NEW ISSUE – BOOK ENTRY ONLY

Ratings: Fitch: AA+
Moody's: Aa1
Standard & Poor's: AA+
(See "Ratings" herein)

*In the opinion of Kutak Rock LLP, Bond Counsel, under current law and subject to the conditions described herein in the section "Tax Matters", interest on the 2023 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax for individuals. For tax years beginning after December 31, 2022, interest on the 2023 Bonds may affect the federal alternative minimum tax imposed on certain corporations. Bond Counsel is further of the opinion that the 2023 Bonds, income from the 2023 Bonds and any profit made on their sale, are exempt from income taxation by the Commonwealth of Virginia and any of its political subdivisions. See "***TAX MATTERS***" herein.*

$960,625,000
VIRGINIA COLLEGE BUILDING AUTHORITY

$618,815,000	**$341,810,000**
Educational Facilities Revenue Bonds	**Educational Facilities Revenue Refunding Bonds**
(21st Century College and	**(21st Century College and**
Equipment Programs)	**Equipment Programs)**
Series 2023A	**Series 2023B**

Dated: Date of Delivery **Due: February 1, as shown on inside cover**

This Official Statement has been prepared by the Virginia College Building Authority (the "Authority") to provide information on the Authority's Educational Facilities Revenue Bonds (21st Century College and Equipment Programs) Series 2023A (the "2023A Bonds") and Educational Facilities Revenue Refunding Bonds (21st Century College and Equipment Programs) Series 2023B (the "2023B Bonds" and together with the 2023A Bonds, the "2023 Bonds"). Selected information is presented on this cover page for the convenience of the reader. To make an informed decision regarding the 2023 Bonds, a prospective investor should read this Official Statement in its entirety.

Security	The 2023 Bonds are limited obligations of the Authority payable primarily from the funds anticipated to be appropriated from time to time for such purpose by the General Assembly of Virginia and are not a debt, or a pledge of the faith and credit, of the Commonwealth of Virginia (the "Commonwealth"). Neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the 2023 Bonds.
Redemption	See the inside front cover pages and **"THE 2023 BONDS - Redemption Provisions"** herein.
Issued Pursuant to	Master Indenture of Trust dated as of December 1, 1996, as amended, and as supplemented by the Fifty-Third Supplemental Indenture of Trust, with respect to the 2023A Bonds and the Fifty-Fourth Supplemental Indenture of Trust, with respect to the 2023B Bonds, each to be dated as of June 1, 2023.
Purpose	The Authority will use the proceeds of the 2023A Bonds to (i) finance certain capital projects and acquire equipment for public institutions of higher education in the Commonwealth and (ii) pay the costs of issuing the 2023A Bonds. The Authority will use the proceeds of the 2023B Bonds to (i) pay the purchase price for the Purchased Refunded Bonds (as defined herein) tendered to the Authority pursuant to the Tender Offer (as defined herein), (ii) refund a portion of certain of the Authority's outstanding Educational Facilities Federally Taxable Revenue and Revenue Refunding Bonds (21st Century College and Equipment Programs), Series 2020B not tendered for purchase and (iii) pay the costs of issuing the 2023B Bonds. See "**PLAN OF REFUNDING**" herein.
Interest Payment Dates	February 1 and August 1, beginning August 1, 2023.
Denomination	$5,000 or multiples thereof.
Closing/Delivery Date	On or about June 6, 2023.
Registration	Book-entry-only; The Depository Trust Company.
Trustee/Paying Agent	The Bank of New York Mellon Trust Company, N.A., Pittsburgh, Pennsylvania.
Financial Advisor	Public Resources Advisory Group, New York, New York.
Bond Counsel	Kutak Rock LLP, Richmond, Virginia.
Underwriters' Counsel	McGuireWoods LLP, Richmond, Virginia.
Issuer Contact	Director of Debt Management, Virginia Department of the Treasury, (804) 225-2142.

BofA Securities **Raymond James**

Academy Securities **Goldman Sachs & Co. LLC** **Jefferies** **Siebert Williams Shank & Co., LLC**

Dated: May 16, 2023

$960,625,000
VIRGINIA COLLEGE BUILDING AUTHORITY

$618,815,000
Educational Facilities Revenue Bonds
(21st Century College and Equipment Programs)
Series 2023A
(Base CUSIP Number 92778V)*

Dated: Date of Delivery **Due: February 1, as shown below**

Year of Maturity	Principal Amount	Interest Rate	Yield	CUSIP Suffix*	Year of Maturity	Principal Amount	Interest Rate	Yield	CUSIP Suffix*
2024	$36,250,000	5.000%	3.110%	MG0	2034	$25,875,000	5.000%	2.740%^	MS4
2025	27,425,000	5.000	2.900	MH8	2035	27,170,000	5.000	2.820^	MT2
2026	28,800,000	5.000	2.750	MJ4	2036	28,525,000	5.000	2.940^	MU9
2027	30,240,000	5.000	2.630	MK1	2037	29,955,000	5.000	3.080^	MV7
2028	31,750,000	5.000	2.560	ML9	2038	31,450,000	5.000	3.160^	MW5
2029	33,340,000	5.000	2.560	MM7	2039	33,025,000	5.000	3.290^	MX3
2030	35,000,000	5.000	2.600	MN5	2040	34,675,000	5.000	3.370^	MY1
2031	22,350,000	5.000	2.620	MP0	2041	36,410,000	5.000	3.430^	MZ8
2032	23,470,000	5.000	2.670	MQ8	2042	38,230,000	5.250	3.410^	NA2
2033	24,645,000	5.000	2.700	MR6	2043	40,230,000	4.000	4.080	NB0

^Yield calculated to the first optional redemption date of February 1, 2033.

$341,810,000
Educational Facilities Revenue Refunding Bonds
(21st Century College and Equipment Programs)
Series 2023B
(Base CUSIP Number 92778V)*

Dated: Date of Delivery **Due: February 1, as shown below**

Year of Maturity	Principal Amount	Interest Rate	Yield	CUSIP Suffix*
2029	$25,085,000	5.000%	2.560%	NC8
2030	44,220,000	5.000	2.600	ND6
2031	42,405,000	5.000	2.620	NE4
2032	81,955,000	5.000	2.670	NF1
2033	81,800,000	5.000	2.700	NG9
2034	35,390,000	5.000	2.740^	NH7
2035	30,955,000	5.000	2.820^	NJ3

^Yield calculated to the first optional redemption date of February 1, 2033.

OPTIONAL REDEMPTION PROVISIONS

The 2023A Bonds and the 2023B Bonds maturing on or after February 1, 2034 are subject to optional redemption prior to maturity on or after February 1, 2033 in whole or in part at any time at a redemption price of par plus accrued interest to the redemption date. See "**THE 2023 BONDS – Redemption Provisions**" herein.

* CUSIP numbers have been assigned by an organization not affiliated with the Authority and are included solely for the convenience of the holders of the 2023 Bonds. The Authority is not responsible for the selection or use of these CUSIP numbers, nor is any representation made as to their correctness on the 2023 Bonds or as indicated above.

COMMONWEALTH OF VIRGINIA OFFICIALS

GOVERNOR
GLENN YOUNGKIN

LIEUTENANT GOVERNOR
WINSOME E. SEARS

ATTORNEY GENERAL
JASON S. MIYARES

SECRETARY OF FINANCE
STEPHEN E. CUMMINGS

STATE TREASURER
DAVID L. RICHARDSON

STATE COMPTROLLER
LEWIS R. McCABE

STATE TAX COMMISSIONER
CRAIG M. BURNS

DIRECTOR, DEPARTMENT OF PLANNING & BUDGET
MICHAEL D. MAUL

VIRGINIA COLLEGE BUILDING AUTHORITY

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VICE CHAIR
WILLIAM T. CLARKE, JR.

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SECRETARY TO THE AUTHORITY
DIRECTOR OF DEBT MANAGEMENT
BRADLEY L. JONES

ASSISTANT SECRETARY TO THE AUTHORITY
PUBLIC FINANCE MANAGERS
LESLIE M. ENGLISH
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PUBLIC FINANCE ANALYST
VERNITA BOONE

FINANCIAL ADVISOR
PUBLIC RESOURCES ADVISORY GROUP
NEW YORK, NEW YORK

BOND COUNSEL
KUTAK ROCK LLP
RICHMOND, VIRGINIA

TRUSTEE/PAYING AGENT
THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
PITTSBURGH, PENNSYLVANIA

No dealer, broker, salesman or other person has been authorized by the Authority or the Commonwealth to give any information or to make any representations with respect to the 2023 Bonds other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the 2023 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or owners of any of the 2023 Bonds.

The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date hereof. Any statement in this Official Statement involving matters of opinion or estimates, whether or not expressly stated, are intended as such and not as representations of fact. No representation is made that any such opinion or estimates will be realized.

THE 2023 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON CERTAIN EXEMPTIONS CONTAINED IN SUCH FEDERAL ACT. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION OR AUTHORITY, NOR HAS SUCH FEDERAL OR ANY STATE SECURITIES COMMISSION OR AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Underwriters, as hereinafter defined, have provided the following sentence for inclusion in this Official Statement - The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this official statement for purposes of, as that term is defined in, SEC rule 15c2-12.

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OFFICIAL STATEMENT

$960,625,000
Virginia College Building Authority

$618,815,000 Educational Facilities Revenue Bonds (21st Century College and Equipment Programs) Series 2023A	$341,810,000 Educational Facilities Revenue Refunding Bonds (21st Century College and Equipment Programs) Series 2023B

INTRODUCTION

This introduction contains certain summary information regarding the 2023 Bonds, as hereinafter defined, and is not a complete summary of the 2023 Bonds. Investors should read this entire Official Statement to obtain information necessary to the making of an informed decision.

The purpose of this Official Statement, including the cover page and the Appendices, is to provide certain information relative to the Virginia College Building Authority (the "Authority") and the issuance of (i) $618,815,000 principal amount of its Educational Facilities Revenue Bonds (21st Century College and Equipment Programs), Series 2023A (the "2023A Bonds") and (ii) $341,810,000 principal amount of its Educational Facilities Revenue Refunding Bonds (21st Century College and Equipment Programs), Series 2023B (the "2023B Bonds" and together with the 2023A Bonds, the "2023 Bonds"). The Authority is issuing the 2023A Bonds to (i) finance certain capital projects and acquire equipment for public institutions of higher education in the Commonwealth of Virginia (the "Commonwealth") and (ii) pay the costs of issuing the 2023A Bonds. The Authority is issuing the 2023B Bonds to (i) pay the purchase price for the Purchased Refunded Bonds (as defined herein) tendered to the Authority pursuant to the Tender Offer (as defined herein), (ii) refund a portion of certain of the Authority's outstanding Educational Facilities Federally Taxable Revenue and Revenue Refunding Bonds (21st Century College and Equipment Programs), Series 2020B not tendered for purchase, and (iii) pay the costs of issuing the 2023B Bonds. See **"PLAN OF REFUNDING"** herein.

The Issuer

The Authority is authorized to issue bonds under the Act, as hereinafter defined. The Authority is a public body corporate and a political subdivision, agency and instrumentality of the Commonwealth created by the Act. The Act generally authorizes the Authority to issue (i) bonds or notes and to use the proceeds thereof to finance capital projects and acquire equipment for public institutions of higher education in the Commonwealth and (ii) refunding bonds to refund its previously issued bonds or notes. The Authority currently administers three financing programs, as described more fully in **"THE AUTHORITY"** herein. The Authority has no taxing power. The Authority is located at 101 North 14th Street, James Monroe Building, Third Floor, Richmond, Virginia 23219, its mailing address is P. O. Box 1879, Richmond, Virginia 23218-1879 and it may be reached by telephone at (804) 225-2142. See **"THE AUTHORITY"** herein.

Authorization

The 2023 Bonds will be issued pursuant to the Constitution of the Commonwealth, the Act, a resolution adopted by the Authority on March 29, 2023 (the "Bond Resolution") and a resolution adopted by the Treasury Board of the Commonwealth (the "Treasury Board") on April 19, 2023 (the "Treasury Board Resolution"). Issuance of the 2023 Bonds is subject to the approval of the Governor, as required by the Act which has been obtained.

The 2023 Bonds will be issued pursuant to a Master Indenture of Trust, dated as of December 1, 1996 (the "Original Master Indenture"), as amended and supplemented from time to time, including as supplemented by a Fifty-Third Supplemental Indenture of Trust (the "Fifty-Third Supplemental Indenture") with respect to the 2023A Bonds, and a Fifty-Fourth Supplemental Indenture of Trust with respect to the 2023B Bonds (the "Fifty-Fourth Supplemental Indenture" and together with the Fifty-Third Supplemental Indenture, the "Supplemental Indenture"), each to be dated as of June 1, 2023, and between the Authority and The Bank of New York Mellon Trust Company, N.A., as successor trustee (in such capacity, the "Trustee") and paying agent (in such capacity, the "Paying Agent"). Together, the

Original Master Indenture, the Supplemental Indenture, and any previous or further supplements are referred to herein as the "Master Indenture." The bonds currently outstanding under the Master Indenture are collectively referred to as the "Prior Bonds." The 2023A Bonds and the 2023B Bonds will be the fifty-third and fifty-fourth series of parity bonds, respectively, issued under the Master Indenture. The 2023 Bonds, the Prior Bonds, and all other Additional Bonds, as hereinafter defined, hereafter issued from time to time under and secured equally and ratably by the Master Indenture are the "Bonds" (as more fully described in **"THE MASTER INDENTURE"** herein).

The 2023 Bonds

The 2023A Bonds will be issued in the aggregate principal amount of $618,815,000 and the 2023B Bonds will be issued in the aggregate principal amount of $341,810,000, and each will be dated the date of their original issuance and delivery on or about June 6, 2023.

The 2023 Bonds will mature on February 1 in the years and amounts set forth on the inside front cover page of this Official Statement. Interest will be payable semi-annually on February 1 and August 1, commencing August 1, 2023. Interest on the 2023 Bonds will be calculated on the basis of a 360-day year of twelve 30-day months. The 2023 Bonds will be issued in registered form and will be held in a book-entry-only system of registration as described in **"THE 2023 BONDS--Book-Entry-Only System"** herein.

Authority Financing Program

The General Assembly of Virginia (the "General Assembly") has authorized, pursuant to the 21st Century College Program, as hereinafter defined, and other subsequent authorizing legislation, over $10.7 billion in capital projects for certain public institutions of higher education in the Commonwealth since 1996. In 1999, the Authority amended the Master Indenture to provide for the issuance of bonds for the Equipment Program, as hereinafter defined, along with the bonds for the 21st Century College Program.

The Authority issues revenue bonds under Article X, Section 9(d) of the Virginia Constitution for projects that have been specifically authorized by the General Assembly. Since the Master Indenture's execution and delivery in 1996, the Authority previously has issued fifty-two series of bonds under it for the 21st Century College and Equipment Programs.

The financing structure provided for by the Master Indenture utilizes a single payment agreement between the Authority and the Treasury Board of the Commonwealth of Virginia to provide for debt service payments on the Bonds. Payments under the Amended and Restated Payment Agreement, as hereinafter defined, are subject to appropriation by the General Assembly. See **"THE MASTER INDENTURE"** and **"THE AMENDED AND RESTATED PAYMENT AGREEMENT"** herein.

Security for the 2023 Bonds

THE 2023 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE PRIMARILY FROM THE FUNDS ANTICIPATED TO BE APPROPRIATED FROM TIME TO TIME FOR SUCH PURPOSE BY THE GENERAL ASSEMBLY, WHICH IS UNDER NO LEGAL OBLIGATION TO MAKE SUCH APPROPRIATION. THE 2023 BONDS ARE NOT A DEBT, OR A PLEDGE OF THE FAITH AND CREDIT, OF THE COMMONWEALTH. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE 2023 BONDS. THE AUTHORITY HAS NO TAXING POWER. SEE **"SOURCES OF PAYMENT AND SECURITY FOR THE 2023 BONDS"** HEREIN.

Appendix A attached hereto contains the comprehensive audited financial statements of the Commonwealth for its fiscal year ending June 30, 2022. ***Appendices B*** and ***C*** attached hereto contain, respectively, certain financial and demographic/economic information pertaining to the Commonwealth. See "**SOURCES OF PAYMENT AND SECURITY FOR THE BONDS - Information Pertaining to the Commonwealth"** and "**RECENT DEVELOPMENTS AFFECTING THE COMMONWEALTH."**

THE AUTHORITY

The Authority is authorized to issue bonds, including refunding bonds, under Chapter 12, Title 23.1 of the Code of Virginia of 1950, as amended (the "Virginia Code"), successor to the Virginia College Building Authority Act of 1966, Chapter 3.2, Title 23, of the Virginia Code (the "Act"). The Authority is a public body corporate and a political subdivision, agency and instrumentality of the Commonwealth created by the Act. The Authority has no taxing power. The Authority is located at 101 North 14th Street, James Monroe Building, Third Floor, Richmond, Virginia 23219 and may be reached by telephone at (804) 225-2142.

The Act generally authorizes the Authority to issue its (i) bonds or notes and to use the proceeds thereof to finance capital projects and acquire equipment for institutions of higher education in the Commonwealth and (ii) bonds to refund such bonds and notes. The Authority currently administers three financing programs as summarized below.

21st Century College and Equipment Programs

The General Assembly created the 21st Century College Program, as hereinafter defined, in the 1996 Session. Under such legislation and additional authorizations through the 2022 General Assembly Session, the General Assembly has authorized over $10.7 billion of capital projects (the "21st Century College Projects") for public institutions of higher education in the Commonwealth to be financed with bonds issued by the Authority under the Master Indenture, as further described below in **"THE 21st CENTURY COLLEGE AND EQUIPMENT PROGRAMS"**. As of April 1, 2023, the Authority has issued $8,781,190,000 in Bonds for the 21st Century College Projects, including refunding bonds, of which $4,219,440,000 was outstanding.

Since 1986, the Authority has operated an equipment program to provide instructional and research equipment to public institutions of higher education. Starting in 1999, the Authority has been authorized annually to finance directly the institutions' purchase of equipment (the "Equipment Program") and has issued bonds on a composite basis for the 21st Century College Program and the Equipment Program under the Master Indenture. Since the legislative changes in 1999, as of April 1, 2023, $1,372,195,000 in Bonds allocable to the Equipment Program have been issued, of which $239,985,000 was outstanding.

After issuance of the 2023 Bonds, the refunding of the Refunded Bonds (as defined herein), and the tender and purchase of the Purchased Refunded Bonds as described in ***Appendix G***, the Authority will have $5,018,120,000 in aggregate principal amount of Bonds (including the 2023 Bonds) outstanding secured on a parity basis under the Master Indenture.

Pooled Bond Program

The Authority's Public Higher Education Financing Program (the "Pooled Bond Program") began in 1996. The Pooled Bond Program allows the Authority to issue bonds and use the proceeds to purchase debt obligations (notes) of public institutions of higher education in the Commonwealth. Proceeds of the notes are used by the institutions to finance or refinance capital projects approved by the General Assembly. Participating institutions pledge their general revenues as security for the notes purchased by the Authority. An additional security mechanism allows the Authority to intercept appropriations from the Commonwealth to an institution in the event an institution fails to pay its obligations to the Authority. As of May 1, 2023, the Authority has issued $4,276,250,000, including refunding bonds, under the Pooled Bond Program of which $1,542,785,000 was outstanding.

Private College Program

Under the Nonprofit Private Institutions of the Higher Education Act (Article 2, Chapter 12, Title 23.1 of the Virginia Code), successor to the Educational Facilities Authority Act (Chapter 3.3, Title 23, of the Virginia Code) (the "Private College Program"), the Authority is also authorized to exercise its powers to issue bonds and notes thereunder to finance educational facilities projects through loans to private, nonprofit institutions of higher education within the Commonwealth whose primary purpose is to provide collegiate or graduate education and not to provide religious training or theological education, and to refund outstanding bonds and notes. Such bonds are revenue bonds payable from loan repayments and other security, if any, provided by the respective private, nonprofit institutions of higher education and are not secured by or payable from appropriations made by the Commonwealth. As of June 30, 2022, $532,024,801 of such obligations were outstanding under this program.

As of July 2016, the Authority was authorized under the Private College Program to issue its bonds and notes to finance educational facilities projects through loans to any organization exempt from taxation pursuant to section 501(c)(3) of the Internal Revenue Code and that is owned or controlled by a public institution of higher education or whose purpose is to support or otherwise benefit a public institution of higher education. Revenue bonds issued for such organizations will be paid from loan repayments and other security provided by the respective organizations. As of this date, the Authority has not issued any such obligations for any such organization.

The Authority's obligation to repay bonds and notes issued under the Private College Program is limited to the revenue, funds and accounts pledged for such purpose by the private institution.

Authority Members

The Authority consists of the State Treasurer, the State Comptroller, the Director of the Department of Planning and Budget of the Commonwealth, the Executive Director of the State Council of Higher Education for Virginia and seven additional members appointed for four-year terms by the Governor of Virginia and subject to confirmation by the General Assembly. The officers and members of the Authority are:

Officers:

Gary Ometer, Chair
William T. Clarke, Jr., Vice Chair
David L. Richardson, Treasurer
Bradley L. Jones, Secretary
Leslie M. English, Assistant Secretary
Richard F. Rhodemyre, IV, Assistant Secretary

Members:

NAME	TERM	OCCUPATION
David L. Richardson	*ex officio*	State Treasurer, Commonwealth of Virginia
Lewis R. McCabe	*ex officio*	State Comptroller, Commonwealth of Virginia
Michael D. Maul	*ex officio*	Director, Department of Planning and Budget, Commonwealth of Virginia
Peter A. Blake	*ex officio*	Executive Director, State Council of Higher Education for Virginia, Commonwealth of Virginia
William T. Clarke, Jr.	June 30, 2026	Managing Director, Stifel Financial Richmond, VA
Barry Green	June 30, 2025	Retired, Ashland, VA
Christine M. McIntyre	June 30, 2026	Vice President and Chief Financial Officer, Raftelis Charlotte, NC
Gary Ometer	June 30, 2026	Chief Financial Officer, VPM Media Corporation and Virginia Foundation for Public Media Richmond, VA
Craig A. Robinson	June 30, 2026	Senior Vice President, Truist Washington, D.C.
Jerrell Saunders	June 30, 2024	Sr. Director Procurement, Center of Excellence Altria Client Services Richmond, VA
Martin Thomas, Jr.	June 30, 2024	Vice Mayor, City of Norfolk Norfolk, Virginia

THE 21ST CENTURY COLLEGE AND EQUIPMENT PROGRAMS

The 2023 Bonds are bonds for the 21st Century College and Equipment Programs. Payments of principal and interest on the 2023 Bonds in any fiscal year are payable from appropriations to be made by the General Assembly. The General Assembly is under no legal obligation to appropriate funds for such purpose; however, it has never failed to appropriate sufficient funds to pay debt service on bonds issued for the 21st Century College and Equipment Programs.

Chapter 912 of the 1996 Virginia Acts of Assembly (Item C-7.10) established a financing program entitled the 21st Century College Trust Fund, since referred to as the 21st Century College Program (the "21st Century College Program"), pursuant to which and to subsequent legislation the Authority has been authorized to provide financing for 21st Century College Projects at public institutions of higher education in the Commonwealth. See **"THE AUTHORITY – 21st Century College and Equipment Programs"** herein. The following Chapters of the Virginia Acts of Assembly in the specified years authorized the Authority to issue bonds to finance all or any portion of the costs of certain capital projects in the following initial aggregate amounts, subject to certain administrative adjustments, at specified public institutions of higher education in the Commonwealth:

Chapter Number	Acts of Assembly Year	Amount
912	1996	$ 163,000,000
1072	2000	2,413,000
814	2002	206,392,431
887	2002	174,198,996
1042	2003	71,825,943
4	2004 Special Session I	191,989,765
847	2007	41,000,000
879	2008	450,156,373
1	2008 Special Session I	1,023,593,000
781	2009	378,206,062
874	2010	1,228,864,000
890	2011	51,137,000
3	2012 Special Session I	137,536,665
806	2013	747,263,061
1	2014 Special Session I	4,798,390
3	2014 Special Session I	105,174,751
665	2015	39,387,000
759	2016	1,368,808,906
780	2016	341,705,300
836	2017	151,225,233
2	2018	444,154,203
854	2019	621,516,777
1283	2020	38,022,736
1289	2020	1,321,881,332
552	2021	312,059,168
2	2022	183,300,000

Since 1986, the Authority has operated an equipment program to provide instructional and research equipment to state supported institutions of higher education. Prior to 1999, the Authority purchased and leased such equipment to such institutions. Since 1999, the Authority has been authorized to issue bonds to acquire equipment for such institutions to be owned by them. The lease requirement was discontinued. Bonds issued for equipment may be sold at the same time with other obligations of the Authority. See **"THE AUTHORITY – 21st Century College and Equipment Programs"** herein. The fiscal year allocation for equipment to be financed with proceeds of the 2023 Bonds is set forth, by Institution, in ***Appendix F*** attached hereto.

PLAN OF REFUNDING

General

The Authority will use the proceeds of the 2023B Bonds to (i) pay the purchase price for the Purchased Refunded Bonds tendered to the Authority pursuant to the Tender Offer (as defined herein), (ii) refund a portion of certain of the Authority's outstanding Educational Facilities Federally Taxable Revenue and Revenue Refunding Bonds (21st Century College and Equipment Programs), Series 2020B not tendered for purchase, and (iii) pay the costs of issuing the 2023B Bonds.

Invitation to Tender Bonds

The Authority released its Invitation to Tender Bonds, dated April 28, 2023, as amended on May 5, 2023 (the "Invitation"), inviting owners of certain outstanding Educational Facilities Revenue Bonds and Revenue Refunding Bonds (21st Century College and Equipment Programs) of the Authority, which are described in more detail in the Invitation (the "Target Bonds"), to tender such Target Bonds for purchase by the Authority (the "Tender Offer"). The Authority contemporaneously filed the Invitation with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system. The purpose of the Tender Offer was to give the Authority the opportunity to purchase the Target Bonds and realize debt service savings. Target Bonds tendered for purchase will be retired and cancelled on the date of issuance of the 2023B Bonds (the "Settlement Date").

Pursuant to the Tender Offer as set forth in the Invitation, the owners of Target Bonds were given the opportunity to tender such Target Bonds for cash. Subject to the conditions set forth in the Invitation, the Authority expects to purchase the Target Bonds accepted for purchase per the terms and at the purchase prices set forth in the Invitation plus accrued interest to but not including the Settlement Date. The Target Bonds purchased pursuant to the Tender Offer (the "Purchased Refunded Bonds") will be cancelled on the Settlement Date and shall no longer be deemed "Outstanding" within the meaning of the Master Indenture. Funds to pay the purchase price of the Purchased Refunded Bonds and to pay the costs of the Tender Offer, will be provided from the proceeds of the 2023B Bonds.

This section is not intended to summarize all of the terms of the Invitation, and reference is made to the Invitation for a discussion of the terms of the Tender Offer and the conditions for settlement of the Target Bonds validly tendered and accepted for purchase. The closing related to the Target Bonds tendered for purchase will be contingent upon the Authority's issuance of the 2023B Bonds.

The Purchased Refunded Bonds accepted by the Authority for tender for purchase pursuant to a Notice of Acceptance, dated May 17, 2023, are listed and more particularly described in ***Appendix G*** attached hereto.

Tax-Exempt Advance Refunding; 2020B Refunded Bonds

The Authority will use a portion of the proceeds of the 2023B Bonds to defease and prepay certain maturities, or portions of maturities, of the Authority's outstanding Educational Facilities Federally Taxable Revenue and Revenue Refunding Bonds (21st Century College and Equipment Programs), Series 2020B that are not Purchased Refunded Bonds (the "2020B Refunded Bonds"), as detailed in ***Appendix G*** attached hereto. The Authority will deposit such proceeds in an irrevocable escrow fund (the "2023B Escrow Account"), created under an escrow deposit agreement between the Authority and The Bank of New York Mellon Trust Company, N.A. as escrow agent (in such capacity, the "Escrow Agent"). The Authority will use the balance of the proceeds of the 2023B Bonds to (i) pay the purchase price for the Purchased Refunded Bonds tendered to the Authority pursuant to the Tender Offer, as described above and (ii) pay the costs of issuing the 2023B Bonds.

The Escrow Agent will apply the amount so deposited in the 2023B Escrow Account to purchase direct, non-callable obligations of the United States Treasury or other securities guaranteed by the United States of America (the "2023B Escrow Securities"). The 2023B Escrow Securities will mature and bear interest at times and in the amounts which, together with cash in the 2023B Escrow Account, will be sufficient to pay the interest when due and the principal, on the 2020B Refunded Bonds on their maturity dates, as set forth in ***Appendix G*** attached hereto.

Simultaneously with the issuance of the 2023B Bonds, the Trustee will be given irrevocable instructions to defease to maturity the 2020B Refunded Bonds as shown in ***Appendix G*** attached hereto. As a result of the deposit of the 2023B Escrow Securities to the credit of the 2023B Escrow Account and such instructions, the 2020B Refunded Bonds will no longer be deemed outstanding under the Master Indenture. Amounts held by the Escrow Agent in the

2023B Escrow Account are held as trust funds solely for the benefit of the holders of the 2020B Refunded Bonds and will not constitute security for the payment of the 2023B Bonds.

SOURCES AND USES OF PROCEEDS

The following table sets forth the sources and uses of the proceeds of the 2023 Bonds.

	2023A Bonds	**2023B Bonds**	**2023 Bonds**
Sources			
Par Amount	$ 618,815,000.00	$ 341,810,000.00	$ 960,625,000.00
Net Original Issue Premium	74,457,516.15	59,562,588.05	134,020,104.20
Total Sources of Funds	$ 693,272,516.15	$ 401,372,588.05	$ 1,094,645,104.20
Uses			
Construction of 21st Century College Projects	$ 600,000,000.00	$--	$ 600,000,000.00
Acquisition of Equipment	91,650,000.00	--	91,650,000.00
Purchase of Purchased Refunded Bonds	--	352,940,837.79	352,940,837.79
Deposit to Escrow Account	--	44,552,034.58	44,552,034.58
Yield Reduction Payment	--	2,013,500.00	2,013,500.00
Costs of Issuance[1]	1,622,516.15	1,866,215.68	3,488,731.83
Total Uses of Funds	$ 693,272,516.15	$ 401,372,588.05	$ 1,094,645,104.20

1. Includes underwriters' discount of $1,226,805.76 for the 2023A Bonds and $663,167.28 for the 2023B Bonds.

SOURCES OF PAYMENT AND SECURITY FOR THE 2023 BONDS

THE 2023 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE PRIMARILY FROM FUNDS APPROPRIATED FROM TIME TO TIME FOR SUCH PURPOSE BY THE GENERAL ASSEMBLY, WHICH IS UNDER NO LEGAL OBLIGATION TO MAKE SUCH APPROPRIATION. THE 2023 BONDS ARE NOT A DEBT OF THE COMMONWEALTH OR OF ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE AUTHORITY. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE 2023 BONDS. THE AUTHORITY HAS NO TAXING POWER.

The revenues, receipts and funds pledged to the payment of all of the Bonds, including the 2023 Bonds, are as follows: (i) amounts on deposit from time to time in the funds and accounts created under the Master Indenture (except any amounts on deposit in the Rebate Fund); (ii) amounts, if any, appropriated by the General Assembly to the Treasury Board and forwarded by the Treasury Board to the Authority, in accordance with the provisions of the Amended and Restated Payment Agreement for the payment of debt service on the Bonds; and (iii) other property of any kind, if any, from time to time pledged to the payment of the Bonds (together the "Trust Estate"). The General Assembly has no legal obligation to make appropriations for the payment of debt service on the Bonds.

The 2023A Bonds and the 2023B Bonds represent the fifty-third and fifty-fourth series of Bonds, respectively, issued under the Master Indenture. The Master Indenture authorizes the issuance of Additional Bonds upon the terms and conditions set forth in the Master Indenture. As to the security listed above, the 2023 Bonds will be secured equally and ratably with the outstanding Prior Bonds and any Additional Bonds. See "**Additional Bonds**" and **"THE MASTER INDENTURE"** herein.

