph II 2009B)	2016	3,520,000	3.0 to 5.0%	18 Years	2035	2,720,000
2016A Refunding (PW Perf Arts Ctr 2009B)	2016	2,195,000	3.0 to 5.0%	13 Years	2030	1,420,000
2016A Refunding (Surge Space Fit Out 2009B)	2016	1,020,000	3.0 to 5.0%	13 Years	2030	660,000
2016A Refunding (Biomed Rsch Lab 2009B)	2016	1,225,000	3.0 to 5.0%	13 Years	2030	795,000
2016A Refunding (Hotel & Conf Ctr 2009B)	2016	5,955,000	3.0 to 5.0%	23 Years	2040	4,995,000
2016A Refunding (Sub I Add/Reno 2009B)	2016	4,980,000	3.0 to 5.0%	13 Years	2030	3,230,000
2016A Refunding (SUB II Reno 2009B)	2016	3,120,000	3.0 to 5.0%	13 Years	2030	2,025,000
Utilities Distribution Infrastructure	2017	3,240,000	2.125 to 5.0%	20 Years	2038	2,535,000
Utilities Distribution Infrastructure	2018	21,925,000	4.0 to 5.0%	20 Years	2039	18,280,000
2021B Refunding (Smithsonian CRC Dining 2011A)	2021	1,725,000	0.48 to 2.4%	17 Years	2039	1,620,000
2021B Refunding (Central Utility Plant 2011A)	2021	455,000	0.48 to 2.4%	17 Years	2039	430,000
2021B Refunding (Parking Deck II 2003A, 2012A)	2021	3,925,000	0.48 to 0.77%	5 Years	2027	2,970,000
2021B Refunding (Fairfax Research I 2004A, 2012A)	2021	3,505,000	0.48 to 0.94%	6 Years	2028	2,825,000
2021B Refunding (Student Union III 2005A, 2012A)	2021	1,320,000	0.48 to 1.13%	7 Years	2029	1,000,000
2021B Refunding (Krasnow Institute 2005A, 2012A)	2021	1,205,000	0.48 to 1.13%	7 Years	2029	920,000
2021B Refunding (Fieldhouse Life/Safety/Reno 2012B)	2021	280,000	0.48 to 0.50%	3 Years	2025	140,000
2021B Refunding (Central Utility Plant 2012B)	2021	590,000	0.48 to 0.50%	3 Years	2025	295,000
2021B Refunding (W Campus Connect 2013A)	2021	560,000	0.48 to 0.61%	4 Years	2026	560,000
2021B Refunding (Ike's Dining 2013A)	2021	6,150,000	0.48 to 2.11%	14 Years	2036	6,070,000
2021B Refunding (Central Utility Plant 2013A)	2021	2,595,000	0.48 to 2.11%	14 Years	2036	2,575,000
2021B Refunding (Renovate Fieldhouse 2013B)	2021	810,000	0.48 to 0.61%	4 Years	2026	810,000
2021B Refunding (Patriot Ctr 2006A, 2013B)	2021	1,105,000	1.13 to 1.33%	8 Years	2030	1,105,000
2021B Refunding (Patriot Ctr 2009A, 2013B)	2021	250,000	1.33 to 1.53%	9 Years	2031	250,000
2021B Refunding (Krasnow 2006A, 2014B)	2021	245,000	0.94 to 1.13%	7 Years	2029	245,000
2021B Refunding (PE Add/Reno 2006A, 2014B)	2021	690,000	1.33 to 1.53%	9 Years	2031	690,000



Note Title	Calendar Year Issued	Original Amount	Original Interest Rate	Original Note Term	Fiscal Year Final Pymt Due	Balance Outstanding at June 30, 2024
2021B Refunding (PE Bldg Add, Ph II 2006A, 2014B)	2021	315,000	1.33 to 1.53%	9 Years	2031	315,000
2021B Refunding (PW Bio Lab 2006A, 2014B)	2021	1,505,000	1.33 to 1.53%	9 Years	2031	1,505,000
2021B Refunding (PW Perf Arts Ctr 2006A, 2014B)	2021	1,215,000	1.33 to 1.53%	9 Years	2031	1,215,000
2021B Refunding (Student Union III 2006A, 2014B)	2021	620,000	1.13 to 1.33%	8 Years	2030	620,000
2021B Refunding (Surge Space Fit Out 2006A, 2014B)	2021	180,000	1.13 to 1.33%	8 Years	2030	180,000
2021B Refunding (Surge Space Building 2006A, 2014B)	2021	755,000	1.13 to 1.33%	8 Years	2030	755,000
2021B Refunding (PW Perf Arts Ctr RB#2 2007A, 2014B)	2021	1,065,000	1.13 to 1.33%	8 Years	2030	1,065,000
2021B Refunding (Parking Deck III 2007A, 2014B)	2021	1,775,000	1.91 to 2.01%	13 Years	2035	1,775,000
2021B Refunding (PE Bldg Reno Ph I, RB#2 2007A, 2014B)	2021	1,060,000	1.13 to 1.33%	8 Years	2030	1,060,000
2021B Refunding (Surge Space Bldg, RB#2 2007A, 2014B)	2021	370,000	1.13 to 1.33%	8 Years	2030	370,000
2021B Refunding (Acad VI/Research II 2007A, 2014B)	2021	615,000	1.13 to 1.33%	8 Years	2030	615,000
2021B Refunding (PE Bldg Reno Ph II, RB#2 2007A, 2014B)	2021	480,000	1.13 to 1.33%	8 Years	2030	480,000
2021B Refunding (Hotel & Conf Ctr 2007A, 2014B)	2021	1,110,000	2.4 to 2.5%	18 Years	2040	1,110,000
2021B Refunding (Sub I Reno 2007A, 2014B)	2021	635,000	1.13 to 1.33%	8 Years	2030	635,000
2021B Refunding (Student Union III 2007A, 2014B)	2021	510,000	1.91 to 2.01%	13 Years	2035	510,000
2021B Refunding (Arl Phase II 2009A, 2015B)	2021	720,000	2.01 to 2.11%	14 Years	2036	720,000
2021B Refunding (PW Perf Arts Ctr RB#3 2009A, 2015B)	2021	2,200,000	1.33 to 1.53%	9 Years	2031	2,200,000
2021B Refunding (Parking Deck III, Ph I 2009A, 2015B)	2021	825,000	2.01 to 2.11%	14 Years	2036	825,000
2021B Refunding (PE Bldg, Phase I 2009A, 2015B)	2021	335,000	1.33 to 1.53%	9 Years	2031	335,000
2021B Refunding (Surge Space & Fit-Out 2009A, 2015B)	2021	1,310,000	1.33 to 1.53%	9 Years	2031	1,310,000
2021B Refunding (Acad VI/Rsch II, RB#2 2009A, 2015B)	2021	2,490,000	1.33 to 1.53%	9 Years	2031	2,490,000
2021B Refunding (PE Bldg Phase II 2009A, 2015B)	2021	645,000	1.33 to 1.53%	9 Years	2031	645,000
2021B Refunding (BRL, RB#2 2009A, 2015B)	2021	785,000	1.33 to 1.53%	9 Years	2031	785,000
2021B Refunding (Hotel & Conf Ctr 2009A, 2015B)	2021	1,515,000	2.5 to 2.6%	19 Years	2041	1,515,000
2021B Refunding (Sub I Add/Reno 2009A, 2015B)	2021	975,000	1.33 to 1.53%	9 Years	2031	975,000
2021B Refunding (Parking Deck III, Ph II 2009A, 2015B)	2021	1,170,000	2.01 to 2.11%	14 Years	2036	1,170,000
2021B Refunding (W Campus Connect 2009A, 2015B)	2021	735,000	1.33 to 1.53%	9 Years	2031	735,000
2021B Refunding (Arl Phase II 2009B, 2016A)	2021	435,000	2.11 to 2.21%	15 Years	2037	435,000
2021B Refunding (PW Perf Arts Ctr 2009B, 2016A)	2021	425,000	1.53 to 1.71%	10 Years	2032	425,000
2021B Refunding (Surge Space Fit Data Ctr 2009B, 2016A)	2021	195,000	1.53 to 1.71%	10 Years	2032	195,000
2021B Refunding (BRL 2009B, 2016A)	2021	235,000	1.53 to 1.71%	10 Years	2032	235,000
2021B Refunding (Hotel & Conf Ctr 2009B, 2016A)	2021	520,000	2.6 to 2.65%	20 Years	2042	520,000
2021B Refunding (Sub I Add/Reno 2009B, 2016A)	2021	945,000	1.53 to 1.71%	10 Years	2032	945,000
2021B Refunding (Sub II Reno 2009B, 2016A)	2021	590,000	1.53 to 1.71%	10 Years	2032	590,000
2021B Refunding (Utilities Distrib Infra 2017A)	2021	265,000	2.4 to 2.5%	18 Years	2040	265,000
2021B Refunding (Utilities Distrib Infra 2018A)	2021	1,610,000	2.5 to 2.6%	19 Years	2041	1,610,000
<b>Total notes payable</b>		<b>\$278,435,000</b>				<b>\$204,065,000</b>

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

Year	Principal	Interest	BAB Interest Subsidy*	Total Net of Subsidy
2025	\$22,545,000	\$6,658,268	\$(142,524)	\$29,060,744
2026	22,995,000	5,810,693	(126,097)	28,679,596
2027	23,090,000	4,956,517	(107,844)	27,938,673
2028	22,945,000	4,089,417	(88,064)	26,946,353
2029	21,585,000	3,205,112	(67,563)	24,722,549
2030-2034	61,610,000	8,436,171	(99,059)	69,947,112
2035-2039	24,595,000	2,348,137	(5,635)	26,937,502
2040-2044	4,700,000	122,521	-	4,822,521
<b>Total</b>	<b>\$204,065,000</b>	<b>\$35,626,836</b>	<b>\$(636,786)</b>	<b>\$239,055,050</b>

\* The University expects the BAB (Build America Bonds) subsidy to occur as displayed. However, the subsidy is subject to intervening Congressional action and thus is not guaranteed.

## B. OTHER NOTES PAYABLE

In October 2022, the University entered into a Revolving Credit Agreement with Atlantic Union Bank (AUB) and signed a Promissory Note for \$68 million. This Note is payable to AUB from any or all Pledged Revenues of the University, which Pledged Revenues have been pledged to AUB by the University on a parity basis with all other Parity Revenue Obligations.

On February 7, 2024, the University drew the principal amount of \$68 million. The proceeds will be used to pay construction costs of a new technology building and to provide financing for other capital projects. Through October 15, 2032, interest accrues on the outstanding amount at a fixed rate of 3.66%. Thereafter, the interest rate resets to a fixed rate of interest equal to the sum of (a) the 5-Year Treasury Note as of Oct 12, 2032, and (b) 81 basis points. Interest is due and payable quarterly and principal is due at maturity on October 15, 2037, but may be prepaid at any time without penalty. During FY 2024, the University recognized interest expense of \$995,520 on the outstanding \$68 million.