Although the Master Indenture permits any series of Bonds to be additionally secured by certain types of credit or liquidity support, **there is no credit or liquidity facility for the 2023 Bonds.** Furthermore, although the Master Indenture permits the creation of a debt service reserve fund to secure any series of Bonds, **there is no debt service reserve fund for the 2023 Bonds.**

Payment Agreement

The Authority and the Treasury Board have entered into an Amended and Restated Payment Agreement that provides, among other things, the procedures for specifying the amount of funds required to pay debt service due or expected to become due on the Bonds (including certain administrative expenses and rebate amounts), requesting General Assembly appropriation of funds sufficient to pay such amounts, and paying such amounts. The Amended and Restated Payment Agreement requires the Authority and the Treasury Board to use their best efforts to have (a) the Governor include, among other things, the amount so specified in each biennial or any supplemental budget of the Commonwealth and (b) the General Assembly appropriate the amount requested by the Governor. Once the amounts for debt service on the Bonds are appropriated by the General Assembly, the Authority and the Treasury Board are required under the Amended and Restated Payment Agreement to process the necessary requisitions and documents for payment to the Trustee of debt service on the Bonds and any other amounts required by the Master Indenture, including certain administrative expenses and rebate amounts. See **"THE AMENDED AND RESTATED PAYMENT AGREEMENT"** herein.

The Commonwealth never has failed to perform its obligations to budget, appropriate and pay pursuant to the Amended and Restated Payment Agreement or any similar agreement whereby the Commonwealth and its officers are bound to exercise their best efforts to budget and appropriate amounts sufficient to pay debt service when due. The Authority and the Treasury Board never have failed to process amounts appropriated and pay debt service on the Bonds when due.

Appropriation Procedures

The Amended and Restated Payment Agreement requires the Authority to deliver annually by December 1 to the Governor and the Director of the Department of Planning and Budget of the Commonwealth a statement setting forth the amount of debt service due or expected to become due on the Bonds for the next succeeding fiscal or biennial period. The Amended and Restated Payment Agreement requires the Authority and the Treasury Board, acting as Fiscal Agent on behalf of the Authority, to use their best efforts to have (1) the Governor include such amount in the biennial or any supplemental budget of the Commonwealth, and (2) the General Assembly appropriate such amount.

The General Assembly's current practice is to make a single direct appropriation to the Treasury Board for certain Commonwealth-related debt service obligations, including the Commonwealth's general obligation bonds, all Bonds issued by the Authority for the 21st Century College and Equipment Programs and certain other obligations with respect to the Commonwealth. Although there is no legal requirement that debt service on the Authority's Bonds issued for the 21st Century College and Equipment Programs be included with other Commonwealth debt obligations in a single appropriation, the Authority currently anticipates that all debt service for such Bonds of the Authority would be contained in the same appropriation. The portion of any appropriation consisting of payments under the Amended and Restated Payment Agreement will be assigned directly to the Trustee for the payment of debt service on outstanding Bonds.

To the extent that the payments under the Amended and Restated Payment Agreement included in the Commonwealth's budget are appropriated by the General Assembly and approved by the Governor, the Fiscal Agent is obligated under the Amended and Restated Payment Agreement to pay amounts due under the Master Indenture to the Trustee.

The General Assembly is not required, and is under no legal obligation, to make an appropriation for any amount or payment under the Amended and Restated Payment Agreement or otherwise in respect of any Bonds. The General Assembly, however, has never failed to make an appropriation to the Authority for payment of debt service on the Authority's Bonds issued under the 21st Century College and Equipment Programs.

Additional Bonds

The Authority may issue Additional Bonds to undertake additional projects or additional portions of ongoing projects and to refund such bonds or notes previously issued to finance capital projects and acquire equipment for institutions of higher education in the Commonwealth. While there is no statutory limit on the amount of Additional Bonds the Authority may issue, Additional Bonds, except those issued for refunding purposes, are required to be approved before issuance by the General Assembly and by the Governor. See **"THE AUTHORITY"** herein. Any Additional Bonds issued by the Authority will be equally and ratably secured and payable pursuant to the Master Indenture with the 2023 Bonds and the outstanding Prior Bonds. See **"THE MASTER INDENTURE"** herein.

Information Pertaining to the Commonwealth

Appendix A attached hereto contains the comprehensive financial statements of the Commonwealth for its fiscal year ended June 30, 2022. ***Appendices B*** and ***C*** attached hereto contain, respectively, certain financial and demographic/economic information pertaining to the Commonwealth.

RECENT DEVELOPMENTS AFFECTING THE COMMONWEALTH

Revenue Report for Fiscal Year 2022. Based on the General Fund highlights contained in the comprehensive financial statements of the Commonwealth for the fiscal year ended June 30, 2022, attached hereto as ***Appendix A***, the State Comptroller reported that, at the end of the fiscal year, the General Fund reported a combined ending fund balance of $11.7 billion, an increase of $4.6 billion in comparison with the prior year. Of this total fund balance, $187.8 million represents non-spendable fund balance, $2.7 billion represents restricted fund balance, $5.7 billion represents committed fund balance, and $3.1 billion represents assigned fund balance. Fiscal year 2022 General Fund revenues were 11.9 percent, or $3.1 billion, higher than fiscal year 2021 revenues. This revenue change resulted from increases of $3.7 billion primarily attributable to individual and fiduciary income taxes ($2.4 billion), which was reduced by the Individual Income Tax Rebate of $1.0 billion, sales and use taxes ($629.7 million), corporation income taxes ($408.3 million), other revenue predominantly related to prior year expenditures refunded in the current fiscal year ($138.7 million), and premiums of insurance companies taxes ($56.7 million). This was offset by decreases of $614.6 million primarily attributable to interest, dividends, and rents ($512.9 million), tobacco master settlement ($37.7 million), deeds, contracts, wills, and suits taxes ($29.2 million), tobacco product taxes ($11.5 million), and communications sales and use taxes ($11.3 million).

The State Comptroller reported that fiscal year 2022 expenditures increased by 9.4 percent, or $2.2 billion, when compared to fiscal year 2021. While all expenditures categories increased during fiscal year 2022, the largest increases were primarily attributable to education, general government and individual and family services expenditures of $1.3 billion, $333.9 million and $234.0 million, respectively. Net other financing sources and uses decreased by $124.1 million, which was primarily due to higher transfers out to nongeneral funds offset by increases in transfers in from nongeneral funds and long-term leases issued.

See also ***Appendices A*** and ***B*** attached to this Official Statement.

Interim Revenue Reports.* In the normal course, the Commonwealth Secretary of Finance provides periodic financial reports to the Governor of Virginia regarding, among other things, the Commonwealth's revenue forecasts and tax collections for the then current fiscal year. The most recent report is dated May 16, 2023, and covers the first ten months (which ended April 30, 2023) of the current fiscal year ending June 30, 2023 (the "April Revenue Report"). The April Revenue Report indicated that on an unadjusted basis, general fund revenues were down 0.9 percent versus the projected 8.8 percent decline assumed in the Governor's proposed budget for the full fiscal year.

More specifically, on a fiscal year-to-date basis, collections of individual income tax withholding (estimated to represent 61.0 percent of general fund revenues for the fiscal year) have increased 7.6 percent over the same period last year after adjustments, and 4.3 percent on an unadjusted basis. Through April 2023, collections are trailing projections by $71.3 million.

On a fiscal year-to-date basis, collections of individual income tax non-withholding (estimated to represent 19.0 percent of general fund revenues for the fiscal year), after accounting for the newly enacted Pass-Through Entity Tax, have increased 2.5 percent over the same period last year. Fiscal year-to-date non-withholding collections are $602.1 million higher than projected.

Individual income tax refunds (estimated to represent -13.0 percent of general fund revenues for the fiscal year) have been issued in an amount that exceeds $3.2 billion through April 2023, compared with $1.5 billion over the same period last year. Most of the increase is attributable to the $1.06 billion in taxpayer rebates along with the increased standard deduction, the expansion of the earned income tax credit and the military retirement subtraction. Adjusting for such tax policy changes, income tax refunds increased 36.9 percent fiscal-year-to-date, which is $124.1 million higher than projected.

Collections of sales and use taxes (estimated to represent 19.0 percent of general fund revenues for the fiscal year) have increased 4.0 percent over the same ten-month period last year, after adjusting for the repeal of the

* This subsection has been updated from that appearing in the Preliminary Official Statement dated April 28, 2023.

Accelerated Sales Tax and the elimination of the state sales tax on grocery. Unadjusted sales tax collections are 7.2 percent higher year-to-date, trailing projections by $116.9 million.

Collections of corporate income taxes (estimated to represent 7.0 percent of general fund revenues for the fiscal year) have increased 1.1 percent for the fiscal year compared to the same period last year, and ahead of projections by $103.8 million.

The references above to revenue forecasts constitute forward-looking statements, rather than historical facts. The ability of the Commonwealth to achieve such revenue forecasts involves known and unknown risks, uncertainties and other factors that may cause actual revenues to differ materially from those estimated in such forward-looking statements. In addition, the interim revenue reports described above are based on preliminary, unaudited financial information and are subject to change. Actual revenues collected over the course of the full fiscal year may be different from those budgeted or implied by current revenue trends, and such differences may be material.

Current Appropriation Status – Pertaining to the Authority, Commonwealth Budget Status. The Commonwealth's current biennial budget (enrolled as Chapter 2, 2022 Acts of Assembly, Special Session I, and as amended by Chapter 769, 2023 Acts of Assembly) provides appropriations to the Treasury Board and allocable to the Authority in a total amount sufficient to pay all debt service scheduled to come due on the Authority's Bonds issued under the Master Indenture during the current 2022-2024 biennium.

The 2023 regular legislative session of the General Assembly convened on January 11, 2023, and adjourned on February 25, 2023. During the session, the General Assembly considered numerous budget amendments to the current biennial budget to address an estimated budget surplus in excess of $3 billion. While the General Assembly approved certain, limited technical amendments to the current biennial budget, which were enacted on April 12, 2023, the General Assembly adjourned without reconciling the differences in other proposed amendments that had been approved by the two legislative houses. The Virginia House of Delegates had approved budget amendments that included Governor Youngkin's proposed tax cuts of approximately $1 billion that reduced the corporate tax rate and the top individual income tax rate as well as increased the standard deduction. The Virginia Senate had approved budget amendments that did not include such proposed tax cuts but instead provided increased funding for teacher compensation and other education purposes. Leaders of the General Assembly have indicated that negotiations will continue between the two legislative houses, and, should an agreement be reached on additional budget amendments, the General Assembly could be called back for a special session to consider such amendments. The Governor has the authority to call a special session of the General Assembly when it is deemed necessary or advisable and must do so when petitioned by two-thirds of the members of both legislative houses.

The Authority has no reason to expect that future amendments to the current biennial budget, if any are finally approved, will adversely affect the timing or amount of the current appropriations to the Treasury Board and allocable to the Authority referenced above.

For a general discussion of the 2022-2024 budget, including an overview of the amendments that were enacted on April 12, 2023, see the subsections entitled "Budgetary Process", "2022 Appropriation Act" and "2023 Appropriation Act" within the section "FINANCIAL FACTORS" in ***Appendix B*** attached to this Official Statement.

Available Cash and Investments.* Based on the latest available monthly analysis of the Commonwealth's cash and investments, the Office of the Comptroller reported that for the period ended April 30, 2023, the Commonwealth had approximately $17.89 billion in net unrestricted cash available to support cashflow in the general fund (compared to approximately $15.70 billion available as of March 31, 2023), and an additional approximately $11.99 billion in restricted non-general fund sources to support cash flow in other Commonwealth operating funds as necessary (compared to approximately $12.99 billion available as of March 31, 2023).

THE 2023 BONDS

General

The 2023 Bonds will be issued as fully registered bonds in book-entry form in the principal amounts set forth on the inside front cover page of this Official Statement. The 2023 Bonds will be dated the date of their original issuance and delivery and will be issued in denominations of $5,000 or any integral multiples thereof and will be registered in the name of The Depository Trust Company ("DTC"), or its nominee, as securities depository. Interest

* This subsection has been updated from that appearing in the Preliminary Official Statement dated April 28, 2023.

on the 2023 Bonds will be calculated on the basis of a 360-day year of twelve 30-day months, and the 2023 Bonds will mature on the dates and in the amounts as set forth on the inside front cover page of this Official Statement. Interest on the 2023 Bonds will be payable on February 1 and August 1 of each year, commencing August 1, 2023. Payments will be made to the bondholders shown as owners on the registration books kept by the Trustee on the 15th day of the month preceding each interest payment date.

As described below under "Book-Entry Only System," purchases of beneficial ownership interests in the 2023 Bonds will be made only in book-entry form and individual purchasers will not receive physical delivery of bond certificates. As long as the 2023 Bonds are held by DTC or its nominee, principal, premium, if any, and interest will be paid to Cede & Co., as nominee of DTC, in same day funds on each interest payment date by the Trustee in its capacity as registrar and paying agent. If the book-entry system is discontinued, bond certificates will be delivered, and beneficial owners will become registered owners of the 2023 Bonds.

Book-Entry-Only System

The description that follows of the procedures and recordkeeping with respect to beneficial ownership interests in the 2023 Bonds, payments of redemption proceeds, distributions, and dividend payments on the 2023 Bonds to DTC its nominee, Direct and Indirect Participants (as defined below) or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the 2023 Bonds and other bond-related transactions by and between DTC, Direct and Indirect Participants and Beneficial Owners is based solely on information furnished by DTC. None of the Authority, the Commonwealth or the Trustee assumes any responsibility for the accuracy or adequacy of the information included in such description.

DTC will act as securities depository for the 2023 Bonds. The 2023 Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the 2023 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2023 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2023 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2023 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2023 Bonds, except in the event that use of the book-entry system for the 2023 Bonds is discontinued.

To facilitate subsequent transfers, all 2023 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2023 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2023 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2023 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2023 Bonds, such as redemptions, tenders, defaults and proposed amendments to the 2023 Bond documents. For example, Beneficial Owners of 2023 Bonds may wish to ascertain that the nominee holding the 2023 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2023 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2023 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2023 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2023 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2023 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2023 Bond certificates will be printed and delivered.

The foregoing information concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but none of the Authority, the Commonwealth, or the Trustee takes any responsibility for the accuracy thereof.

So long as Cede & Co., as nominee for DTC, is the sole bondholder, the Authority and the Trustee shall treat Cede & Co. as the only bondholder for substantially all purposes under the Master Indenture, including receipt of all redemption proceeds, distributions, and dividend payments on the 2023 Bonds, receipt of notices, voting and requesting or directing the Authority or the Trustee to take or not to take, or consenting to, certain actions under the Master Indenture.

BECAUSE DTC IS TREATED AS THE OWNER OF THE 2023 BONDS FOR SUBSTANTIALLY ALL PURPOSES UNDER THE MASTER INDENTURE, BENEFICIAL OWNERS MAY HAVE A RESTRICTED ABILITY TO INFLUENCE IN A TIMELY FASHION REMEDIAL ACTION OR THE

GIVING OR WITHHOLDING OF REQUESTED CONSENTS OR OTHER DIRECTIONS. IN ADDITION, BECAUSE THE IDENTITY OF BENEFICIAL OWNERS IS UNKNOWN TO THE AUTHORITY, THE COMMONWEALTH OR DTC, IT MAY BE DIFFICULT TO TRANSMIT INFORMATION OF POTENTIAL INTEREST TO BENEFICIAL OWNERS IN AN EFFECTIVE AND TIMELY MANNER. BENEFICIAL OWNERS SHOULD MAKE APPROPRIATE ARRANGEMENTS WITH THEIR BROKER OR DEALER REGARDING DISTRIBUTION OF INFORMATION REGARDING THE 2023 BONDS THAT MAY BE TRANSMITTED BY OR THROUGH DTC.

THE AUTHORITY AND THE COMMONWEALTH CAN GIVE NO ASSURANCES THAT DIRECT AND INDIRECT PARTICIPANTS WILL PROMPTLY TRANSFER PAYMENT TO BENEFICIAL OWNERS.

The Authority and the Trustee have no responsibility or obligation to the Direct and Indirect Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Direct or Indirect Participant; (b) the payment by any Direct or Indirect Participant of any amount due to any Beneficial Owner in respect of the redemption proceeds, distributions, and dividend payments on the 2023 Bonds in the sending of any transaction statements; (c) the delivery or timeliness of delivery by DTC or any participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Master Indenture to be given to bondholders; (d) the selection of the Beneficial Owners to receive payments upon any partial redemption of the 2023 Bonds; or (e) other action taken by DTC or Cede & Co. as bondholder, including the effectiveness of any action taken pursuant to an Omnibus Proxy.

The Authority or the Trustee may enter into amendments to the agreement with DTC or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to the 2023 Bonds without the consent of Beneficial Owners or bondholders.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood while the 2023 Bonds are in the book-entry-system, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the 2023 Bonds, but (i) all rights of ownership must be exercised through DTC and the book-entry-only system, and (ii) except as described above, notices that are to be given to registered owners under the Master Indenture will be given only to DTC.

Redemption Provisions

Optional Redemption of 2023 Bonds. The 2023 Bonds maturing on or before February 1, 2033 are not subject to optional redemption prior to maturity. The 2023 Bonds maturing on or after February 1, 2034, will be subject to optional redemption prior to maturity at the sole option of the Authority, in whole or in part, at any time on and after February 1, 2033, at par plus interest accrued thereon to the date fixed for redemption.

Manner of Redemption

Whenever 2023 Bonds are to be redeemed, the Authority shall cause notice of the call for redemption to be sent by the Trustee, by registered or certified first class mail, not less than 30 nor more than 60 days before the redemption date, identifying the 2023 Bonds or portions thereof to be redeemed. Notice of redemption shall be mailed to the registered owners of the 2023 Bonds to be redeemed. If less than all of the 2023 Bonds are called for redemption, the maturities of the 2023 Bonds to be redeemed shall be selected in such manner as may be determined by the Authority to be in the best interest of the Authority.

For the 2023 Bonds, if less than all of the 2023 Bonds of a single maturity are called for redemption, the 2023 Bonds to be redeemed shall be selected by the Trustee by lot, or if a securities depository is the registered owner of the 2023 Bonds, by such securities depository in accordance with its customary procedures. During the period that DTC or its nominee is registered owner of the 2023 Bonds, the Authority shall not be responsible for mailing notices of redemption to the Beneficial Owners, as defined herein.

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DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for all Bonds that will be outstanding as of the issuance of the 2023 Bonds on a June 30 fiscal year basis through fiscal year 2043.

Fiscal Year Ending June 30	Outstanding Master Indenture Debt Service[1]			2023 Bonds			Total Debt Service		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2023[2]	$372,285,000	$191,206,235	$563,491,235				$372,285,000	$191,206,235	$563,491,235
2024	358,690,000	171,410,281	530,100,281	$36,250,000	$31,153,509	$67,403,509	394,940,000	202,563,791	597,503,791
2025	349,545,000	155,224,834	504,769,834	27,425,000	45,912,025	73,337,025	376,970,000	201,136,859	578,106,859
2026	348,315,000	139,353,943	487,668,943	28,800,000	44,540,775	73,340,775	377,115,000	183,894,718	561,009,718
2027	339,035,000	124,394,734	463,429,734	30,240,000	43,100,775	73,340,775	369,275,000	167,495,509	536,770,509
2028	337,270,000	109,774,793	447,044,793	31,750,000	41,588,775	73,338,775	369,020,000	151,363,568	520,383,568
2029	299,470,000	93,998,789	393,468,789	58,425,000	40,001,275	98,426,275	357,895,000	134,000,064	491,895,064
2030	258,225,000	79,883,297	338,108,297	79,220,000	37,080,025	116,300,025	337,445,000	116,963,322	454,408,322
2031	227,815,000	67,485,056	295,300,056	64,755,000	33,119,025	97,874,025	292,570,000	100,604,081	393,174,081
2032	200,790,000	57,616,949	258,406,949	105,425,000	29,881,275	135,306,275	306,215,000	87,498,224	393,713,224
2033	171,125,000	50,557,114	221,682,114	106,445,000	24,610,025	131,055,025	277,570,000	75,167,139	352,737,139
2034	204,580,000	44,221,279	248,801,279	61,265,000	19,287,775	80,552,775	265,845,000	63,509,054	329,354,054
2035	178,875,000	36,952,469	215,827,469	58,125,000	16,224,525	74,349,525	237,000,000	53,176,994	290,176,994
2036	175,815,000	30,392,998	206,207,998	28,525,000	13,318,275	41,843,275	204,340,000	43,711,273	248,051,273
2037	158,350,000	23,959,946	182,309,946	29,955,000	11,892,025	41,847,025	188,305,000	35,851,971	224,156,971
2038	121,805,000	17,717,015	139,522,015	31,450,000	10,394,275	41,844,275	153,255,000	28,111,290	181,366,290
2039	126,295,000	13,224,428	139,519,428	33,025,000	8,821,775	41,846,775	159,320,000	22,046,203	181,366,203
2040	89,855,000	8,556,761	98,411,761	34,675,000	7,170,525	41,845,525	124,530,000	15,727,286	140,257,286
2041	70,780,000	4,939,963	75,719,963	36,410,000	5,436,775	41,846,775	107,190,000	10,376,738	117,566,738
2042	40,860,000	1,943,000	42,803,000	38,230,000	3,616,275	41,846,275	79,090,000	5,559,275	84,649,275
2043	-	-	-	40,230,000	1,609,200	41,839,200	40,230,000	1,609,200	41,839,200
Totals[3]	$4,429,780,000	$1,422,813,883	$5,852,593,883	$960,625,000	$468,758,909	$1,429,383,909	$5,390,405,000	$1,891,572,793	$7,281,977,793

(1) Includes the full interest payment for Prior Bonds issued as Build America Bonds and includes debt to be refunded and/or tendered for purchase with proceeds of the 2023B Bonds. See "Plan of Refunding."
(2) Reflects debt service for FY 2023 and includes the debt service payment made on February 1, 2023.
(3) Totals may not add due to rounding.

THE AMENDED AND RESTATED PAYMENT AGREEMENT

In addition to the information presented in **"SOURCES OF PAYMENT AND SECURITY FOR THE 2023 BONDS"** herein, the following summarizes certain provisions of the Amended and Restated Payment Agreement entered into between the Authority and the Treasury Board and dated as of June 1, 1999 (the "Amended and Restated Payment Agreement"), which amended, restated and replaced the Payment Agreement dated as of December 1, 1996 between the Authority and the Treasury Board. This summary does not purport to be comprehensive or definitive and is qualified by reference to the Amended and Restated Payment Agreement in its entirety, copies of which may be obtained at the offices of the Treasury Board, the Trustee or the Authority.

The Amended and Restated Payment Agreement requires the Authority to deliver annually by December 1 to the Governor and the Director of the Department of Planning and Budget of the Commonwealth a statement of the amount of principal and interest coming due or expected to be coming due on the Bonds and all other amounts required to be paid under the Master Indenture, including administrative expenses and rebate amounts during the next succeeding fiscal or biennial period, as applicable, and to request that the Governor include in his budget to be delivered to the next session of the General Assembly a provision that there be appropriated such amount for such purpose from legally available funds.

The Authority will use its best efforts to have (i) the Governor include in each biennial or any supplemental budget the Governor presents to the General Assembly the amounts so requested, and (ii) the General Assembly appropriate and reappropriate, as applicable, such amounts.

The Treasury Board will use its best efforts to have (i) the Governor include in each biennial or supplemental budget the Governor presents to the General Assembly the amounts described above, and (ii) the General Assembly appropriate such amounts.

The Authority will provide to the Treasury Board, by January 1 and July 1 of each year, all required requisitions and documents and take all actions necessary to have paid to the Treasury Board from legally available funds all amounts due to the Treasury Board under the Amended and Restated Payment Agreement, and request the Treasury Board to make such payment to the Trustee.

The Treasury Board will use its best efforts to obtain by January 1 and July 1 of each year the appropriate requisitions and documents needed from the Authority to make all payments due under the Master Indenture to the Trustee. The Treasury Board, as Fiscal Agent of the Authority, will receive appropriation by the General Assembly for the payment of principal of, redemption premium, if any, interest on and all other amounts payable with respect to the Bonds, including administrative expenses and rebate amounts, and will transfer such amounts to the Trustee as necessary for the Trustee to make such payments when due.

The term of the Payment Agreement continues until the earlier of the date of payment in full of the Bonds or the date on which the Bonds are no longer outstanding.

The Trustee is a third party beneficiary of the Amended and Restated Payment Agreement and is entitled to enforce, on behalf of the holders of the Bonds, all of the obligations and rights of the Authority and the Treasury Board to the same extent as if the Trustee were one of the contracting parties.

THE MASTER INDENTURE

The 2023 Bonds are being issued pursuant to the Master Indenture of Trust dated as of December 1, 1996, as amended, and the Fifty-Third Supplemental Indenture of Trust with respect to the 2023A Bonds and the Fifty-Fourth Supplemental Indenture of Trust with respect to the 2023B Bonds, each dated as of June 1, 2023, all between the Authority and the Trustee. The 2023A Bonds and the 2023B Bonds will be the fifty-third and fifty-fourth series of Bonds, respectively, issued under the Master Indenture. The 2023 Bonds will be equally and ratably secured by the Master Indenture with (i) the outstanding Prior Bonds and (ii) any additional bonds that may be issued in the future pursuant to the Master Indenture ("Additional Bonds" and collectively with the outstanding Prior Bonds, the "Bonds"), without preference, priority or distinction on account of the actual time or times of their authentication, delivery or maturity, except as noted in **"SOURCES OF PAYMENT AND SECURITY FOR THE 2023 BONDS"** herein.

THE FOLLOWING, IN ADDITION TO THE INFORMATION PRESENTED IN **"THE 2023 BONDS"** HEREIN, SUMMARIZES CERTAIN PROVISIONS OF THE MASTER INDENTURE. THIS SUMMARY DOES NOT PURPORT TO BE COMPREHENSIVE OR DEFINITIVE AND IS QUALIFIED BY REFERENCES TO THE MASTER INDENTURE, INCLUDING ALL SUPPLEMENTAL INDENTURES, IN ITS ENTIRETY. ALL CAPITALIZED TERMS NOT OTHERWISE DEFINED HEREIN SHALL HAVE THE SAME MEANINGS AS GIVEN TO THOSE TERMS IN THE MASTER INDENTURE, COPIES OF WHICH MAY BE OBTAINED AT THE OFFICE OF THE AUTHORITY OR THE TRUSTEE.

The 2023 Bonds are limited obligations of the Authority. Principal, premium, if any, and interest on the 2023 Bonds are payable solely from and secured by appropriations anticipated to be made by the General Assembly and by the funds and accounts held by the Trustee pursuant to the Master Indenture.

Pledge of Revenues and Funds; Parity of Bonds

The Master Indenture constitutes a continuing, irrevocable pledge of the Trust Estate to secure payment of the principal of and premium, if any, and interest on all Bonds which may, from time to time, be executed, authenticated and delivered under the Master Indenture, subject only to the right of the Authority to make application thereof to other purposes as provided herein. All Bonds shall in all respects be equally and ratably secured under the Master Indenture without preference, priority or distinction on account of the actual time or times of their authentication, delivery or maturity, so that all Bonds at any time outstanding under the Master Indenture shall have the same right, lien and preference under and by virtue of the Master Indenture with like effect as if they had all been executed, authenticated and delivered simultaneously, except that a Credit or Liquidity Facility, if any, provided for one or more Series of Bonds shall secure or provide liquidity only for the applicable Series of Bonds. **There is no credit or liquidity facility for the 2023 Bonds.**

Establishment of Funds and Cash Flow

The Master Indenture establishes the following Funds:

(1) *Construction Fund*. Moneys deposited in the Construction Fund from the proceeds of the Bonds will be used to pay costs of the Projects or to retire, refund or otherwise defease any indebtedness incurred by the Authority under the 21st Century College and Equipment Programs.

(2) *Bond Fund*. The Trustee shall deposit in the Bond Fund: any amounts transferred from the Construction Fund or the Cost of Issuance Fund; all payments or prepayments received by the Trustee from any appropriations made by the General Assembly under the 21st Century College and Equipment Programs (excluding the Trustee's fees and expenses); proceeds of any condemnation award or insurance recovery that will not be used to repair, reconstruct or restore a Project; and any other amounts authorized to be deposited in the Bond Fund.

(3) *Cost of Issuance Fund*. Moneys deposited in the Cost of Issuance Fund from the proceeds of the Bonds will be used to pay costs incurred with respect to the issuance of the respective Series of Bonds.

(4) *Other Funds and Accounts*. The Authority may establish other funds, accounts and subaccounts as the Authority may deem desirable.

Events of Default and Remedies

The following are Events of Default under the Master Indenture:

(1) If payment by the Authority with respect to any installment of interest on any Bond is not made in full when the same becomes due and payable;

(2) If payment by the Authority with respect to the principal of any Bond is not made in full when the same becomes due and payable, whether at maturity or by proceedings for redemption or otherwise;

(3) If the Authority fails to observe or perform any covenants or agreements on its part under the Master Indenture for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied, is given to the Authority by the Trustee, or to the Authority and the Trustee by the Holders of at least 25% in aggregate principal amount of Bonds then Outstanding; provided that, if the breach of covenant or agreement is one that can be remedied but cannot be completely

remedied within such 60 day period, it will not be an Event of Default so long as the Authority has taken active steps within such 60 day period to remedy the failure and is diligently pursuing such remedy; and

(4) If the Authority institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it, or files a petition or answer or consent seeking reorganization or relief under the Federal Bankruptcy Code or any other similar applicable federal or state law, or consents to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of the Authority or of any substantial part of its property, or makes an assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due.

Amendments and Supplemental Indentures

The Authority and Trustee may, without consent of or notice to any of the Holders, enter into one or more Supplemental Indentures to:

(1) Cure any ambiguity or formal defect or omission;
(2) Correct or supplement any provision which may be inconsistent with any other provision;
(3) Grant or confer upon the Holders any additional rights, remedies, powers, or authority that may lawfully be granted or conferred upon them;
(4) Secure additional revenues or provide additional security or reserves for payment of the Bonds;
(5) Preserve the excludability of interest on any tax-exempt Bonds from gross income for purposes of federal income taxes;
(6) Modify, amend or supplement the Master Indenture to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or any state securities (Blue Sky) law;
(7) Modify, amend or supplement the Master Indenture in such a manner as required to permit the Authority to comply with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), relating to the rebate of certain earnings on the proceeds of the Bonds;
(8) Modify, amend or supplement the Master Indenture in such a manner as required by the Rating Agencies to maintain their respective ratings on the Bonds;
(9) Authorize the issuance of and to secure one or more Series of Bonds; and
(10) Modify, amend or supplement the Master Indenture in any manner as will not, in the opinion of the Trustee, prejudice in any material respect the rights of the Holders of the Bonds then Outstanding.

The Holders of not less than a majority in aggregate principal amount of the Bonds may consent to or approve, from time to time, the execution by the Authority and the Trustee of such Supplemental Indenture for the purpose of modifying, altering, amending, adding to or rescinding any of the provisions contained in the Master Indenture except:

(1) Extending the stated maturity of or time for paying the interest on any Bond or reducing the principal amount of or the redemption premium or rate of interest payable on any Bond without the consent of the Holder of such Bond;
(2) Giving preference or priority to any Bond over any other Bond; or
(3) Reducing the percentage of the holders of the aggregate principal amount of Bonds then Outstanding required for any consent to any such Supplemental Indenture.

Defeasance

If the Authority shall pay or cause to be paid from an irrevocable escrow of cash and direct, non-callable obligations of the United States of America, the principal of and premium, if any, and interest on all (or less than all) of such Bonds, then in that case, the right, title and interest of the owners of such Bonds in the security pledged to the payment of the Bonds shall cease.

Bonds will be deemed to have been paid for purposes of the foregoing paragraph when (a) there shall have been deposited with a depository either (i) moneys in an amount sufficient to pay when due the principal of and redemption premium, if any, and interest on such Bonds to their maturity or earlier redemption date, or (ii) non-callable, direct obligations of the United States of America, or evidence of ownership of such obligations, the principal and interest on which shall be sufficient to pay when due the principal of and redemption premium, if any, and interest on such Bonds to their maturity or earlier redemption date, and (b) the other requirements of the Master Indenture are met.

Enforceability of Remedies

The remedies available to the Trustee, the Authority or the owners of the Bonds upon an Event of Default under the Master Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies provided in the Master Indenture may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds and the Master Indenture will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

In connection with enforcement of available remedies under the Master indenture, certain actions may be taken and certain consents may be given under the Master Indenture by the owners of specified percentages of the Bonds. The Authority may issue Additional Bonds. Depending upon the outstanding principal balances of such Additional Bonds, the owners of such Additional Bonds may be able to take actions or give consents without obtaining the approval of any of the other owners of the Bonds.

RATINGS

Fitch Ratings, Inc. (“Fitch”), Moody's Investors Service, Inc. (“Moody's”) and S&P Global Ratings, a division of S&P Global Inc. (“Standard & Poor’s”) have assigned the ratings of “AA+,” “Aa1,”and “AA+”, respectively, to the 2023 Bonds.

Such ratings reflect only the views of the respective rating agencies, which is not a recommendation to buy, sell or hold securities. An explanation of the significance of such ratings may be obtained only from the respective rating agency. There can be no assurance given that such ratings will be continued for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies if, in their judgment, the circumstances so warrant. Any such downward revision or withdrawal of either of such ratings may have an adverse effect on the liquidity and market price of the 2023 Bonds.

Neither the Authority nor the Commonwealth has undertaken any responsibility after issuance of the 2023 Bonds to assure maintenance of such ratings or to oppose any proposed revision or withdrawal of such ratings.

LEGAL MATTERS

Certain legal matters relating to the authorization and validity of the 2023 Bonds will be subject to the approving opinion of Kutak Rock LLP, Richmond, Virginia, Bond Counsel, and furnished at the expense of the Authority upon delivery of the 2023 Bonds (the “Bond Opinion”). The Bond Opinion will be limited to matters relating to authorization and validity of the 2023 Bonds and to the tax status of interest thereon as described in **“TAX MATTERS”** herein. Bond Counsel has not been engaged to investigate the financial resources of the Authority or its ability to provide for payment of the 2023 Bonds, and the Bond Opinion will make no statement as to such matters or as to the accuracy or completeness of this Official Statement of any other information that may have been relied on by anyone in making the decision to purchase the 2023 Bonds. The proposed form of the Bond Opinion is set forth in ***Appendix D*** attached hereto. Certain matters for the Authority will be subject to an opinion of the Office of the Attorney General and certain matters for the Underwriters will be passed on by McGuireWoods LLP, Richmond, Virginia.

TAX MATTERS

2023 Bonds

General Matters. In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the 2023 Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax for individuals. For tax years beginning after December 31, 2022, interest on the 2023 Bonds may affect the federal alternative minimum tax imposed on certain corporations. The opinion described above assumes the accuracy of certain representations and compliance by the Authority and the participating institutions with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the 2023 Bonds. Failure to comply with such requirements could cause interest on the 2023 Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. The Authority and the participating institutions will covenant to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the 2023 Bonds.

Bond Counsel is also of the opinion that, under existing statutes of the Commonwealth, interest on the 2023 Bonds, their transfer and income from them and any profit made on their sale, are exempt from taxation by the Commonwealth and its political subdivisions.

Original Issue Discount. The 2023 Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Discount Bonds"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond or is otherwise required to be recognized in gross income is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, (b) less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date with respect to when such original issue discount must be recognized as an item of gross income and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the "adjusted issue price" of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Recognition of Income Generally. Section 451 of the Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount and market discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. The rule generally applies to taxable years after 2017, except that in the case of income from a debt instrument having original issue discount, the rule does not apply until taxable years after 2018. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the 2023 Bonds under the Code.

Original Issue Premium. The 2023 Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Premium Bonds"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the 2023 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the 2023 Bonds that fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the 2023 Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Internal Revenue Service Audits. The Internal Revenue Service has an ongoing program of auditing tax-exempt obligations such as the 2023 Bonds to determine whether, in the view of the Internal Revenue Service, interest on such tax-exempt obligations is included in the gross income for federal income tax purposes. It cannot be predicted whether or not the Internal Revenue Service will commence an audit of any of the 2023 Bonds. If an audit is commenced, under current procedures the Internal Revenue Service may treat the Authority as the issuer of the 2023 Bonds as a taxpayer, and the registered owners of the 2023 Bonds may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the related 2023 Bonds until the audit is concluded, regardless of the ultimate outcome.

Changes in Federal and State Tax Law. From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the 2023 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the 2023 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the 2023 Bonds or the market value thereof would be impacted thereby. Purchasers of the 2023 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the 2023 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE 2023 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE 2023 BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE 2023 BONDS.

PROVISION FOR CONTINUING DISCLOSURE

In general, Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), among other things, prohibits an underwriter from purchasing or selling municipal securities such as the 2023 Bonds, unless it has determined that the issuer of such securities and/or other obligated persons deemed to be "obligated persons" have committed to provide to the MSRB via EMMA (i) on an annual basis, certain financial information and operating data

("Annual Reports"), and, if available, audited financial statements, and (ii) notice of the events described in Rule 15c2-12 ("Event Notices").

The obligations of the Authority and the Commonwealth described below require them to provide only limited information at specific times, and the information provided may not be all information necessary to value the 2023 Bonds at any particular time. The Authority and the Commonwealth may from time to time disclose certain information and data in addition to that required by their respective continuing disclosure obligations. If the Authority or the Commonwealth chooses to provide any additional information, neither the Authority nor the Commonwealth will have any obligation to continue to update such information or to include it in any future disclosure filing.

While the Authority currently administers three financing programs as described in the section "THE AUTHORITY," the continuing disclosure undertaking described in this Official Statement applies only to the 2023 Bonds, which are issued under the 21st Century College and Equipment Programs. Furthermore, the Authority is not an obligated person with respect to any bonds or obligations issued under the Private College Program described in such section.

Authority Continuing Disclosure. The Authority will covenant, by executing a Continuing Disclosure Agreement for the benefit of the holders of the 2023 Bonds (the "Authority Disclosure Agreement"), the form of which is set forth in ***Appendix E*** attached hereto, to provide to the MSRB via EMMA annually, not later than May 1 of each year, commencing May 1, 2024, Annual Reports and such annual financial statements of the Authority as may be required by Rule 15c2-12. Similarly, the Authority has covenanted to provide Event Notices with respect to the 2023 Bonds to the MSRB via EMMA.

The Authority has become aware that the Annual Report for fiscal year 2021 was not successfully linked on EMMA to certain CUSIPs for the Authority's Prior Bonds. Such filings were otherwise available on EMMA with respect to other continuing disclosure undertakings of the Authority. The Authority has made a remedial filing to correct the linkage problem for any such Authority bonds that are currently outstanding.

Commonwealth Continuing Disclosure. The Commonwealth will covenant, by executing a Continuing Disclosure Agreement prior to issuance of the 2023 Bonds (the "Commonwealth Disclosure Agreement"), to provide to the MSRB via EMMA, annually, not later than January 31 of each year commencing January 31, 2024, Annual Reports and such annual financial statements of the Commonwealth as may be required by Rule 15c2-12. In addition, the Commonwealth will covenant to provide to the Authority notice of any changes in the ratings of the Commonwealth's general obligation bonds. These covenants have been made in order to assist the underwriters of the 2023 Bonds in complying with Rule 15c2-12. The form of the Commonwealth Disclosure Agreement is set forth in ***Appendix E*** attached hereto.

The Commonwealth has entered into numerous continuing disclosure undertakings with respect to its own debt issuances, as well as debt issuances by related Virginia authorities. Such undertakings require in part that the Commonwealth annually file via EMMA its audited Annual Financial Statements and its Annual Report (consisting of a separately filed Appendix B - Financial and Other Information and a separately filed Appendix C – Demographic and Economic Information). The Commonwealth has become aware that (a) for fiscal years 2018, 2019 and 2020, such filings were not successfully linked on EMMA to all of the CUSIPs for the Educational Facilities Revenue Bonds (21st Century College and Equipment Programs), Series 2011A, issued by the Authority, and (b) for fiscal year 2020, such filings were not successfully linked on EMMA to any of the CUSIPS for the Educational Facilities Revenue Bonds (21st Century College and Equipment Programs), Series 2020A, and Educational Facilities Federally Taxable Revenue and Revenue Refunding Bonds (21st Century College and Equipment Programs), Series 2020B, issued by the Authority. Such filings were otherwise available on EMMA with respect to other continuing disclosure undertakings of the Commonwealth. The Commonwealth has made a remedial filing to correct the linkage problem for any such Authority bonds that are currently outstanding.

More generally, the Commonwealth is aware that, notwithstanding timely and accurate filings of its annual financial information and event notices, certain filings made by the Commonwealth and related bond issuing authorities have from time to time not remained linked to all of the pertinent Commonwealth-related CUSIP numbers on EMMA. Such de-linkage issues may be related to the frequent refunding and partial refunding of specific bond maturities and the splitting of pre-refunded and unrefunded maturities into different CUSIPs. When the

Commonwealth has become aware of such CUSIP linkage issues, either as a result of its own review or otherwise, the Commonwealth has worked promptly to remediate and re-link the particular filings to the pertinent CUSIPs.

UNDERWRITING

BofA Securities, Inc., on its own behalf and on behalf of Raymond James & Associates, Inc. and the other Underwriters of the 2023 Bonds (collectively, the "Underwriters"), have agreed, subject to the terms of the Bond Purchase Agreement with the Authority, to purchase the 2023A Bonds and the 2023B Bonds from the Authority. BofA Securities, Inc. is acting as the representative (the "Representative"). The Bond Purchase Agreement provides, in part, that subject to certain conditions, the Underwriters will purchase the 2023A Bonds from the Authority at a purchase price of $692,045,710.39 (representing the principal amount of the 2023A Bonds, plus a net original issue premium of $74,457,516.15 and less an underwriter's discount of $1,226,805.76) and will purchase the 2023B Bonds from the Authority at a purchase price of $400,709,420.77 (representing the principal amount of the 2023B Bonds, plus original issue premium of $59,562,588.05 and less an underwriter's discount of $663,167.28).

The Underwriters, will make a public offering of the 2023 Bonds at prices that are not in excess of the public offering price or prices (or less than the yields) stated on the inside cover page of this Official Statement. The Underwriters will be obligated to purchase all of the 2023 Bonds if any 2023 Bonds are purchased. The 2023 Bonds may be offered and sold to certain dealers (including the Underwriters) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

In connection with the Tender Offer, BofA Securities, Inc., and Raymond James & Associates, Inc. are also serving as Dealer Managers (in such capacity, the "Dealer Managers") pursuant to the terms of a dealer manager agreement with the Authority. For their services as Dealer Managers, the Dealer Managers will be compensated (the "Dealer Manager Fee") in an amount equal to a percentage of the aggregate principal amount of Purchased Refunded Bonds tendered and accepted for purchase. The Dealer Manager Fee is expected to be paid from a portion of the proceeds of the 2023B Bonds.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

The following paragraphs have been provided by the Underwriters:

BofA Securities, Inc., an underwriter of the 2023 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the 2023 Bonds.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

VERIFICATION OF MATHEMATICAL COMPUTATIONS FOR THE REFUNDED BONDS

The accuracy of the mathematical computations of the adequacy of the maturing principal amounts of and interest of the 2023B Escrow Securities in the 2023B Escrow Account to pay when due all principal and interest on the 2020B Refunded Bonds to be defeased to maturity and the sufficiency of the 2023B Bond proceeds to purchase the Purchased Refunded Bonds will be verified by Bingham Arbitrage Rebate Services. See "PLAN OF REFUNDING" herein.

FINANCIAL ADVISOR

Public Resources Advisory Group, New York, New York has served as financial advisor ("the Financial Advisor") to the Authority with respect to the 21st Century College and Equipment Programs and the sale of the 2023 Bonds. Public Resources Advisory Group is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. In assisting in the preparation of certain portions of this Official Statement, the Financial Advisor has relied upon the Authority and other sources which have access to relevant data and information, to provide accurate information for this Official Statement. The Financial Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

LITIGATION

There is no litigation now pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the 2023 Bonds, or in any way contesting or affecting the validity of the 2023 Bonds, any proceeding of the Authority taken with respect to the issuance or sale thereof, or the existence or powers of the Authority or the title of any officer of the Authority with respect to his or her office. See **"COMMONWEALTH OF VIRGINIA – FINANCIAL AND OTHER INFORMATION – Litigation"** in ***Appendix B*** attached hereto for a description of litigation involving the Commonwealth.

LEGALITY FOR INVESTMENT AND SECURITY FOR PUBLIC DEPOSITS

The 2023 Bonds are securities in which all public officers and public bodies of the Commonwealth and its political subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, commercial banks and trust companies, beneficial and benevolent associations, administrators, guardians, executors, trustees and other fiduciaries in the Commonwealth may properly and legally invest funds under their control. No representation is made as to the eligibility of the 2023 Bonds for investment or for any other purpose under the laws of any other state.

The 2023 Bonds are securities that may be deposited with and received by any state or municipal officer or any agency or political subdivision of the Commonwealth for any purpose for which the deposit of bonds or obligations of the Commonwealth is now or may hereafter be authorized by law.

MISCELLANEOUS

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of all matters of fact relating to the 2023 Bonds, the security for the payment of the 2023 Bonds and the rights and obligations of the registered Owners thereof. Copies of the documents referred to herein are available for inspection at the corporate trust office of the Trustee and Paying Agent, The Bank of New York Mellon Trust Company, N.A., in Pittsburgh, Pennsylvania.

The Information contained in this Official Statement has been compiled from official and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, is believed by the Authority to be correct as of this date.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. This Official Statement has been duly approved, and its distribution authorized, by the Authority.

Audited financial statements of the Commonwealth for the fiscal year ended June 30, 2022 are included as ***Appendix A*** attached hereto. These financial statements, along with the related Notes to Financial Statements, are intended to provide a broad overview of the financial position and operating results of the Commonwealth's various funds and account groups. See **"SOURCES OF PAYMENT AND SECURITY FOR THE 2023 BONDS – Information Pertaining to the Commonwealth"** herein.

This Official Statement has been authorized by the Authority for use in connection with the sale of the 2023 Bonds. Its purpose is to supply information to prospective buyers of the 2023 Bonds. The Authority and the Department of the Treasury of the Commonwealth of Virginia have prepared financial and other information contained in this Official Statement from their records, except where other sources are noted. The information is not intended to indicate future or continuing trends in the financial or economic position of the Authority or the Commonwealth.

The Authority has deemed this Official Statement final as of its date within the meaning of Rule 15c2-12.

VIRGINIA COLLEGE BUILDING AUTHORITY

By: /s/ Gary Ometer
Gary Ometer, *Chair*

APPENDIX A

COMMONWEALTH OF VIRGINIA

FINANCIAL STATEMENTS OF THE COMMONWEALTH
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

FINANCIAL SECTION

Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

December 15, 2022

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth of Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth of Virginia as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Virginia College Savings Plan (major fund and private purpose trust fund,) which is discussed on pages 53 and 276, and certain blended and discretely presented component units of the Commonwealth, which are discussed at Note 1.B. The Virginia College Savings Plan and component units account for the following percentages of total assets and deferred outflows of resources; revenues, additions, and other financing sources; and net position/fund balance of the opinion units affected as of June 30, 2022.

Opinion Unit	Total Assets and Deferred Outflows	Net Position/Fund Balance	Revenues, Additions, and Other Financing Sources
Governmental Activities	2.85 %	5.31 %	2.26 %
Business-type Activities	53.22 %	47.71 %	-1.01 %
Virginia College Savings Plan Major Enterprise Fund	100.00 %	100.00 %	100.00 %
Aggregate Remaining Fund Information	6.81 %	7.43 %	6.22 %
Aggregate Discretely Presented Component Units	30.00 %	23.32 %	13.37 %

Those financial statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Virginia College Savings Plan and certain blended and discretely presented component units, are based solely on the reports of the other auditors.

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Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commonwealth of Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The financial statements of Danville Science Center Inc., Library of Virginia Foundation, Science Museum of Virginia Foundation, and Virginia Museum of Fine Arts Foundation, which were audited by other auditors upon whose reports we are relying, were not audited in accordance with Government Auditing Standards.

Emphasis of Matters

Change in Accounting Principle

As discussed in Note 2 of the accompanying financial statements, in fiscal year 2022 the Commonwealth of Virginia implemented the Governmental Accounting Standards Board's Statement No. 87, *Leases*. The government-wide and fund statements have been restated to reflect the provisions of this standard. Our opinions are not modified with respect to this matter.

Correction of 2021 Financial Statements

As discussed in Note 2 of the accompanying financial statements, the fiscal year 2021 governmental activities, nonmajor governmental and private purpose trust funds have been restated to correct misstatements. Our opinions are not modified with respect to this matter.

Investments with Values that are not Readily Determined

As discussed in Note 7, the Pension and Other Employee Benefit Trust Funds include investments valued at approximately $46.2 billion (34.2% of the aggregate remaining fund information's total assets, respectively), whose fair values have been estimated by management using a roll-forward process in the absence of readily determinable fair values. In addition, the Virginia College Savings Plan major enterprise fund includes investments valued at $1.8 billion (58.1% and 31.1% of the major enterprise fund and business-type activity total assets, respectively) and $299.7 million for the private purpose trust fund (0.2% of the aggregate remaining fund information's total assets), whose fair values have been estimated by management based on information provided by the fund managers or the general partners. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commonwealth of Virginia's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements: Management's Discussion and Analysis on pages 27 through 37; Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General and Major Special Revenue Funds, the Schedule of Changes in Employer's Net Pension Liability, Schedule of Employer Contributions - Pension Plans, Schedule of Changes in Employers' Net Other Postemployment Benefit Liability (Asset), Schedule of the Commonwealth's Proportionate Share of the Net Other Postemployment Benefit Liability, Schedule of Employer Contributions - Other Postemployment Benefit Plans, Schedule of Changes in Employers' Total Other Postemployment Benefit Liability, and Claims Development Information on pages 200 through 236. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commonwealth of Virginia's basic financial statements. The Combining and Individual Fund Statements and Schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Statements and Schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, our report dated December 15, 2022, on our consideration of the Commonwealth of Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters is issued in the Commonwealth of Virginia Single Audit Report. We anticipate releasing that report on or before February 13, 2023. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commonwealth of Virginia's internal control over financial reporting and compliance.

AUDITOR OF PUBLIC ACCOUNTS

Management's Discussion and Analysis
(Unaudited)

The following is a discussion and analysis of the Commonwealth of Virginia's (the Commonwealth) financial performance, including an overview and analysis of the financial activities of the Commonwealth for the fiscal year ended June 30, 2022. Readers should consider this information in conjunction with the transmittal letter, which is located in the Introductory Section of this report, and the Commonwealth's financial statements, including the notes to the financial statements, which are located after this analysis.

Financial Highlights

Government-wide Highlights

The primary government's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2022, by $42.2 billion. Net position of governmental activities increased by $7.5 billion and net position of business-type activities increased by $1.1 billion. Component units reported an increase in net position of $753.5 million from June 30, 2021.

Fund Highlights

At the end of the fiscal year, the Commonwealth's governmental funds reported a combined ending fund balance of $20.9 billion, an increase of $6.6 billion in comparison with the prior year. Of this total fund balance, $472.7 million represents nonspendable fund balance, $6.3 billion represents restricted fund balance, $10.9 billion represents committed fund balance, and $3.2 billion represents assigned fund balance. The Enterprise Funds reported net position at June 30, 2022, of $3.0 billion, an increase of $1.1 billion during the year which is primarily attributable to increases for the Unemployment Compensation Fund (major) offset by a decrease for the Virginia College Savings Plan (major). See page 33 for additional information regarding the Virginia College Savings Plan and Unemployment Compensation Fund.

The General Fund recognized higher total fund assets, total fund liabilities, revenues, and expenditures when compared to fiscal year 2021. See page 34 for additional information.

Long-term Debt

The Commonwealth's total debt rose during the fiscal year to $53.7 billion, an increase of $1.1 billion, or 2.1 percent. During the fiscal year, the Commonwealth issued new debt in the amount of $2.7 billion and $3.5 billion for the primary government and component units. However, for the primary government, the new issuances, coupled with debt retirements, decreased the total debt balance to $17.4 billion. Debt balances for the component units increased to $36.3 billion.

Overview of the Financial Statements

This discussion and analysis is an introduction to the Commonwealth's basic financial statements, which include three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. The report also contains additional required supplementary information and other information.

Government-wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Commonwealth's finances in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the Commonwealth's financial position which helps readers determine whether the Commonwealth's financial position has improved or deteriorated during the fiscal year. These statements include all non-fiduciary financial activity on the full accrual basis of accounting. This means that all revenue and expenditures are reflected in the financial statements even if the related cash has not been received or paid as of June 30.

The Statement of Net Position (pages 40 and 41) presents information on all of the Commonwealth's assets and deferred outflows of resources, and liabilities and deferred inflows of resources; net position represents the difference between all other elements in a statement of financial position and is displayed in three components – net investment in capital assets; restricted; and unrestricted. Over time, increases or decreases in net position may indicate whether the financial position of the Commonwealth is improving or deteriorating.

The Statement of Activities (pages 42 through 44) presents information showing how the Commonwealth's net position changed during fiscal year 2022. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both the Statement of Net Position and Statement of Activities report three separate activities. These activities are described as follows:

Governmental Activities – account for functions of the Commonwealth that are primarily supported by taxes and intergovernmental revenues. The majority of the Commonwealth's basic services, such as education, individual and family services, transportation, resources and economic development, administration of justice, and general government, fall within this category.

Business-type Activities – account for functions that are intended to recover all or a significant portion of their costs through user fees and charges. The major business-type activities of the Commonwealth include the Virginia Lottery, Virginia College Savings Plan, and Unemployment Compensation Fund.

Discretely Presented Component Units – account for functions of legally separate entities for which the Commonwealth is financially accountable. The Commonwealth has 26 non-higher education component units and 21 higher education institutions that are reported as discretely presented component units. Information regarding the individual financial statements of the component units is presented in the notes to the financial statements.

This report includes two schedules (pages 48 and 52) that reconcile the amounts reported on the governmental fund financial statements (modified accrual accounting) with governmental activities on the appropriate government-wide statements (full accrual accounting). The following indicates some of the reporting differences between the government-wide financial statements and the fund financial statements.

- Capital assets used in governmental activities are not reported on governmental fund statements.
- Long-term liabilities, unless due and payable, are not included in the fund financial statements. These liabilities are only included in the government-wide statements.
- Internal service funds are reported as governmental activities in the government-wide statements, but are reported as proprietary funds in the fund financial statements.
- Other long-term assets that are not available to pay for current period expenditures are deferred in the governmental fund statements, but not deferred in the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures in the fund financial statements.
- Bond proceeds provide current financial resources on the fund financial statements, but are recorded as long-term liabilities in the government-wide financial statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commonwealth, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Commonwealth's funds can be divided into three categories: governmental, proprietary, and fiduciary. Each of these categories uses different accounting approaches. Fund financial statements begin on page 46 and provide detailed information about the major individual funds.

- **Governmental funds** – Most of the basic services provided by the Commonwealth are reported in the governmental funds. These statements provide a detailed, short-term view of the functions reported as governmental activities in the government-wide financial statements. The government-wide financial statements are reported using the full accrual basis of accounting, but the governmental fund financial statements are reported using the modified accrual basis of accounting. This allows the reader to focus on assets that can be readily converted to cash and determine whether there are adequate resources to meet the Commonwealth's current needs.

  Because the focus of governmental funds is more limited than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This comparison can help readers better understand the long-term impact of the Commonwealth's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

  The Commonwealth reports 15 individual governmental funds. Information is presented separately in the governmental fund statements for the General, Commonwealth Transportation, Federal Trust, and Literary funds, which are all considered major funds. Data from the other 11 governmental funds are aggregated into a single column on the fund statements. Individual fund data for these nonmajor governmental funds is provided in the combining financial statements immediately following the required supplementary information.

- **Proprietary funds** – The Commonwealth maintains two different types of proprietary funds: enterprise and internal service. These funds report activities that operate more like those of private-sector business and use the full accrual basis of accounting.

  Enterprise funds report activities that charge fees for supplies or services to the general public like the Virginia Lottery. Enterprise funds are reported as business-type activities on the government-wide financial statements. The enterprise funds use the full accrual basis of accounting and the only differences between amounts reported on the government-wide statements and the enterprise fund statements are due to internal service fund activity (see reconciliations on pages 54 and 56).

  Internal service funds report activities that charge fees for supplies and services to other Commonwealth agencies, like Fleet Management. Internal service funds are reported as governmental activities in the government-wide statements because these types of services predominantly benefit governments rather than business-type functions.

  The Commonwealth reports 27 individual proprietary funds. Information is presented separately in the proprietary fund statements for the Virginia Lottery, Virginia College Savings Plan, and Unemployment Compensation Funds, all of which are considered major funds. Data from the other enterprise funds is aggregated into a single column on the fund statements. All internal service funds are aggregated into a single column on the fund statements. Individual fund data for all nonmajor proprietary funds is provided in the combining financial statements immediately following the required supplementary information.

- **Fiduciary funds** – These funds are used to account for resources held for the benefit of parties outside the government and use the full accrual basis of accounting in accordance with GASB Statement No. 84, *Fiduciary Activities*. Fiduciary funds are excluded from the government-wide financial statements because the resources of these funds are restricted and cannot be used to finance the Commonwealth's operations. The Commonwealth's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position beginning on page 64.

  The Commonwealth's fiduciary funds are the:

  - Private Purpose Trusts, which reports the activities for four separate funds and accounts for transactions of trust arrangements in which the principal and income benefit individuals, private organizations, or other governments;
  - Pension and Other Employee Benefit Trusts, which reports the activities of nine separate pension and other employment retirement plans for employees;
  - Custodial Funds - External Investment Pool, which accounts for the activity of the external investment pool not meeting the GASB Statement No. 84 trust criteria; and,
  - Custodial Funds - Other, which accounts for 10 separate funds similar to Private Purpose Trust Funds except they do not have a trust that meets GASB Statement No. 84 criteria.

  Individual fund data for all fiduciary funds is provided in the combining financial statements immediately following the required supplementary information.

- **Component Units** – The government-wide financial statements report information for all component units aggregated in a single column. Information is provided separately in the component unit fund statements for the Virginia Housing Development Authority, Virginia Public School Authority, Virginia Resources Authority, and Virginia College Building Authority, all of which are considered major component units. Data from the other component units is aggregated into a single column on the fund statements. Individual fund data for all nonmajor component units is provided in the combining financial statements immediately following the required supplementary information.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the component unit fund financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes budgetary comparison schedules reconciling the statutory and generally accepted accounting principles fund balances at June 30. It also includes information concerning net pension liability, other postemployment benefit liability plans, and employer contributions for pension and other postemployment benefit plans, as well as trend information for Commonwealth-managed risk pools.

Other Information

The combining statements referred to earlier in connection with nonmajor funds and component units can be found beginning on page 240 of this report. The individual fund information is aggregated into a single total on the combining financial statements, which carries forward to the fund financial statements.

Government-wide Financial Analysis

The primary government's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $42.2 billion during the fiscal year. The net position of the governmental activities increased $7.5 billion, or 23.5 percent, primarily due to increases in cash and investments in the General Fund (major), increases in capital assets, and decreases in long-term liabilities outstanding offset by increases in deferred inflows of resources. The General Fund is discussed further on page 34. Capital assets are discussed further on page 35, and long-term liabilities are discussed further on page 36. Business-type activities had an increase of $1.1 billion, or 58.0 percent, primarily due to increases in the Unemployment Compensation Fund (major) offset by a decrease for the Virginia College Savings Plan (major). See page 33 for additional information regarding the Virginia College Savings Plan and Unemployment Compensation Funds. As discussed in Note 2, the government-wide beginning balance was restated for GASB Statement No. 87, *Leases*, and the correction of prior year errors to arrive at a restated beginning balance of $33.7 billion.

Figure 12
Net Position as of June 30, 2022 and 2021
(Dollars in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	2021 as restated	2022	2021	2022	2021 as restated
Current and other assets	$ 41,205,639	$ 32,379,235	$ 5,469,814	$ 4,489,084	$ 46,675,453	$ 36,868,319
Capital assets	36,364,626	35,016,806	340,530	151,529	36,705,156	35,168,335
Total Assets	77,570,265	67,396,041	5,810,344	4,640,613	83,380,609	72,036,654
Deferred outflows of resources	1,317,219	1,548,153	48,745	52,461	1,365,964	1,600,614
Total assets and deferred outflows of resources	78,887,484	68,944,194	5,859,089	4,693,074	84,746,573	73,637,268
Long-term liabilities outstanding	15,339,574	16,054,580	2,061,395	2,079,094	17,400,969	18,133,674
Other liabilities	16,975,376	15,581,996	656,829	660,714	17,632,205	16,242,710
Total Liabilities	32,314,950	31,636,576	2,718,224	2,739,808	35,033,174	34,376,384
Deferred inflows of resources	7,388,896	5,586,303	89,152	21,457	7,478,048	5,607,760
Total liabilities and deferred inflows of resources	39,703,846	37,222,879	2,807,376	2,761,265	42,511,222	39,984,144
Net position:						
Net investment in capital assets	26,643,211	26,254,889	145,999	150,758	26,789,210	26,405,647
Restricted	4,932,268	3,868,045	1,416,339	137,428	6,348,607	4,005,473
Unrestricted	7,608,159	1,598,381	1,489,375	1,643,623	9,097,534	3,242,004
Total net position	$ 39,183,638	$ 31,721,315	$ 3,051,713	$ 1,931,809	$ 42,235,351	$ 33,653,124

The largest portion of the primary government's net position reflects its investment in capital assets (e.g., land, buildings, equipment, infrastructure, construction-in-progress, right-to-use intangible assets, and intangible assets including water rights, easements and software), less any related outstanding debt and deferred inflows of resources used to acquire those assets. These assets are recorded net of depreciation in the financial statements. The primary government uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the primary government's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (**Figure 12**).

An additional portion of the primary government's net position represents restricted net position. These resources are subject to external restrictions or constitutional provisions specifying how they may be used. The remaining balance of $9.1 billion is unrestricted net position (**Figure 12**). The significant increase in restricted net position is primarily due to the Unemployment Compensation Fund and the required constitutional deposit to the Revenue Stabilization Fund discussed in Note 5.

Approximately 48.7 percent of the primary government's total revenue came from taxes. While the primary government's expenses cover many services, the largest expenses are for education and individual and family services. General revenues normally fund governmental activities. For fiscal year 2022, program and general revenues exceeded governmental expenses by $6.4 billion. Program revenues exceeded expenses from business-type activities by $2.2 billion. The following condensed financial information (**Figure 13**) was derived from the Government-wide Statement of Activities and provides detail regarding the change in net position (see page 42).

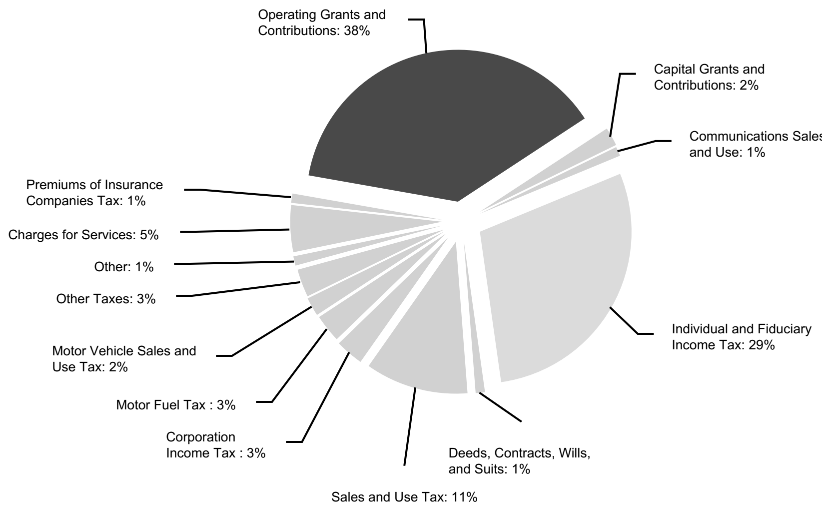
Figure 13
Changes in Net Position for the Fiscal Years Ended June 30, 2022 and 2021
(Dollars in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	2021 as restated	2022	2021	2022	2021 as restated
Revenues:						
Program Revenues:						
Charges for Services	$ 3,434,889	$ 2,789,861	$ 5,947,931	$ 6,230,463	$ 9,382,820	$ 9,020,324
Operating Grants and Contributions	25,387,334	26,952,001	1,054,362	257,017	26,441,696	27,209,018
Capital Grants and Contributions	1,573,707	1,390,079	3,713	76,941	1,577,420	1,467,020
General Revenues:						
Taxes:						
Individual and Fiduciary Income	19,564,418	17,066,596	—	—	19,564,418	17,066,596
Sales and Use	7,447,659	6,527,477	—	—	7,447,659	6,527,477
Corporation Income	1,999,923	1,579,303	—	—	1,999,923	1,579,303
Motor Fuel	1,772,518	1,421,963	—	—	1,772,518	1,421,963
Motor Vehicle Sales and Use	1,214,463	1,118,962	—	—	1,214,463	1,118,962
Communications Sales and Use	301,108	312,477	—	—	301,108	312,477
Deeds, Contracts, Wills, and Suits	802,583	810,105	—	—	802,583	810,105
Premiums of Insurance Companies	612,317	551,005	—	—	612,317	551,005
Alcoholic Beverage Sales	227,552	220,078	—	—	227,552	220,078
Tobacco Products	276,056	287,856	—	—	276,056	287,856
Estate	27	810	—	—	27	810
Public Service Corporations	119,039	117,596	—	—	119,039	117,596
Beer and Beverage Excise	41,302	42,548	—	—	41,302	42,548
Wine and Spirits/ABC Liter	33,121	32,845	—	—	33,121	32,845
Bank Stock	37,481	26,788	—	—	37,481	26,788
Other Taxes	1,352,900	1,152,087	9,142	9,141	1,362,042	1,161,228
Unrestricted Grants and Contributions	63,736	102,053	—	—	63,736	102,053
Investment Earnings	(538,448)	36,840	249	715	(538,199)	37,555
Miscellaneous	749,323	380,659	16,043	2,389	765,366	383,048
Total Revenues	66,473,008	62,919,989	7,031,440	6,576,666	73,504,448	69,496,655
Expenses:						
General Government	3,881,074	5,127,160	—	—	3,881,074	5,127,160
Education	14,981,659	12,764,820	—	—	14,981,659	12,764,820
Transportation	6,580,186	6,115,306	—	—	6,580,186	6,115,306
Resources and Economic Development	1,633,056	1,435,203	—	—	1,633,056	1,435,203
Individual and Family Services	29,511,155	30,579,562	—	—	29,511,155	30,579,562
Administration of Justice	3,211,735	3,257,124	—	—	3,211,735	3,257,124
Interest and Charges on Long-term Debt	288,246	271,799	—	—	288,246	271,799
Virginia Lottery	—	—	2,950,964	2,483,875	2,950,964	2,483,875
Virginia College Savings Plan	—	—	123,259	124,169	123,259	124,169
Unemployment Compensation	—	—	170,269	1,199,074	170,269	1,199,074
Alcoholic Beverage Control	—	—	927,850	904,400	927,850	904,400
Risk Management	—	—	12,472	10,978	12,472	10,978
Local Choice Health Care	—	—	477,953	474,924	477,953	474,924
Line of Duty	—	—	17,519	19,681	17,519	19,681
Advantage Vanpool Self Insurance Fund	—	—	98	86	98	86
Virginia Industries for the Blind	—	—	43,221	65,204	43,221	65,204
Consolidated Laboratory	—	—	13,763	12,694	13,763	12,694
eVA Procurement System	—	—	21,424	22,223	21,424	22,223
Department of Environmental Quality Title V	—	—	10,636	11,738	10,636	11,738
Wireless E-911	—	—	58,021	49,178	58,021	49,178
Museum and Library Gift Shops	—	—	7,390	4,928	7,390	4,928
Behavioral Health Canteen and Work Activity	—	—	271	285	271	285
Total Expenses	60,087,111	59,550,974	4,835,110	5,383,437	64,922,221	64,934,411
Excess before transfers	6,385,897	3,369,015	2,196,330	1,193,229	8,582,227	4,562,244
Transfers	1,076,426	1,040,213	(1,076,426)	(1,040,213)	—	—
Increase in net position	7,462,323	4,409,228	1,119,904	153,016	8,582,227	4,562,244
Net position, July 1, as restated	31,721,315	27,312,087	1,931,809	1,778,793	33,653,124	29,090,880
Net position, June 30	$ 39,183,638	$ 31,721,315	$ 3,051,713	$ 1,931,809	$ 42,235,351	$ 33,653,124

Governmental Activities Revenues

Figure 14 is a graphical representation of the Statement of Activities revenues for governmental activities. Governmental activities revenues increased by $3.6 billion, or 5.6 percent. The net increase is mainly attributable to increases in the General Fund, which are discussed on page 34.