## 12. INSTALLMENT PURCHASES PAYABLE & FINANCED PURCHASE OBLIGATIONS

### A. INSTALLMENT PURCHASES PAYABLE

The University has entered into an installment purchase contract to finance the acquisition of the equipment necessary for the implementation of the Energy Performance Contract Agreement. The remaining length of the purchase agreement is one year with 1.43% interest. Principal and interest payments on this commitments for fiscal years subsequent to June 30, 2024 are as follows:

Year	Principal	Interest	Total
2025	\$517,722	\$7,403	\$525,125
Total	\$517,722	\$7,403	\$525,125

### B. FINANCED PURCHASE OBLIGATIONS

The University has entered into the following financed purchases with George Mason University Foundation (GMUF):

- 150,000 square foot administration building at the Fairfax campus (FY11)
- 80,858 square foot residence hall at the Prince William campus (FY13)
- 31,879 square foot office building and land in downtown Fairfax, close to the Fairfax campus (FY14)
- 75,000 square foot lab building at the Prince William campus (FY15)
- 183,000 square foot residence hall at the Fairfax campus (FY18)

The University has accounted for the financed purchases as additions to capital assets in the year of the agreement and recorded a corresponding financed purchase obligation in long-term debt, both of which are on the *Statement of Net Position* as of June 30, 2024. Payments of principal, interest, and operating expenses on these commitments for fiscal years subsequent to June 30, 2024 are as follows:

Fiscal Year	Principal	Interest	Operating Expenses	Total
2025	\$4,630,098	\$4,018,578	\$246,425	\$8,895,101
2026	4,955,649	3,693,027	246,425	8,895,101
2027	5,305,844	3,342,832	246,425	8,895,101
2028	4,551,389	2,987,287	246,425	7,785,101
2029	3,665,743	2,762,933	246,425	6,675,101
2030-2034	19,253,454	10,685,552	184,819	30,123,825

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Operating Expenses</b>	<b>Total</b>
2035-2039	16,547,080	5,202,920	-	21,750,000
2040-2044	9,590,965	939,035	-	10,530,000
Total	\$68,500,222	\$ 33,632,164	\$1,416,944	\$103,549,330

### 13. LEASE LIABILITY

The University leases certain office space, academic space, training space, laboratory space, and equipment. Initial terms are typically 3 to 15 years and may contain rent escalation clauses and renewal options ranging from 3 to 10-year intervals. Discount rates for real estate leases ranged from 7.3%-9% and a discount rate of 2.5%-6% was used for equipment leases. See note 1.K. for details on determining discount rates. Of the total \$21,267,833 lease liability, \$1,803,282 is due to the George Mason University Foundation. In fiscal year 2024, the University recognized \$429,489.30 in Auxiliary Expense for variable payments made that were not previously included in the measurement of the lease liability. These variable payments were calculated based on actual usage of equipment throughout the fiscal year. The future minimum lease obligations for fiscal years subsequent to June 30, 2024 are as follows:

<b>Year</b>	<b>Liability Reduction</b>	<b>Interest</b>	<b>Total</b>
2025	\$2,073,809	\$1,579,633	\$3,653,442
2026	2,216,385	1,486,761	3,703,146
2027	1,635,844	1,375,563	3,011,407
2028	1,688,467	1,278,012	2,966,479
2029	1,718,895	1,032,890	2,751,785
2030-2034	5,453,208	3,407,355	8,860,563
2035-2039	3,359,434	1,787,339	5,146,773
2040-2044	3,121,791	391,397	3,513,188
Total	\$21,267,833	\$12,338,950	\$33,606,783

During FY 2024, the University entered into a lease-leaseback transaction, which was accounted for as a net transaction. As of June 30, 2024, the gross amounts related to the lease-leaseback transaction, where George Mason acted as the lessee, are outlined in the table below. See Note 5 for the amounts related to the lease-leaseback transactions where George Mason is the lessor.

<b>Year</b>	<b>ST Capital Lease Liab</b>	<b>LT Capital Lease Liab</b>	<b>Accumulated Amortization</b>	<b>Gross Asset Balance</b>
2024	\$403,669	\$452,082	\$256,119	\$1,072,072

### 14. SUBSCRIPTION LIABILITY

The University has subscription-based information technology arrangements (SBITAs). Initial terms are typically 2 to 5 years and may contain payment escalation clauses and renewal options ranging from 1 to 5 years. The discount rate applied to the measurement of subscription liability was 2.5%. See note 1.L. for details on determining discount rates.

In fiscal year 2024, the University recognized \$3,426,928 in Operating Expense for variable payments made that were not previously included in the measurement of the subscription liability. These variable payments were calculated based on actual usage throughout the fiscal year.

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

Year	Liability Reduction	Interest	Total
2025	\$7,285,559	\$452,561	\$7,738,120
2026	4,584,940	316,651	4,901,591
2027	3,245,227	187,689	3,432,916
2028	1,054,787	97,956	1,152,743
2029	1,117,878	60,302	1,178,180
2030-2034	579,524	20,909	600,433
Total	\$ 17,867,915	\$1,136,068	\$19,003,983

## 15. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources consisted of the following at June 30, 2024:

Deferred Inflows of Resources	
Refundings of debt	\$4,263,420
Pension	19,144,459
Other post-employment benefits	23,657,617
Leases	23,391,004
Public-private partnership (PPP)	302,935
Total deferred inflows of resources	\$70,759,435

## 16. EXPENSES BY NATURAL CLASSIFICATION

The following table shows a classification of expenses 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.

	Salaries & Wages	Fringe Benefits	Goods & Services	Student Aid	Depreciation & Amortization	Total
Instruction	\$304,919,823	\$82,834,409	\$35,748,285	\$-	\$-	\$423,502,517
Research	77,766,128	15,743,660	82,064,272	-	-	175,574,060
Academic support	74,540,473	22,735,633	19,257,617	-	-	116,533,723
Student service	28,252,339	11,270,166	11,344,127	-	-	50,866,632
Public service	15,553,104	3,387,133	16,664,434	-	-	35,604,671
Operation & maintenance	31,535,073	11,427,846	26,450,447	-	-	69,413,366
Institutional support	50,321,756	16,318,490	10,954,921	-	-	77,595,167
Auxiliary enterprises	54,406,961	14,833,841	91,558,399	-	-	160,799,201
Student aid	-	-	-	21,663,534	-	21,663,534
Depreciation & amortization	-	-	-	-	99,268,456	99,268,456
Total	\$637,295,657	\$178,551,178	\$294,042,502	\$21,663,534	\$99,268,456	\$1,230,821,327

## 17. STATE APPROPRIATIONS

George Mason University receives state appropriations from the General Fund of the Commonwealth. The Appropriation Act specifies that unexpended General Fund appropriations that remain on the last day of the current fiscal year shall be reappropriated for expenditure in the subsequent fiscal year beginning July 1, 2024, except as may be specifically provided otherwise by the General Assembly. The Governor may, at his discretion, unallot funds from the reappropriated balances that relate to unexpended appropriations.

The following is a summary of General Fund appropriations received by the institution including all supplemental appropriations and reversions:

<b>General Fund Appropriations</b>	
Original legislative appropriations:	
Educational and general programs	\$199,865,850
Student financial assistance	80,122,640
Grants and contracts	2,463,605
Central appropriations distribution	29,137,176
Affordable Access Funds	8,572,000
Virginia Degree Completion Network	850,000
TTIP award	5,797,737
VIVA	47,442
Interest earnings and credit card rebates	935,950
<b>Total</b>	<b>\$327,792,400</b>

## 18. FACULTY INCENTIVE RETIREMENT PLAN

On September 28, 2023, the Board of Visitors of the University approved a Faculty Incentive Retirement Plan for tenured instructional and research faculty members, which provides for payout of 125-150% of their base annual salary over a two to five-year period based on years of service. The plan was designed as a tool for the University to respond to financial and organizational challenges by releasing faculty resources for budget reallocation or reduction in accordance with strategic plan goals, enrollment changes, and other University needs. The Plan also provides a health care subsidy subject to section 213(d) of the Internal Revenue Code.

Since inception, 32 faculty members have elected to enroll in the plan. Four participants have retired under this plan during FY 2024, and 28 will retire during FY 2025. The University will make equal monthly installment payments to the employee's retirement account over the payout period. If the full retirement incentive cannot be made within a five-year period due to the annual IRS limit, the University will pay the difference in a single lump sum payment.

The plan payment schedule, calculated using the net present value of future plan payments, is as follows:

<b>Year Ended June 30</b>	<b>Supplemental Plan Liability</b>
2025	\$328,467
2026	1,361,719
2027	2,020,938
2028	1,909,700
2029	1,213,723
2030-2031	738,821
<b>Total</b>	<b>\$7,573,368</b>

## 19. RETIREMENT AND PENSION SYSTEMS

### A. VIRGINIA RETIREMENT SYSTEM (VRS) STATE EMPLOYEE DEFINED BENEFIT RETIREMENT PLAN AND VIRGINIA LAW OFFICERS SYSTEM (VaLORS) DEFINED BENEFIT RETIREMENT PLAN

#### *Plan Description*

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. 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 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
<p><b>About Plan 1</b> 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.</p>	<p><b>About Plan 2</b> Same as Plan 1.</p>	<p><b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</li> <li>• 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.</li> <li>• 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.</li> </ul>
<p><b>Eligible Members</b> Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of</p>	<p><b>Eligible Members</b> Employees are in Plan 2 if their membership date is from July 1, 2010 to December 31, 2013, and they have</p>	<p><b>Eligible Members</b> Employees are in the Hybrid Retirement Plan if their membership</p>

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>January 1, 2013, and they have not taken a refund.</p> <p><i>Hybrid Opt-In Election</i> 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.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>not taken a refund, or their membership date is prior to July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><i>Hybrid Opt-In Election</i> Same as Plan 1.</p>	<p>date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• Full-time permanent, salaried state employees.*</li> <li>• 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</li> </ul> <p><i>*Non-Eligible Members</i> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Members of the Virginia Law Officers' Retirement System (VaLORS)</li> </ul> <p>Those members 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.</p>
<p><b>Retirement Contributions</b> State members, 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.</p>	<p><b>Retirement Contributions</b> Same as Plan 1.</p>	<p><b>Retirement Contributions</b> 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.</p>
<p><b>Service Credit</b> Service credit includes active 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</p>	<p><b>Service Credit</b> Same as Plan 1.</p>	<p><b>Service Credit</b> <i>Defined Benefit Component:</i> Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include</p>

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>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.</p>		<p>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.</p> <p><i>Defined Contributions Component:</i> Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>
<p><b>Vesting</b> 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 must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><b>Vesting</b> Same as Plan 1.</p>	<p><b>Vesting</b> <i>Defined Benefit Component:</i> 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 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.</p> <p><i>Defined Contributions Component:</i> 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.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>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.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> </ul>



PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		<ul style="list-style-type: none"> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distributions not required, except as governed by law.</p>
<p><b>Calculating the Benefit</b> 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.</p>	<p><b>Calculating the Benefit</b> See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b> <i>Defined Benefit Component:</i> See definition under Plan 1.</p> <p><i>Defined Contribution Component:</i> 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.</p>
<p><b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b>Service Retirement Multiplier</b> <b>VRS:</b> 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%.</p> <p><b>VaLORS:</b> The retirement multiplier for VaLORS employees is 1.70% or 2.00%.</p>	<p><b>Service Retirement Multiplier</b> <b>VRS:</b> 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.</p> <p><b>VaLORS:</b> 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.</p>	<p><b>Service Retirement Multiplier</b> <i>Defined Benefit Component:</i> <b>VRS:</b> The retirement multiplier for the defined benefit component is 1.00%.</p> <p>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.</p> <p><b>VaLORS:</b> Not applicable.</p> <p><i>Defined Contribution Component:</i> Not applicable.</p>
<p><b>Normal Retirement Age</b> <b>VRS:</b> Age 65.</p> <p><b>VaLORS:</b> Age 60.</p>	<p><b>Normal Retirement Age</b> <b>VRS:</b> Normal Social Security retirement age.</p> <p><b>VaLORS:</b> Same as Plan 1.</p>	<p><b>Normal Retirement Age</b> <i>Defined Benefit Component:</i> <b>VRS:</b> Same as Plan 2.</p> <p><b>VaLORS:</b> Not applicable.</p> <p><i>Defined Contribution Component:</i></p>