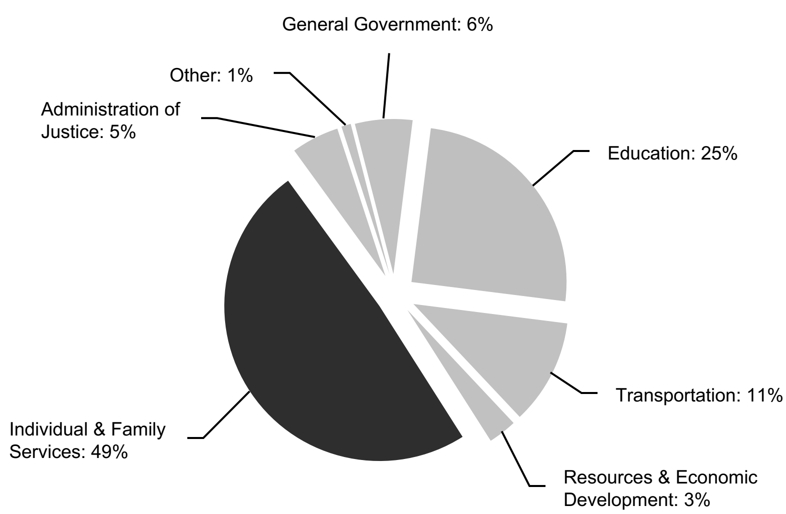
Figure 14
Revenues by Source – Governmental Activities
Fiscal Year 2022



Governmental Activities Expenses

Figure 15 is a graphical representation of the Statement of Activities expenses for governmental activities. Governmental activities expenses increased by $536.1 million, or 0.9 percent. While there were increases in multiple expense types, the largest increase was in Education. See pages 34 and 35 for additional information.

Figure 15
Expenses by Type – Governmental Activities
Fiscal Year 2022



Net Position of Business-type Activities

Net position of business-type activities increased by $1.1 billion during the fiscal year. As shown in **Figure 16**, highlights of the changes in net position for the major enterprise funds were as follows:

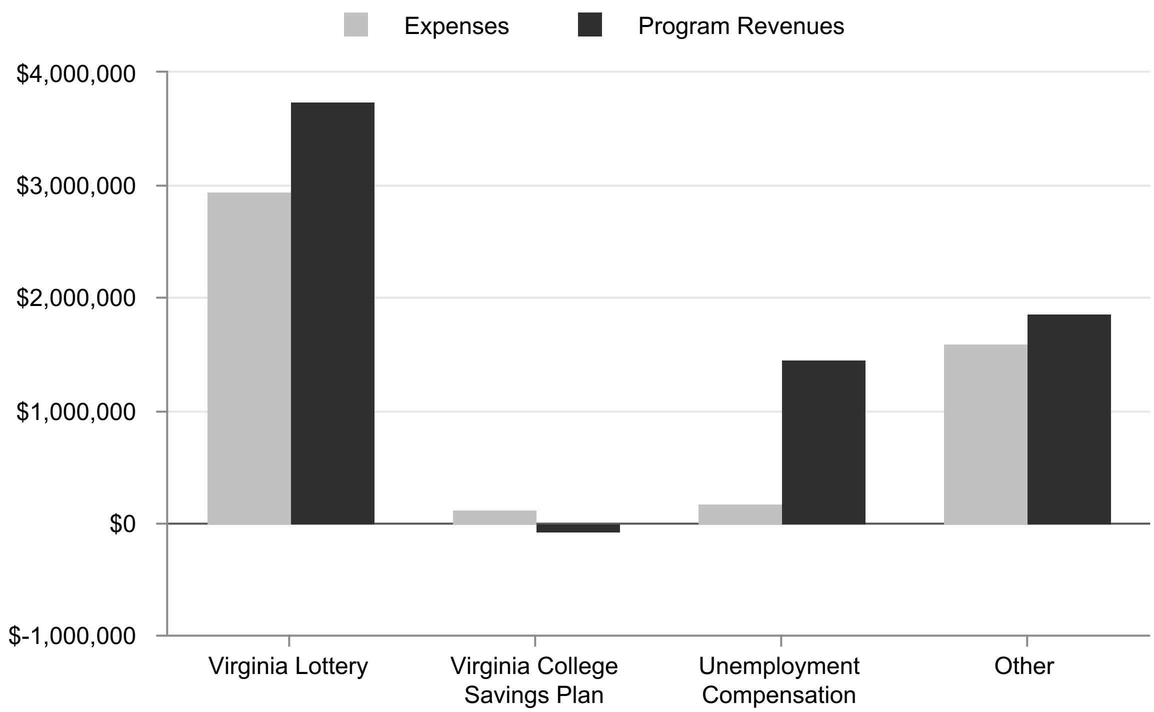
- Lottery sales were $3.8 billion, an increase of $493.4 million over the prior year. Income before transfers was $802.0 million, an increase of $24.9 million (3.2 percent) from fiscal year 2021. Sales of scratch games increased by $23.0 million (1.8 percent) and non-scratch game sales increased by $470.5 million (24.0 percent). Total expenses also increased by $468.2 million (18.9 percent), primarily attributable to the cost of prizes.

- Virginia College Savings Plan's net position decreased by $194.8 million (11.8 percent) during the fiscal year as a result of total expenses incurred exceeding revenues. While Prepaid529 is closed to new participants, existing customers are still being serviced. Additionally, the Tuition Track Portfolio activity grew during fiscal year 2022 and is expected to continue growing in future years. However, the current year change was not significant to the total fund change. During the fiscal year, the majority of the net position decrease is attributed to investment losses.

- Unemployment Compensation Fund net position increased by $1.3 billion during fiscal year 2022, as a result of operating revenues exceeding benefits paid by $235.9 million and COVID-19 related additional funding of $1.1 billion.

  Over the one-year period from July 1, 2021, to June 30, 2022, the unemployment rate dropped from 4.3 percent to 2.8 percent. Additionally, there were approximately 499,348 less initial unemployment claims filed than in the previous year, as well as the average benefit duration decreasing from 13.6 weeks to 7.1 weeks. These decreases were offset by an increase in the average weekly benefit amounts from approximately $279.74 to $326.17 in fiscal year 2022. These multiple influences led to a decrease in the total benefit payments of $1.0 billion over the prior year.

Figure 16
Business-type Activities
Program Revenues and Expenses
Fiscal Year 2022
(Dollars in Thousands)



Fund Statements Financial Analysis

As of the end of the fiscal year, the primary government's governmental funds reported combined ending fund balances of $20.9 billion. The fund balance includes nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending.

General Fund Highlights

At the end of the fiscal year, the General Fund reported a combined ending fund balance of $11.7 billion, an increase of $4.6 billion in comparison with the prior year. Of this total fund balance, $187.8 million represents nonspendable fund balance, $2.7 billion represents restricted fund balance, $5.7 billion represents committed fund balance, and $3.1 billion represents assigned fund balance.

Fiscal year 2022 General Fund revenues were 11.9 percent, or $3.1 billion, higher than fiscal year 2021 revenues. This revenue change results from increases of $3.7 billion primarily attributable to individual and fiduciary income taxes ($2.4 billion), which was reduced by the Individual Income Tax Rebate of $1.0 billion, sales and use taxes ($629.7 million), corporation income taxes ($408.3 million), other revenue predominantly related to prior year expenditures refunded in the current fiscal year ($138.7 million), and premiums of insurance companies taxes ($56.7 million). This was offset by decreases of $614.6 million primarily attributable to interest, dividends, and rents ($512.9 million), tobacco master settlement ($37.7 million), deeds, contracts, wills, and suits taxes ($29.2 million), tobacco product taxes ($11.5 million), and communications sales and use taxes ($11.3 million).

Fiscal year 2022 expenditures increased by 9.4 percent, or $2.2 billion, when compared to fiscal year 2021. While all expenditures categories increased during fiscal year 2022, the largest increases were primarily attributable to education, general government and individual and family services expenditures of $1.3 billion, $333.9 million and $234.0 million, respectively. Net other financing sources and uses decreased by $124.1 million, which is primarily due to higher transfers out to nongeneral funds offset by increases in transfers in from nongeneral funds and long-term leases issued.

Budget Highlights

The General Fund began the year with an original revenue budget that was $559.7 million, or 2.4 percent, higher than the final fiscal year 2021 revenue budget. Additionally, the final revenue budget was higher ($4.3 billion or 17.7 percent) than the original budget. The change between the original and final budget was primarily attributable to increases in the final budget for individual and fiduciary income taxes ($2.6 billion), corporation income taxes ($738.0 million), sales and use taxes ($522.3 million), and deeds, contracts, wills, and suits taxes ($190.7 million). This was offset by decreases in the final budget for communications sales and use taxes ($13.0 million). Total actual General Fund revenues were higher than final budgeted revenues by $2.0 billion primarily due to individual and fiduciary income taxes ($1.8 billion) and sales and use taxes ($132.3 million) which were offset by decreases in communications sales and use taxes ($33.6 million) and corporation income taxes ($30.9 million).

Total final budget expenditures were higher than original budget expenditures by $857.4 million, or 3.3 percent. This change between the original and final budget was primarily attributable to increases of budgeted expenditures for education of $899.4 million, transportation of $171.9 million and administration of justice of $150.8 million. This was offset by decreases for individual and family services of $673.6 million.

The Commonwealth spent less than planned so actual expenditures were $1.6 billion, or 6.1 percent, lower than final budget expenditures. This was primarily attributable to education ($325.7 million), general government ($287.6 million), resources and economic development ($267.0 million) and individual and family services ($253.5 million).

Budget Outlook

Virginia's economy continued to recover in fiscal year 2022 from the negative effects of the COVID-19 pandemic. State economic activity such as Gross Domestic Product, employment, and taxable sales showed significant improvement. Unemployment dropped to rates closely resembling pre-pandemic levels. The housing market showed a decline in home sales and home permit issuance. Home sales declined and home permit growth slowed, although housing inventory remained limited, contributing to a rise in home appreciation. The Federal Reserve's efforts to keep inflation from rising is expected to substantially slow economic growth and produce a shallow recession. The Russian-Ukrainian conflict and a slowdown in China's growth could also continue to negatively affect Virginia's economy. During fiscal year 2022, the two General Fund revenue sources most closely tied to current economic activity - individual income taxes and retail sales taxes - experienced increases when compared to the 2021 collections by $3.1 billion (18.0 percent) and $391.9 million (9.4 percent), respectively. The individual income tax collections were more than the estimated revenue by $1.8 billion (9.8 percent) and the retail sales taxes were more than the estimated revenue by $120.5 million (2.7 percent).

The fiscal year 2022 revenue collections exceeded fiscal year 2021 and the fiscal year 2022 collections estimate. Based on the July 2022 General Fund revenue estimate, the fiscal year 2023 revenue is projected to decrease by 14.0 percent when compared to the fiscal year 2022 revenue collections. This projected planned decrease is primarily a result of the economic uncertainty arising from the expected shallow recession and Russian-Ukrainian conflict. The Governor will release his amendments to the 2023-2024 biennial budget on December 15, 2022.

Major Special Revenue Fund Highlights

The Commonwealth Transportation Fund ended the fiscal year with a fund balance of $4.5 billion. Approximately $4.9 billion is contractually committed for various highways, public transportation, and rail preservation projects; $1.5 billion for individual contracts awarded with a contract value of $1.0 million or more for operational and tolling services, facilities, and other non-highway construction-type contracts (see Note 21). Additionally, revenues increased $798.2 million, or 10.6 percent, and expenditures increased $564.1 million, or 8.2 percent. The revenue increase was primarily due to increases in tax collections of $810.5 million, or 16.9 percent and federal income of $280.6 million, or 30.8 percent, offset by a decrease in receipts from localities of $280.9 million, or 29.3 percent. Expenditures increased mainly for highway maintenance, acquisition, and construction.

The Federal Trust Fund balance decreased by $136.9 million, or 27.8 percent during the current year. The change is primarily due to a decrease in Federal Grants and Contracts revenue of approximately $1.5 billion, or 5.6 percent, offset by a decrease of $1.1 billion, or 4.2 percent in expenditures. This change in the Federal Grants and Contracts revenue was mainly attributed to decreases in funding received from the federal government for COVID-19 ($4.2 billion) to assist the Commonwealth in navigating the economic difficulties caused by the pandemic and Unemployment funding ($1.4 billion) this was offset by an increase in Medicaid funding ($1.8 billion). The remaining difference is distributed over many other federal programs. Expenditures decreased primarily due to Unemployment spending, which was offset by increased Medicaid spending. Net other financing sources and uses experienced an increase of $7.8 million, or 3,251.5 percent, primarily attributable to lower transfers out to other funds.

The Literary Fund ending balance increased by $192.7 million, or 388.2 percent. The increase is primarily due to an increase of transfers from unclaimed property and lottery for $142.1 million, or 149.2 percent. Expenditures exceeded net receipts by only $44.7 million in fiscal year 2022, which is $141.1 million less than fiscal year 2021. Additionally, loans of $188.4 million owed to the Virginia Public School Authority (major component unit) increased by $2.9 million, or 1.6 percent.

Capital Asset and Long-term Debt

Capital Assets. The primary government's investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to $36.7 billion (net of accumulated depreciation and amortization totaling $18.2 billion). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, construction-in-progress, and intangible assets including water rights, easements, and software, as well as intangible right-to-use assets. Infrastructure assets are items that are normally immovable such as roads, bridges, drainage systems, and other similar assets. The increase in the primary government's net investment in capital assets was primarily attributable to the addition of right-to-use intangible assets of $657.0 million resulting from the implementation of GASB Statement No. 87, *Leases*. The primary government reports equipment with a value of $50,000 or greater and an expected useful life of two or more years. The primary government capitalizes all land, buildings, infrastructure, and non right-to-use intangible assets that have a cost or value greater than $100,000 and an expected useful life of two or more years. In addition, the primary government reports right-to-use intangible assets of equipment, land, and buildings with a present value of $50,000 or greater and an expected useful life of greater than one year. Additional information on the primary government's capital assets can be found in Note 13, Capital Assets.

Figure 17
Capital Assets as of June 30, 2022
(Net of Depreciation and Amortization)
(Dollars in Thousands)

	Governmental Activities	Business-type Activities	Total
Land	$ 3,736,330	$ 11,033	$ 3,747,363
Buildings	2,702,842	60,036	2,762,878
Equipment	536,228	45,187	581,415
Water Rights/Easements	121,743	—	121,743
Infrastructure	23,597,326	—	23,597,326
Intangible Assets	496,639	28,556	525,195
Right-to-Use Intangible Assets	467,464	189,493	656,957
Construction-in-Progress	4,706,054	6,225	4,712,279
Total	$ 36,364,626	$ 340,530	$ 36,705,156

Long-term Debt. The Commonwealth is prohibited from issuing general obligation bonds for operating purposes. At the end of the current fiscal year, the Commonwealth had total debt outstanding of $53.7 billion, including total tax-supported debt of $21.2 billion and total debt not supported by taxes of $32.5 billion. Bonds backed by the full faith and credit of the government and tax-supported total $1.1 billion. Debt is considered tax-supported if Commonwealth tax revenues are used or pledged for debt service payments. An additional $929.9 million is considered moral obligation debt which is not tax-supported. The Commonwealth has no direct or indirect pledge of tax revenues to fund reserve deficiencies. However, in some cases, the Commonwealth has made a moral obligation pledge to consider funding deficiencies in debt service reserves that may occur. The remainder of the Commonwealth's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

During fiscal year 2022, the Commonwealth issued $6.2 billion of new debt for various projects. Of this new debt, $2.7 billion was for the primary government and $3.5 billion for the component units. In addition, long-term liability balances for primary government and component units increased due to the implementation of GASB Statement No. 87, *Leases*. Additional information on the Commonwealth's outstanding debt can be found in Note 27, Long-Term Liabilities, as well as in the Debt Schedules beginning on page 306. The Commonwealth maintains a "triple A" bond rating for general obligation debt from the three rating agencies: Moody's Investors Service, S & P Global Ratings, and Fitch Ratings.

State statutes limit the amount of general obligation debt the Commonwealth may issue for each specific type of debt. The 9(a) bonds, which may be issued to fund the defense of the Commonwealth, to meet casual deficits in revenue or in anticipation of the collection of revenues, or to redeem previous debt obligations, are limited to 30.0 percent of 1.15 times the annual tax revenues for fiscal year 2022. The 9(b) bonds, which have been authorized by the citizens of Virginia through bond referenda to finance capital projects, are limited to 1.15 times the average of selected tax revenues for fiscal years 2020, 2021, and 2022. The 9(c) bonds, which have been issued to finance capital projects that will generate revenue upon their completion, are limited to 1.15 times the average of selected tax revenues for fiscal years 2020, 2021, and 2022. The current debt limitation for the Commonwealth is shown below for the 9(a), 9(b), and 9(c) general obligation bond issues. These limits significantly exceed the Commonwealth's outstanding general obligation debt.

Figure 18
Debt Issuance Margin and Outstanding Debt as of June 30, 2022
General Obligation Bonds
(Dollars in Thousands)

		Outstanding Debt			
		Primary Government			
	Debt Issuance Margin	Governmental Activities	Business-type Activities	Total	Component Units
General obligation bonds					
9(a)	$ 9,115,200	$ —	$ —	$ —	$ —
9(b)	26,738,717	225,600	—	225,600	—
9(c)	26,045,836	5,664	—	5,664	912,817
Total		$ 231,264	$ —	$ 231,264	$ 912,817

Economic Factors and Review

The Commonwealth's economy showed continued improvement during fiscal year 2022. The Gross Domestic Product grew by 3.7 percent, which was an improvement over the 2.2 percent during the prior year. State personal income growth dropped 2.7 percent, which closely matched the -2.8 percent national rate. Both drops were due in part to a decrease in personal current transfer receipts resulting from the expiration of COVID-19 relief programs that supported payments to individuals such as expanded unemployment benefits and multiple rounds of stimulus checks. The average state unemployment rate for fiscal year 2022 dropped to 3.1 percent, almost reaching the pre-pandemic levels of 2.8 in 2019. Total taxable sales increased by 4.6 percent during fiscal year 2022 from 3.4 percent in the prior year, representing the largest increase in taxable sales in 15 years. The Virginia housing market was mixed, with a decrease in sales of existing single-family homes and issuance of home building permits. Single-family homes, townhomes and condos decreased by 6.6 percent, compared to an increase of 27.1 percent in fiscal year 2021. Virginia's economy is expected to slow or decrease in the next fiscal year as interest rates continue to climb and consumer spending levels off due to inflation. The global climate is also expected to affect Virginia's economy, with the Russian-Ukrainian conflict and China's economic decline because of its housing market crisis and Zero-Covid policy.

Requests for Information

This financial report is designed to provide a general overview of the Commonwealth's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the State Comptroller's Office, Commonwealth of Virginia, P. O. Box 1971, Richmond, Virginia 23218. This report is also available for download at www.doa.virginia.gov.

The Commonwealth's component units issue their own separate financial statements. Contact information regarding each component unit is provided in Note 1.B.

Government-wide Financial Statements

Statement of Net Position

June 30, 2022
(Dollars in Thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents (Notes 1 and 7)	$ 14,122,499	$ 2,122,396	$ 16,244,895	$ 5,000,877
Investments (Notes 1 and 7)	14,469,121	2,816,615	17,285,736	16,669,009
Assets Held Pending Distribution (Note 1)	5,412	112,829	118,241	—
Receivables, Net (Notes 1 and 8)	8,702,023	369,446	9,071,469	17,262,838
Contributions Receivable, Net (Notes 1 and 9)	—	—	—	586,398
Internal Balances (Note 1)	75,152	(75,152)	—	—
Due from Primary Government (Note 10)	—	—	—	143,978
Due from Component Units (Note 10)	29,708	—	29,708	113,326
Due from External Parties (Fiduciary Funds) (Note 10)	685	—	685	—
Inventory (Note 1)	281,672	108,864	390,536	185,530
Prepaid Items (Note 1)	191,235	5,730	196,965	193,781
Other Assets (Notes 1 and 11)	4,323	471	4,794	215,280
Loans Receivable from Primary Government (Notes 1 and 10)	—	—	—	188,420
Restricted Cash and Cash Equivalents (Notes 7 and 12)	2,796,970	—	2,796,970	4,114,780
Restricted Investments (Notes 7 and 12)	321,369	—	321,369	9,098,311
Other Restricted Assets (Note 12)	205,470	8,615	214,085	500,395
Nondepreciable Capital Assets (Notes 1 and 13)	9,872,347	17,258	9,889,605	4,336,835
Other Capital Assets, Net (Notes 1 and 13)	26,492,279	323,272	26,815,551	24,167,746
Total Assets	77,570,265	5,810,344	83,380,609	82,777,504
Deferred Outflows of Resources (Notes 1, 14, 15, 16, and 18)	1,317,219	48,745	1,365,964	1,037,245
Total Assets and Deferred Outflows of Resources	$ 78,887,484	$ 5,859,089	$ 84,746,573	$ 83,814,749
Liabilities and Deferred Inflows of Resources				
Accounts Payable (Notes 1 and 25)	2,711,933	132,390	2,844,323	1,838,397
Amounts Due to Other Governments	2,670,972	79,760	2,750,732	138,177
Due to Primary Government (Note 10)	—	—	—	29,708
Due to Component Units (Note 10)	143,978	—	143,978	113,326
Due to External Parties (Fiduciary Funds) (Note 10)	33,292	1,370	34,662	42,709
Unearned Revenue (Note 1)	3,257,876	6,246	3,264,122	627,078
Obligations Under Securities Lending (Notes 1 and 7)	2,668,990	100,868	2,769,858	131,331
Due to Claimants, Participants, Escrows and Providers (Note 1)	413,757	119,143	532,900	—
Other Liabilities (Notes 1, 15, and 26)	4,316,946	120,162	4,437,108	2,173,279
Loans Payable to Component Units (Notes 1 and 10)	188,420	—	188,420	—
Claims Payable (Notes 1 and 24):				
Due Within One Year	177,935	62,105	240,040	18,541
Due in More Than One Year	391,277	34,785	426,062	34,160
Long-term Liabilities (Notes 1, 22, 23, and 27):				
Due Within One Year	1,174,862	314,640	1,489,502	1,999,418
Due in More Than One Year	14,164,712	1,746,755	15,911,467	34,319,822
Total Liabilities	32,314,950	2,718,224	35,033,174	41,465,946
Deferred Inflows of Resources (Notes 1, 14, 15, 16, 18, and 38)	7,388,896	89,152	7,478,048	2,283,444
Total Liabilities and Deferred Inflows of Resources	$ 39,703,846	$ 2,807,376	$ 42,511,222	$ 43,749,390

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

Net Position	Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units
Net Investment in Capital Assets	26,643,211	145,999	26,789,210	15,063,244
Restricted For:				
Nonexpendable:				
Higher Education	—	—	—	5,585,284
Permanent Funds	45,440	—	45,440	—
Other	—	—	—	182,373
Expendable:				
Agriculture and Forestry	11,127	—	11,127	—
Bond Indenture	—	—	—	3,317,287
Capital Projects/Construction/Capital Acquisition	22,986	—	22,986	2,144,362
Contract and Debt Administration	9,500	—	9,500	—
COVID-19	125,585	—	125,585	—
Debt Service	105,683	—	105,683	172,105
Economic and Technological Development	106	—	106	—
Educational and Training Programs	4,110	—	4,110	—
Employee Benefit Administration	10,204	—	10,204	—
Environmental Quality and Natural Resource Preservation	19,101	—	19,101	—
Gifts and Grants	102,637	—	102,637	153,400
Health and Public Safety	93,422	—	93,422	—
Higher Education	—	—	—	9,572,307
Literary Fund	170,754	—	170,754	—
Lottery Proceeds Fund	17,873	—	17,873	—
Net Other Postemployment Benefit - Virginia Sickness and Disability Program	156,827	6,189	163,016	100,141
Permanent Funds	2,024	—	2,024	—
Revenue Stabilization Fund	2,673,308	—	2,673,308	—
Transportation Activities	1,271,501	—	1,271,501	—
Unclaimed and Escheats	85,822	—	85,822	—
Unemployment Compensation Trust Fund	—	1,410,150	1,410,150	—
Virginia Pooled Investment Program	—	—	—	7,815
Virginia Water Supply Assistance Grant Fund	1,879	—	1,879	—
Other	2,379	—	2,379	60,960
Unrestricted	7,608,159	1,489,375	9,097,534	3,706,081
Total Net Position	$ 39,183,638	$ 3,051,713	$ 42,235,351	$ 40,065,359

Statement of Activities

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Expenses	Program Revenues: Charges for Services (Note 1)	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Functions/Programs				
Primary Government				
Governmental Activities				
General Government	$ 3,881,074	$ 325,597	$ 760,987	$ 9,099
Education	14,981,659	721,383	2,718,781	3,273
Transportation	6,580,186	845,549	67,114	1,530,668
Resources and Economic Development	1,633,056	741,584	267,649	15,542
Individual and Family Services	29,511,155	186,044	21,468,310	15,125
Administration of Justice	3,211,735	614,732	104,493	—
Interest and Charges on Long-term Debt	288,246	—	—	—
Total Governmental Activities	60,087,111	3,434,889	25,387,334	1,573,707
Business-type Activities				
Virginia Lottery	2,950,964	3,752,616	113	—
Virginia College Savings Plan	123,259	(71,151)	55	—
Unemployment Compensation	170,269	406,194	1,053,774	—
Alcoholic Beverage Control	927,850	1,173,340	328	3,713
Risk Management	12,472	14,759	3	—
Local Choice Health Care	477,953	464,539	5	—
Line of Duty	17,519	18,881	—	—
Advantage Vanpool Self Insurance Fund	98	422	—	—
Virginia Industries for the Blind	43,221	48,706	11	—
Consolidated Laboratory	13,763	15,663	15	—
eVA Procurement System	21,424	29,518	17	—
Department of Environmental Quality Title V	10,636	11,506	29	—
Wireless E-911	58,021	74,932	5	—
Museum and Library Gift Shops	7,390	7,672	7	—
Behavioral Health Canteen and Work Activity	271	334	—	—
Total Business-type Activities	4,835,110	5,947,931	1,054,362	3,713
Total Primary Government	$ 64,922,221	$ 9,382,820	$ 26,441,696	$ 1,577,420
Component Units				
Virginia Housing Development Authority	$ 555,742	$ 402,031	$ 246,528	$ —
Virginia Public School Authority	124,392	121,780	6,949	—
Virginia Resources Authority	148,698	107,995	(6,314)	173,015
Virginia College Building Authority	782,477	47,346	36,467	610
Nonmajor	17,865,133	11,848,505	2,772,393	834,406
Total Component Units	$ 19,476,442	$ 12,527,657	$ 3,056,023	$ 1,008,031

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (2,785,391)	$ —	$ (2,785,391)	$ —
(11,538,222)	—	(11,538,222)	—
(4,136,855)	—	(4,136,855)	—
(608,281)	—	(608,281)	—
(7,841,676)	—	(7,841,676)	—
(2,492,510)	—	(2,492,510)	—
(288,246)	—	(288,246)	—
(29,691,181)	—	(29,691,181)	—
—	801,765	801,765	—
—	(194,355)	(194,355)	—
—	1,289,699	1,289,699	—
—	249,531	249,531	—
—	2,290	2,290	—
—	(13,409)	(13,409)	—
—	1,362	1,362	—
—	324	324	—
—	5,496	5,496	—
—	1,915	1,915	—
—	8,111	8,111	—
—	899	899	—
—	16,916	16,916	—
—	289	289	—
—	63	63	—
—	2,170,896	2,170,896	—
(29,691,181)	2,170,896	(27,520,285)	—
—	—	—	92,817
—	—	—	4,337
—	—	—	125,998
—	—	—	(698,054)
—	—	—	(2,409,829)
—	—	—	(2,884,731)

Continued on next page

Statement of Activities *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
General Revenues				
Taxes				
Individual and Fiduciary Income	19,564,418	—	19,564,418	—
Sales and Use	7,447,659	—	7,447,659	—
Corporation Income	1,999,923	—	1,999,923	—
Motor Fuel	1,772,518	—	1,772,518	—
Motor Vehicle Sales and Use	1,214,463	—	1,214,463	—
Communications Sales and Use	301,108	—	301,108	—
Deeds, Contracts, Wills, and Suits	802,583	—	802,583	—
Premiums of Insurance Companies	612,317	—	612,317	—
Alcoholic Beverage Sales	227,552	—	227,552	—
Tobacco Products	276,056	—	276,056	—
Estate	27	—	27	—
Public Service Corporations	119,039	—	119,039	—
Beer and Beverage Excise	41,302	—	41,302	—
Wine and Spirits/ABC Liter	33,121	—	33,121	—
Bank Stock	37,481	—	37,481	—
Other Taxes	1,352,900	9,142	1,362,042	—
Operating Appropriations from Primary Government	—	—	—	3,243,421
Unrestricted Grants and Contributions	63,736	—	63,736	479,393
Investment Earnings (Note 1)	(538,448)	249	(538,199)	(670,572)
Miscellaneous	749,323	16,043	765,366	253,732
Transfers	1,076,426	(1,076,426)	—	—
Contributions to Permanent and Term Endowments	—	—	—	332,213
Total General Revenues, Transfers, and Contributions	37,153,504	(1,050,992)	36,102,512	3,638,187
Change in Net Position	7,462,323	1,119,904	8,582,227	753,456
Net Position, July 1, as restated (Note 2)	31,721,315	1,931,809	33,653,124	39,311,903
Net Position, June 30	$ 39,183,638	$ 3,051,713	$ 42,235,351	$ 40,065,359

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

Governmental Funds

General Fund

The General Fund accounts for transactions related to resources received and used for those services traditionally provided by a state government, which are not accounted for in any other fund.