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		Members are eligible to receive distributions upon leaving employment, subject to restrictions.
<p><b>Earliest Unreduced Retirement Eligibility</b>  <b>VRS:</b> Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.</p> <p><b>VaLORS:</b> Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b>  <b>VRS:</b> Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90.</p> <p><b>VaLORS:</b> Same as Plan 1.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b>  <i>Defined Benefit Component:</i>  <b>VRS:</b> Same as Plan 2.</p> <p><b>VaLORS:</b> Not applicable.</p> <p><i>Defined Contribution Component:</i>  Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Reduced Retirement Eligibility</b>  <b>VRS:</b> Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p> <p><b>VaLORS:</b> Age 50 with at least five years of service credit.</p>	<p><b>Earliest Reduced Retirement Eligibility</b>  <b>VRS:</b> Age 60 with at least five years (60 months) of service credit.</p> <p><b>VaLORS:</b> Same as Plan 1.</p>	<p><b>Earliest Reduced Retirement Eligibility</b>  <i>Defined Benefit Component:</i>  <b>VRS:</b> Same as Plan 2.</p> <p><b>VaLORS:</b> Not applicable.</p> <p><i>Defined Contribution Component:</i>  Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>  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%.</p> <p><i>Eligibility:</i>  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.</p> <p>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.</p> <p><i>Exceptions to COLA Effective Dates:</i></p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>  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%.</p> <p><i>Eligibility:</i>  Same as Plan 1.</p> <p><i>Exceptions to COLA Effective Dates:</i></p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>  <i>Defined Benefit Component:</i>  Same as Plan 2.</p> <p><i>Defined Contribution Component:</i>  Not applicable.</p> <p><i>Eligibility:</i>  Same as Plan 1 and Plan 2.</p> <p><i>Exceptions to COLA Effective Dates:</i></p>

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability.</li> <li>• 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.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.</li> </ul> <p>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.</p>	<p>Same as Plan 1.</p>	<p>Same as Plan 1 and Plan 2.</p>
<p><b>Disability Coverage</b> For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p><b>Disability Coverage</b> For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p><b>Disability Coverage</b> State employees (including Plan 1 and Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>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.</p>
<p><b>Purchase of Prior Service</b> Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of</p>	<p><b>Purchase of Prior Service</b> Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b> <i>Defined Benefit Component:</i> Same as Plan 1, with the following exception:</p>

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>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.</p>		<ul style="list-style-type: none"> <li>Hybrid Retirement Plan members are ineligible for ported service.</li> </ul> <p><i>Defined Contribution Component:</i> Not applicable.</p>

**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 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 rate 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 \$27,639,230 and \$25,215,640 for the years ended June 30, 2024 and June 30, 2023, respectively. Contributions from the University to the VaLORS Retirement Plan were \$998,090 and \$844,988 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 proportionate share of this special contribution is reported as revenue in the Other nonoperating revenue/(expense) line.

***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 \$189,343,118 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of \$6,018,491 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 3.74218% as compared to 3.60922% at June 30, 2022. At June 30, 2023, the University’s proportion of the VaLORS Retirement Plan was 0.93033% as compared to 0.81808% at June 30, 2022.

For the year ended June 30, 2024, the University recognized pension expense of \$23,649,965 for the VRS State Employee Retirement Plan and \$1,261,769 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 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$18,524,255	\$5,469,510
Net difference between projected and actual earnings on pension plan investments	-	13,507,881
Change in assumptions	2,501,341	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,137,338	167,068
Employer contributions subsequent to the measurement date	28,637,320	-
<b>Total</b>	<b>\$57,800,254</b>	<b>\$19,144,459</b>

\$28,637,320 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:

<b>Year Ended June 30</b>	
FY 2025	\$1,408,689
FY 2026	(7,249,677)
FY 2027	15,370,749
FY 2028	488,714

### ***Actuarial Assumptions***

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 expenses, 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)	Updated 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

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 expenses, 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)	Updated 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):

	<b>State Employee Retirement Plan</b>	<b>VaLORS Retirement Plan</b>
Total Pension Liability	\$ 28,411,528	\$ 2,577,980
Plan Fiduciary Net Position	(23,351,827)	(1,931,061)
Employers' Net Pension Liability (Asset)	<u>\$ 5,059,701</u>	<u>\$ 646,919</u>
 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:

<b>Asset Class (Strategy)</b>	<b>Long-Term Target Asset Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return*</b>
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%
<b>Total</b>	<u><b>100.00%</b></u>		<u><b>5.75%</b></u>
	Inflation		<u>2.50%</u>
	Expected arithmetic nominal return*		<u><b>8.25%</b></u>

\* 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 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%.

### ***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 System member contributions will be made per the VRS Statutes and the employer contributions will be 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 will be subject to the portion of the VRS Board-certified rates that are 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 contribute 102% 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 presents the University's proportionate share of the VRS State Employee Retirement Plan net pension liability using the discount rate of 6.75%, as well as what the University's proportionate share of the net pension liability 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:

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
University's proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	\$315,522,924	\$189,343,118	\$83,740,342

The following presents the University's proportionate share of the VaLORS Retirement Plan net pension liability using the discount rate of 6.75%, as well as what the University's proportionate share of the net pension liability 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:

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
University's proportionate share of the VaLORS Retirement Plan Net Pension Liability	\$9,201,029	\$6,018,491	\$3,418,709

***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 [varetire.org/pdf/publications/2023-annual-report.pdf](http://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***

As of June 30, 2024, the University had a payable to VRS in the amount of \$1,715,458. Of this amount, \$1,619,500 was for the VRS State Employee Retirement Plan and \$95,958 was for VaLORS. These amounts represent current legally required contributions to the pension plan not yet remitted to VRS in accordance with the payment terms.

The University’s employer pension contribution amounts for each month are calculated based on employee salaries as of the first business day of each month multiplied by the legally required contribution rate and paid to VRS no later than the 10<sup>th</sup> of the following month.

**B. HYBRID RETIREMENT PLAN – DEFINED CONTRIBUTION COMPONENT**

The University’s expenses also include the amount assessed by the Commonwealth for the employer’s required contributions to the defined contribution component of the Hybrid retirement plan.

During FY 2024, the employer’s required retirement contribution rate was 1% for the defined contribution component of the Hybrid Plan. These contributions totaled \$1,145,362 for the year ended June 30, 2024. All participants were required to contribute 1% to the defined contribution portion of the Hybrid Plan.

During FY 2024, participants were permitted to make voluntary contributions of up to 4% to the Hybrid plan which the University is required to match with an employer contribution of up to 2.5%. The employer matching contribution totaled \$1,618,764 for the year ending June 30, 2024.

Contributions to the Hybrid plan were calculated using plan’s covered payroll of \$114,536,170 for the year ended June 30, 2024.

**C. FACULTY RETIREMENT PLANS**

Most full-time faculty and certain administrative faculty participate in one faculty retirement plan with two investment providers rather than the VRS. These are defined contribution plans where the retirement benefits received are based upon the employer’s contribution plus interest and dividends.

For plan participants hired prior to July 1, 2010, the employer’s contribution was 10.4% and the participant was not required to make contributions to the plan. Plan participants hired after June 30, 2010 received an employer contribution of 8.5% and were required to contribute 5%. The plan structure for participants hired after June 30, 2010 is designated in the table below with a 2 following the investment providers’ names.

Individual contracts issued under the plan provide for full and immediate vesting of the University’s contributions. Total pension expense under these plans was \$25,486,510 for the fiscal year ended June 30, 2024 based on total covered payroll of \$277,565,157. The University’s outstanding liability for accrued pension expense as of June 30, 2024 was \$518,075. The change in the accrued liability amount from the prior year end was an decrease of \$505,830, which accounts for the difference between the pension contributions made to plan trustees, as set forth in the table below, and the pension expense amount stated above. FY 2024 pension contributions were calculated using the plan’s covered payroll of \$282,956,897 for fiscal year 2024.

The following table summarizes the contributions and participation in the optional retirement plans:

Faculty Retirement Plan	Pension Contributions Made to Plan Trustees	Plan’s Covered Payroll	Contribution Percentage
TIAA-CREF*	\$7,411,157	\$71,261,127	10.4%
TIAA-CREF 2	6,488,329	76,333,277	8.5%
Fidelity Investments	3,213,287	30,896,989	10.4%
Fidelity Investments 2	8,879,567	104,465,504	8.5%
Total	\$25,992,340	\$282,956,897	

\*Teachers Insurance and Annuity Association/College Retirement Equities Fund

## D. DEFERRED COMPENSATION

Employees of the University are employees of the Commonwealth of Virginia. 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 Commonwealth's Deferred Compensation Plan is a qualified defined contribution plan under Section 401(a) of the Internal Revenue Code.

Employees may also participate in a University sponsored 403(b) plan or Roth plan, and receive Employer matching contributions on the same basis as the Commonwealth's plan. Employer contributions under these Deferred Compensation Plans were \$1,268,713 for the fiscal year ended June 30, 2024.

## 20. OTHER POSTEMPLOYMENT BENEFITS

The University participates in postemployment benefit programs that are sponsored by the Commonwealth and administered by the Virginia Retirement System. These programs include the Group Life Insurance Program (GLI), Retiree Health Insurance Credit Program (HIC), Line of Duty Act Program (LODA) and Virginia Sickness and Disability Program (VSDP). The University also participates in the Pre-Medicare Retiree Healthcare Plan (PMRH), which is sponsored by the Commonwealth and administered by the Department of Human Resources Management.

<b>Virginia Retirement System OPEB Plans</b>			
<b>GLI</b>	<b>HIC</b>	<b>LODA</b>	<b>VSDP</b>
<i>Plan Description</i>	<i>Plan Description</i>	<i>Plan Description</i>	<i>Plan Description</i>
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.	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	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.	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.

Virginia Retirement System OPEB Plans			
GLI	HIC	LODA	VSDP
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.	credit cannot exceed the amount of the premiums and ends upon the retiree's death.		
<p><b>Eligible Employees</b></p> <p>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:</p> <ul style="list-style-type: none"> <li>• City of Richmond</li> <li>• City of Portsmouth</li> <li>• City of Roanoke</li> <li>• City of Norfolk</li> <li>• Roanoke City School Board</li> </ul> <p>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.</p>	<p><b>Eligible Employees</b></p> <p>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.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> <li>• Full-time and part-time permanent salaried state employees covered under VRS, SPORS, VaLORS and JRS.</li> </ul>	<p><b>Eligible Employees</b></p> <p>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.</p>	<p><b>Eligible Employees</b></p> <p>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.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> <li>• 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).</li> <li>• 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.</li> </ul>

Virginia Retirement System OPEB Plans			
GLI	HIC	LODA	VSDP
			<ul style="list-style-type: none"> <li>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.</li> </ul>
<p><b>Benefit Amounts</b></p> <p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"> <li><b><u>Natural Death Benefit:</u></b> The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</li> <li><b><u>Accidental Death Benefit:</u></b> The accidental death benefit is double the natural death benefit.</li> <li><b><u>Other Benefit Provisions:</u></b> In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> <li>Accidental dismemberment benefit</li> <li>Seatbelt benefit</li> <li>Repatriation benefit</li> <li>Felonious assault benefit</li> <li>Accelerated death benefit option.</li> </ul> </li> </ul> <p><b>Reduction in Benefit Amounts</b></p>	<p><b>Benefit Amounts</b></p> <p>The State Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <p><b><u>At Retirement</u></b> – For State employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.</p> <p><b><u>Disability Retirement</u></b></p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>	<p><b>Benefit Amounts</b></p> <p>LODA provides death and health insurance benefits for eligible individuals:</p> <p><b><u>Death</u></b> – The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows:</p> <ul style="list-style-type: none"> <li>\$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after.</li> <li>\$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.</li> <li>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.</li> </ul> <p><b><u>Health Insurance</u></b> – The LODA program provides health insurance benefits.</p> <ul style="list-style-type: none"> <li>The health insurance benefits are managed through the Virginia Department of Human Resource Management</li> </ul>	<p><b>Benefit Amounts</b></p> <p>The Virginia Sickness and Disability Program (VSDP) provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> <li><b><u>Leave</u></b> – Sick, family and personal leave. Eligible leave benefits are paid by the employer.</li> <li><b><u>Short-Term Disability</u></b> – 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.</li> <li><b><u>Long-Term Disability (LTD)</u></b>– 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</li> </ul>

Virginia Retirement System OPEB Plans			
GLI	HIC	LODA	VSDP
<p>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.</p>	<ul style="list-style-type: none"> <li>For State police officers 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.</li> </ul>	<p>(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.</p>	<p>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.</p> <ul style="list-style-type: none"> <li><b><u>Income Replacement Adjustment</u></b> – The program provides for an income replacement adjustment to 80% for catastrophic conditions.</li> <li><b><u>VSDP Long-Term Care Plan</u></b> – The program also includes a self-funded long-term care plan that assists with the cost of covered long-term care services.</li> </ul>
<p><b>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</b></p> <p>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.</p>	<p><b>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</b></p> <p>Not Applicable</p>	<p><b>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</b></p> <p>Not Applicable</p>	<p><b>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</b></p> <p>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.</p> <ul style="list-style-type: none"> <li>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%).</li> <li>Plan 1 employee non-vested as of 1/1/2013, Plan 2 and Hybrid Plan employees – 100% of the</li> </ul>

Virginia Retirement System OPEB Plans			
GLI	HIC	LODA	VSDP
			<p>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%).</p> <p>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.</p> <ul style="list-style-type: none"> <li>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%</li> </ul> <p>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.</p> <ul style="list-style-type: none"> <li>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%.</li> </ul>
	<p><b>Health Insurance Credit Program Notes:</b></p> <ul style="list-style-type: none"> <li>The monthly Health Insurance Credit benefit cannot exceed the</li> </ul>		<p><b>Disability Insurance Program (VSDP) Plan Notes:</b></p> <ul style="list-style-type: none"> <li>Employees hired or rehired on or after July 1, 2009, must satisfy</li> </ul>

Virginia Retirement System OPEB Plans			
GLI	HIC	LODA	VSDP
	<p>individual's premium amount.</p> <ul style="list-style-type: none"> <li>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.</li> </ul>		<p>eligibility periods before becoming eligible for non-work-related short-term disability benefits and certain income-replacement levels.</p> <ul style="list-style-type: none"> <li>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 five years of VSDP benefits.</li> <li>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.</li> </ul>

Department of Human Resources Management OPEB Plan
Pre-Medicare Retiree Healthcare Plan (PMRH)
<p><b>Plan Description</b></p> <p>The Commonwealth provides a healthcare plan established by Title 2.2, Chapter 28 of the <i>Code of Virginia</i> for retirees who are not yet eligible to participate in Medicare. 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.</p> <p>Following are eligibility requirements for Virginia Retirement System retirees:</p> <ul style="list-style-type: none"> <li>You are a retiring state employee who is eligible for a monthly retirement benefit from the Virginia Retirement System (VRS), and</li> <li>You start receiving (do not defer) your retirement benefits immediately upon retirement*, and</li> <li>Your last employer before retirement was the Commonwealth of Virginia, and</li> <li>You were eligible for (even if you were not enrolled in) coverage as an active employee in the State Health Benefits Program until your retirement date (not including Extended Coverage/COBRA), and</li> <li>You enroll no later than 31 days from your retirement date.</li> </ul> <p><small>*For VRS retirees, this means 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.</small></p> <p>Effective January 1, 2017**, following are eligibility requirements for Optional Retirement Plan retirees:</p> <ul style="list-style-type: none"> <li>You are a terminating state employee who participates in one of the qualified Optional Retirement Plans, and</li> </ul>



## Department of Human Resources Management OPEB Plan

- 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 lost 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.

### ***Contributions***

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was 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 the final approved General Assembly rate which 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. Contributions to the Group Life Insurance Program from the University were \$2,659,357 and \$2,435,475 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance Plan. This special payment was 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 proportionate share of this special contribution is reported as revenue in the Other nonoperating revenue/(expense) line.

The contribution requirement for active employees is governed by § 51.1-1400(D) 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. Each state agency's contractually required employer contribution rate for the year ended June 30, 2024, was 1.12% of covered employee compensation for employees in the VRS State Employee Health Insurance Credit Program. This rate was the approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was 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 Health Insurance Credit Program were \$5,538,120 and \$5,078,096 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$8.5 million which was applied to the Health Insurance Credit Plan for state employees. This special payment was 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 proportionate share of this special contribution is reported as revenue in the Other nonoperating revenue/(expense) line.

The contribution requirements for the LODA Program are governed by § 9.1-400.1 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. Each employer’s contractually required employer contribution rate for the LODA Program for the year ended June 30, 2024, was \$830.00 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021, and 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 the LODA Program from the University were \$43,420 and \$28,126 for the years ended June 30, 2024 and June 30, 2023, respectively.

The contribution requirements for the Disability Insurance Program (VSDP) are governed by §51.1-1140 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. Each employer’s contractually required employer contribution rate for the Disability Insurance Program (VSDP) for the year ended June 30, 2024, was 0.61% of covered employee compensation. This rate was the General Assembly approved rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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. Contributions to the Disability Insurance Program (VSDP) from the University were \$1,210,100 and \$1,087,571 for the year ended June 30, 2024 and June 30, 2023, respectively.

Under the PMRH program, the University 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 University effectively subsidizes the costs of the participating retirees’ healthcare through payment of the employer’s portion of the premiums for active employees.

***OPEB Liabilities (Assets), OPEB Expense (Gain), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the VRS OPEB Plans and Pre-Medicare Retiree Healthcare***

At June 30, 2024, the University reported the following liabilities (assets) for its proportionate share of these programs:

GLI	\$23,282,272
HIC	45,683,788
LODA	849,666
VSDP	(11,390,220)
PMRH	16,504,159

The VRS net OPEB liabilities (asset) were measured as of June 30, 2023 and the total OPEB liability used to calculate each 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. 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. The University’s proportion of the Net OPEB Liability (Asset) for GLI, HIC and VSDP was based on the University’s actuarially determined employer contributions to these programs for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. The University’s proportion of the Net LODA OPEB Liability was based on the University’s actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2023 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers.

At June 30, 2024, the collective total PMRH OPEB liability was \$351.9 million. The University's proportion of the PMRH OPEB liability was based on each employer's calculated healthcare premium contributions as a percentage of the total employer's calculated healthcare premium contributions for all participating employers.

The University's proportion for each plan at June 30, 2023 and June 30, 2022 are as follows:

	GLI	HIC	LODA	VSDP	PMRH
June 30, 2023	1.94%	5.56%	0.21%	3.61%	4.69%
June 30, 2022	1.90%	5.42%	0.22%	3.47%	4.52%

For the year ended June 30, 2024, the University recognized the following expenses (gains) for these programs:

GLI	\$1,713,831
HIC	8,484,843
LODA	97,781
VSDP	89,523
PMRH	(6,927,005)

Since there was a change in proportionate share between measurement dates, a portion of these expenses were related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

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

GLI	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$2,325,329	\$706,736
Net difference between projected and actual earnings on GLI OPEB program investments	-	935,614
Change in assumptions	497,669	1,613,087
Changes in proportionate share	1,950,233	27,564
Employer contributions subsequent to measurement date	2,659,357	-
Total	\$7,432,588	\$3,283,001

HIC	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$1,076	\$2,918,266
Net difference between projected and actual earnings on State HIC OPEB program investments	119,227	-
Change in assumptions	1,079,516	-
Changes in proportionate share and differences between actual and expected contributions	3,570,909	71,828
Employer contributions subsequent to measurement date	5,538,120	-
Total	\$10,308,848	\$2,990,094

<b>LODA</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$45,322	\$159,991
Net difference between projected and actual earnings on LODA OPEB plan investments	-	2,486
Change in assumptions	188,721	175,206
Changes in proportionate share	96,389	160,370
Employer contributions subsequent to measurement date	43,420	-
<b>Total</b>	<b>\$373,852</b>	<b>\$498,053</b>

<b>VSDP</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$820,944	\$1,567,216
Net difference between projected and actual earnings on VSDP OPEB program investments	-	312,297
Change in assumptions	39,079	125,250
Changes in proportionate share	29,209	786,897
Employer contributions subsequent to measurement date	1,210,100	-
<b>Total</b>	<b>\$2,099,332</b>	<b>\$2,791,660</b>

<b>PMRH</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$423,355	\$3,989,626
Change in assumptions	-	10,105,183
Changes in proportion	4,601,486	-
Amounts associated with transactions subsequent to the measurement date	1,308,445	-
<b>Total</b>	<b>\$6,333,286</b>	<b>\$14,094,809</b>

The following amounts reported as deferred outflows of resources related to each program, resulting from the University's contributions (transactions for PMRH) subsequent to the measurement date, will be recognized as a reduction (increase) of each program's net liability (asset) in the fiscal year ending June 30, 2025:

GLI	\$2,659,357
HIC	5,538,120
LODA	43,420
VSDP	1,210,100
PMRH	1,308,445

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

<b>Year Ended June 30</b>	<b>GLI</b>	<b>HIC</b>	<b>LODA</b>	<b>VSDP</b>	<b>PMRH</b>
FY 2025	\$445,381	\$721,171	\$(20,303)	\$(697,979)	\$(5,081,404)
FY 2026	(396,449)	440,476	(20,225)	(803,605)	(2,486,616)
FY 2027	812,982	475,519	(7,728)	(118,415)	(1,225,093)
FY 2028	302,601	134,904	(9,996)	(118,611)	(430,773)
FY 2029	325,715	8,564	(27,478)	(32,535)	153,918
Thereafter	-	-	(81,890)	(131,282)	-

**Actuarial Assumptions**

The total OPEB liability for all VRS programs 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 per plan:

Employee Type	GLI	HIC	LODA	VSDP
General state employees	3.50 – 5.35%	3.50 – 5.35%	N/A	3.50 – 5.35%
Teachers	3.50 – 5.95%	N/A	N/A	N/A
SPORS employees	3.50 – 4.75%	3.50 – 4.75%	N/A	3.50 – 4.75%
VaLORS employees	3.50 – 4.75%	3.50 – 4.75%	N/A	3.50 – 4.75%
JRS employees	4.00%	4.00%	N/A	N/A
Locality – General employees	3.50 – 5.35%	N/A	N/A	N/A
Locality – Hazardous Duty employees	3.50 – 4.75%	N/A	N/A	N/A

LODA Medical cost trend rates assumption:

Under age 65 7.00% – 4.75%  
 Ages 65 and older 5.25% – 4.75%

LODA Medical cost year of ultimate trend rate

Under age 65 Fiscal year ended 2028  
 Age 65 and older Fiscal year ended 2023

Investment rate of return

6.75%, net of OPEB plan investment expenses, including inflation  
 3.86%, including inflation for LODA\*

\* 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 (GLI, HIC, LODA, VSDP)**

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)	Updated 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

**Mortality rates – Teachers (GLI)**

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 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)	Updated 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 (GLI, HIC, LODA, VSDP)

**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)	Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; LODA & VSDP: increased disability life expectancy
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

**Mortality rates – VaLORS Employees (GLI, HIC, LODA, VSDP)**

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 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)	Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; LODA & VSDP: increased disability life expectancy
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

**Mortality rates – JRS Employees (GLI, HIC)**

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 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 10 Locality Employers - General Employees (GLI)**

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 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)	Updated 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 – Non-Largest 10 Locality Employers - General Employees (GLI)

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 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)	Updated 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 10 Locality Employers – Hazardous Duty Employees (GLI, LODA)**

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 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)	Updated 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 10 Locality Employers – Hazardous Duty Employees (GLI, LODA)**

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 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)	Updated 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

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 4.0 percent for dental. The ultimate trend rates used were 4.5 percent for medical and pharmacy and 4.0 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 3.5% 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 percent
Retiree Participation	Rate remained at 35 percent

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 Net OPEB asset (NOA) for the VRS administered OPEB plans represent the 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 and NOA amounts for these programs are as follows (amounts expressed in thousands):

	GLI	HIC	LODA	VSDP
Total OPEB Liability	\$3,907,052	\$1,102,220	\$406,211	\$318,901
Plan Fiduciary Net Position	(2,707,739)	(280,599)	(5,311)	(634,779)

	GLI	HIC	LODA	VSDP
Net OPEB Liability (Asset)	\$1,199,313	\$821,621	\$400,900	\$(315,878)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	69.30%	25.46%	1.31%	199.05%

The total OPEB liability (asset) is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net OPEB liability/net OPEB 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.

### **Long-Term Expected Rate of Return (GLI, HIC, VSDP)**

The long-term expected rate of return on the 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 VRS 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 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%.