Special Revenue Funds

Special Revenue Funds account for specific revenue sources that are restricted or committed to finance particular functions and activities of the Commonwealth.

The Commonwealth Transportation Fund accounts for the revenues and expenditures associated with highway operations, maintenance, construction, and other transportation related activities. Funding for these programs is provided from highway user taxes, fees, and funds received from the federal government.

The Federal Trust Fund accounts for all federal dollars, including the COVID-19 funding, received by the Commonwealth except those received by the Commonwealth Transportation Fund, the Unemployment Compensation Fund, certain Medicaid reimbursements recorded in the General Fund, the Grant Anticipation Revenue Notes and Build America Bond Subsidies reported in the Debt Service Fund, and institutions of higher education. The entire fund is restricted pursuant to federal regulations.

The Literary Fund accounts for revenues from fines, forfeitures, and proceeds from unclaimed property used primarily to support public education in the Commonwealth. This fund provides low interest loans to school divisions for construction, renovations, and expansion of school buildings. The entire fund is constitutionally restricted for public schools.

Nonmajor Governmental Funds include those Special Revenue, Debt Service, Capital Projects, and Permanent Funds listed on page 239 in the Combining and Individual Fund Statements and Schedules section of this report.

Balance Sheet - Governmental Funds

June 30, 2022

(Dollars in Thousands)

	General	Special Revenue: Commonwealth Transportation	Special Revenue: Federal Trust	Special Revenue: Literary
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents (Notes 1 and 7)	$ 2,004,112	$ 5,402,947	$ 3,617,541	$ 320,382
Investments (Notes 1 and 7)	14,182,861	—	25,777	—
Assets Held Pending Distribution (Note 1)	—	228	—	—
Receivables, Net (Notes 1 and 8)	3,036,838	1,765,325	3,118,190	86,284
Due from Other Funds (Note 10)	59,877	117,457	5,556	2,611
Due from Component Units (Note 10)	—	16	—	—
Due from External Parties (Fiduciary Funds) (Note 10)	153	—	—	—
Interfund Receivable (Note 10)	—	—	—	—
Inventory (Note 1)	46,141	107,326	98,023	—
Prepaid Items (Note 1)	141,667	10,994	2,274	—
Other Assets (Notes 1 and 11)	1,497	281	1,874	—
Restricted Cash and Cash Equivalents (Notes 7 and 12)	—	313,298	—	—
Total Assets	19,473,146	7,717,872	6,869,235	409,277
Deferred Outflows of Resources (Notes 1 and 14)	203	—	—	—
Total Assets and Deferred Outflows of Resources	$ 19,473,349	$ 7,717,872	$ 6,869,235	$ 409,277
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Accounts Payable (Notes 1 and 25)	$ 1,721,627	$ 496,584	$ 174,959	$ —
Amounts Due to Other Governments	518,769	246,859	1,438,287	1
Due to Other Funds (Note 10)	31,850	76,277	42,870	—
Due to Component Units (Note 10)	7,855	16,481	—	—
Due to External Parties (Fiduciary Funds) (Note 10)	21,259	5,835	3,204	—
Interfund Payable (Note 10)	376	4,900	105,753	—
Unearned Revenue (Note 1)	—	181,386	2,756,547	—
Obligations Under Securities Lending Program (Notes 1 and 7)	2,000,719	433,400	4,308	50,102
Due to Claimants, Participants, Escrows and Providers (Note 1)	—	—	30,245	—
Other Liabilities (Notes 1 and 26)	2,247,331	25,255	1,644,480	—
Loans Payable to Component Units (Notes 1 and 10)	—	—	—	188,420
Long-term Liabilities Due Within One Year (Notes 1, 22, and 27)	1,304	723	138	—
Total Liabilities	6,551,090	1,487,700	6,200,791	238,523
Deferred Inflows of Resources (Notes 1, 14, and 38)	1,242,625	1,760,913	313,589	27,712
Total Liabilities and Deferred Inflows of Resources	7,793,715	3,248,613	6,514,380	266,235
Fund Balances (Notes 1 and 3):				
Nonspendable	187,808	118,320	100,297	—
Restricted	2,693,060	358,504	254,558	143,042
Committed	5,693,893	3,991,842	—	—
Assigned	3,104,873	593	—	—
Total Fund Balances	11,679,634	4,469,259	354,855	143,042
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 19,473,349	$ 7,717,872	$ 6,869,235	$ 409,277

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

Nonmajor Governmental Funds	Total Governmental Funds
$ 4,129,763	$ 15,474,745
581,852	14,790,490
5,184	5,412
612,858	8,619,495
61,534	247,035
—	16
282	435
350,084	350,084
6,543	258,033
14,341	169,276
671	4,323
—	313,298
5,763,112	40,232,642
—	203
$ 5,763,112	$ 40,232,845
$ 68,100	$ 2,461,270
3,810	2,207,726
119,517	270,514
20,819	45,155
2,500	32,798
6,000	117,029
172,248	3,110,181
93,699	2,582,228
383,380	413,625
283,482	4,200,548
—	188,420
316	2,481
1,153,871	15,631,975
391,080	3,735,919
1,544,951	19,367,894
66,301	472,726
2,897,735	6,346,899
1,205,794	10,891,529
48,331	3,153,797
4,218,161	20,864,951
$ 5,763,112	$ 40,232,845

Reconciliation of the Balance Sheet – Governmental Funds to the Government-wide Statement of Net Position

June 30, 2022

(Dollars in Thousands)

Total fund balances - governmental funds (see Balance Sheet - Governmental Funds)	$	20,864,951
When the amount employers have paid into an other post-employment benefit (OPEB) plan combined with the plan's assets exceeds the amount that is required to pay the actuarially determined future benefits, the cost of employer contributions are reported as expenditures in the governmental funds. However, the Statement of Net Position includes the Net OPEB asset among the assets of the primary government as a whole.		201,690
When capital assets (land, buildings, equipment, construction-in-progress, intangible assets, right-to-use intangible assets, and/or infrastructure) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the primary government as a whole.		
Nondepreciable Capital Assets		9,774,070
Other Capital Assets		26,007,542
Assets to be received for Long-term Debt Service requirements are not reported in the fund statements.		53,730
Deferred outflows associated with pension and other postemployment benefit related costs are long-term in nature and, therefore, not reported in the funds.		1,262,612
Deferred outflows associated with loss on debt refundings are long-term in nature and, therefore, not reported in the funds.		38,005
Long-term liabilities applicable to the primary government's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.		
Net Pension Liability		(2,689,301)
Net OPEB Liability		(775,863)
Total OPEB Liability		(243,700)
Long-term Leases		(60,369)
Installment Purchases		(77,541)
Compensated Absences		(324,557)
Uninsured Employer's Fund		(22,961)
Bonds		(10,617,182)
Accrued Interest Payable		(84,136)
Other Obligations		(5,356)
Pollution Remediation Liability		(8,685)
Internal service funds are used by the primary government to charge costs to individual funds. The assets and deferred outflows, and liabilities and deferred inflows of internal service funds are included in governmental activities in the Statement of Net Position.		292,800
Other long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(790,084)
Deferred inflows are not available to pay for current period expenditures and, therefore, are not reported in the funds.		2,052,733
Deferred inflows associated with Service Concession Arrangements capital assets are long-term in nature and, therefore, not reported in the funds.		(3,089,537)
Deferred inflows associated with pension and other postemployment benefit related costs are long-term in nature and, therefore, not reported in the funds.		(2,575,223)
Net position of governmental activities (see Government-wide Statement of Net Position)	$	39,183,638

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

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

		Special Revenue		
	General	**Commonwealth Transportation**	**Federal Trust**	**Literary**
Revenues				
Taxes	$ 28,933,826	$ 5,603,993	$ —	$ —
Rights and Privileges	114,342	743,360	470	602
Institutional Revenue	34,557	—	247	—
Interest, Dividends, Rents, and Other Investment Income (Note 1)	(498,365)	19,938	1,023	6,836
Federal Grants and Contracts	11,725	1,192,559	24,658,493	—
Other (Note 28)	612,624	788,466	477,598	31,918
Total Revenues	29,208,709	8,348,316	25,137,831	39,356
Expenditures				
Current:				
General Government	2,791,480	68,089	712,462	131
Education	11,360,502	1,819	2,517,528	83,881
Transportation	164	7,285,566	22,981	—
Resources and Economic Development	620,787	23,560	526,087	—
Individual and Family Services	7,223,575	—	21,273,058	—
Administration of Justice	3,125,944	11,049	191,450	—
Capital Outlay	66,526	21,805	37,910	—
Debt Service:				
Principal Retirement	20,571	2,671	794	—
Interest and Charges	2,904	697	41	—
Total Expenditures	25,212,453	7,415,256	25,282,311	84,012
Revenues Over (Under) Expenditures	3,996,256	933,060	(144,480)	(44,656)
Other Financing Sources (Uses)				
Transfers In (Note 34)	1,120,289	176,776	13,975	237,329
Transfers Out (Note 34)	(573,765)	(542,949)	(6,524)	—
Notes Issued	212	—	—	—
Insurance Recoveries	62	61	4	—
Long-term Leases Issued	19,222	305	77	—
Bonds Issued	—	289,455	—	—
Premium on Debt Issuance	—	44,853	—	—
Refunding Bonds Issued	—	—	—	—
Sale of Capital Assets	8,344	1,946	—	—
Payment to Refunded Bond Escrow Agents	—	—	—	—
Total Other Financing Sources (Uses)	574,364	(29,553)	7,532	237,329
Net Change in Fund Balances	4,570,620	903,507	(136,948)	192,673
Fund Balance (Deficit), July 1, as restated (Note 2)	7,109,014	3,565,752	491,803	(49,631)
Fund Balance, June 30	$ 11,679,634	$ 4,469,259	$ 354,855	$ 143,042

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

Nonmajor Governmental Funds	Total Governmental Funds
$ 1,149,886	$ 35,687,705
357,183	1,215,957
112,192	146,996
(3,482)	(474,050)
137,619	26,000,396
1,146,286	3,056,892
2,899,684	65,633,896
190,417	3,762,579
94,154	14,057,884
425,930	7,734,641
497,403	1,667,837
1,388,948	29,885,581
96,049	3,424,492
1,001,803	1,128,044
440,198	464,234
396,500	400,142
4,531,402	62,525,434
(1,631,718)	3,108,462
1,463,127	3,011,496
(796,723)	(1,919,961)
1,474	1,686
5,858	5,985
856	20,460
1,778,946	2,068,401
282,767	327,620
179,665	179,665
4	10,294
(215,333)	(215,333)
2,700,641	3,490,313
1,068,923	6,598,775
3,149,238	14,266,176
$ 4,218,161	$ 20,864,951

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Government-wide Statement of Activities

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

Net Change in fund balances - total government funds (See Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds)	$	6,598,775
When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation and amortization expense charged for the year.		
Nondepreciable Capital Assets Constructed/Acquired		2,060,116
Nondepreciable Capital Assets Disposed		(28,505)
Other Capital Assets Acquired		346,694
Other Capital Assets Disposed		(15,701)
Depreciation and Amortization Expense		(1,453,074)
Debt proceeds provide current financial resources to governmental funds by issuing debt, which increases long-term debt in the Statement of Net Position.		
Debt Issuance		(2,068,401)
Long-term Lease Proceeds		(20,460)
Bond Premiums		(327,620)
Refunding Bonds Issued		(179,665)
Installment Purchase Proceeds		(1,686)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position.		464,234
In-substance debt defeasance		417,562
Payment to Refunded Bond Escrow Agent is an expenditure in the governmental funds, but the refunding reduces long-term debt in the Statement of Net Position.		215,333
Some revenues in the Statement of Activities do not provide current financial resources and, therefore, are deferred inflows of resources in the funds. Also, revenues related to prior periods that became available during the current period are reported in the funds but are eliminated in the Statement of Activities. This amount is the net adjustment.		547,694
Increases/decreases of expenses reported in the Statement of Activities that do not require the use of, or provide, current financial resources and, therefore, are not reported in the governmental funds.		
Increase (Decrease) in Net OPEB Asset		18,638
(Increase) Decrease in Net Pension Liability		312,198
(Increase) Decrease in Net OPEB Liability		19,547
(Increase) Decrease in Total OPEB Liability		119,476
(Increase) Decrease in Other Long-term Liabilities		(4,649)
(Increase) Decrease in Compensated Absences		13,492
(Increase) Decrease in Interest Expense, Amortization of Long-term Debt premium and discounts, and Accrued Interest Liability		148,808
(Increase) Decrease in Other Liabilities		(86,384)
Net (increase) decrease in Due to Component Units for capital and other projects resulting from appropriation reductions or amounts which are not reported as expenditures in the fund statements.		(66,180)
Net revenue (expenses) of certain activities of internal service funds is reported within governmental activities.		374,585
Deferred inflows and outflows associated with pension and OPEB costs are not included in the funds.		6,648
Amortization of deferred inflows and/or outflows associated with Service Concession Arrangements capital assets are not included in the funds.		50,848
Change in net position of governmental activities (See Government-wide Statement of Activities)	$	7,462,323

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

Proprietary Funds

The Proprietary Funds account for operations that are financed and operated in a manner similar to private business enterprises. It is the intent that the cost of providing such goods or services will be recovered through user charges.

Major Enterprise Funds

The Virginia Lottery accounts for all receipts and expenses from the operations of the Virginia Lottery.

The Virginia College Savings Plan administers the Defined Benefit 529 Program, which consists of two savings options: Prepaid529 and Tuition Track Portfolio. Prepaid529 services contracts that provide for full future tuition and mandatory fee payments at Virginia's higher education institutions and differing payouts at private or out-of-state institutions using actuarially determined amounts. Prepaid529 is closed to new contracts. The Tuition Track Portfolio allows for the purchase of units to be redeemed for future tuition costs. The value of a unit is tied to the average tuition inflation rate of Virginia four year institutions. Eide Bailly, LLP, audits the Plan, and a separate report is issued.

The Unemployment Compensation Fund administers the temporary partial income replacement payments to unemployed covered workers.

Nonmajor Enterprise Funds include those operations of state agencies which are listed on page 251 in the Combining and Individual Fund Statements and Schedules section of this report.

Internal Service Funds include those operations of state agencies which are listed on page 267 in the Combining and Individual Fund Statements and Schedules section of this report.

Statement of Fund Net Position - Proprietary Funds

June 30, 2022

(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Assets and Deferred Outflows of Resources				
Current Assets:				
Cash and Cash Equivalents (Notes 1 and 7)	$ 130,188	$ 143,976	$ 1,499,903	$ 348,329
Assets Held Pending Distribution (Note 1)	10,757	—	—	—
Receivables, Net (Notes 1 and 8)	56,094	80,735	101,893	62,969
Due from Other Funds (Note 10)	39	—	1,938	722
Due from External Parties (Fiduciary Funds) (Note 10)	—	—	—	—
Due from Component Units (Note 10)	—	—	—	—
Inventory (Note 1)	761	—	—	108,103
Prepaid Items (Note 1)	609	2,356	—	2,765
Other Assets (Notes 1 and 11)	1	—	—	470
Total Current Assets	198,449	227,067	1,603,734	523,358
Noncurrent Assets:				
Investments (Notes 1 and 7)	—	2,816,615	—	—
Assets Held Pending Distribution (Note 1)	102,072	—	—	—
Receivables, Net (Notes 1 and 8)	—	67,755	—	—
Other Assets (Notes 1 and 11)	1,614	814	—	6,187
Nondepreciable Capital Assets (Notes 1 and 13)	—	—	—	17,258
Other Capital Assets, Net (Notes 1 and 13)	17,901	649	—	304,722
Total Noncurrent Assets	121,587	2,885,833	—	328,167
Total Assets	320,036	3,112,900	1,603,734	851,525
Deferred Outflows of Resources (Notes 1, 14, 15, 16, and 18)	9,331	5,034	—	34,380
Total Assets and Deferred Outflows of Resources	329,367	3,117,934	1,603,734	885,905
Liabilities and Deferred Inflows of Resources				
Current Liabilities:				
Accounts Payable (Notes 1 and 25)	25,017	1,509	39	105,825
Amounts Due to Other Governments	—	—	68,918	10,842
Due to Other Funds (Note 10)	6,353	112	5,778	24,462
Due to External Parties (Fiduciary Funds) (Note 10)	234	106	—	1,030
Interfund Payable (Note 10)	—	2,000	—	50,689
Unearned Revenue (Note 1)	2,304	—	—	3,942
Due to Claimants, Participants, Escrows and Providers (Note 1)	—	294	118,849	—
Obligations Under Securities Lending Program (Notes 1 and 7)	69,847	850	—	30,171
Other Liabilities (Notes 1 and 26)	96,375	23,654	—	133
Claims Payable Due Within One Year (Notes 1 and 24)	—	—	—	62,105
Long-term Liabilities Due Within One Year (Notes 1, 22, and 27)	13,337	270,154	—	31,149
Total Current Liabilities	213,467	298,679	193,584	320,348
Noncurrent Liabilities:				
Interfund Payable (Note 10)	—	—	—	—
Claims Payable Due in More Than One Year (Notes 1 and 24)	—	—	—	34,785
Long-term Liabilities Due in More Than One Year (Notes 1, 22, and 27)	127,295	1,355,370	—	264,090
Total Noncurrent Liabilities	127,295	1,355,370	—	298,875
Total Liabilities	340,762	1,654,049	193,584	619,223
Deferred Inflows of Resources (Notes 1, 14, 15, 16, and 18)	16,202	7,907	—	65,043
Total Liabilities and Deferred Inflows of Resources	356,964	1,661,956	193,584	684,266
Net Position				
Net Investment in Capital Assets	14,901	649	—	130,449
Restricted for Net Other Postemployment Benefit - Virginia Sickness and Disability Program	1,157	558	—	4,474
Restricted for Unemployment Compensation	—	—	1,410,150	—
Unrestricted	(43,655)	1,454,771	—	66,716
Total Net Position (Deficit) (Note 4)	$ (27,597)	$ 1,455,978	$ 1,410,150	$ 201,639

Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal service fund assets and liabilities are included in business-type activities.

Net position of business-type activities

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

	Governmental Activities
Total	Internal Service Funds
$ 2,122,396	$ 1,131,426
10,757	—
301,691	28,543
2,699	63,417
—	250
—	27,943
108,864	23,639
5,730	21,959
471	43,354
2,552,608	1,340,531
2,816,615	—
102,072	—
67,755	255
8,615	3,667
17,258	98,277
323,272	484,737
3,335,587	586,936
5,888,195	1,927,467
48,745	16,399
5,936,940	1,943,866
132,390	90,681
79,760	—
36,705	5,932
1,370	494
52,689	10,113
6,246	153,344
119,143	—
100,868	86,762
120,162	625
62,105	177,935
314,640	50,962
1,026,078	576,848
—	170,253
34,785	391,277
1,746,755	460,195
1,781,540	1,021,725
2,807,618	1,598,573
89,152	40,950
2,896,770	1,639,523
145,999	137,439
6,189	2,816
1,410,150	—
1,477,832	164,088
$ 3,040,170	$ 304,343
11,543	
$ 3,051,713	

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Operating Revenues				
Charges for Sales and Services	$ 3,752,416	$ 89,553	$ 390,666	$ 1,828,096
Interest, Dividends, Rents, and Other Investment Income (Note 1)	—	(164,748)	15,528	2
Other (Note 28)	—	4,040	—	31,425
Total Operating Revenues	3,752,416	(71,155)	406,194	1,859,523
Operating Expenses				
Cost of Sales and Services	209,397	—	—	693,813
Prizes and Claims (Note 30)	2,659,596	—	170,269	480,682
Educational Benefits Expense	—	82,275	—	—
Personal Services	31,984	16,512	—	184,075
Contractual Services	42,901	13,290	—	104,255
Supplies and Materials	646	42	—	11,844
Depreciation and Amortization (Note 31)	6,433	215	—	35,731
Rent, Insurance, and Other Related Charges	421	—	—	22,541
Interest Expense	—	—	—	8
Non-recurring Cost Estimate Payments to Providers	—	—	—	52,356
Other (Note 32)	—	11,013	—	9,306
Total Operating Expenses	2,951,378	123,347	170,269	1,594,611
Operating Income (Loss)	801,038	(194,502)	235,925	264,912
Nonoperating Revenues (Expenses)				
Interest, Dividends, Rents, and Other Investment Income	449	4	—	749
Other (Note 33)	521	51	1,053,774	18,913
Total Nonoperating Revenues (Expenses)	970	55	1,053,774	19,662
Income (Loss) Before Capital Contributions and Transfers	802,008	(194,447)	1,289,699	284,574
Capital Contributions	—	—	—	3,713
Transfers In (Note 34)	—	—	—	1,694
Transfers Out (Note 34)	(796,898)	(351)	(12,357)	(268,514)
Change in Net Position	5,110	(194,798)	1,277,342	21,467
Total Net Position (Deficit), July 1, as restated (Note 2)	(32,707)	1,650,776	132,808	180,172
Total Net Position (Deficit), June 30 (Note 4)	$ (27,597)	$ 1,455,978	$ 1,410,150	$ 201,639

Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.

Change in Net Position of business-type activities

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

	Governmental Activities
Total	Internal Service Funds
$ 6,060,731	$ 2,393,212
(149,218)	—
35,465	339,821
5,946,978	2,733,033
903,210	58,777
3,310,547	1,582,135
82,275	—
232,571	61,149
160,446	406,768
12,532	7,247
42,379	75,440
22,962	88,397
8	—
52,356	—
20,319	21,259
4,839,605	2,301,172
1,107,373	431,861
1,202	2,005
1,073,259	(33,389)
1,074,461	(31,384)
2,181,834	400,477
3,713	—
1,694	388
(1,078,120)	(15,497)
1,109,121	385,368
1,931,049	(81,025)
$ 3,040,170	$ 304,343
10,783	
$ 1,119,904	

Statement of Cash Flows - Proprietary Funds

For the Fiscal Year Ended June 30, 2022
(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Cash Flows from Operating Activities				
Receipts for Sales and Services	$ 3,787,618	$ 131,346	$ 409,453	$ 1,821,458
Receipts from Investments	—	—	15,477	—
Internal Activity-Receipts from Other Funds	—	—	1,757	22,752
Internal Activity-Payments to Other Funds	—	—	—	(4,335)
Payments to Suppliers for Goods and Services	(207,737)	(2,330)	—	(707,822)
Payments for Contractual Services	(28,336)	(16,916)	—	(106,029)
Payments for Prizes, Claims, and Loss Control (Note 36)	(2,685,976)	—	(183,714)	(476,312)
Payments for Educational Benefits	—	(202,526)	—	—
Payments to Employees	(36,937)	(17,163)	—	(195,620)
Payments to Providers for Non-recurring Cost Estimates	—	—	—	(50,697)
Other Operating Revenue (Note 36)	—	—	52	12,897
Other Operating Expense (Note 36)	—	(10,567)	—	(32,615)
Net Cash Provided by (Used for) Operating Activities	828,632	(118,156)	243,025	283,677
Cash Flows from Noncapital Financing Activities				
Transfers In from Other Funds	—	—	—	1,694
Transfers Out to Other Funds	(860,729)	(351)	(11,954)	(579,887)
Other Noncapital Financing Receipt Activities (Note 36)	695	2,000	1,082,415	387,999
Other Noncapital Financing Disbursement Activities (Note 36)	—	—	—	(65,751)
Net Cash Provided by (Used for) Noncapital Financing Activities	(860,034)	1,649	1,070,461	(255,945)
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(5,769)	(189)	—	(8,866)
Payment of Principal and Interest on Bonds and Notes	(683)	—	—	(25,439)
Proceeds from Sale of Capital Assets	22	—	—	16,159
Other Capital and Related Financing Receipt Activities (Note 36)	—	—	—	144
Net Cash Used for Capital and Related Financing Activities	(6,430)	(189)	—	(18,002)
Cash Flows from Investing Activities				
Purchase of Investments	(2,683)	(1,617,160)	—	—
Proceeds from Sales or Maturities of Investments	11,369	1,618,744	—	—
Investment Income on Cash, Cash Equivalents, and Investments	290	126,117	—	474
Net Cash Provided by Investing Activities	8,976	127,701	—	474
Net Increase (Decrease) in Cash and Cash Equivalents	(28,856)	11,005	1,313,486	10,204
Cash and Cash Equivalents, July 1	89,198	132,121	186,417	308,384
Cash and Cash Equivalents, June 30	$ 60,342	$ 143,126	$ 1,499,903	$ 318,588
Reconciliation of Cash and Cash Equivalents				
Per the Statement of Net Position:				
Cash and Cash Equivalents	$ 130,188	$ 143,976	$ 1,499,903	$ 348,329
Cash and Travel Advances	1	—	—	430
Less:				
Securities Lending Cash Equivalents	(69,847)	(850)	—	(30,171)
Cash and Cash Equivalents per the Statement of Cash Flows	$ 60,342	$ 143,126	$ 1,499,903	$ 318,588

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

	Governmental Activities
Total	Internal Service Funds
$ 6,149,875	$ 898,320
15,477	—
24,509	1,508,658
(4,335)	(8,398)
(917,889)	(113,649)
(151,281)	(442,744)
(3,346,002)	(1,588,508)
(202,526)	—
(249,720)	(68,555)
(50,697)	—
12,949	58
(43,182)	(18,750)
1,237,178	166,432
1,694	388
(1,452,921)	(15,497)
1,473,109	33,648
(65,751)	(11,030)
(43,869)	7,509
(14,824)	(18,098)
(26,122)	(94,205)
16,181	1,535
144	1
(24,621)	(110,767)
(1,619,843)	—
1,630,113	—
126,881	1,643
137,151	1,643
1,305,839	64,817
716,120	979,847
$ 2,021,959	$ 1,044,664
$ 2,122,396	$ 1,131,426
431	—
(100,868)	(86,762)
$ 2,021,959	$ 1,044,664

Continued on next page

Statement of Cash Flows - Proprietary Funds *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Reconciliation of Operating Income				
To Net Cash Provided by (Used for)				
Operating Activities:				
Operating Income (Loss)	$ 801,038	$ (194,502)	$ 235,925	$ 264,912
Adjustments to Reconcile Operating				
Income to Net Cash Provided by (Used for) Operating Activities:				
Depreciation and Amortization	6,433	215	—	35,731
Interest, Dividends, Rents, and Other Investment Income	(4,581)	164,748	—	—
Miscellaneous Nonoperating Income	113	55	—	419
Other	—	4	—	—
Change in Assets, Deferred Outflows of Resources, Liabilities, and				
Deferred Inflows of Resources				
(Increase) Decrease in Accounts Receivable	34,435	37,621	16,250	(1,704)
(Increase) Decrease in Due from Other Funds	—	—	3,659	2,030
(Increase) Decrease in Due from External Parties (Fiduciary Funds)	—	—	—	—
(Increase) Decrease in Due from Component Units	—	—	—	—
(Increase) Decrease in Other Assets: Due Within One Year	—	—	—	(12)
(Increase) Decrease in Other Assets: Due in More Than One Year	(591)	(333)	—	(2,377)
(Increase) Decrease in Inventory	1,660	—	—	(18,986)
(Increase) Decrease in Prepaid Items	145	(1,709)	—	(180)
(Increase) Decrease in Deferred Outflows of Resources	395	389	—	2,936
Increase (Decrease) in Accounts Payable	(1,252)	573	(3,623)	16,304
Increase (Decrease) in Amounts Due to Other Governments	—	—	(7,967)	1,980
Increase (Decrease) in Due to Other Funds	(540)	11	5,401	(1,037)
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	21	12	—	253
Increase (Decrease) in Unearned Revenue	767	—	—	585
Increase (Decrease) in Due to Claimants, Participants, Escrows and Providers	—	(4,093)	(6,620)	—
Increase (Decrease) in Other Liabilities	(528)	—	—	(15)
Increase (Decrease) in Claims Payable: Due Within One Year	—	—	—	(2,110)
Increase (Decrease) in Claims Payable: Due in More Than One Year	—	—	—	(1,319)
Increase (Decrease) in Long-term Liabilities: Due Within One Year	(60)	(18,381)	—	1,370
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	(21,605)	(109,216)	—	(63,567)
Increase (Decrease) in Deferred Inflows of Resources	12,782	6,450	—	48,464
Net Cash Provided by (Used for) Operating Activities	$ 828,632	$ (118,156)	$ 243,025	$ 283,677
Noncash Investing, Capital, and Financing Activities:				
The following transactions occurred prior to the Statement of Net Position date:				
Long-term Leases Used to Finance Capital Assets	$ 2	$ —	$ —	$ 43,644
Installment Purchases Used to Finance Capital Assets	—	—	—	—
Change in Fair Value of Investments	—	(532,730)	—	—
Accounts Payable Increase (Decrease) related to Capital Assets	—	—	—	—
Donated Buildings	—	—	—	3,713
Total Noncash, Investing, Capital, and Financing Activities	$ 2	$ (532,730)	$ —	$ 47,357

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

	Governmental Activities
Total	Internal Service Funds
$ 1,107,373	$ 431,861
42,379	75,440
160,167	—
587	280
4	9,961
86,602	(6,418)
5,689	3,707
—	(5)
—	(3,748)
(12)	(7,683)
(3,301)	(1,354)
(17,326)	(4,801)
(1,744)	(2,599)
3,720	5,382
12,002	(5,860)
(5,987)	—
3,835	2,174
286	18
1,352	29,822
(10,713)	—
(543)	(982)
(2,110)	(5,828)
(1,319)	(341,274)
(17,071)	11
(194,388)	(42,261)
67,696	30,589
$ 1,237,178	$ 166,432
$ 43,646	$ 66,689
—	3,647
(532,730)	—
—	(858)
3,713	—
$ (485,371)	$ 69,478

Fiduciary Funds

Private Purpose Trust Funds

Private Purpose Trust Funds reflect funds that benefit individuals, organizations, and other governments; have a trust that meets GASB Statement No. 84, Fiduciary Activities, criteria; and are not required to be reported in another fiduciary fund type.

Pension and Other Employee Benefit Trust Funds

Pension and Other Employee Benefit Trust Funds reflect activities of the pension, other postemployment, and employee benefit plans with trusts that meet GASB Statement No. 84 criteria, and are administered by the Virginia Retirement System.

Custodial Funds - External Investment Pool

Custodial Funds - External Investment Pool reflects the external portion of the Local Government Investment Pool sponsored by the Commonwealth. This fund does not have a trust that meets GASB Statement No. 84 criteria.

Custodial Funds - Other

Custodial Funds - Other reflect funds that are similar to Private Purpose Trust Funds except they do not have a trust that meets GASB Statement No. 84 criteria.

A listing of all Fiduciary Funds is located on pages 276-277 in the Combining and Individual Fund Statements and Schedules section of this report. Combining financial statements for all Fiduciary Funds begin on page 278.