### **Long-Term Expected Rate of Return (LODA)**

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**

The discount rate used to measure the total GLI, HIC and VSDP OPEB Liability was 6.75% and 3.86% was used to measure the total LODA OPEB liability. 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 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 the University for the programs will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate for GLI, 108% of the actuarially determined contribution rate for HIC and 109% of the actuarially determined contribution rate for VSDP. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the 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 the total OPEB Liability. The discount rate for the PMRH program was based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date which is June 30, 2023. It was increased from 3.54% to 3.65%.

***Sensitivity of the University's Proportionate Share of the VRS Net OPEB Liability (Asset) and Total PMRH OPEB Liability to Changes in the Discount Rate***

The following presents the University's proportionate share of the net OPEB liability (asset) for GLI, HIC and VSDP using the discount rate of 6.75%, LODA using the discount rate of 3.86% and the University's proportionate share of the total OPEB liability for PMRH using the discount rate of 3.65%, as well as what the University's proportionate share of the net OPEB liability (asset) and total PMRH OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate. University's Proportionate Share of Net OPEB Liability (Asset) and Total PMRH OPEB Liability:

	<b>1.00% Decrease</b>	<b>Current Discount Rate</b>	<b>1.00% Increase</b>
	<u>5.75%</u>	<u>6.75%</u>	<u>7.75%</u>
GLI	\$34,511,602	\$23,282,272	\$14,203,286
HIC	51,586,520	45,683,788	40,622,180
VSDP	(10,540,969)	(11,390,220)	(12,138,856)
	<u>2.86%</u>	<u>3.86%</u>	<u>4.86%</u>
LODA	\$952,677	\$849,666	\$762,520
	<u>2.65%</u>	<u>3.65%</u>	<u>4.65%</u>
PMRH	\$17,479,844	\$16,504,159	\$15,572,880

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

Because the Line of Duty Act Program (LODA) and Pre-Medicare Retiree Healthcare Program (PMRH) contain 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 OPEB liability for these programs using health care trend rate of 7.00% decreasing to 4.75% for LODA and 7.75% decreasing to 4.50% for PMRH, as well as what the University's proportionate share of the net OPEB liabilities would be if it were calculated using a health care trend rate that is one percentage point lower (LODA: 6.00% decreasing to 3.75%, PMRH: 6.75% decreasing to 3.50%) or one percentage point higher (LODA: 8.00% decreasing to 5.75%, PMRH: 8.75% decreasing to 5.50%) than the current rate. University's Proportionate Share of Net OPEB Liability (Asset) and Total PMRH OPEB Liability:

	<b>1.00% Decrease</b>	<b>Current Health Care Trend Rates</b>	<b>1.00% Increase</b>
	<u>6.00% decreasing to 3.75%</u>	<u>7.00% decreasing to 4.75%</u>	<u>8.00% decreasing to 5.75%</u>
LODA	\$720,545	\$849,666	\$1,009,666

	1.00% Decrease	Current Health Care Trend Rates	1.00% Increase
	<u>6.75% decreasing to 3.50%</u>	<u>7.75% decreasing to 4.50%</u>	<u>8.75% decreasing to 5.50%</u>
PMRH	\$15,014,129	\$16,504,159	\$18,232,715

### ***Fiduciary Net Position***

Detailed information about the Fiduciary Net Position for each of the VRS programs 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 [varetire.org/pdf/publications/2023-annual-report.pdf](http://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 GLI, HIC, and VSDP Programs***

As of June 30, 2024, the University had the following payables to each of these OPEB programs:

GLI	\$229,128
HIC	189,563
VSDP	53,563

## **21. RISK MANAGEMENT AND EMPLOYEE HEALTH CARE PLANS**

The University is exposed to various risks of loss related to torts; theft, or 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 of Virginia. 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 *Commonwealth of Virginia's Annual Comprehensive Financial Report*.

## **22. RESTRICTED NET POSITION**

At June 30, 2024 restricted net position included the following purpose restrictions:

<b>Restricted, nonexpendable</b>	
Student aid	\$1,406,281
Instruction	4,631,000
Research	1,129,630
Total restricted, nonexpendable	\$7,166,911

<b>Restricted, expendable</b>	
Student aid	\$404,051
Instruction	2,879,872
Research	1,478,029
OPEB	10,697,892
Capital	23,893,900
Other	1,333,807
Total restricted, expendable	\$40,687,551



## 23. COMPONENT UNITS

Combining financial statements and additional disclosures, in accordance with FASB standards, for the University's discretely presented component units are presented below:

Combining Statement of Financial Position As of June 30, 2024						
	George Mason University Foundation (GMUF)	Mason Housing, Inc.* (MHI)	GMU Instructional Foundation* (GMUIF)	Mason Korea, LLC ^ (MK)	Mercatus Center, Inc. # (Mercatus)	Total Component Units
<b>Assets</b>						
Cash and cash equivalents	\$17,438,883	\$124,722	\$2,340,348	\$9,389,626	\$39,384,678	\$68,678,257
Restricted cash and cash equivalents	3,337,123	-	-	-	-	3,337,123
Accounts receivable, net	-	-	50,594	501,503	235,458	787,555
Contributions receivable, net	31,615,548	-	-	-	406,250	32,021,798
Prepays and other assets	1,755,337	-	18,215	39,429	885,417	2,698,398
Net investment in direct financing lease	68,500,222	-	-	-	-	68,500,222
Beneficial interest in perpetual trusts	39,185,838	-	-	-	-	39,185,838
Investments	325,826,233	1,227,726	8,179,196	-	1,705,646	336,938,801
Property and equipment, net	11,081,741	-	6,942,109	816,266	501,355	19,341,471
<b>Total Assets</b>	<b>\$498,740,925</b>	<b>\$1,352,448</b>	<b>\$17,530,462</b>	<b>\$10,746,824</b>	<b>\$43,118,804</b>	<b>\$571,489,463</b>
<b>Liabilities and Net Assets</b>						
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$4,409,141	\$22,953	\$815,331	\$394,684	\$2,270,674	\$7,912,783
Grants and student research awards payable	-	-	-	-	3,046,903	3,046,903
Unearned revenue	-	-	136,636	138,655	-	275,291
Charitable gift annuities	-	-	-	-	206,241	206,241
Other liabilities	435,298	-	-	-	-	435,298
Long-term debt including loan payable	73,268,582	-	201,565	-	-	73,470,147
Amounts held for others	12,878,414	-	-	-	-	12,878,414
<b>Total Liabilities</b>	<b>\$90,991,435</b>	<b>\$22,953</b>	<b>\$1,153,532</b>	<b>\$533,339</b>	<b>\$5,523,818</b>	<b>\$98,225,077</b>
<b>Net Assets</b>						
Net assets (deficit) without donor restrictions	\$41,991,078	\$1,329,495	\$15,114,913	\$10,213,485	\$21,777,415	\$90,426,386
Net assets with donor restrictions	365,758,412	-	1,262,017	-	15,817,571	382,838,000
<b>Total Net Assets</b>	<b>\$407,749,490</b>	<b>\$1,329,495</b>	<b>\$16,376,930</b>	<b>\$10,213,485</b>	<b>\$37,594,986</b>	<b>\$473,264,386</b>
<b>Total Liabilities and Net Assets</b>	<b>\$498,740,925</b>	<b>\$1,352,448</b>	<b>\$17,530,462</b>	<b>\$10,746,824</b>	<b>\$43,118,804</b>	<b>\$571,489,463</b>

\*March 31, 2024 year-end ^December 31, 2023 year-end #August 31, 2023 year-end

**Combining Statement of Activities  
For the Year Ended June 30, 2024**

	<b>George Mason University Foundation (GMUF)</b>	<b>Mason Housing, Inc. *</b> (MHI)	<b>GMU Instructional Foundation *</b> (GMUIF)	<b>Mason Korea, LLC ^</b> (MK)	<b>Mercatus Center, Inc. #</b> (Mercatus)	<b>Eliminations</b>	<b>Total Component Units</b>
<b>Operating Revenues</b>							
Contributions	\$79,741,476	\$-	\$-	\$858,060	\$1,376,651	\$-	\$81,976,187
Grants	-	-	209,572	-	45,540,249	(5,786,443)	39,963,378
Interest on direct financing lease	4,321,316	-	-	-	-	-	4,321,316
Investment and trust return	35,399,458	-	457,175	-	1,259,609	-	37,116,242
Miscellaneous and other income	-	43,702	-	195,944	676,681	-	916,327
Rental income, net	830,844	1,091,295	1,692,781	-	-	-	3,614,920
Service fees	2,950,980	-	-	11,611,725	-	-	14,562,705
<b>Total Operating Revenue</b>	<b>\$123,244,074</b>	<b>\$1,134,997</b>	<b>\$2,359,528</b>	<b>\$12,665,729</b>	<b>\$48,853,190</b>	<b>\$(5,786,443)</b>	<b>\$182,471,075</b>
<b>Operating Expenses</b>							
Academic program support	\$128,006,131	\$-	\$-	\$1,065,848	\$47,216,743	\$(5,786,443)	\$170,502,279
Advertising and promotion	-	4,454	-	-	-	-	4,454
Depreciation	131,980	266,832	35,729	-	-	-	435,541
Fundraising	640,382	-	-	-	2,036,242	-	2,676,624
Insurance	155,699	16,332	21,691	-	-	-	193,722
Interest expense	2,794,095	1,277,321	13,262	-	-	-	4,084,678
Maintenance	-	34,694	-	-	-	-	34,694
Management fees	-	27,860	-	360,526	1,374,295	-	1,762,681
Office and other administrative expenses	603,531	102,442	304,794	752,287	-	-	1,763,054
Salaries and wages	2,257,497	56,184	429,371	7,600,184	-	-	10,343,236
Rent, utilities and other	776,416	9,781	28,609	941,022	-	-	1,755,828
<b>Total Operating Expenses</b>	<b>\$135,365,731</b>	<b>\$1,795,900</b>	<b>\$833,456</b>	<b>\$10,719,867</b>	<b>\$50,627,280</b>	<b>\$(5,786,443)</b>	<b>\$193,555,791</b>
<b>Change in net assets before non-operating items and other changes</b>							
	\$(12,121,657)	\$(660,903)	\$1,526,072	\$1,945,862	\$(1,774,090)	-	\$(11,084,716)
<b>Non-operating items</b>	<b>54,353,416</b>	<b>19,088,363</b>	<b>(289,475)</b>	<b>(80,643)</b>	<b>-</b>	<b>-</b>	<b>73,071,661</b>
<b>Change in Net Assets</b>	<b>\$42,231,759</b>	<b>\$18,427,460</b>	<b>\$1,236,597</b>	<b>\$1,865,219</b>	<b>\$(1,774,090)</b>	<b>-</b>	<b>\$61,986,945</b>
<b>Beginning Net Assets</b>	<b>365,517,731</b>	<b>(17,097,965)</b>	<b>15,140,333</b>	<b>8,348,266</b>	<b>39,369,076</b>	<b>-</b>	<b>411,277,441</b>
<b>Ending Net Assets</b>	<b>\$407,749,490</b>	<b>\$1,329,495</b>	<b>\$16,376,930</b>	<b>\$10,213,485</b>	<b>\$37,594,986</b>	<b>-</b>	<b>\$473,264,386</b>

\*March 31, 2024 year-end ^December 31, 2023 year-end #August 31, 2023 year-end

## A. CONTRIBUTIONS RECEIVABLE

Contributions receivable as of June 30, 2024 are as follows:

	GMUF	Mercatus#	Total
Due in less than one year	\$15,259,052	\$406,250	\$15,665,302
Due in one to five years	19,311,982	-	19,311,982
Due in more than five years	320,399	-	320,399
	\$34,891,433	\$406,250	\$35,297,683
Less allowance for doubtful accounts	(1,126,662)	-	(1,126,662)
Less discount present value	(2,149,223)	-	(2,149,223)
Total	\$31,615,548	\$406,250	\$32,021,798

# August 31, 2023 year-end

Discount rates range from 0.16 percent to 6.72 percent. As of June 30, 2024, GMUF has \$3,407,995 of conditional promises to give. These conditional promises to give are not recognized as assets in the consolidated statement of financial position until the conditions are met.

## B. INVESTMENTS

Investments, which are reported at fair value, consisted of the following as of June 30, 2024:

	GMUF	MHI*	GMUIF*	Mercatus#	Total
Cash and money market funds	\$10,752,023	\$-	\$-	\$87,583	\$10,839,606
Equities	44,915,127	-	-	-	44,915,127
Fixed income	111,385,102	-	-	-	111,385,102
Hedge funds	123,524,993	-	-	-	123,524,993
Private equity and real assets	35,248,988	-	-	-	35,248,988
Mutual funds	-	-	-	1,618,063	1,618,063
Certificates of deposits	-	1,227,726	-	-	1,227,726
Treasury securities	-	-	8,002,917	-	8,002,917
Series A preferred stock	-	-	176,279	-	176,279
Total	\$325,826,233	\$1,227,726	\$8,179,196	\$1,705,646	\$336,938,801

\* March 31, 2024 year-end # August 31, 2023 year-end

## C. FAIR VALUE MEASUREMENT

FASB Accounting Standards Codification 820, Fair Value Measurements and Disclosures (“FASB ASC 820”), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a

specified (contractual) term the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of the observable inputs and minimize the use of unobservable inputs.

Level 2 fair value measurements are derived from the underlying assets of the perpetual and third-party trusts which substantially consists of investments with readily determinable fair values. The fair value of the assets in the third-party trusts is reduced by the net present value of the expected payments to other beneficiaries, discounted at a risk adjusted interest rate.

Other investments include those investments carried at NAV as published by the applicable fund manager, as a practical expedient.

The following table summarizes the valuation of George Mason University Foundation's financial assets and liabilities measured at fair value as of June 30, 2024, based on the level of input utilized to measure fair value:

Measurement at fair value on a recurring basis as of June 30, 2024:

<b>GMUF Financial Assets:</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Reported at NAV*</b>	<b>Total</b>
Cash and cash equivalents	\$10,752,023	\$-	\$-	\$-	\$10,752,023
Equities:					
Domestic large cap	28,324,091	-	-	-	28,324,091
Domestic small/mid cap	38,483	-	-	-	38,483
International (developed countries)	11,262,425	-	-	-	11,262,425
International (emerging countries)	5,290,128	-	-	-	5,290,128
Fixed income:					
Certificates of deposit	443,655	-	-	-	443,655
Corporate bonds	5,830,498	-	-	-	5,830,498
U.S. treasuries	35,719,024	-	-	-	35,719,024
Intermediate government/credit	-	12,179,050	-	-	12,179,050
Mutual funds and exchange traded funds	45,685,046	-	-	-	45,685,046
Agency mortgage backed and asset backed securities	-	11,527,829	-	-	11,527,829
Hedge funds					
Long/short	-	-	-	43,343,128	43,343,128
Multi-strategies	-	-	-	72,163,489	72,163,489
Credit/Oppportunistic	-	-	-	8,018,376	8,018,376
Private funds					
Private equity	-	-	-	27,662,688	27,662,688
Private real estate	-	-	-	5,464,014	5,464,014
Private credit	-	-	-	2,122,286	2,122,286
Investments	<u>\$143,345,373</u>	<u>\$23,706,879</u>	<u>-</u>	<u>\$158,773,781</u>	<u>\$325,826,233</u>
Beneficial interests in perpetual trusts	<u>-</u>	<u>39,185,838</u>	<u>-</u>	<u>-</u>	<u>39,185,838</u>
<b>Total GMUF financial assets</b>	<b><u>\$143,345,373</u></b>	<b><u>\$62,892,717</u></b>	<b><u>\$-</u></b>	<b><u>\$158,773,981</u></b>	<b><u>\$365,012,071</u></b>

\* Certain investments that are measured at NAV, as a practical expedient, have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

The following table presents the nature and risk of assets with fair values estimated using NAV held at June 30, 2024:

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period	Redemption Restrictions
Hedge funds – multi-strategies <sup>(a)</sup>	\$72,163,489	N/A	Semi-Monthly, Monthly, Quarterly, Semi-Annually, annually	6 days, 10 days, 30 days, 45 days, 60 days, 90 days, 365 days	Gates and Lock-up provisions range from 0 to 3 years
Hedge funds - long/short <sup>(b)</sup>	43,343,128	N/A	Daily, Quarterly, Annually, Semi-Annually, Every 2.5 Years	60 days, 65 days, 75 days, 90 days, 120 days	Gates and Lock-up provisions range from 0 to 3 years
Hedge funds – credit/opportunistic <sup>(c)</sup>	8,018,376	1,090,000	None, Quarterly, Annually, Every 2 years	45 days, 60 days, 90 days, 150 days	Gates and Lock-up provisions range from no liquidity to 1.75 years
Private equity <sup>(d)</sup>	27,662,688	21,364,841	N/A	N/A	N/A
Private real estate <sup>(e)</sup>	5,464,014	4,377,212	N/A	N/A	N/A
Private credit <sup>(f)</sup>	2,122,286	2,613,237	N/A	N/A	N/A
<b>Total</b>	<b>\$158,773,981</b>	<b>\$29,445,290</b>			

- (a) Hedge funds - Multi-strategies: This class includes investments that use multiple strategies to obtain absolute returns. Direct and indirect investments are made using capital structure arbitrage, distressed debt, equity long/short, multi-strategy credit, multi-strategy event driven, value and other trading strategies. The investments in this class are redeemable based on the redemption frequencies and notice periods described above. Some investments include “gates” which limit the percentage of the Foundation’s investments that can be redeemed at one time.
- (b) Hedge funds - long/short: This class includes investments in funds that employ a long/short strategy to generate superior risk-adjusted returns through a variety of investments and across various sectors. In addition to lock-up periods, some investments include early redemption fees or “gates” which limit the percentage of the Foundation’s investments that can be redeemed at one time.
- (c) Hedge funds – credit/opportunistic: This class includes investments which seek to generate superior risk adjusted returns through a range of investment strategies including distressed securities, special situations, absolute value and relative value. In addition to lock-up periods, some investments include early redemption fees or “gates” which limit the percentage of the Foundation’s investments that can be redeemed at one time. One fund in this class does not allow for redemption.
- (d) Private equity: This class includes investments in private equity funds, which make direct and indirect investments in privately and publicly issued debt equity securities. Strategies employed by the private equity funds include distress, growth equity, buyout, alternative credit, and opportunistic strategies across a variety of industries and geographies. A portion of this class also invests in social impact companies. These investments can never be redeemed. Instead, the nature of the investments in this class is that distributions are received through liquidation of the underlying assets of the funds.

- (e) Private real estate: This class includes investments in private real estate funds, which invest in both U.S. and global real estate investments, utilizing a variety of strategies, for purposes of generating income and capital appreciation. These investments can never be redeemed. Instead, the nature of the investments in this class is that distribution is received through liquidation of the underlying assets of the funds.
- (f) Private credit: This class includes an investment in a private credit fund, which seeks to generate targeted net annual returns by primarily investing in distressed debt secured by real estate in New York City and other opportunistic real estate. These investments can never be redeemed. Instead, the nature of the investments in this class is that distributions are received through liquidation of the underlying assets of the funds.

The following table presents Mason Housing, Inc.'s fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of March 31, 2024:

<b>MHI Financial Assets and Liability:</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets:</b>				
Certificates of deposits	\$1,227,726	\$-	\$-	\$1,227,726
Total Investments	\$1,227,726	\$-	\$-	\$1,227,726

\* See note 26.

The following table presents GMUIF's fair value hierarchy for those assets measured at fair value as of March 31, 2024:

<b>GMUIF Financial Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Treasury securities	\$-	\$8,002,917	\$-	\$8,002,917
Series A preferred stock	-	-	176,279	176,279
Total investments	\$-	\$8,002,917	\$176,279	\$8,179,196

The following table presents the Mercatus Center, Inc.'s fair value hierarchy for those investments measured at fair value on a recurring basis as of August 31, 2023:

<b>Mercatus Financial Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Money markets	\$87,583	\$-	\$-	\$87,583
Mutual funds – fixed income	1,182,390	-	-	1,182,390
Mutual funds – equities	435,673	-	-	435,673
Total investments	\$1,705,646	\$-	\$-	\$1,705,646

#### **D. PROPERTY AND EQUIPMENT**

The following comprises property and equipment for the component units at June 30, 2024:

	<b>GMUF</b>	<b>MHI*</b>	<b>GMUIF*</b>	<b>MK^</b>	<b>Mercatus#</b>	<b>Total</b>
Land	\$10,212,155	\$-	\$6,435,556	\$-	\$-	\$16,647,711
Buildings & building improvements	6,016,654	-	600,000	488,694	643,055	7,748,403
Furniture, fixtures and equipment	347,091	-	490,186	560,439	1,016,912	2,333,628
Total	\$16,575,900	\$-	\$7,444,742	\$1,049,133	\$1,659,967	\$26,729,742

	GMUF	MHI*	GMUIF*	MK^	Mercatus#	Total
Accumulated depreciation and amortization	(5,494,159)	-	(502,633)	(232,866)	(1,158,612)	(7,388,270)
Net property and equipment	\$11,081,741	\$-	\$6,942,109	\$816,266	\$501,355	\$19,341,471

\* March 31, 2024 year-end ^December 31, 2023 year-end # August 31, 2023 year-end

## E. LONG-TERM DEBT – GEORGE MASON UNIVERSITY FOUNDATION

### *GMUF Potomac Heights, LLC - Fairfax County Economic Development Authority Bonds*

During fiscal year 2018, the Foundation, through its newly established subsidiary, GMUF Potomac Heights, LLC, refinanced \$16,597,500 of Fairfax County Economic Development Authority (FCEDA) bonds with a commercial bank. Bonds were issued including \$16,795,000 of FCEDA Refunding Revenue Note, Series 2017A (GMUF Potomac Heights, LLC Issue) tax-exempt fixed rate bonds, and \$1,380,000 of FCEDA Refunding Revenue Note, Series 2017B (GMUF Potomac Heights, LLC Issue) taxable fixed rate bonds. The Foundation began leasing the property to the University in fiscal year 2018 with a 10-year lease term, and the lease payments service the bonds' principal and interest payments.

### *GMUF Mason Administration, LLC (Merten Hall) - Fairfax County Economic Development Authority Bonds*

During fiscal year 2018, the FCEDA issued its \$30,395,000 Refunding Revenue Bond, Series 2018 (GMUF Mason Administration, LLC Project) and sold such bonds to a commercial bank pursuant to a loan and financing agreement. Proceeds were used to retire the \$28,243,403 of outstanding bonds as well as the related interest rate swap termination fee. The initial bond proceeds were used in the acquisition, construction, renovation and equipping of a five-story administration building for classrooms, administrative office and retail space. The Foundation began leasing the property to the University in fiscal year 2011 with a 25-year lease term and the lease payments service the bonds' principal and interest payments.

### *GMUF Prince William Housing, LLC (Beacon Hall) - Industrial Development Authority of the County of Prince William Bonds*

During fiscal year 2020, the Industrial Development Authority of the County of Prince William (IDA-PW) issued its \$15,370,000 Taxable Student Housing Refunding Revenue Bond Series 2020 ("Series 2020 Bonds") pursuant to a Trust Indenture dated January 1, 2020. Proceeds were used by the Foundation to execute an advance refunding and to legally defease previously issued bonds through IDA-PW that financed the acquisition, construction, and equipping of a student residence hall, University program space and retail space. The Foundation entered into this advance refunding to take advantage of historically low long-term interest rates. The University's lease payments fund the debt service of the Series 2020 Bonds. All of the term bonds for the Industrial Development Authority of the County of Prince William Series 2020 Bonds are subject to mandatory redemption by operation of sinking fund installments.