Statement of Fiduciary Net Position - Fiduciary Funds

June 30, 2022

(Dollars in Thousands)

	Private Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds	Custodial Funds: External Investment Pool	Custodial Funds: Other
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents (Notes 1 and 7)	$ 283,655	$ 437,760	$ 3,512,508	$ 237,419
Investments (Notes 1 and 7):				
Bonds and Mortgage Securities	402,864	19,888,516	229,377	13,579
Stocks	727	22,122,766	—	15,104
Fixed Income Commingled Funds	932,325	1,422,253	—	971
Index and Pooled Funds	2,936,385	12,610,152	—	8,610
Real Estate	299,558	13,716,411	—	9,364
Private Equity	—	32,485,075	—	22,179
Mutual and Money Market Funds	503,156	—	—	—
Short-term Investments	—	4,685,923	4,770,028	3,440
Other	1,602,105	—	—	—
Total Investments	6,677,120	106,931,096	4,999,405	73,247
Assets Held Pending Distribution (Note 1)	5,088	—	—	473,937
Receivables, Net (Notes 1 and 8):				
Accounts	14	—	—	87
Contributions	—	280,875	—	—
Interest and Dividends	14,184	229,591	6,438	156
Security Transactions	—	2,215,692	—	1,513
Taxes	—	—	—	185,425
Other Receivables	387	56,858	—	18
Total Receivables	14,585	2,783,016	6,438	187,199
Due from Internal Parties (Governmental Funds and Business-type Activities) (Note 10)	—	34,422	—	240
Due from Component Units (Note 10)	—	42,709	—	—
Other Assets (Notes 1 and 11)	—	—	—	2
Property, Plant, Furniture, Equipment, and Intangibles	—	32,381	—	—
Total Assets	6,980,448	110,261,384	8,518,351	972,044
Deferred Outflows of Resources (Note 1)	—	—	—	—
Total Assets and Deferred Outflows of Resources	6,980,448	110,261,384	8,518,351	972,044
Liabilities and Deferred Inflows of Resources				
Accounts Payable (Notes 1 and 25)	612	50,935	—	3,441
Amounts Due to Other Governments	—	—	—	363,709
Due to Internal Parties (Governmental Funds and Business-type Activities) (Note 10)	—	250	2	433
Obligations Under Securities Lending (Notes 1 and 7)	212	4,634,730	—	4,372
Due to Claimants, Participants, Escrows and Providers (Note 1)	4,292	—	—	107
Other Liabilities (Notes 1 and 26)	—	12,208	—	1,481
Retirement Benefits Payable	—	481,163	—	—
Refunds Payable	—	4,672	—	—
Compensated Absences Payable (Notes 1 and 22)	—	4,328	—	3
Insurance Premiums and Claims Payable	—	103,829	—	69
Payable for Security Transactions	6,879	4,013,708	—	2,740
Lease Liabilities	—	4,336	—	—
Total Liabilities	11,995	9,310,159	2	376,355
Deferred Inflows of Resources (Note 1)	—	—	—	—
Total Liabilities and Deferred Inflows of Resources	11,995	9,310,159	2	376,355
Net Position Restricted for:				
Pensions	—	97,365,827	—	—
Other Employment Benefits	—	3,585,398	—	—
Pool Participants, Individuals, Organizations, and Other Governments	6,968,453	—	8,518,349	595,689
Total Net Position	$ 6,968,453	$ 100,951,225	$ 8,518,349	$ 595,689

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

Statement of Changes in Fiduciary Net Position - Fiduciary Funds

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Private Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds	Custodial Funds: External Investment Pool	Custodial Funds: Other
Additions:				
Investment Income:				
Interest, Dividends, and Other Investment Income (Note 1)	$ (822,424)	$ 493,407	$ 13,694	$ 3,307
Total Investment Income	(822,424)	493,407	13,694	3,307
Less Investment Expenses	11,014	617,782	877	3,113
Net Investment Income	(833,438)	(124,375)	12,817	194
Contributions:				
Participants	1,043,125	—	—	—
Member	—	1,134,192	—	25
Employer	—	3,512,271	—	896
Non-employer	—	475,668	—	—
Total Contributions	1,043,125	5,122,131	—	921
Shares Sold	—	—	10,101,709	—
Reinvested Distributions	—	—	13,052	—
Other Revenue (Note 28)	—	3,523	—	16,129
Sales Tax Collections for Other Governments	—	—	—	1,682,687
Child Support Collections	—	—	—	595,695
Legal Settlement Collections	232	—	—	—
Collections for Inmates and Wards	—	—	—	4,490
Collections for Behavioral Health Patients	—	—	—	1,768
Collateral Received and Related Additions	—	—	—	281,470
Fee Collections for Other Governments	—	—	—	10,500
Collections for Veterans' Care Center Residents	—	—	—	1,436
Other Additions	—	—	—	6,226
Total Additions	209,919	5,001,279	10,127,578	2,601,516
Deductions:				
Educational Expense Benefits	527,057	—	—	—
Retirement Benefits	—	5,729,307	—	—
Refunds to Former Members	—	130,117	—	1,768
Retiree Health Insurance Credits	—	179,043	—	—
Insurance Premiums and Claims	—	273,109	—	—
Beneficiary Payments	1,763	—	—	—
Administrative Expenses	54	64,384	—	673
Other Expenses (Note 32)	—	2,980	—	91
Shares Redeemed	42,077	—	9,348,692	—
Long-term Disability Benefits	—	40,733	—	—
Sales Tax Payments to Other Governments	—	—	—	1,682,603
Child Support Payments to Individuals	—	—	—	601,095
Legal Settlement Payments to Injured Parties	180	—	—	—
Payments for Inmates and Wards	—	—	—	11,343
Payments for Behavioral Health Patients	—	—	—	2,135
Collateral Disbursed and Related Deductions	—	—	—	286,575
Distributions to Shareholders from Net Investment Income	—	—	12,817	—
Fee Payments to Other Governments	—	—	—	10,017
Payments for Veterans' Care Center Residents	—	—	—	1,265
Other Deductions	869	—	—	6,216
Total Deductions	572,000	6,419,673	9,361,509	2,603,781
Net Increase (Decrease) in Fiduciary Net Position	(362,081)	(1,418,394)	766,069	(2,265)
Net Position, July 1, as restated (Note 2)	7,330,534	102,369,619	7,752,280	597,954
Net Position, June 30	$ 6,968,453	$ 100,951,225	$ 8,518,349	$ 595,689

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

Component Units

Component Units are organizations that are legally separate from the primary government. Each discrete component unit serves or benefits those outside of the primary government.

The Virginia Housing Development Authority provides financing for the acquisition, construction and rehabilitation of affordable housing for home ownership or occupancy by low or moderate income Virginians.

The Virginia Public School Authority provides financing to cities and counties for capital construction of primary and secondary schools.

The Virginia Resources Authority provides financing for the construction of local water supply and wastewater treatment facilities and other local infrastructure projects.

The Virginia College Building Authority provides financing of capital projects and equipment purchases by state-supported colleges and universities.

Nonmajor Component Units include those listed on pages 292-293 in the Combining and Individual Fund Statements and Schedules section of this report.

Statement of Net Position - Component Units

June 30, 2022

(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Public School Authority	Virginia Resources Authority
Assets and Deferred Outflows of Resources			
Cash and Cash Equivalents (Notes 1 and 7)	$ 140,829	$ 33,047	$ 4,408
Investments (Notes 1 and 7)	1,799	—	30,133
Receivables, Net (Notes 1 and 8)	6,691,546	3,755,410	4,491,067
Contributions Receivable, Net (Notes 1 and 9)	—	—	—
Due from Primary Government (Note 10)	—	—	—
Due from Component Units (Note 10)	—	—	—
Inventory (Note 1)	—	—	—
Prepaid Items (Note 1)	254	—	92
Other Assets (Notes 1 and 11)	59,924	—	530
Loans Receivable from Primary Government (Notes 1 and 10)	—	188,420	—
Restricted Cash and Cash Equivalents (Notes 7 and 12)	1,685,234	276,844	335,278
Restricted Investments (Notes 7 and 12)	1,053,240	81,627	536,937
Other Restricted Assets (Note 12)	9,955	—	—
Nondepreciable Capital Assets (Notes 1 and 13)	4,191	—	—
Other Capital Assets, Net (Notes 1 and 13)	16,861	—	1,390
Total Assets	9,663,833	4,335,348	5,399,835
Deferred Outflows of Resources (Notes 1, 14, 15, 16, and 18)	8,780	71,094	40,130
Total Assets and Deferred Outflows of Resources	9,672,613	4,406,442	5,439,965
Liabilities and Deferred Inflows of Resources			
Accounts Payable (Notes 1 and 25)	254,713	173	87
Amounts Due to Other Governments	—	135,857	—
Due to Primary Government (Note 10)	—	—	—
Due to Component Units (Note 10)	—	—	—
Due to External Parties (Fiduciary Funds) (Note 10)	—	—	—
Unearned Revenue (Note 1)	—	—	—
Obligations Under Securities Lending Program (Notes 1 and 7)	—	—	—
Other Liabilities (Notes 1, 15, and 26)	771,942	53,126	27,667
Claims Payable (Notes 1 and 24):			
Due Within One Year	—	—	—
Due in More Than One Year	—	—	—
Long-term Liabilities (Notes 1, 22, and 27):			
Due Within One Year	107,164	333,230	200,328
Due in More Than One Year	4,721,410	3,849,050	3,176,401
Total Liabilities	5,855,229	4,371,436	3,404,483
Deferred Inflows of Resources (Notes 1, 14, 15, 16, 18, and 38)	70,482	—	32,135
Total Liabilities and Deferred Inflows of Resources	5,925,711	4,371,436	3,436,618
Net Position			
Net Investment in Capital Assets	12,481	—	38
Restricted For:			
Nonexpendable:			
Higher Education	—	—	—
Other	—	—	—
Expendable:			
Bond Indenture	3,317,287	—	—
Capital Projects/Construction/Capital Acquisition	—	—	1,968,103
Debt Service	—	2,105	—
Gifts and Grants	—	—	—
Higher Education	—	—	—
Net Other Postemployment Benefit - Virginia Sickness and Disability Program	—	—	—
Virginia Pooled Investment Program	—	—	7,815
Other	—	—	—
Unrestricted	417,134	32,901	27,391
Total Net Position (Deficit) (Note 4)	$ 3,746,902	$ 35,006	$ 2,003,347

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

Virginia College Building Authority	Nonmajor Component Units	Total
$ 140	$ 4,822,453	$ 5,000,877
—	16,637,077	16,669,009
15,924	2,308,891	17,262,838
—	586,398	586,398
—	143,978	143,978
—	113,326	113,326
—	185,530	185,530
—	193,435	193,781
—	154,826	215,280
—	—	188,420
493,178	1,324,246	4,114,780
—	7,426,507	9,098,311
—	490,440	500,395
—	4,332,644	4,336,835
—	24,149,495	24,167,746
509,242	62,869,246	82,777,504
20,645	896,596	1,037,245
529,887	63,765,842	83,814,749
95	1,583,329	1,838,397
—	2,320	138,177
—	29,708	29,708
113,326	—	113,326
—	42,709	42,709
213	626,865	627,078
—	131,331	131,331
90,507	1,230,037	2,173,279
—	18,541	18,541
—	34,160	34,160
372,285	986,411	1,999,418
5,017,713	17,555,248	34,319,822
5,594,139	22,240,659	41,465,946
388	2,180,439	2,283,444
5,594,527	24,421,098	43,749,390
—	15,050,725	15,063,244
—	5,585,284	5,585,284
—	182,373	182,373
—	—	3,317,287
—	176,259	2,144,362
—	170,000	172,105
—	153,400	153,400
377,922	9,194,385	9,572,307
—	100,141	100,141
—	—	7,815
—	60,960	60,960
(5,442,562)	8,671,217	3,706,081
$ (5,064,640)	$ 39,344,744	$ 40,065,359

Statement of Activities - Component Units

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions (Note 1)	Capital Grants and Contributions	Net (Expenses) Revenue
Virginia Housing Development Authority	$ 555,742	$ 402,031	$ 246,528	$ —	$ 92,817
Virginia Public School Authority	124,392	121,780	6,949	—	4,337
Virginia Resources Authority	148,698	107,995	(6,314)	173,015	125,998
Virginia College Building Authority	782,477	47,346	36,467	610	(698,054)
Total Major Component Units	1,611,309	679,152	283,630	173,625	(474,902)
Nonmajor Component Units:					
Higher Education	16,413,611	10,507,980	2,728,100	802,441	(2,375,090)
Other	1,451,522	1,340,525	44,293	31,965	(34,739)
Total Nonmajor Component Units	17,865,133	11,848,505	2,772,393	834,406	(2,409,829)
Total Component Units	$ 19,476,442	$ 12,527,657	$ 3,056,023	$ 1,008,031	$ (2,884,731)

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

General Revenues							
Operating Appropriations from Primary Government	Unrestricted Grants and Contributions	Investment Earnings (Note 1)	Miscellaneous	Contributions to Permanent and Term Endowments	Change in Net Position	Net Position (Deficit) July 1 (as restated) (Note 2)	Net Position (Deficit) June 30 (Note 4)
$ —	$ —	$ (64,347)	$ —	$ —	$ 28,470	$ 3,718,432	$ 3,746,902
—	—	(7,116)	403	—	(2,376)	37,382	35,006
—	—	—	—	—	125,998	1,877,349	2,003,347
489,317	—	(1)	—	—	(208,738)	(4,855,902)	(5,064,640)
489,317	—	(71,464)	403	—	(56,646)	777,261	720,615
2,538,581	92,823	(571,831)	244,146	307,906	236,535	34,893,563	35,130,098
215,523	386,570	(27,277)	9,183	24,307	573,567	3,641,079	4,214,646
2,754,104	479,393	(599,108)	253,329	332,213	810,102	38,534,642	39,344,744
$ 3,243,421	$ 479,393	$ (670,572)	$ 253,732	$ 332,213	$ 753,456	$ 39,311,903	$ 40,065,359

Proprietary Funds

The Proprietary Funds account for operations that are financed and operated in a manner similar to private business enterprises. It is the intent that the cost of providing such goods or services will be recovered through user charges.

Major Enterprise Funds

The Virginia Lottery accounts for all receipts and expenses from the operations of the Virginia Lottery.

The Virginia College Savings Plan administers the Defined Benefit 529 Program, which consists of two savings options: Prepaid529 and Tuition Track Portfolio. Prepaid529 services contracts that provide for full future tuition and mandatory fee payments at Virginia's higher education institutions and differing payouts at private or out-of-state institutions using actuarially determined amounts. Prepaid529 is closed to new contracts. The Tuition Track Portfolio allows for the purchase of units to be redeemed for future tuition costs. The value of a unit is tied to the average tuition inflation rate of Virginia four year institutions. Eide Bailly, LLP, audits the Plan, and a separate report is issued.

The Unemployment Compensation Fund administers the temporary partial income replacement payments to unemployed covered workers.

Nonmajor Enterprise Funds include those operations of state agencies which are listed on page 251 in the Combining and Individual Fund Statements and Schedules section of this report.

Internal Service Funds include those operations of state agencies which are listed on page 267 in the Combining and Individual Fund Statements and Schedules section of this report.

Statement of Fund Net Position - Proprietary Funds

June 30, 2022

(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Assets and Deferred Outflows of Resources				
Current Assets:				
Cash and Cash Equivalents (Notes 1 and 7)	$ 130,188	$ 143,976	$ 1,499,903	$ 348,329
Assets Held Pending Distribution (Note 1)	10,757	—	—	—
Receivables, Net (Notes 1 and 8)	56,094	80,735	101,893	62,969
Due from Other Funds (Note 10)	39	—	1,938	722
Due from External Parties (Fiduciary Funds) (Note 10)	—	—	—	—
Due from Component Units (Note 10)	—	—	—	—
Inventory (Note 1)	761	—	—	108,103
Prepaid Items (Note 1)	609	2,356	—	2,765
Other Assets (Notes 1 and 11)	1	—	—	470
Total Current Assets	198,449	227,067	1,603,734	523,358
Noncurrent Assets:				
Investments (Notes 1 and 7)	—	2,816,615	—	—
Assets Held Pending Distribution (Note 1)	102,072	—	—	—
Receivables, Net (Notes 1 and 8)	—	67,755	—	—
Other Assets (Notes 1 and 11)	1,614	814	—	6,187
Nondepreciable Capital Assets (Notes 1 and 13)	—	—	—	17,258
Other Capital Assets, Net (Notes 1 and 13)	17,901	649	—	304,722
Total Noncurrent Assets	121,587	2,885,833	—	328,167
Total Assets	320,036	3,112,900	1,603,734	851,525
Deferred Outflows of Resources (Notes 1, 14, 15, 16, and 18)	9,331	5,034	—	34,380
Total Assets and Deferred Outflows of Resources	329,367	3,117,934	1,603,734	885,905
Liabilities and Deferred Inflows of Resources				
Current Liabilities:				
Accounts Payable (Notes 1 and 25)	25,017	1,509	39	105,825
Amounts Due to Other Governments	—	—	68,918	10,842
Due to Other Funds (Note 10)	6,353	112	5,778	24,462
Due to External Parties (Fiduciary Funds) (Note 10)	234	106	—	1,030
Interfund Payable (Note 10)	—	2,000	—	50,689
Unearned Revenue (Note 1)	2,304	—	—	3,942
Due to Claimants, Participants, Escrows and Providers (Note 1)	—	294	118,849	—
Obligations Under Securities Lending Program (Notes 1 and 7)	69,847	850	—	30,171
Other Liabilities (Notes 1 and 26)	96,375	23,654	—	133
Claims Payable Due Within One Year (Notes 1 and 24)	—	—	—	62,105
Long-term Liabilities Due Within One Year (Notes 1, 22, and 27)	13,337	270,154	—	31,149
Total Current Liabilities	213,467	298,679	193,584	320,348
Noncurrent Liabilities:				
Interfund Payable (Note 10)	—	—	—	—
Claims Payable Due in More Than One Year (Notes 1 and 24)	—	—	—	34,785
Long-term Liabilities Due in More Than One Year (Notes 1, 22, and 27)	127,295	1,355,370	—	264,090
Total Noncurrent Liabilities	127,295	1,355,370	—	298,875
Total Liabilities	340,762	1,654,049	193,584	619,223
Deferred Inflows of Resources (Notes 1, 14, 15, 16, and 18)	16,202	7,907	—	65,043
Total Liabilities and Deferred Inflows of Resources	356,964	1,661,956	193,584	684,266
Net Position				
Net Investment in Capital Assets	14,901	649	—	130,449
Restricted for Net Other Postemployment Benefit - Virginia Sickness and Disability Program	1,157	558	—	4,474
Restricted for Unemployment Compensation	—	—	1,410,150	—
Unrestricted	(43,655)	1,454,771	—	66,716
Total Net Position (Deficit) (Note 4)	$ (27,597)	$ 1,455,978	$ 1,410,150	$ 201,639

Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal service fund assets and liabilities are included in business-type activities.

Net position of business-type activities

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

	Total	Governmental Activities Internal Service Funds
	$ 2,122,396	$ 1,131,426
	10,757	—
	301,691	28,543
	2,699	63,417
	—	250
	—	27,943
	108,864	23,639
	5,730	21,959
	471	43,354
	2,552,608	1,340,531
	2,816,615	—
	102,072	—
	67,755	255
	8,615	3,667
	17,258	98,277
	323,272	484,737
	3,335,587	586,936
	5,888,195	1,927,467
	48,745	16,399
	5,936,940	1,943,866
	132,390	90,681
	79,760	—
	36,705	5,932
	1,370	494
	52,689	10,113
	6,246	153,344
	119,143	—
	100,868	86,762
	120,162	625
	62,105	177,935
	314,640	50,962
	1,026,078	576,848
	—	170,253
	34,785	391,277
	1,746,755	460,195
	1,781,540	1,021,725
	2,807,618	1,598,573
	89,152	40,950
	2,896,770	1,639,523
	145,999	137,439
	6,189	2,816
	1,410,150	—
	1,477,832	164,088
	$ 3,040,170	$ 304,343
	11,543	
	$ 3,051,713	

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Operating Revenues				
Charges for Sales and Services	$ 3,752,416	$ 89,553	$ 390,666	$ 1,828,096
Interest, Dividends, Rents, and Other Investment Income (Note 1)	—	(164,748)	15,528	2
Other (Note 28)	—	4,040	—	31,425
Total Operating Revenues	3,752,416	(71,155)	406,194	1,859,523
Operating Expenses				
Cost of Sales and Services	209,397	—	—	693,813
Prizes and Claims (Note 30)	2,659,596	—	170,269	480,682
Educational Benefits Expense	—	82,275	—	—
Personal Services	31,984	16,512	—	184,075
Contractual Services	42,901	13,290	—	104,255
Supplies and Materials	646	42	—	11,844
Depreciation and Amortization (Note 31)	6,433	215	—	35,731
Rent, Insurance, and Other Related Charges	421	—	—	22,541
Interest Expense	—	—	—	8
Non-recurring Cost Estimate Payments to Providers	—	—	—	52,356
Other (Note 32)	—	11,013	—	9,306
Total Operating Expenses	2,951,378	123,347	170,269	1,594,611
Operating Income (Loss)	801,038	(194,502)	235,925	264,912
Nonoperating Revenues (Expenses)				
Interest, Dividends, Rents, and Other Investment Income	449	4	—	749
Other (Note 33)	521	51	1,053,774	18,913
Total Nonoperating Revenues (Expenses)	970	55	1,053,774	19,662
Income (Loss) Before Capital Contributions and Transfers	802,008	(194,447)	1,289,699	284,574
Capital Contributions	—	—	—	3,713
Transfers In (Note 34)	—	—	—	1,694
Transfers Out (Note 34)	(796,898)	(351)	(12,357)	(268,514)
Change in Net Position	5,110	(194,798)	1,277,342	21,467
Total Net Position (Deficit), July 1, as restated (Note 2)	(32,707)	1,650,776	132,808	180,172
Total Net Position (Deficit), June 30 (Note 4)	$ (27,597)	$ 1,455,978	$ 1,410,150	$ 201,639

Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.

Change in Net Position of business-type activities

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

	Governmental Activities
Total	Internal Service Funds
$ 6,060,731	$ 2,393,212
(149,218)	—
35,465	339,821
5,946,978	2,733,033
903,210	58,777
3,310,547	1,582,135
82,275	—
232,571	61,149
160,446	406,768
12,532	7,247
42,379	75,440
22,962	88,397
8	—
52,356	—
20,319	21,259
4,839,605	2,301,172
1,107,373	431,861
1,202	2,005
1,073,259	(33,389)
1,074,461	(31,384)
2,181,834	400,477
3,713	—
1,694	388
(1,078,120)	(15,497)
1,109,121	385,368
1,931,049	(81,025)
$ 3,040,170	$ 304,343
10,783	
$ 1,119,904	

Statement of Cash Flows - Proprietary Funds

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Cash Flows from Operating Activities				
Receipts for Sales and Services	$ 3,787,618	$ 131,346	$ 409,453	$ 1,821,458
Receipts from Investments	—	—	15,477	—
Internal Activity-Receipts from Other Funds	—	—	1,757	22,752
Internal Activity-Payments to Other Funds	—	—	—	(4,335)
Payments to Suppliers for Goods and Services	(207,737)	(2,330)	—	(707,822)
Payments for Contractual Services	(28,336)	(16,916)	—	(106,029)
Payments for Prizes, Claims, and Loss Control (Note 36)	(2,685,976)	—	(183,714)	(476,312)
Payments for Educational Benefits	—	(202,526)	—	—
Payments to Employees	(36,937)	(17,163)	—	(195,620)
Payments to Providers for Non-recurring Cost Estimates	—	—	—	(50,697)
Other Operating Revenue (Note 36)	—	—	52	12,897
Other Operating Expense (Note 36)	—	(10,567)	—	(32,615)
Net Cash Provided by (Used for) Operating Activities	828,632	(118,156)	243,025	283,677
Cash Flows from Noncapital Financing Activities				
Transfers In from Other Funds	—	—	—	1,694
Transfers Out to Other Funds	(860,729)	(351)	(11,954)	(579,887)
Other Noncapital Financing Receipt Activities (Note 36)	695	2,000	1,082,415	387,999
Other Noncapital Financing Disbursement Activities (Note 36)	—	—	—	(65,751)
Net Cash Provided by (Used for) Noncapital Financing Activities	(860,034)	1,649	1,070,461	(255,945)
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(5,769)	(189)	—	(8,866)
Payment of Principal and Interest on Bonds and Notes	(683)	—	—	(25,439)
Proceeds from Sale of Capital Assets	22	—	—	16,159
Other Capital and Related Financing Receipt Activities (Note 36)	—	—	—	144
Net Cash Used for Capital and Related Financing Activities	(6,430)	(189)	—	(18,002)
Cash Flows from Investing Activities				
Purchase of Investments	(2,683)	(1,617,160)	—	—
Proceeds from Sales or Maturities of Investments	11,369	1,618,744	—	—
Investment Income on Cash, Cash Equivalents, and Investments	290	126,117	—	474
Net Cash Provided by Investing Activities	8,976	127,701	—	474
Net Increase (Decrease) in Cash and Cash Equivalents	(28,856)	11,005	1,313,486	10,204
Cash and Cash Equivalents, July 1	89,198	132,121	186,417	308,384
Cash and Cash Equivalents, June 30	$ 60,342	$ 143,126	$ 1,499,903	$ 318,588
Reconciliation of Cash and Cash Equivalents				
Per the Statement of Net Position:				
Cash and Cash Equivalents	$ 130,188	$ 143,976	$ 1,499,903	$ 348,329
Cash and Travel Advances	1	—	—	430
Less:				
Securities Lending Cash Equivalents	(69,847)	(850)	—	(30,171)
Cash and Cash Equivalents per the Statement of Cash Flows	$ 60,342	$ 143,126	$ 1,499,903	$ 318,588

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

	Governmental Activities
Total	Internal Service Funds
$ 6,149,875	$ 898,320
15,477	—
24,509	1,508,658
(4,335)	(8,398)
(917,889)	(113,649)
(151,281)	(442,744)
(3,346,002)	(1,588,508)
(202,526)	—
(249,720)	(68,555)
(50,697)	—
12,949	58
(43,182)	(18,750)
1,237,178	166,432
1,694	388
(1,452,921)	(15,497)
1,473,109	33,648
(65,751)	(11,030)
(43,869)	7,509
(14,824)	(18,098)
(26,122)	(94,205)
16,181	1,535
144	1
(24,621)	(110,767)
(1,619,843)	—
1,630,113	—
126,881	1,643
137,151	1,643
1,305,839	64,817
716,120	979,847
$ 2,021,959	$ 1,044,664
$ 2,122,396	$ 1,131,426
431	—
(100,868)	(86,762)
$ 2,021,959	$ 1,044,664

Continued on next page

Statement of Cash Flows - Proprietary Funds *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Reconciliation of Operating Income				
To Net Cash Provided by (Used for)				
Operating Activities:				
Operating Income (Loss)	$ 801,038	$ (194,502)	$ 235,925	$ 264,912
Adjustments to Reconcile Operating				
Income to Net Cash Provided by (Used for) Operating Activities:				
Depreciation and Amortization	6,433	215	—	35,731
Interest, Dividends, Rents, and Other Investment Income	(4,581)	164,748	—	—
Miscellaneous Nonoperating Income	113	55	—	419
Other	—	4	—	—
Change in Assets, Deferred Outflows of Resources, Liabilities, and				
Deferred Inflows of Resources				
(Increase) Decrease in Accounts Receivable	34,435	37,621	16,250	(1,704)
(Increase) Decrease in Due from Other Funds	—	—	3,659	2,030
(Increase) Decrease in Due from External Parties (Fiduciary Funds)	—	—	—	—
(Increase) Decrease in Due from Component Units	—	—	—	—
(Increase) Decrease in Other Assets: Due Within One Year	—	—	—	(12)
(Increase) Decrease in Other Assets: Due in More Than One Year	(591)	(333)	—	(2,377)
(Increase) Decrease in Inventory	1,660	—	—	(18,986)
(Increase) Decrease in Prepaid Items	145	(1,709)	—	(180)
(Increase) Decrease in Deferred Outflows of Resources	395	389	—	2,936
Increase (Decrease) in Accounts Payable	(1,252)	573	(3,623)	16,304
Increase (Decrease) in Amounts Due to Other Governments	—	—	(7,967)	1,980
Increase (Decrease) in Due to Other Funds	(540)	11	5,401	(1,037)
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	21	12	—	253
Increase (Decrease) in Unearned Revenue	767	—	—	585
Increase (Decrease) in Due to Claimants, Participants, Escrows and Providers	—	(4,093)	(6,620)	—
Increase (Decrease) in Other Liabilities	(528)	—	—	(15)
Increase (Decrease) in Claims Payable: Due Within One Year	—	—	—	(2,110)
Increase (Decrease) in Claims Payable: Due in More Than One Year	—	—	—	(1,319)
Increase (Decrease) in Long-term Liabilities: Due Within One Year	(60)	(18,381)	—	1,370
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	(21,605)	(109,216)	—	(63,567)
Increase (Decrease) in Deferred Inflows of Resources	12,782	6,450	—	48,464
Net Cash Provided by (Used for) Operating Activities	$ 828,632	$ (118,156)	$ 243,025	$ 283,677
Noncash Investing, Capital, and Financing Activities:				
The following transactions occurred prior to the Statement of Net Position date:				
Long-term Leases Used to Finance Capital Assets	$ 2	$ —	$ —	$ 43,644
Installment Purchases Used to Finance Capital Assets	—	—	—	—
Change in Fair Value of Investments	—	(532,730)	—	—
Accounts Payable Increase (Decrease) related to Capital Assets	—	—	—	—
Donated Buildings	—	—	—	3,713
Total Noncash, Investing, Capital, and Financing Activities	$ 2	$ (532,730)	$ —	$ 47,357

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

	Governmental Activities
Total	Internal Service Funds
$ 1,107,373	$ 431,861
42,379	75,440
160,167	—
587	280
4	9,961
86,602	(6,418)
5,689	3,707
—	(5)
—	(3,748)
(12)	(7,683)
(3,301)	(1,354)
(17,326)	(4,801)
(1,744)	(2,599)
3,720	5,382
12,002	(5,860)
(5,987)	—
3,835	2,174
286	18
1,352	29,822
(10,713)	—
(543)	(982)
(2,110)	(5,828)
(1,319)	(341,274)
(17,071)	11
(194,388)	(42,261)
67,696	30,589
$ 1,237,178	$ 166,432
$ 43,646	$ 66,689
—	3,647
(532,730)	—
—	(858)
3,713	—
$ (485,371)	$ 69,478

Fiduciary Funds

Private Purpose Trust Funds

Private Purpose Trust Funds reflect funds that benefit individuals, organizations, and other governments; have a trust that meets GASB Statement No. 84, Fiduciary Activities, criteria; and are not required to be reported in another fiduciary fund type.

Pension and Other Employee Benefit Trust Funds

Pension and Other Employee Benefit Trust Funds reflect activities of the pension, other postemployment, and employee benefit plans with trusts that meet GASB Statement No. 84 criteria, and are administered by the Virginia Retirement System.

Custodial Funds - External Investment Pool

Custodial Funds - External Investment Pool reflects the external portion of the Local Government Investment Pool sponsored by the Commonwealth. This fund does not have a trust that meets GASB Statement No. 84 criteria.

Custodial Funds - Other

Custodial Funds - Other reflect funds that are similar to Private Purpose Trust Funds except they do not have a trust that meets GASB Statement No. 84 criteria.

A listing of all Fiduciary Funds is located on pages 276-277 in the Combining and Individual Fund Statements and Schedules section of this report. Combining financial statements for all Fiduciary Funds begin on page 278.