### *GMUF Prince William Life Sciences Lab, LLC - Industrial Development Authority of the County of Prince William Bonds*

During fiscal year 2017, the IDA-PW issued its \$35,330,000 Revenue Bond Series 2017 ("Series 2017 Bonds") pursuant to a Trust Indenture dated February 1, 2017. Proceeds were used by the Foundation to execute an advanced refunding and to legally defease previously issued bonds through IDA-PW that financed the acquisition, construction and equipping of life sciences lab facilities and the acquisition and construction of space for commercial laboratory use. The Foundation entered into this advanced refunding to eliminate the private business use restrictions on the building, allowing the Foundation more flexibility in utilizing the space and to take advantage of historically low long-term interest rates. The University's lease payments fund the debt

service of the Series 2017 Bonds. All of the term bonds for the Industrial Development Authority of the County of Prince William Series 2017 Bonds are subject to mandatory redemption by operation of sinking fund installments.

**GMUF Commerce Buildings, LLC Notes**

During fiscal year 2015, GMU Commerce Buildings, LLC modified its existing loan with the commercial bank resulting in a taxable loan of \$5,720,000 at a fixed rate of 3.63%, maturing March 1, 2030. The Foundation leases the property to the University with a 15-year lease term and the lease payments made by the University service the notes' principal and interest payments as well as operating costs.

**GMUF Arlington Campus, LLC Notes**

During fiscal year 2016, GMUF Arlington Campus, LLC negotiated a loan of \$60 million with a commercial bank at a fixed rate of 4.05%, maturing June 1, 2033. This loan is on the property located at 3434 North Washington Street, Arlington, Virginia. In November 2023, the Foundation settled the outstanding debt of GMUF Arlington Campus LLC, using a portion of the proceeds generated from the Foundation's sale of Arlington campus property to the University as further described in Note F.

The following represents the Foundation's bonds and notes payable at June 30, 2024:

	2024
<b>Fairfax County Economic Development Authority Bonds (FCEDA)</b>	
GMUF Potomac Heights, LLC Tax-Exempt Revenue Bonds, term interest rate 2.41%, maturing on November 1, 2027	\$6,965,000
GMUF Mason Administration, LLC Tax-Exempt Revenue Bond, interest rate 3.47% maturing on April 1, 2036	22,031,518
<b>Industrial Development Authority of the County of Prince William (IDA-PW)</b>	
Prince William County Series 2017 Bonds, serial with interest rates ranging from 2.922% to 4.424%, maturing at various dates from October 1, 2022 to October 1, 2036	18,295,000
Prince William County Series 2017 Bonds, term interest rate 4.524%, maturing October 1, 2041	10,315,000
Prince William County Series 2020 Bonds, serial with interest rates ranging from 1.976% to 3.014%, maturing at various dates from September 1, 2022 to September 1, 2035	8,250,000
Prince William County Series 2020 Bonds, term interest rate 3.365%, maturing September 1, 2041	5,560,000
<b>Bank Notes</b>	
GMUF Commerce Buildings, LLC Note with interest rate of 3.63% maturing March 1, 2030	2,514,099
Notes and bonds payable at face value	\$73,930,617
Less: Debt issuance costs, net	(662,035)
<b>Total long-term debt</b>	<b>\$73,268,582</b>

Scheduled maturities and sinking fund requirements are as follows:

Year Ended June 30	Total
2025	\$5,426,145
2026	5,681,535
2027	5,887,500
2028	5,073,969
2029	4,196,244
Thereafter	47,665,224
<b>Total</b>	<b>\$73,930,617</b>



Interest expense on notes and bonds along with the amortization of deferred financing charges was \$4,690,156 for the year ended June 30, 2024.

For certain debt issuances, on a periodic basis, the Foundation is required to comply with administrative reporting and debt covenant calculations. As of June 30, 2024, the Foundation was in compliance with its required debt covenant calculations.

## F. DISCONTINUED OPERATIONS - GMU FOUNDATION

On October 27, 2023, the Foundation executed a Real Estate Purchase Agreement (“REPA”) with the University to sell a substantial portion of the GMUF Arlington Campus, LLC assets, specifically Vernon Smith Hall and related land, furniture, fixtures and equipment for a purchase price of \$107 million, based on a third-party appraisal. This transaction closed on November 15, 2023 at which time the University took possession of the assets. With the closing of this transaction, the Foundation assigned its current leases with third parties to the University.

Certain assets of GMUF Arlington Campus, LLC, primarily cash, were retained by the Foundation. The Foundation was also responsible for settling any outstanding contracts with applicable parties. A portion of the proceeds was used to settle the outstanding debt of GMUF Arlington Campus, LLC as described in Note E.

Accordingly, the rental activity was identified as a separate business component and is classified in the consolidated financial statements as discontinued operations. In addition, the property, plant and equipment and transfer of certain accrued rent were identified and categorized as a disposal group and sold on November 15, 2023.

With the sale of Vernon Smith Hall to the University, the remaining net assets of GMUF Arlington Campus LLC, including the sales proceeds, were transferred to the Foundation and GMUF Arlington Campus LLC was dissolved. The Foundation captured this transaction as a transfer on the consolidated statement of activities after change in net assets. The income from discontinued operations presented in the consolidated statement of activities for the year ending June 30, 2024 consisted of the following:

Year Ended June 30, 2024	Total
Rental income	\$3,983,195
Interest income	322,504
Professional and contracted services	(531,763)
Depreciation and amortization	(621,844)
Utilities, repairs, and maintenance	(564,406)
Interest expense	(617,495)
Taxes	(570,730)
Other expenses	(19,650)
Other gains and deductions:	
Gain on sale of land and building and assignment of leases	62,886,940
Loss on extinguishment of debt	(115,606)
Write-off of lease commissions	(186,041)
Loss on settlement of contracts	(24,513)
Taxes related to sale of land and building	(9,587,175)
Income from discontinued operations	\$54,353,416

## G. LONG-TERM DEBT – GMU INSTRUCTIONAL FOUNDATION

GMUIF has a note payable with a bank, in the original amount of \$2,850,000 that commenced on March 1, 2010; collateralized by a deed of trust on 50 acres of land owned by GMUIF. The note bears interest at a fixed rate of 3.99% per annum with monthly payments of principal and interest of \$17,431. The note matures on March 1, 2025. The minimum five years payments for the years ending March 31 are as follow:

<b>Year Ended March 31</b>	<b>Total</b>
2025	\$202,660
Total note payable	\$202,660
Less: unamortized debt issuance cost	(1,095)
Long term debt, net	\$201,565

## H. GROUND LEASE TERMINATION – MASON HOUSING INC.

On June 1, 2023, the Board of Directors approved the Organization to negotiate, execute and deliver the Ground Lease Termination Agreement. Settlement and delivery of the Premises took place on June 15, 2023, at which time the Premises and all operating and reserve accounts held at Bank of America and US Bank were transferred to Lessor. Rental Agreements were also assigned to Lessor. The Organization received \$40,746,989 as a result of the early ground lease termination and the bond and related swap obligations were paid off with such proceeds. Security deposits of the tenants remained with the Organization at June 30, 2023, but subsequently transferred to GMU. The Organization and GMU have executed an affiliation agreement, expiring on June 30, 2027, that sets forth the future roles and responsibilities of the entities.

## I. RELATED PARTY TRANSACTIONS - GMU FOUNDATION

During fiscal year 2024, upon the approval of the Foundation's Board of Trustees, the Foundation gifted \$58,103,600, from its net assets without donor restriction, to the University to support key initiatives. These amounts are captured as program support for the University in the consolidated statement of activities and in the functional classification of expenses in Note Q.

## J. SUBSEQUENT EVENTS - GMU FOUNDATION

In July 2024, the Foundation entered into a letter of intent with the City of Fairfax to sell the majority of the assets held by GMUF Commerce Buildings, LLC for a purchase price of \$5.77 million. The sale is expected to close in December 2024. As a result of this transaction, the Foundation will use the sales proceeds to settle debt secured by the assets of GMUF Commerce Buildings, LLC.

## 24. COMMITMENTS AND CONTINGENCIES

### A. COMMITMENTS

Outstanding commitments for capital outlay projects that were under construction at June 30, 2024 were \$61,734,672.

### B. CONTINGENCIES

The University has received 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 expenditures of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the University. As of June 30, 2024, the University estimates that no material liabilities will result from such audits or questions.

## 25. BEGINNING BALANCE ADJUSTMENTS RESULTING FROM THE ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

On July 1, 2023, the University implemented GASB Implementation Guide No. 2021-1, Question 5.1 on a retroactive basis. This resulted in the University recognizing aggregate equipment of \$36,519,397 and accumulated depreciation of \$17,697,449 on the *Statement of Net Position*, and a beginning net position restatement of \$18,821,948 on the *Statement of Revenues, Expenses and Changes in Net Position*, as of July 1, 2023. Details of these restatements are provided in the table below. See also Notes 1.X. and 6.

	Beginning Balances As Previously Reported	Restatements	Beginning Balances As Restated
<b>Depreciable and amortizable capital assets:</b>			
Equipment	\$156,856,922	\$36,519,397	\$193,376,319
<b>Accumulated Depreciation:</b>			
Equipment	\$101,165,231	\$17,697,449	\$118,862,680
<b>Net Position:</b>			
Net investment in capital assets	\$820,655,824	\$18,821,948	\$839,477,772

## 26. REAL ESTATE PURCHASE AGREEMENT WITH A COMPONENT UNIT

On November 15, 2023, the University and GMUF executed a Real Estate Purchase Agreement (“REPA”). As part of the REPA, the University paid GMUF a purchase price payment of \$107,000,000 and acquired a substantial portion of the GMUF Arlington Campus, LLC assets, consisting of the Vernon Smith Hall land, building, and equipment. These assets were recorded on the University’s books at GMUF’s net book value as of November 15, 2023 in the amounts of \$8,324,608, \$32,963,360 and \$13,137, respectively. These assets are being depreciated as per the University’s depreciation policy described in Note 1.H. The difference of \$65,698,895 between the amount paid to GMUF and the net book value of the acquired assets is reflected on the University’s *Statement of Revenues, Expenses, and Changes in Net Position* as a Transfer to Component Unit. GMUF used the proceeds from the acquisition to pay off the outstanding long-term debt related to the assets. See the Component Units Footnote 23.F. for more details.

## 27. SUBSEQUENT EVENTS

Management evaluated subsequent events through October 8, 2024 (the date the financial statements were provided to the auditors) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Required Supplementary Information (RSI)**  
**Cost-Sharing Employer Plans – VRS State Employee Retirement Plan**  
**and VaLORS Retirement Plan**  
**For the Fiscal Year Ended June 30, 2024**

<b>Schedule of George Mason University's Share of Net Pension Liability</b>					
<b>VRS State Employee Retirement Plan</b>					
<b>For the Measurement Dates of June 30, 2014 through 2023</b>					
	<b>Proportion of Net Pension Liability (Asset)</b>	<b>Proportionate Share of Net Pension Liability (Asset)</b>	<b>Covered Payroll</b>	<b>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>
2023	3.74%	\$189,343,118	\$174,382,017	108.58%	82.19%
2022	3.61%	\$163,801,562	\$156,317,986	104.79%	83.26%
2021	3.56%	\$129,129,739	\$144,633,889	89.28%	86.44%
2020	3.39%	\$245,762,961	\$141,290,461	173.94%	72.15%
2019	3.26%	\$206,046,664	\$130,380,539	158.03%	75.13%
2018	3.19%	\$172,885,000	\$127,464,144	135.63%	77.39%
2017	3.15%	\$183,719,000	\$123,376,471	148.91%	75.33%
2016	3.25%	\$214,498,000	\$126,225,866	169.93%	71.29%
2015	3.28%	\$200,645,000	\$124,140,373	161.63%	72.81%
2014	3.27%	\$182,878,000	\$126,146,921	144.97%	74.28%

<b>Schedule of George Mason University's Share of Net Pension Liability</b>					
<b>VaLORS Employee Retirement Plan</b>					
<b>For the Measurement Dates of June 30, 2014 through 2023</b>					
	<b>Proportion of Net Pension Liability (Asset)</b>	<b>Proportionate Share of Net Pension Liability (Asset)</b>	<b>Covered Payroll</b>	<b>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>
2023	0.93%	\$6,018,491	\$3,434,911	175.22%	74.91%
2022	0.82%	\$5,178,670	\$2,773,759	186.70%	74.41%
2021	0.84%	\$4,360,812	\$3,074,844	141.82%	78.18%
2020	0.75%	\$5,876,472	\$2,778,039	211.53%	65.74%
2019	0.79%	\$5,460,175	\$2,753,465	198.30%	68.31%
2018	0.84%	\$5,254,000	\$2,917,834	180.07%	69.56%
2017	0.73%	\$4,798,000	\$2,513,696	190.87%	67.22%
2016	0.75%	\$5,772,000	\$2,577,844	223.91%	61.01%
2015	0.77%	\$5,451,000	\$2,595,671	210.00%	62.64%
2014	0.71%	\$4,785,000	\$2,502,219	191.23%	63.05%

**Schedule of George Mason University's Contributions  
VRS State Employee Retirement Plan  
For the Years Ended June 30, 2015 through 2024**

	Contributions in Relation to		Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution*	Contractually Required Contribution*			
2024	\$27,639,230	\$27,639,230	\$0	\$191,142,669	14.46%
2023	\$25,215,640	\$25,215,640	\$0	\$174,382,017	14.46%
2022	\$22,603,581	\$22,603,581	\$0	\$156,317,986	14.46%
2021	\$20,914,060	\$20,914,060	\$0	\$144,633,889	14.46%
2020	\$19,102,470	\$19,102,470	\$0	\$141,290,461	13.52%
2019	\$17,627,449	\$17,627,449	\$0	\$130,380,539	13.52%
2018	\$17,194,913	\$17,194,913	\$0	\$127,464,144	13.49%
2017	\$16,643,486	\$16,643,486	\$0	\$123,376,471	13.49%
2016	\$17,646,376	\$17,646,376	\$0	\$126,225,866	13.98%
2015	\$15,306,508	\$15,306,508	\$0	\$124,140,373	12.33%

\* Includes contributions (mandatory and match on voluntary) to the defined contribution portion of the hybrid plan.

**Schedule of George Mason University's Contributions  
VaLORS Employee Retirement Plan  
For the Years Ended June 30, 2015 through 2024**

	Contributions in Relation to		Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution			
2024	\$998,090	\$998,090	\$0	\$4,057,275	24.60%
2023	\$844,988	\$844,988	\$0	\$3,434,911	24.60%
2022	\$607,453	\$607,453	\$0	\$2,773,759	21.90%
2021	\$673,391	\$673,391	\$0	\$3,074,844	21.90%
2020	\$600,334	\$600,334	\$0	\$2,778,039	21.61%
2019	\$595,024	\$595,024	\$0	\$2,753,465	21.61%
2018	\$614,204	\$614,204	\$0	\$2,917,834	21.05%
2017	\$529,133	\$529,133	\$0	\$2,513,696	21.05%
2016	\$485,408	\$485,408	\$0	\$2,577,844	18.83%
2015	\$458,655	\$458,655	\$0	\$2,595,671	17.67%

***Notes to Required Supplementary Information  
For the Year Ended June 30, 2024***

**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:

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

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 VaLORS Retirement Plan 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

**Required Supplementary Information (RSI)**  
**OPEB Programs**  
**For the Fiscal Year Ended June 30, 2024**

**Schedule of George Mason University's Share of Net OPEB Liability (Asset)**  
**For the Measurement Dates of June 30, 2017 through 2023**

<b>Plan</b>	<b>Date</b>	<b>Proportion of Net OPEB Liability (Asset)</b>	<b>Proportionate Share of Net OPEB Liability (Asset)</b>	<b>Employer's Covered Payroll*</b>	<b>Proportionate Share of Net OPEB Liability (Asset) as a Percentage of Covered Payroll*</b>	<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>
GLI	2023	1.94%	\$23,282,272	\$451,013,889	5.16%	69.30%
GLI	2022	1.90%	\$22,820,758	\$407,133,704	5.61%	67.21%
GLI	2021	1.83%	\$21,299,646	\$373,319,630	5.71%	67.45%
GLI	2020	1.78%	\$29,694,773	\$368,969,038	8.05%	52.64%
GLI	2019	1.71%	\$27,770,761	\$334,545,691	8.30%	52.00%
GLI	2018	1.71%	\$25,915,000	\$324,279,275	7.99%	51.22%
GLI	2017	1.66%	\$25,016,000	\$305,005,397	8.20%	48.86%
HIC	2023	5.56%	\$45,683,788	\$453,401,429	10.08%	25.46%
HIC	2022	5.42%	\$44,427,591	\$408,923,036	10.86%	21.52%
HIC	2021	5.23%	\$44,157,062	\$375,911,518	11.75%	19.75%
HIC	2020	5.06%	\$46,473,049	\$364,735,385	12.74%	12.02%
HIC	2019	4.89%	\$45,108,461	\$333,003,029	13.55%	10.56%
HIC	2018	4.80%	\$43,766,000	\$322,852,386	13.56%	9.51%
HIC	2017	4.71%	\$42,921,000	\$331,193,685	12.96%	8.03%
LODA	2023	0.21%	\$849,666	\$3,669,865	23.15%	1.31%
LODA	2022	0.22%	\$819,015	\$3,023,253	27.09%	1.87%
LODA	2021	0.24%	\$1,039,682	\$2,825,047	36.80%	1.68%
LODA	2020	0.21%	\$891,741	\$2,820,646	31.61%	1.02%
LODA	2019	0.25%	\$886,740	\$2,903,883	30.54%	0.79%
LODA	2018	0.22%	\$685,000	\$3,176,375	21.57%	0.60%
LODA	2017	0.22%	\$580,000	\$2,636,694	22.00%	1.30%
VSDP	2023	3.61%	\$(11,390,220)	\$178,290,328	6.39%	199.05%
VSDP	2022	3.47%	\$(10,229,926)	\$155,950,656	6.56%	195.90%
VSDP	2021	3.41%	\$(11,759,963)	\$142,549,508	8.25%	229.01%
VSDP	2020	3.23%	\$(7,127,856)	\$136,019,032	5.24%	181.88%
VSDP	2019	3.10%	\$(6,082,132)	\$125,479,347	4.85%	167.18%
VSDP	2018	3.04%	\$(6,856,000)	\$117,039,982	5.86%	194.74%
VSDP	2017	2.98%	\$(6,127,000)	\$116,138,459	5.28%	186.63%

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

*Schedule is intended to show information for 10 years. Since 2023 is the seventh year for this presentation, there are only seven years available. However, additional years will be included as they become available.*



**Schedule of George Mason University's Share of Total PMRH Liability**

Plan	Date	Proportion of Total OPEB Liability	Proportionate Share of Total OPEB Liability (Asset)	Covered-Employee Payroll	Proportionate Share of Total PMRH Liability as a Percentage of Covered-Employee Payroll
PMRH	2024*	4.69%	\$16,504,159	\$403,999,581	4.09%
PMRH	2023*	4.52%	\$16,423,258	\$390,986,202	4.20%
PMRH	2022*	4.35%	\$19,510,581	\$362,164,843	5.39%
PMRH	2021*	4.18%	\$23,802,438	\$355,150,909	6.70%
PMRH	2020*	4.07%	\$27,636,542	\$327,088,669	8.45%
PMRH	2019*	3.97%	\$39,956,061	\$316,551,467	12.62%
PMRH	2018*	3.89%	\$50,512,033	\$304,037,694	16.61%

*Schedule in intended to show information for 10 years. Since 2024 is the seventh year for this presentation, there are only seven years available. However, additional years will be included as they become available.*

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

**Schedule of George Mason University's OPEB Contributions  
For the Years Ended June 30, 2018 through 2024**

Plan	Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll*	Contributions as a % of Covered Payroll*
GLI	2024	\$2,659,357	\$2,659,357	\$0	\$492,473,519	0.54%
GLI	2023	\$2,435,475	\$2,435,475	\$0	\$451,013,889	0.54%
GLI	2022	\$2,198,522	\$2,198,522	\$0	\$407,133,704	0.54%
GLI	2021	\$2,015,926	\$2,015,926	\$0	\$373,319,630	0.54%
GLI	2020	\$1,918,639	\$1,918,639	\$0	\$368,969,038	0.52%
GLI	2019	\$1,739,638	\$1,739,638	\$0	\$334,545,691	0.52%
GLI	2018	\$1,686,252	\$1,686,252	\$0	\$324,279,275	0.52%
HIC	2024	\$5,538,120	\$5,538,120	\$0	\$494,475,000	1.12%
HIC	2023	\$5,078,096	\$5,078,096	\$0	\$453,401,429	1.12%
HIC	2022	\$4,579,938	\$4,579,938	\$0	\$408,923,036	1.12%
HIC	2021	\$4,210,209	\$4,210,209	\$0	\$375,911,518	1.12%
HIC	2020	\$4,267,404	\$4,267,404	\$0	\$364,735,385	1.17%
HIC	2019	\$3,896,135	\$3,896,135	\$0	\$333,003,029	1.17%
HIC	2018	\$3,809,658	\$3,809,658	\$0	\$322,852,386	1.18%
LODA	2024	\$43,420	\$43,420	\$0	\$4,264,617	1.02%
LODA	2023	\$28,126	\$28,126	\$0	\$3,669,865	0.77%
LODA	2022	\$29,805	\$29,805	\$0	\$3,023,253	0.99%
LODA	2021	\$32,458	\$32,458	\$0	\$2,825,047	1.15%
LODA	2020	\$28,937	\$28,937	\$0	\$2,820,646	1.03%

**Schedule of George Mason University's OPEB Contributions  
For the Years Ended June 30, 2018 through 2024**

Plan	Date	Contributions in Relation to			Employer's Covered Payroll*	Contributions as a % of Covered Payroll*
		Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)		
LODA	2019	\$33,171	\$33,171	\$0	\$2,903,883	1.14%
LODA	2018	\$23,262	\$23,262	\$0	\$3,176,375	0.73%
VSDP	2024	\$1,210,100	\$1,210,100	\$0	\$198,377,049	0.61%
VSDP	2023	\$1,087,571	\$1,087,571	\$0	\$178,290,328	0.61%
VSDP	2022	\$951,299	\$951,299	\$0	\$155,950,656	0.61%
VSDP	2021	\$869,552	\$869,552	\$0	\$142,549,508	0.61%
VSDP	2020	\$843,318	\$843,318	\$0	\$136,019,032	0.62%
VSDP	2019	\$777,972	\$777,972	\$0	\$125,479,347	0.62%
VSDP	2018	\$772,464	\$772,464	\$0	\$117,039,982	0.66%

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

Schedule is intended to show information for 10 years. Since 2024 is the seventh year for this presentation, there are only seven years available. However, additional years will be included as they become available.

**Notes to Required Supplementary Information  
For the Fiscal Year Ended June 30, 2024**

**GLI, HIC, LODA and VSDP Programs:**

**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 (GLI, HIC, LODA, VSDP):**

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

**Teachers (GLI):**

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 decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

**SPORS Employees (GLI, HIC, LODA, VSDP):**

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; LODA & VSDP: increased disability life expectancy
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

**VaLORS Employees (GLI, HIC, LODA, VSDP):**

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; LODA & VSDP: increased disability life expectancy
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

**JRS Employees (GLI, HIC):**

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 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 10 Locality Employers - General Employees (GLI):**

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 decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**Non-Largest 10 Locality Employers - General Employees (GLI):**

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 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 10 Locality Employers – Hazardous Duty Employees (GLI, LODA):**

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 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 10 Locality Employers – Hazardous Duty Employees (GLI, LODA):**

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 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

**PMRH Program:**

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**

# **UNIVERSITY OFFICIALS**



**GEORGE MASON UNIVERSITY**

Fairfax, Virginia

As of June 30, 2024

**BOARD OF VISITORS**

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Jon M. Peterson, Vice Rector

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Deb Dickenson, Executive Vice President for Finance and Administration

Sharon Heinle, Vice President for Finance