Statement of Fiduciary Net Position - Fiduciary Funds

June 30, 2022

(Dollars in Thousands)

	Private Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds	Custodial Funds: External Investment Pool	Custodial Funds: Other
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents (Notes 1 and 7)	$ 283,655	$ 437,760	$ 3,512,508	$ 237,419
Investments (Notes 1 and 7):				
Bonds and Mortgage Securities	402,864	19,888,516	229,377	13,579
Stocks	727	22,122,766	—	15,104
Fixed Income Commingled Funds	932,325	1,422,253	—	971
Index and Pooled Funds	2,936,385	12,610,152	—	8,610
Real Estate	299,558	13,716,411	—	9,364
Private Equity	—	32,485,075	—	22,179
Mutual and Money Market Funds	503,156	—	—	—
Short-term Investments	—	4,685,923	4,770,028	3,440
Other	1,602,105	—	—	—
Total Investments	6,677,120	106,931,096	4,999,405	73,247
Assets Held Pending Distribution (Note 1)	5,088	—	—	473,937
Receivables, Net (Notes 1 and 8):				
Accounts	14	—	—	87
Contributions	—	280,875	—	—
Interest and Dividends	14,184	229,591	6,438	156
Security Transactions	—	2,215,692	—	1,513
Taxes	—	—	—	185,425
Other Receivables	387	56,858	—	18
Total Receivables	14,585	2,783,016	6,438	187,199
Due from Internal Parties (Governmental Funds and Business-type Activities) (Note 10)	—	34,422	—	240
Due from Component Units (Note 10)	—	42,709	—	—
Other Assets (Notes 1 and 11)	—	—	—	2
Property, Plant, Furniture, Equipment, and Intangibles	—	32,381	—	—
Total Assets	6,980,448	110,261,384	8,518,351	972,044
Deferred Outflows of Resources (Note 1)	—	—	—	—
Total Assets and Deferred Outflows of Resources	6,980,448	110,261,384	8,518,351	972,044
Liabilities and Deferred Inflows of Resources				
Accounts Payable (Notes 1 and 25)	612	50,935	—	3,441
Amounts Due to Other Governments	—	—	—	363,709
Due to Internal Parties (Governmental Funds and Business-type Activities) (Note 10)	—	250	2	433
Obligations Under Securities Lending (Notes 1 and 7)	212	4,634,730	—	4,372
Due to Claimants, Participants, Escrows and Providers (Note 1)	4,292	—	—	107
Other Liabilities (Notes 1 and 26)	—	12,208	—	1,481
Retirement Benefits Payable	—	481,163	—	—
Refunds Payable	—	4,672	—	—
Compensated Absences Payable (Notes 1 and 22)	—	4,328	—	3
Insurance Premiums and Claims Payable	—	103,829	—	69
Payable for Security Transactions	6,879	4,013,708	—	2,740
Lease Liabilities	—	4,336	—	—
Total Liabilities	11,995	9,310,159	2	376,355
Deferred Inflows of Resources (Note 1)	—	—	—	—
Total Liabilities and Deferred Inflows of Resources	11,995	9,310,159	2	376,355
Net Position Restricted for:				
Pensions	—	97,365,827	—	—
Other Employment Benefits	—	3,585,398	—	—
Pool Participants, Individuals, Organizations, and Other Governments	6,968,453	—	8,518,349	595,689
Total Net Position	$ 6,968,453	$ 100,951,225	$ 8,518,349	$ 595,689

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

Statement of Changes in Fiduciary Net Position - Fiduciary Funds

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Private Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds	Custodial Funds: External Investment Pool	Custodial Funds: Other
Additions:				
Investment Income:				
Interest, Dividends, and Other Investment Income (Note 1)	$ (822,424)	$ 493,407	$ 13,694	$ 3,307
Total Investment Income	(822,424)	493,407	13,694	3,307
Less Investment Expenses	11,014	617,782	877	3,113
Net Investment Income	(833,438)	(124,375)	12,817	194
Contributions:				
Participants	1,043,125	—	—	—
Member	—	1,134,192	—	25
Employer	—	3,512,271	—	896
Non-employer	—	475,668	—	—
Total Contributions	1,043,125	5,122,131	—	921
Shares Sold	—	—	10,101,709	—
Reinvested Distributions	—	—	13,052	—
Other Revenue (Note 28)	—	3,523	—	16,129
Sales Tax Collections for Other Governments	—	—	—	1,682,687
Child Support Collections	—	—	—	595,695
Legal Settlement Collections	232	—	—	—
Collections for Inmates and Wards	—	—	—	4,490
Collections for Behavioral Health Patients	—	—	—	1,768
Collateral Received and Related Additions	—	—	—	281,470
Fee Collections for Other Governments	—	—	—	10,500
Collections for Veterans' Care Center Residents	—	—	—	1,436
Other Additions	—	—	—	6,226
Total Additions	209,919	5,001,279	10,127,578	2,601,516
Deductions:				
Educational Expense Benefits	527,057	—	—	—
Retirement Benefits	—	5,729,307	—	—
Refunds to Former Members	—	130,117	—	1,768
Retiree Health Insurance Credits	—	179,043	—	—
Insurance Premiums and Claims	—	273,109	—	—
Beneficiary Payments	1,763	—	—	—
Administrative Expenses	54	64,384	—	673
Other Expenses (Note 32)	—	2,980	—	91
Shares Redeemed	42,077	—	9,348,692	—
Long-term Disability Benefits	—	40,733	—	—
Sales Tax Payments to Other Governments	—	—	—	1,682,603
Child Support Payments to Individuals	—	—	—	601,095
Legal Settlement Payments to Injured Parties	180	—	—	—
Payments for Inmates and Wards	—	—	—	11,343
Payments for Behavioral Health Patients	—	—	—	2,135
Collateral Disbursed and Related Deductions	—	—	—	286,575
Distributions to Shareholders from Net Investment Income	—	—	12,817	—
Fee Payments to Other Governments	—	—	—	10,017
Payments for Veterans' Care Center Residents	—	—	—	1,265
Other Deductions	869	—	—	6,216
Total Deductions	572,000	6,419,673	9,361,509	2,603,781
Net Increase (Decrease) in Fiduciary Net Position	(362,081)	(1,418,394)	766,069	(2,265)
Net Position, July 1, as restated (Note 2)	7,330,534	102,369,619	7,752,280	597,954
Net Position, June 30	$ 6,968,453	$ 100,951,225	$ 8,518,349	$ 595,689

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

Component Units

Component Units are organizations that are legally separate from the primary government. Each discrete component unit serves or benefits those outside of the primary government.

The Virginia Housing Development Authority provides financing for the acquisition, construction and rehabilitation of affordable housing for home ownership or occupancy by low or moderate income Virginians.

The Virginia Public School Authority provides financing to cities and counties for capital construction of primary and secondary schools.

The Virginia Resources Authority provides financing for the construction of local water supply and wastewater treatment facilities and other local infrastructure projects.

The Virginia College Building Authority provides financing of capital projects and equipment purchases by state-supported colleges and universities.

Nonmajor Component Units include those listed on pages 292-293 in the Combining and Individual Fund Statements and Schedules section of this report.

Statement of Net Position - Component Units

June 30, 2022

(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Public School Authority	Virginia Resources Authority
Assets and Deferred Outflows of Resources			
Cash and Cash Equivalents (Notes 1 and 7)	$ 140,829	$ 33,047	$ 4,408
Investments (Notes 1 and 7)	1,799	—	30,133
Receivables, Net (Notes 1 and 8)	6,691,546	3,755,410	4,491,067
Contributions Receivable, Net (Notes 1 and 9)	—	—	—
Due from Primary Government (Note 10)	—	—	—
Due from Component Units (Note 10)	—	—	—
Inventory (Note 1)	—	—	—
Prepaid Items (Note 1)	254	—	92
Other Assets (Notes 1 and 11)	59,924	—	530
Loans Receivable from Primary Government (Notes 1 and 10)	—	188,420	—
Restricted Cash and Cash Equivalents (Notes 7 and 12)	1,685,234	276,844	335,278
Restricted Investments (Notes 7 and 12)	1,053,240	81,627	536,937
Other Restricted Assets (Note 12)	9,955	—	—
Nondepreciable Capital Assets (Notes 1 and 13)	4,191	—	—
Other Capital Assets, Net (Notes 1 and 13)	16,861	—	1,390
Total Assets	9,663,833	4,335,348	5,399,835
Deferred Outflows of Resources (Notes 1, 14, 15, 16, and 18)	8,780	71,094	40,130
Total Assets and Deferred Outflows of Resources	9,672,613	4,406,442	5,439,965
Liabilities and Deferred Inflows of Resources			
Accounts Payable (Notes 1 and 25)	254,713	173	87
Amounts Due to Other Governments	—	135,857	—
Due to Primary Government (Note 10)	—	—	—
Due to Component Units (Note 10)	—	—	—
Due to External Parties (Fiduciary Funds) (Note 10)	—	—	—
Unearned Revenue (Note 1)	—	—	—
Obligations Under Securities Lending Program (Notes 1 and 7)	—	—	—
Other Liabilities (Notes 1, 15, and 26)	771,942	53,126	27,667
Claims Payable (Notes 1 and 24):			
Due Within One Year	—	—	—
Due in More Than One Year	—	—	—
Long-term Liabilities (Notes 1, 22, and 27):			
Due Within One Year	107,164	333,230	200,328
Due in More Than One Year	4,721,410	3,849,050	3,176,401
Total Liabilities	5,855,229	4,371,436	3,404,483
Deferred Inflows of Resources (Notes 1, 14, 15, 16, 18, and 38)	70,482	—	32,135
Total Liabilities and Deferred Inflows of Resources	5,925,711	4,371,436	3,436,618
Net Position			
Net Investment in Capital Assets	12,481	—	38
Restricted For:			
Nonexpendable:			
Higher Education	—	—	—
Other	—	—	—
Expendable:			
Bond Indenture	3,317,287	—	—
Capital Projects/Construction/Capital Acquisition	—	—	1,968,103
Debt Service	—	2,105	—
Gifts and Grants	—	—	—
Higher Education	—	—	—
Net Other Postemployment Benefit - Virginia Sickness and Disability Program	—	—	—
Virginia Pooled Investment Program	—	—	7,815
Other	—	—	—
Unrestricted	417,134	32,901	27,391
Total Net Position (Deficit) (Note 4)	$ 3,746,902	$ 35,006	$ 2,003,347

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

Virginia College Building Authority	Nonmajor Component Units	Total
$ 140	$ 4,822,453	$ 5,000,877
—	16,637,077	16,669,009
15,924	2,308,891	17,262,838
—	586,398	586,398
—	143,978	143,978
—	113,326	113,326
—	185,530	185,530
—	193,435	193,781
—	154,826	215,280
—	—	188,420
493,178	1,324,246	4,114,780
—	7,426,507	9,098,311
—	490,440	500,395
—	4,332,644	4,336,835
—	24,149,495	24,167,746
509,242	62,869,246	82,777,504
20,645	896,596	1,037,245
529,887	63,765,842	83,814,749
95	1,583,329	1,838,397
—	2,320	138,177
—	29,708	29,708
113,326	—	113,326
—	42,709	42,709
213	626,865	627,078
—	131,331	131,331
90,507	1,230,037	2,173,279
—	18,541	18,541
—	34,160	34,160
372,285	986,411	1,999,418
5,017,713	17,555,248	34,319,822
5,594,139	22,240,659	41,465,946
388	2,180,439	2,283,444
5,594,527	24,421,098	43,749,390
—	15,050,725	15,063,244
—	5,585,284	5,585,284
—	182,373	182,373
—	—	3,317,287
—	176,259	2,144,362
—	170,000	172,105
—	153,400	153,400
377,922	9,194,385	9,572,307
—	100,141	100,141
—	—	7,815
—	60,960	60,960
(5,442,562)	8,671,217	3,706,081
$ (5,064,640)	$ 39,344,744	$ 40,065,359

Statement of Activities - Component Units

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions (Note 1)	Capital Grants and Contributions	Net (Expenses) Revenue
Virginia Housing Development Authority	$ 555,742	$ 402,031	$ 246,528	$ —	$ 92,817
Virginia Public School Authority	124,392	121,780	6,949	—	4,337
Virginia Resources Authority	148,698	107,995	(6,314)	173,015	125,998
Virginia College Building Authority	782,477	47,346	36,467	610	(698,054)
Total Major Component Units	1,611,309	679,152	283,630	173,625	(474,902)
Nonmajor Component Units:					
Higher Education	16,413,611	10,507,980	2,728,100	802,441	(2,375,090)
Other	1,451,522	1,340,525	44,293	31,965	(34,739)
Total Nonmajor Component Units	17,865,133	11,848,505	2,772,393	834,406	(2,409,829)
Total Component Units	$ 19,476,442	$ 12,527,657	$ 3,056,023	$ 1,008,031	$ (2,884,731)

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

General Revenues							
Operating Appropriations from Primary Government	Unrestricted Grants and Contributions	Investment Earnings (Note 1)	Miscellaneous	Contributions to Permanent and Term Endowments	Change in Net Position	Net Position (Deficit) July 1 (as restated) (Note 2)	Net Position (Deficit) June 30 (Note 4)
$ —	$ —	$ (64,347)	$ —	$ —	$ 28,470	$ 3,718,432	$ 3,746,902
—	—	(7,116)	403	—	(2,376)	37,382	35,006
—	—	—	—	—	125,998	1,877,349	2,003,347
489,317	—	(1)	—	—	(208,738)	(4,855,902)	(5,064,640)
489,317	—	(71,464)	403	—	(56,646)	777,261	720,615
2,538,581	92,823	(571,831)	244,146	307,906	236,535	34,893,563	35,130,098
215,523	386,570	(27,277)	9,183	24,307	573,567	3,641,079	4,214,646
2,754,104	479,393	(599,108)	253,329	332,213	810,102	38,534,642	39,344,744
$ 3,243,421	$ 479,393	$ (670,572)	$ 253,732	$ 332,213	$ 753,456	$ 39,311,903	$ 40,065,359

Index to the Notes to the Financial Statements

June 30, 2022

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Basis of Presentation

The accompanying financial statements have been prepared in conformance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB).

B. Reporting Entity

For financial reporting purposes, the Commonwealth of Virginia's (the Commonwealth's) reporting entity consists of (1) the primary government, (2) component unit organizations for which the primary government is financially accountable or for which the resources of the component unit primarily benefit the primary government (blended component units), and (3) other component unit organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading, and they are financially accountable to the primary government (discrete component units). The funds of all agencies, boards, commissions, foundations, and authorities that have been identified as part of the primary government or a component unit have been included. GASB standards require the inclusion of numerous organizations that raise and hold funds for the direct benefit of the primary government.

Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification) describes the criteria for determining which organizations, functions, and activities should be considered part of the Commonwealth for financial reporting purposes. The basic criteria include appointing a voting majority of an organization's governing body, and the Commonwealth's ability to impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Commonwealth. Additionally, in instances where the voting majority is not appointed, the above benefit/burden criteria apply. If the organization's assets are also held for, or can be accessed by, the Commonwealth, the organization is considered part of the reporting entity.

(1) Primary Government – A primary government consists of all the organizations that make up its legal entity. All funds, organizations, institutions, agencies, and departments are, for financial reporting purposes, part of the primary government.

(2) Blended Component Units – Though legally separate entities, these component units are, in substance, part of the primary government's operations. The blended component units serve or benefit the primary government almost exclusively. Financial information from these units is combined with that of the primary government. The Commonwealth's blended component units are:

Virginia Public Building Authority (nonmajor governmental fund) – The Authority was created as a body politic and corporate and is fiscally independent. A government instrumentality, the Authority finances the acquisition and construction of buildings for the use of the Commonwealth and other approved purposes. The Governor appoints the 7-member board, and the primary government is able to impose its will on the Authority. The Auditor of Public Accounts audits the Authority, and a separate report is issued from the Department of the Treasury, Post Office Box 1879, Richmond, Virginia 23218-1879.

Hampton Roads Transportation Accountability Commission (nonmajor governmental fund) – The Commission is a political subdivision of the Commonwealth of Virginia, created by the Hampton Roads Transportation Accountability Commission Act. The Commission has a 23-member board comprised primarily of representatives from participating localities in Planning District 23. Its primary function is determining how the Hampton Roads Transportation Fund regional sales and use tax and fuel tax monies will be invested in new construction projects to provide the greatest impact on reducing congestion for the greatest number of citizens residing within Planning District 23. Based on the projects that the Commission is presently funding, the majority of capital assets constructed by the Commission are reported as Commonwealth assets by the Virginia Department of Transportation (VDOT) (part of primary government). Accordingly, while the Commonwealth is not obligated to pay the Commission's debt, it would be misleading to exclude the Commission from the Commonwealth's financial statements. The administrative offices of the Commission are located at 723 Woodlake Drive, Chesapeake, Virginia 23320. The Commission is audited by PBMares, LLP.

Virginia Alcoholic Beverage Control Authority (nonmajor enterprise fund) – The Authority was created as an independent political subdivision of the Commonwealth, exclusive of the legislative, executive, or judicial branches of state government. A government instrumentality, the Authority controls the possession, sale, transportation, distribution, and delivery of alcoholic beverages in the Commonwealth. The Governor appoints the 5-member board, and while an independent entity, the Authority works in concert with all branches of the government. Additionally, all net profits of the Authority are transferred to the General Fund of the Commonwealth after required disbursements are made in accordance with the Appropriations Act. The administrative offices of the Authority are located at 7450 Freight Way, Mechanicsville, Virginia 23116. The Auditor of Public Accounts audits the Authority, and a separate report is issued.

(3) Discrete Component Units – Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government. They are financially accountable to the primary government, or have relationships with the primary government such that exclusion would cause the reporting entity's financial statements to be misleading. These discrete component units serve or benefit those outside of the primary government.

GASB statements generally require any organization that raises and holds economic resources for the direct benefit of the reporting entity to be reported as a component unit, even if the reporting entity is not financially accountable for the organization. The entities are included in the Commonwealth's reporting entity as nonprofit charitable organizations and exist solely to support the Commonwealth's higher education institutions and certain state agencies. The higher education institution nonprofit organizations are included in the applicable higher education institution's column in the accompanying financial statements. In all instances where separate disclosure of these nonprofit organizations is required in the accompanying footnotes, the entities' totals are aggregated and disclosed as "foundations".

The criteria for reporting certain component units as major component units focuses on the nature and significance of the component unit's relationship to the primary government versus other component units.

Discretely presented component units are:

Virginia Housing Development Authority (major) – The Authority was created as a political subdivision and instrumentality of the Commonwealth and is granted both politic and corporate powers by the *Code of Virginia*. The Governor appoints a majority of the Authority's board members and the remaining board members are ex-officio. The Commonwealth may make grants to the Authority including, but not limited to, reserve funds, which is a potential financial benefit/burden to the primary government. The Commonwealth is not legally obligated by the debt of the Authority. The Authority was created in the public interest to provide the financing for the acquisition, construction, and rehabilitation of affordable housing for home ownership or occupancy by low or moderate income Virginians. The administrative offices of the Authority are located at 601 South Belvidere Street, Richmond, Virginia 23220. CliftonLarsonAllen, LLP audits the Authority, and a separate report is issued.

Virginia Public School Authority (major) – The Authority was created as a public body corporate, and an agency and instrumentality of the Commonwealth to finance capital projects of city and county school boards. The Governor appoints the board members, who serve at his pleasure. Therefore, the primary government is able to impose its will on the Authority. The Auditor of Public Accounts audits the Authority, and a separate report is issued from the Department of the Treasury, Post Office Box 1879, Richmond, Virginia 23218-1879.

Virginia Resources Authority (major) – The Authority was created as a public body corporate and a political subdivision of the Commonwealth to provide financing of infrastructure projects for water supply, wastewater, storm water, solid waste treatment, airports, public safety, brownfields remediation and redevelopment, and other infrastructure projects. The Governor appoints the 11-member board and the Executive Director of the Authority. The primary government is able to impose its will on the Authority, and there is a financial benefit/ burden to the primary government. The Commonwealth does not guarantee any bonds issued by the Authority, however, the Authority has outstanding bonds that are backed by the moral obligation of the Commonwealth. The administrative offices of the Authority are located at 1111 East Main Street, Suite 1920, Richmond, Virginia 23219. CliftonLarsonAllen, LLP audits the Authority, and a separate report is issued.

The Authority issued bonds through the Virginia Green Communities Program (VGCP), which uses the Commonwealth's allocation of Qualified Energy Conservation Bonds to provide subsidized financing for energy efficiency, renewable energy, alternative fueling, and other qualified conservation purposes. The Authority is a conduit issuer for public borrowers with a third-party funding source providing financing for eligible projects. The terms of the VGCP bonds stipulate that the Authority does not guarantee repayment of principal and interest to the bondholders. The Authority has elected to show these bonds as liabilities, and the associated loans from local borrowers as assets, in their separately issued financial statements.

Accordingly, the associated assets and liabilities are included in the accompanying financial statements.

Virginia College Building Authority (major) – The Authority was created as a public body corporate, a political subdivision, and an agency and instrumentality of the Commonwealth. The Governor appoints a majority of the board and members serve at his pleasure. Therefore, the primary government is able to impose its will on the Authority. The Authority finances certain capital projects and equipment purchases of state-supported colleges and universities. The Auditor of Public Accounts audits the Authority, and a separate report is issued from the Department of the Treasury, Post Office Box 1879, Richmond, Virginia 23218-1879.

Only the activity of the Authority that relates to the financing of capital projects and equipment purchases by state-supported colleges and universities is included in the accompanying financial statements. The state-supported colleges and universities reported revenue from the Authority of $526.2 million as Program Revenue Capital Grants and Contributions for the 21st Century Program and $78.0 million as Program Revenue Operating Grants and Contributions for equipment. The Authority reported Operating Appropriations from Primary Government of approximately $489.3 million. In addition, the Authority reported approximately $31.5 million in payments from the state-supported colleges and universities for 21st Century and Equipment Program debt service costs and approximately $4.8 million in interest on Build America Bonds.

The Authority assists private institutions of higher education in the financing and refinancing of a broad range of facilities. The Authority is authorized to issue obligations and lend the proceeds to private institutions; however, such financings or refinancings are not obligations of the primary government nor the Authority, but are payable solely from the revenues pledged by the respective private institution. This indebtedness, totaling $532.0 million, is not included in the accompanying financial statements.

Higher Education Institutions (nonmajor) – The Commonwealth's higher education institutions are granted broad corporate powers by state statutes. The Governor appoints the members of each institution's board of trustees. In addition to the annual appropriations to support the institutions' operations, the Commonwealth provides funding for, and construction of, major academic plant facilities for the institutions. Institutions reported Operating Appropriations from Primary Government of approximately $2.5 billion. Therefore, there is a financial benefit/burden to the primary government. The higher education institutions are: the University of Virginia, including the University of Virginia Medical Center and the University of Virginia's College at Wise; Virginia Polytechnic Institute and State University; Virginia Commonwealth University, including the Virginia Commonwealth University Health System Authority; the College of William & Mary, including Richard Bland College and the Virginia Institute of Marine Science; Virginia Military Institute; Virginia State University; Norfolk State University; University of Mary Washington; James Madison University; Radford University; Old Dominion University; George Mason University; Virginia Community College System; Christopher Newport University; and Longwood University. The Southwest Virginia Higher Education Center, Roanoke Higher Education Authority, Institute for Advanced Learning and Research, Southern Virginia Higher Education Center, and New College Institute are also included as higher education institutions. The colleges and universities are funded through state appropriations, tuition, federal grants, and private donations and grants. As previously noted, certain foundations are considered component units of the higher education institutions, and are included in the accompanying financial statements as well as the higher education institutions' separately issued financial statements. The Auditor of Public Accounts (APA) does not audit the Roanoke Higher Education Authority, the Institute for Advanced Learning and Research, and the component units of the higher education institutions, including foundations, but relies on the reports issued by other auditors to render her opinion.

The APA audits the colleges and universities, and individual reports are issued under separate cover. Complete financial statements for each institution may be obtained from their respective administrative offices. The addresses for these institutions may be obtained from the Department of Accounts, 101 North 14th Street, Richmond, Virginia 23219-3638.

Virginia Innovation Partnership Authority (nonmajor) - The Authority provides a collaborative, consistent, and consolidated approach that assists the Commonwealth in identifying its entrepreneurial strengths, including the identification of talents and resources that make Virginia a unique place to grow and attract technology-based business. The Governor and Joint Rules Committee appoint the 11-member board, and the primary government can impose its will on the Authority. The Authority's combined financial statements include the accounts of the Virginia Innovation Partnership Corporation (VIPC) after elimination of all significant intercompany balances and transactions. VIPC is a non-stock, not-for-profit corporation, which acts as the operating arm of the Authority. The address for the administrative offices of the

Authority is 2214 Rock Hill Road, Suite 600, Herndon, Virginia 20170. The Auditor of Public Accounts audits the Authority, and a separate report is issued.

Virginia Economic Development Partnership (nonmajor) – The Partnership was created as a body corporate and operates to encourage, stimulate, and support the development and expansion of both domestic and international commerce in the Commonwealth. The Governor and the General Assembly appoints the 17-member board, and there is a financial benefit/burden to the primary government. The administrative offices are located at 901 East Cary Street, Suite 900, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Partnership, and a separate report is issued.

Virginia Outdoors Foundation (nonmajor) – The Foundation was created as a body politic and is administratively assigned to the Department of Conservation and Recreation (part of primary government) and charged with promoting preservation through the acceptance of donated conservation easements and raising funds for the purchase of preservation land. The Governor appoints the 7-member board of trustees, and the primary government can impose its will on the Foundation. The administrative offices of the Foundation are located at 39 Garrett Street, Suite 200, Warrenton, Virginia 20186. Hicok, Brown & Company CPAs audits the Foundation, and a separate report is issued.

Virginia Port Authority (nonmajor) – The Authority was established as a political subdivision of the Commonwealth of Virginia and operates to serve the citizens and promote, develop and increase commerce at the ports of Virginia and other port related industries in the Commonwealth. The Governor appoints a majority of the 13-member board, and the primary government is able to impose its will on the Authority. There is also a financial benefit/burden to the primary government. The administrative offices of the Authority are located at 600 World Trade Center, Norfolk, Virginia 23510. PBMares, LLP, audits the Authority, and a separate report is issued.

Virginia Passenger Rail Authority (nonmajor) - The Authority is responsible for promoting, sustaining, and expanding the availability of passenger and commuter rail service including the administration of the capital expansion, infrastructure, and land acquisitions related to the Commonwealth's Transforming Rail in Virginia initiative. The Governor appoints the majority of the board, and the primary government is able to impose its will on the Authority. The address for the administrative offices of the Authority is 919 East Main Street, Suite 2400 Richmond, Virginia 23219. Cherry Bekaert, LLP audits the Authority, and a separate report is issued.

Virginia Tourism Authority (nonmajor) – The Authority was created as a public body corporate and as a political subdivision of the Commonwealth. The Authority encourages, stimulates, and promotes tourism and film production industries of the Commonwealth. The Governor appoints all of the board members, and there is a financial benefit/burden to the primary government. The administrative offices are located at 901 East Cary Street, Suite 900, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Authority.

Virginia Foundation for Healthy Youth (nonmajor) – The Foundation was created as a body corporate and as a political subdivision of the Commonwealth. The Foundation was established to determine the appropriate recipients of monies in the Virginia Tobacco Settlement Fund and to distribute monies in this fund for such efforts as restricting the use of tobacco products by minors and the enforcement of laws restricting the distribution of tobacco products to minors. The Governor appoints the majority of the board, and there is a financial benefit/burden to the primary government. The administrative offices are located at 701 East Franklin Street, Suite 500, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Foundation.

Tobacco Region Revitalization Commission (nonmajor) – The Commission was created as a body corporate and as a political subdivision of the Commonwealth. The Commission was established to determine the appropriate recipients of the monies in the Tobacco Indemnification and Community Revitalization Fund. This fund provides monies to revitalize tobacco dependent communities. The Governor appoints the majority of the board, and there is a financial benefit/burden to the primary government. The administrative offices are located at 701 East Franklin Street, Suite 501, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Commission.

Hampton Roads Sanitation District Commission (nonmajor) – The Commission was established as a political subdivision of the Commonwealth and a government instrumentality. The Commission, which is the governing board of the district, was granted corporate powers by the *Code of Virginia*. The Governor appoints the Commission members, who serve at his pleasure. Therefore, the primary government is able to impose its will on the Commission. The Commonwealth is not obligated by the debt of the Commission. The Commission was established to benefit the inhabitants of the district and operates a wastewater treatment system for 20 localities in the Chesapeake Bay area. The address for the administrative offices of the Commission is 1434 Air Rail Avenue, Virginia Beach, Virginia 23455. Cherry Bekaert, LLP, audits the Commission, and a separate report is issued.

Virginia Biotechnology Research Partnership Authority (nonmajor) – The Authority is a legally separate, political subdivision of the Commonwealth created by the General Assembly to assist in the development of a biotechnology research park. The Governor appoints the board members of the Authority, and there is a potential financial benefit/burden to the primary government. The administrative offices of the Authority are located at 800 East Leigh Street, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Authority, and a separate report is issued.

The Authority issued Series 2002 revenue bonds for specific customers. The Series 2002 revenue bonds were for a facility built specifically for the United Network for Organ Sharing. This bond is secured by a letter of credit and is payable solely from the payments made by the borrower under the loan agreement. None of these bonds constitutes a debt or pledge of the Authority or the Commonwealth. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Virginia Small Business Financing Authority (nonmajor) – Section 2.2-2280 of the *Code of Virginia* established the Authority as a public body corporate and a political subdivision of the Commonwealth. The Governor appoints the 11-member board, and the primary government is able to impose its will on the Authority. The Authority was created to assist small businesses in the Commonwealth in obtaining financing for new businesses or the expansion of existing businesses. The Authority provides financial assistance to small businesses by providing loans, guarantees, insurance, and other assistance, thereby assisting small businesses in the Commonwealth with access to financing. The Authority provides direct loans to small businesses as defined by the *Code of Virginia* and to local governments for economic development purposes. The Authority also guarantees loans and provides credit support for loans made to small businesses by banks. The administrative offices of the Authority are located at 101 North 14th Street, 11th Floor, Richmond, Virginia 23218-0446. The Auditor of Public Accounts audits the Authority.

The Authority issues tax-exempt and taxable private activity bonds to provide financial assistance to private sector entities for the acquisition, construction, and expansion of capital projects deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither the Authority nor the Commonwealth is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities on the accompanying financial statements.

Virginia School for the Deaf and Blind Foundation (nonmajor) – The Foundation operates as a nonprofit educational and fundraising organization solely in connection with, and exclusively for the benefit of, the Virginia School for the Deaf and Blind (part of primary government). The Foundation uses a December 31 calendar year-end. The administrative offices are located at Post Office Box 2069, Staunton, Virginia 24402.

Science Museum of Virginia Foundation (nonmajor) – The Foundation is a non-stock, nonprofit corporation established to implement and fund programs, projects, and operations that are authorized and approved by the trustees of the Science Museum of Virginia (part of primary government). There is a financial benefit/burden relationship to the primary government, and the economic resources of the Foundation are entirely for the direct benefit of the Commonwealth and its citizens. The administrative offices of the Foundation are located at 2500 West Broad Street, Richmond, Virginia, 23220. Keiter, CPAs, audits the Foundation, and a separate report is issued.

Virginia Commercial Space Flight Authority (nonmajor) – The Authority is a legally separate political subdivision of the Commonwealth created by the General Assembly to facilitate and coordinate scientific and technological research and development and to promote the industrial and economic development of the Commonwealth. The Governor appoints the 9-member board, and there is a potential financial benefit/burden to the primary government. The Commonwealth plans to transfer 1.0 percent of the Transportation Trust Fund revenue to the Authority annually. The administrative offices of the Authority are located at 4111 Monarch Way, Suite 303, Norfolk, Virginia 23508. Brown Edwards & Company, LLP, audits the Authority, and a separate report is issued.

Danville Science Center, Inc. (nonmajor) – The Center is a nonprofit corporation formed in 1994, for the purpose of implementing and funding those programs, projects and operations which are authorized and approved by the trustees of the Science Museum of Virginia (part of primary government). There is a financial benefit/burden to the primary government, and the economic resources of the Center are entirely for the direct benefit of the Commonwealth and its citizens. The administrative offices of the Center are located at 677 Craghead Street, Danville, Virginia 24541. Harris, Harvey, Neal & Company, LLP, audits the Organization, and a separate report is issued.

Virginia Museum of Fine Arts Foundation (nonmajor) – The Foundation operates as a nonprofit corporation under the laws of Virginia to fund exhibitions, programs, and capital asset expansion to ensure that the Virginia Museum of Fine Arts (part of primary government) has the space and resources for art to help improve the quality of life for many. There is a financial benefit/burden to the primary government, and the economic resources of the Foundation are entirely for the direct benefit of the Commonwealth and its citizens. The administrative offices of the Foundation are located at 200 N. Arthur Ashe Boulevard, Richmond, Virginia 23220. FORVIS audits the Foundation, and a separate report is issued.

A. L. Philpott Manufacturing Extension Partnership (nonmajor) – The Partnership (operating as GENEDGE Alliance) has the mission to foster economic growth by enhancing the competitiveness of Virginia's manufacturers. GENEDGE provides manufacturing firms with fee-based technology consulting services, access to business modernization resources, and support for interfirm collaboration. Further, GENEDGE provides direct assistance to increase sales, decrease costs, and improve quality, productivity, and competitiveness. GENEDGE has a 24-member board of trustees, of which 21 are currently serving. The board consists of the presidents of two public four-year institutions of higher education; three community college presidents; one president of a private four-year institution of higher education; the director of Virginia Innovation Partnership Corporation; two members of the Governor's cabinet; and 15 citizen members, representing manufacturing industries, appointed by the Governor. There is also a financial benefit/ burden to the primary government. The administrative office is located at 32 Bridge Street South, Suite 200B, Martinsville, Virginia 24112-6216. The Joachim Group CPAs & Consultants, LLC audits GENEDGE and a separate report is issued.

Fort Monroe Authority (nonmajor) – The Authority is a legally separate, political subdivision of the Commonwealth created by the General Assembly to assist in implementing a reuse plan for Fort Monroe. The Governor appoints a majority of the 14-member board, and there is a potential financial benefit/burden to the primary government. The administrative offices of the Authority are located at 20 Ingalls Road, Fort Monroe, Virginia 23651. Cherry Bekaert, LLP audits the Authority, and a separate report is issued.

Assistive Technology Loan Fund Authority (nonmajor) – The Authority was created as a political subdivision and public body corporate by the *Code of Virginia*. The Governor appoints the board of directors as directed by the *Code,* and the primary government is able to impose its will on the Authority. The Authority manages a fund to provide loans to Virginians with disabilities to acquire assistive technology, other equipment, or other authorized purposes designed to help these individuals become more independent. The administrative offices are located at 1602 Rolling Hills Drive, Suite 107, Richmond, Virginia 23229. The Auditor of Public Accounts audits the Authority.

Virginia Land Conservation Foundation (nonmajor) – The Foundation was created as a body politic and corporate to serve the Department of Conservation and Recreation (DCR) (part of primary government) by acquiring interests in preservation land and providing grants to other entities to acquire interests in preservation land. The Governor appoints the 19-member board, and the primary government can impose its will on the Foundation. The administrative offices of the Foundation are located at 600 East Main Street, 24th Floor, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Foundation as part of DCR.

Virginia Arts Foundation (nonmajor) – The Foundation was created as a body politic and corporate to serve the Virginia Commission for the Arts (part of primary government) by promoting the arts in the Commonwealth. The Governor appoints the board of trustees for the Virginia Commission for the Arts, which also serves as the board for the Virginia Arts Foundation. The Director of the Virginia Commission for the Arts serves as the board chairman. In addition, the primary government can impose its will on the Foundation. The administrative offices of the Foundation are located at 600 East Main Street, Suite 330, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Foundation as part of the Virginia Commission for the Arts.

Library of Virginia Foundation (nonmajor) – The Foundation was created as a private, nonprofit 501(c)(3) corporation supporting the Library of Virginia (part of primary government). The articles of incorporation stipulate that the Foundation shall at all times be operated solely in connection with, and exclusively for the benefit of, the Library of Virginia. The Foundation is governed by a separate board of directors, and promotes and supports the Library of Virginia in all activities. The administrative offices of the Foundation are located at 800 East Broad Street, Richmond, Virginia 23219. Frank Barcalow CPA, PLLC, audits the Foundation, and a separate report is issued.

Virginia Health Workforce Development Authority (nonmajor) – The Authority is a legally separate public body corporate and a political subdivision of the Commonwealth created by the General Assembly. The Authority facilitates the development of a statewide health professions pipeline. The Governor appoints a majority of the board members, and the primary government is able to impose its will on the Authority. The administrative offices of the Authority are located at 7818 E. Parham Road, Richmond, Virginia 23294. The Auditor of Public Accounts audits the Authority.

(4) Related Organizations – Organizations for which the primary government appoints a majority of the board, but is not financially accountable, are related organizations. Related organizations are:

Tobacco Settlement Financing Corporation – The Corporation was created by the Tobacco Settlement Financing Corporation Act, Chapters 482 and 488 of the Acts of the General Assembly during the 2002 General Assembly Session. The Corporation is a public body corporate entity and an independent instrumentality of the Commonwealth, managed by a 6-member board, including the State Treasurer. The Corporation purchased all of the future tobacco settlement revenue allocated to the Tobacco Region Revitalization Commission (nonmajor component unit). Neither the Commonwealth's nor the Virginia Foundation for Healthy Youth's (nonmajor component unit) tobacco revenue was securitized. The administrative offices of the Corporation are located at 101 North 14th Street, 3rd Floor, Post Office Box 1879, Richmond, Virginia 23218-1879. CliftonLarsonAllen, LLP, audits the Corporation, and a separate report is issued.

Jamestown-Yorktown Educational Trust – The Trust was created as a nonprofit corporation by the *Code of Virginia* to assist the Jamestown-Yorktown Foundation (Foundation). The Trust board consists of no more than six members selected by the Foundation's board of trustees. Several Commonwealth officials serve as ex-officio members of the Foundation's board, and the Governor appoints 12 members. The Trust operates the Jamestown Settlement and American Revolution Museum at Yorktown gift shops and café. The address for the administrative offices of the Trust is Post Office Box 3605, Williamsburg, Virginia 23187. Keiter, CPAs audits the Trust, and a separate report is issued.

Virginia Birth-Related Neurological Injury Compensation Program – The Program was created to provide a no-fault alternative for birth-related neurological injuries. The Governor appoints the 9-member board. The administrative offices of the Program are located at 7501 Boulders View Drive, Suite 210, Richmond, Virginia 23225. Yount, Hyde & Barbour, PC, audits the Program, and a separate report is issued.

Chesapeake Bay Bridge and Tunnel Commission – The Commission was created to establish policy and administer operations of the Chesapeake Bay Bridge Tunnel District. Any of the 11 members of the Commission appointed or reappointed on or after July 1, 1998, shall be appointed by the Governor, subject to confirmation by each house of the General Assembly. The administrative offices of the Commission are located at 32386 Lankford Highway, Cape Charles, Virginia 23310. Cherry Bekaert, LLP audits the Commission, and a separate report is issued.

C. Government-wide and Fund Financial Statements

The government-wide financial statements, the Statement of Net Position and the Statement of Activities, report information on all nonfiduciary activities of the primary government and component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Also, the primary government activity is reported separately from the legally separate component units for which the Commonwealth is financially accountable.

The Statement of Activities demonstrates the degree to which direct expenses of a specific function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. In addition, to the extent that indirect costs are allocated to the various functions, the program expenses will include both direct and indirect costs. Program revenues include charges to customers who purchase, use, or directly benefit from goods or services provided by a given function, segment, or component unit, as well as investment income generated by operations. Program revenues also include grants, contributions, and investment income that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items properly excluded from program revenues are reported as general revenues.

Fund equity is restricted when constraints are placed on them that are imposed by external parties or constitutional provisions. When both restricted and unrestricted resources are available for use, the Commonwealth's policy is to use the restricted resources first. Some component units may follow a different policy. When committed, assigned, and unassigned resources are available for use, the Commonwealth's policy is to use the committed resources first, assigned resources next, and unassigned resources last.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds, and component units. However, fiduciary funds are not included in the government-wide statements. Major governmental funds, enterprise funds, and component units are reported in separate columns in the fund financial statements, with nonmajor funds being aggregated into a single column.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the primary government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year (or one year for Medicaid). Significant revenues subject to accrual include federal grants and income and sales taxes. Income tax revenues for tax underpayments are only recognized to the extent of the primary government's estimated refunds for tax overpayments received. Revenues that the primary government earns by incurring obligations are recognized in the same period as when the obligations are recognized.

Expenditures generally are recorded when a liability is incurred, as under full accrual accounting. However, expenditures related to debt service, compensated absences, and claims and judgments are recorded only when the payment is due.

The primary government reports the following major governmental funds:

General Fund – Accounts for the transactions related to resources received and used for those services traditionally provided by a state government, and which are not accounted for in any other fund. These services include general government, legislative and judicial activities, public safety, health and behavioral health programs, resources and economic development, licensing and regulation, and primary and secondary education.

Commonwealth Transportation Special Revenue Fund – Accounts for the revenues and expenditures associated with highway operations, maintenance, construction, and other transportation related activities. Funding for these programs is received from highway user taxes, fees, and funds received from the federal government.

Federal Trust Special Revenue Fund – Accounts for all federal dollars, including COVID-19 funding, received by the Commonwealth except those received by the Commonwealth Transportation Fund, the Unemployment Compensation Fund, certain Medicaid reimbursements recorded in the General Fund, the Grant Anticipation Revenue Notes and Build America Bond Subsidies reported in the Debt Service Fund, and component units.

Literary Fund Special Revenue Fund – Accounts for revenues from fines, forfeitures, and proceeds from unclaimed property used primarily to support public education in the Commonwealth. This fund provides low interest loans to school divisions for construction, renovations, and expansion of school buildings.

Proprietary Funds, Fiduciary Funds, and Component Units Financial Statements – The financial statements of the proprietary funds, fiduciary funds, and component units are reported using the economic resources measurement focus and the full accrual basis of accounting. As with the government-wide statements, revenues are recorded when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating.

Foundations' (component units) financial statements are prepared using the economic resources measurement focus and the full accrual basis of accounting. The financial statements are prepared under FASB rather than GASB standards. In some instances, activities of the foundations (component units) are reported separately within the footnotes because of the different reporting standards. Also, some foundations (component units) have an August 31st, December 31st, or

March 31st year-end rather than a fiscal year-end. Foundations (component units) with different year-ends are included in these financial statements for the year ending August 31, 2021, December 31, 2021, or March 31, 2022. Significant intrafund activity/balances between each higher education institution and their foundations have been eliminated.

The following amounts could not be eliminated due to the differing year-ends:

- University of Virginia (nonmajor component unit):
  - institution revenue of $24.7 million
  - foundation assets of $1.7 million
  - foundation liabilities of $1.4 million
  - foundation expenses of $17.6 million
- Old Dominion University (nonmajor component unit):
  - institution liabilities of $42.9 million
  - foundation assets of $36.0 million
- Longwood University (nonmajor component unit):
  - foundation assets of $22.1 million
  - institution liabilities of $21.8 million

The primary government reports the following major enterprise funds:

Virginia Lottery Fund – Accounts for all receipts and expenses of the Virginia Lottery.

Virginia College Savings Plan Fund – Administers the Defined Benefit 529 Program.

Unemployment Compensation Fund – Accounts for receipts from employers and expenses incurred to provide benefits to eligible unemployed workers.

Additionally, the primary government reports the following fund types:

Governmental Fund Types:

Special Revenue Funds – Account for transactions related to resources received and used for restricted, committed, or specific purposes.

Debt Service Funds – Account for transactions related to resources retained and used for the payment of interest and principal on bonds. Additionally, this fund includes the activity of the Hampton Roads Transportation Accountability Commission (blended component unit).

Capital Project Funds – Account for transactions related to resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental or proprietary funds with the exception of certain Virginia Public Building Authority (blended component unit) disbursements. The primary resource for these funds is the proceeds of bond issues and energy performance contracts. Principal uses are for construction and improvement of state office buildings, correctional and behavioral health facilities, and parks. Additionally, this fund includes the activity of the Hampton Roads Transportation Accountability Commission (blended component unit) for construction projects related to new or existing highways, bridges or tunnels in the localities comprising Planning District 23.

Permanent Funds – Account for transactions of the Commonwealth Health Research Fund and the Behavioral Health Endowment Funds whose principal must remain intact and whose income is used to benefit the Commonwealth's citizens and behavioral health patients.

Proprietary Fund Types:

Enterprise Funds – Account for transactions related to resources received and used for financing self-supporting activities of the primary government that offer products and services on a user-charge basis to external users.

Internal Service Funds – Account for transactions related to the financing and sale of goods or services provided by the agencies of the primary government to other agencies and institutions of the Commonwealth. Activities include the provision of information technology, manufacturing activities, insurance programs, fleet services, facilities and property management, engineering and payroll services.

Fiduciary Fund Types:

Private Purpose Trust Funds – Account for transactions that benefit individuals, organizations, and other governments; have a trust that meets GASB Statement No. 84 criteria; and are not required to be reported in another fiduciary fund type. These trusts include those for the Commonwealth-sponsored educational savings plan and other purposes.

Pension and Other Employee Benefit Trust Funds – Account for transactions of the Virginia Retirement System administered pension plans, other postemployment and employee benefit plans with trusts that meet GASB Statement No. 84 criteria.

Custodial Funds - External Investment Pool – Accounts for the external portion of the Local Government Investment Pool (LGIP) that is sponsored by the Commonwealth and does not have a trust that meets GASB Statement No. 84 criteria.

Custodial Funds - Other - Accounts for transactions similar to Private Purpose Trust Funds except they do not have a trust that meets GASB Statement No. 84 criteria. These funds include collection of sales tax and fees imposed by and distributed to localities, deposits of insurance carriers, child support collections, and other miscellaneous accounts.

E. Budgetary Process

Budgetary amounts shown in the Required Supplementary Information and Combining and Individual Fund Statements and Schedules sections represent the total of the original budgeted amounts and all supplemental appropriations. The Commonwealth's budget is prepared principally on a cash basis and represents appropriations as authorized by the General Assembly. Unexpended appropriations at the end of the fiscal year generally lapse. However, they may be reappropriated for expenditure in the following fiscal year. The Governor, as required by the *Code of Virginia*, submits a budget composed of all proposed expenditures for the Commonwealth, and of estimated revenues and borrowing for a biennium, to the General Assembly. Budgets are adopted for the General and Special Revenue Funds, except for the Literary (major special revenue) and Unclaimed Property (nonmajor special revenue) Funds. Formal budgetary integration is not employed for the Capital Projects (nonmajor governmental), Debt Service (nonmajor governmental), Permanent (nonmajor governmental), Literary (major special revenue) and Unclaimed Property (nonmajor special revenue) Funds because effective budgetary control is alternatively achieved through the General Fund and the remaining special revenue funds.

The budget is prepared on a biennial basis; however, the budgets of the General and Special Revenue Funds contain separate appropriations for each year within the biennial budget, as approved by the General Assembly and signed into law by the Governor. For management control purposes, the lowest level of budgetary control is the program level. The Governor may transfer an appropriation within a state agency or from one state agency to another, provided that total fund appropriations, as contained within the budget, are not exceeded without further General Assembly action. Additionally, the Governor may reduce appropriations up to 15.0 percent without further General Assembly action. Increases in General Fund appropriations must be approved by the General Assembly.

Appropriations for programs funded from Special Revenue Funds may allow expenditures in excess of the original appropriations to the extent that revenues of the funds exceed original budget estimates and such additional expenditures are approved by the Governor through supplemental appropriations.

F. Cash, Cash Equivalents, Investments and Derivatives

Cash

In order to maximize the Commonwealth's earning potential, the majority of the primary government's cash balances are pooled together in the general account for investment purposes. The amounts required for operations are liquidated as needed. Since all amounts not required for operations are held in investment securities, it is possible that the cash balances could be negative due to timing differences in liquidating the investments.

As of June 30, 2022, the General Fund had a negative cash balance of $13.5 billion. In order to properly reflect the general account position, this negative cash balance has been eliminated in the accompanying statements and offset against the primary government's cash equivalents and investments (see Note 7).

Cash Equivalents

Cash equivalents are investments with an original maturity of 90 days or less.

Investments

Investments are principally comprised of monies held by component units, the Virginia Retirement System (the System), and monies held by the State Treasurer in both the general account and other fiduciary accounts. The System aggregates all funds that the Board of Trustees is responsible for investing and commingles these amounts for investing purposes. The System's pooled investments represent all cash and investment amounts reported in the Pension and Other Employee Benefit Trust Funds, the VRS Investment Portfolio and Volunteer Firefighters Rescue Squad Workers (custodial funds - other), the Commonwealth Health Research Board (permanent), and Federal Special Revenue (major).

The primary government’s policy for managing interest rate risk, with the exception of the Virginia College Savings Plan (Virginia529) and the System, uses the segmented time distribution method.

Virginia529, for its investment portfolio reported as Defined Benefit 529 Program (major enterprise fund) and Defined Contribution 529 Program (private purpose trust fund), and the System, for the System's pooled investments, manage the interest rate risk using the effective duration methodology. To be consistent with management practices for each portfolio, the Commonwealth has elected to disclose the interest rate risk exposures, using the segmented time distribution for the primary government (excluding Defined Benefit 529, Defined Contribution 529, and the System's pooled investments) and the effective duration method for Defined Benefit 529, Defined Contribution 529, and the System's pooled investments. The Commonwealth discloses the component unit's interest rate risk using the segmented time distribution method (see Note 7).

Governmental and proprietary funds, both primary government and component units, report investments in money market and in the Commonwealth sponsored investment pools at amortized cost which approximates fair value. All other investments, including investments in the Commonwealth sponsored Extended Maturity portfolio, are reported at fair value, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended by GASB Statement No. 72, *Fair Value Measurement and Application.* GASB Statement No. 72 provides guidance for determining fair value measurements using the level of fair value hierarchy and valuation techniques (see Note 7).

Investments administered by the System are reported at fair value, except for certain cash equivalents and other short-term, highly liquid investments are reported at amortized cost. The cost of investments sold is the average cost of the aggregate holding of the specific investment sold. For investments in limited partnerships, the System's share of the partnership's earnings or losses for the period are included in investment income.

Derivatives

Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates, or financial indexes (see Note 15).

G. Assets Held Pending Distribution

Assets held pending distribution include various assets that have been placed in safekeeping until final disposition has been determined.

H. Receivables

Receivables in the governmental funds consist primarily of the accrual of taxes and amounts relating to the Opioid Settlement, as well as receivables of the primary government's Medicaid program and up-front amounts to be received for a Service Concession Arrangement. Additionally, receivables include amounts to be received for debt service payments related to certain bonds. Receivables in the proprietary funds consist primarily of educational contribution receivables and unemployment compensation. Receivables of fiduciary funds are primarily the accrual of security transactions in the Pension and Other Employee Benefit Trust Funds. Receivables of the component units consist primarily of mortgage receivables, loans receivable, local school bonds receivable, patient receivables, student receivables, and lease receivables, for further details see the individually published financial statements. Receivables are recorded net of allowances for doubtful accounts (see Note 8).

I. Contributions Receivable, Net

Contributions Receivable reported by the foundations (component units) represents pledges or unconditional promises to give that have been discounted (see Note 9).

J. Internal Balances

Interfund receivables and payables have been eliminated from the Statement of Net Position, except for the residual amounts due between governmental and business-type activities (see Note 10).

K. Inventory

Inventories consist of materials and supplies and are reported as expenditures when consumed. These assets are classified as nonspendable fund balance. Inventories exceeding $1.0 million of the General and the Special Revenue Funds are maintained at cost using the first-in, first-out (FIFO) methodology, except for the following:

- Department of Emergency Management (VDEM)
- Department of Health (VDH)
- Department of State Police (VSP)
- Virginia Department of Transportation (VDOT)

VDEM supply inventories are recorded in the Federal Trust Fund (major special revenue) using the average cost methodology and maintained at average cost. VDH supply inventories are recorded in the General (major), Federal Trust (major special revenue), and Health and Social Services (nonmajor special revenue) Funds using the FIFO methodology and are maintained at either cost or current market cost. VSP inventories are recorded in the General (major) and Other (nonmajor special revenue) Funds using the average cost methodology and are maintained at cost. VDOT inventories are recorded in the Commonwealth Transportation Fund (major special revenue) using the FIFO and average cost methodologies and are maintained at either cost or average cost.

In addition to inventories maintained as stated above, the following agencies reported donated inventory balances on hand as of June 30, 2022:

- Department of Behavioral Health and Developmental Services (DBHDS)
- Department of Health (VDH)
- Department of Juvenile Justice (DJJ)
- Virginia Department of Transportation (VDOT)

Inventories maintained by the Virginia Lottery (major enterprise fund) and the Virginia Industries for the Blind (nonmajor enterprise fund) are stated at cost using the average cost methodology.

Inventories maintained by the Virginia Museum of Fine Arts and the Consolidated Laboratory (nonmajor enterprise funds) are stated at cost using FIFO.

Inventories maintained by the Science Museum of Virginia (nonmajor enterprise fund) are stated at cost using LIFO.

Inventories maintained by the Alcoholic Beverage Control (nonmajor enterprise fund) are stated at average cost using the weighted average method.

Inventories maintained by Virginia Correctional Enterprises (internal service fund) are stated at the lower of cost or market using FIFO. Inventories maintained by the internal service funds except for Virginia Correctional Enterprises are stated at cost using FIFO.

Institutions of higher education (nonmajor component units) use several methods for inventory valuations, including cost using FIFO, the lower of cost or market using FIFO, or weighted average methods. Inventories maintained by the Virginia Port Authority and the Danville Science Center (nonmajor component units) are reported using the moving average unit cost methodology. Inventories at the gift shop run by the Library of Virginia Foundation and at the Hampton Roads Sanitation District Commission (nonmajor component units) are stated at lower of cost or market using the average cost methodology.

L. Prepaid Items

Prepaid assets for rent, insurance, and similar items are recognized when purchased and expensed when used.

M. Loans Receivable/Payable

Loans Receivable/Payable represents working capital advances between the primary government and component units (see Note 10).

N. Other Assets

Other Assets include those balances of a miscellaneous nature that are not specifically classified elsewhere. Additionally, it includes the Virginia Sickness and Disability Program Net Other Postemployment Benefit Plan Asset applicable to the proprietary funds (see Note 11).

O. Capital Assets

Capital assets of governmental funds are recorded as expenditures at the time of purchase and capitalized in the governmental activities column of the Government-wide Statement of Net Position. Capital assets of the other funds and component units are capitalized in the fund in which they are utilized. All other capital assets are depreciated/amortized on the straight-line basis over their useful lives (see Note 13).

Capital assets are stated at historical cost or, in some instances, estimated historical cost. Assets received pursuant to service concession arrangements and donated capital assets from entities external to the reporting entity are stated at acquisition value when they are placed in service or at the time of donation, respectively. Asset transfers or donations from within the reporting entity are recorded at the carrying value of the transferring entity as required by GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. The primary government capitalizes all equipment that has a cost or value greater than $50,000 and expected useful life of greater than two years. The primary government capitalizes all land, water rights/ easements, buildings, infrastructure, and software that have a cost or value greater than $100,000 and an expected useful life of greater than two years. In addition, the primary government reports right-to-use intangible assets of equipment, land, and buildings with a present value of $50,000 or greater and an expected useful life of more than one year. Selected agencies, business-type entities, and component units utilize a capitalization limit lower or higher than the primary government's established thresholds for various reasons. Accordingly, reported capital assets may include some items that cost less than those thresholds. Infrastructure, including highways, bridges, and rights-of-way, is capitalized using the historical approach and includes any assets acquired prior to fiscal year 1980.

The amortization of long-term lease contracts related to right-to-use intangible assets are reported separately from other capital assets as required by GASB Statement No. 87, *Leases.*

The primary government's capitalization policy regarding works of art/historical treasures is that capitalization is encouraged, but not required, for works of art/historical treasures that meet the following conditions:

- The collection is held for public exhibition, education, or research in furtherance of public service, rather than financial gain;
- The collection is protected, kept unencumbered, cared for and preserved; and,
- The collection is subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for the collection.

The primary government capitalizes construction-in-progress when project expenditures, including construction of intangible assets, exceed $100,000.

Expenditures are classified as construction-in-progress if:

(1) They extend the asset life, improve productivity, or improve the quality of service; and,

(2) They fall into the planning, acquisition, construction, improvement, renovation, repair, replacement, relocation, or demolition phase of the asset life.

The estimated lives of capital assets are as follows:

	Years
Buildings	10–75
Equipment	2–50
Infrastructure	5–50
Software	5–35

Selected agencies, business-type entities, and component units may utilize estimated lives and policies that differ from the above for various reasons.

P. Deferred Outflows of Resources

Deferred outflows of resources are a consumption of net assets by the government that is applicable to a future reporting period. Deferred outflows have a natural debit balance and, therefore increase net position similar to assets (see Notes 14, 15, 16, and 18).

Q. Accounts Payable

Accounts payable represent amounts, including salaries and wages, owed for goods and services received prior to year-end. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, accounts payable also includes payments for nonexchange transactions that met eligibility requirements prior to fiscal year-end (see Note 25).

R. Unearned Revenue

Unearned revenue represents monies received or revenues accrued but not earned as of June 30, 2022.

In the special revenue funds, unearned revenue is composed primarily of prepaid toll revenue, contributions from localities and private sectors for highway construction projects, multi-year vehicle registrations recorded in the Commonwealth Transportation Fund (major), federal grants (including COVID-19 funding) in the Federal Trust Fund (major), and multi-year motor vehicle safety inspections, emission inspections, mining permits, and hunting, fishing, and trapping licenses recorded in the Other and Health and Social Services Funds (nonmajor).

In the enterprise funds, a majority of unearned revenue represents online ticket monies received by the Virginia Lottery (major) for which corresponding drawings have not been held, test kits and certifications from Consolidated Labs (nonmajor) which are paid for prior to shipping and certification being performed, and online sales of product where customers prepay before picking up and gift cards in the Alcoholic Beverage Control (nonmajor).

Unearned revenue in the internal service funds primarily represents unearned premiums in the Risk Management Fund; advanced customer receipts in the Technology and Data Services Fund; and prepaid rent and work orders in the Property Management Fund.

Unearned revenue reported by higher education institutions (nonmajor component units) is primarily composed of revenue for student tuition accrued in advance of the semester and advance payments on grants and contracts. Unearned revenues in the other component units consist primarily of prepaid fees related to various future activities.

S. Unearned Taxes

Unearned taxes represent income taxes related to the period January through June 2022. This amount is the estimate to be refunded (overpayments by taxpayers) reduced by the estimate to be received (underpayments from taxpayers) that will be finalized when income tax returns are filed in subsequent years. Individual income tax estimated overpayments total $994.1 million and estimated underpayments total $1.8 billion. When underpayments exceed overpayments, revenue on the fund statements is only recognized to the extent of estimated overpayments. Since underpayments exceed overpayments for the individual income taxes, the unearned tax amount is zero for the fiscal year.

Corporate income tax estimated overpayments total $63.5 million and estimated underpayments total $125.9 million. When underpayments exceed overpayments, revenue on the fund statements is only recognized to the extent of estimated overpayments. Since underpayments exceed overpayments for the corporate income taxes, the unearned tax amount is zero for the fiscal year.

T. Obligations Under Securities Lending Program

In accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, liabilities resulting from these transactions have been recorded as obligations under securities lending transactions.

U. Due to Claimants, Participants, Escrows and Providers

Due to claimants, participants, escrows and providers represent monies that the Commonwealth is holding on behalf of third parties as of June 30, 2022. In governmental funds, the majority of the amount represents unemployment benefit claims and estimated unclaimed and escheat property that the Commonwealth is holding until claimed by the rightful owner.

In the enterprise funds, the amounts represent payments due to benefit claimants and employers for tax overpayments in the Unemployment Compensation Fund (major) and to participants of the Defined Benefit 529 Program in the Virginia College Savings Plan (major).

In the private purpose trust funds, the amounts represent payments due to participants in the Defined Contribution 529 Program offered by the Virginia College Savings Plan.

In the Custodial Funds - Other, the amounts represent accounts of inmates, residents, and patients of the Commonwealth's correctional, and juvenile facilities.

V. Other Liabilities

Other liabilities represent amounts owed for various governmental and proprietary activities. Some of these amounts will be paid shortly after fiscal year-end (see Note 26).

W. Claims Payable

Claims payable, reported in the proprietary funds of the primary government, represent both health and liability insurance claims payable as of June 30, 2022. This includes both actual claims submitted, as well as actuarially determined claims incurred but not reported. Claims relating to the primary government's liability insurance programs are reported in the Risk Management – internal service fund and the Risk Management – nonmajor enterprise fund. Also, health insurance claims are reported in the Health Care – internal service fund, the Local Choice Health Care – nonmajor enterprise fund and Line of Duty – internal service fund and nonmajor enterprise fund (see Notes 24.A. and 24.B.). Claims payable reported by the Virginia Commonwealth University Health System Authority (a blended component unit of the Virginia Commonwealth University – nonmajor component unit) represents estimated malpractice, workers' compensation, and other insurance coverages claims payable amounts.

X. Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities column. The governmental fund statements reflect the portion of long-term liabilities that will be paid from expendable resources that represent payments to employees for separations that occurred prior to June 30, 2022. The proprietary fund statements and discrete component unit statements reflect total long-term liabilities and distinguish between those portions payable within one year and those payable in future years (see Note 27).

Bond premiums and discounts are amortized over the life of the bond. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, excluding prepaid insurance, are expensed.

Expenditures for principal and interest payments for governmental fund general obligation bonds and revenue bonds are recognized in the Debt Service Fund (nonmajor) when due. In the General Fund (major) and special revenue funds, expenditures for principal and interest payments are recognized for long-term leases and installment purchases. In the fund statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures (see Note 27).

Y. Deferred Inflows of Resources

Deferred inflows of resources are an acquisition of net assets by the government that is applicable to a future reporting period. Deferred inflows have a natural credit balance and, therefore decrease net position similar to liabilities (see Notes 14, 15, 16, 18, and 38).

Z. Nonspendable Fund Balances

Nonspendable fund balances indicate that portion of fund balance that cannot be spent because it is either not in spendable form or is legally or contractually required to be maintained intact.

AA. Restricted Fund Balances

Restricted fund balances are amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

BB. Committed Fund Balances

Committed fund balance includes amounts that must be spent for specific purposes that have been legislatively mandated by the Governor and General Assembly. Further action by the Governor and the General Assembly would be required to modify these commitments.

CC. Assigned Fund Balances

Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Assignments are identified by Commonwealth management pursuant to the delegation of authority granted by the General Assembly and Governor specified in the Appropriation Act.

DD. Unassigned Fund Balances

Unassigned fund balance is the amount of fund balance that has not been assigned to other funds and has not been restricted, committed or assigned to specific purposes within the General Fund (major). The General Fund is the only fund that could potentially report a positive unassigned fund balance amount. For fiscal year 2022, there are no unassigned balances in the governmental funds.

EE. Cash Management Improvement Act

Included in Amounts Due to Other Governments is the Commonwealth's Cash Management Improvement Act (CMIA) interest liability to the federal government, which is calculated in accordance with the interest calculation and exchange provisions of the Federal Cash Management Improvement Act of 1990. The Commonwealth's interest liability is subject to review and final confirmation by the Bureau of the Fiscal Service (BFS) of the U.S. Treasury. If required, the payment is to be made on March 31 of the following year. Payment will be made from a sum sufficient appropriation authorized for this purpose by the Appropriation Act. The CMIA interest rate of exchange is based by law on the average of the bond equivalent rates of 13-week Treasury Bills auctioned during the annual reporting period as calculated by BFS.

FF. Investment Income

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investment income reported in the accompanying financial statements include changes in the fair value of investments and the amount reported may be negative. Additionally, the Commonwealth's policy is to record all unrealized gains or losses for the State Treasurer's Portfolio in the General Fund.

GG. Intrafund Eliminations

Eliminations have been incorporated into the report to eliminate intrafund transactions within the related fund type. These eliminations prevent overstatement of financial activity.

HH. Interfund Activity

Generally, the effect of interfund activity has been eliminated from the government-wide statements, with the exception of interfund services provided and used between functions. Elimination of these activities would distort the direct costs and program revenues for the functions.

In the fund financial statements, transfers represent the movement of resources or the accrual to move resources between funds. For example, transfers are recorded when a fund receives revenue and subsequently disburses the resources to another fund for expenditure.

2. RESTATEMENT OF BEGINNING BALANCES

The beginning balance restatements resulted from the following:

Government-wide Activities

Governmental Activities

- The Commonwealth implemented GASB Statement No. 87, *Leases*, for the fiscal year ended June 30, 2022. This implementation resulted in the restatement of Governmental Activities by $437,000.
- Capital Asset balances were restated by a total of $25.7 million. The net asset overstatement is primarily attributable to errors by the Virginia Department of Transportation, Department of State Police, and Department of General Services.
- The Health and Social Services Fund (nonmajor special revenue) has been restated by $11.3 million due to amounts that were previously reported in the Private Purpose Trust Fund relating to the Opioid Settlement.

Fund Statements

- The Health and Social Services Fund (nonmajor special revenue) has been restated by $11.3 million as previously discussed.
- The Private Purpose Trust Fund has been restated by $11.3 million due to amounts relating to the Opioid Settlement being reclassified to a Special Revenue Fund.
- The Property Management Fund (internal service) has been restated due to GASB Statement No. 87, by $2,438, as previously discussed.

Component Units

The government-wide and fund statements were restated for GASB Statement No. 87 as mentioned previously.

- Virginia Housing Development Authority (major) has been restated by $186,980.
- Various nonmajor component units have been restated by $221.9 million.

Beginning Net Position/Fund Balance Restatement

(Dollars in Thousands)

	Balance as of June 30, 2021	GASBS No. 87, *Leases*	Correction of Prior Year Errors	Balance as of June 30, 2021, as restated
Government-wide Activities:				
Primary Government:				
Governmental Activities	$ 31,735,263	$ 437	$ (14,385)	$ 31,721,315
Business-Type Activities	1,931,809	—	—	1,931,809
Total Primary Government	$ 33,667,072	$ 437	$ (14,385)	$ 33,653,124
Component Units	$ 39,090,230	$ 221,673	$ —	$ 39,311,903
Fund Statements:				
Governmental Funds				
Major Governmental Funds:				
General	$ 7,109,014	$ —	$ —	$ 7,109,014
Special Revenue Funds:				
Commonwealth Transportation	3,565,752	—	—	3,565,752
Federal Trust	491,803	—	—	491,803
Literary	(49,631)	—	—	(49,631)
Nonmajor Governmental Funds	3,137,898	—	11,340	3,149,238
Total Governmental Funds	$ 14,254,836	$ —	$ 11,340	$ 14,266,176
Proprietary Funds				
Major Enterprise Funds:				
Virginia Lottery	$ (32,707)	$ —	$ —	$ (32,707)
Virginia College Savings Plan	1,650,776	—	—	1,650,776
Unemployment Compensation	132,808	—	—	132,808
Nonmajor Enterprise Funds	180,172	—	—	180,172
Total Enterprise Funds	$ 1,931,049	$ —	$ —	$ 1,931,049
Internal Service	$ (81,027)	$ 2	$ —	$ (81,025)
Fiduciary Funds				
Private Purpose Trust Funds	$ 7,341,874	$ —	$ (11,340)	$ 7,330,534
Pension and Other Employee Benefit Trust Funds	$ 102,369,619	$ —	$ —	$ 102,369,619
Custodial Funds - External Investment Pools	$ 7,752,280		$ —	$ 7,752,280
Custodial Funds - Other	$ 597,954	$ —	$ —	$ 597,954
Component Units:				
Virginia Housing Development Authority	$ 3,718,619	$ (187)	$ —	$ 3,718,432
Virginia Public School Authority	37,382	—	—	37,382
Virginia Resources Authority	1,877,349	—	—	1,877,349
Virginia College Building Authority	(4,855,902)	—	—	(4,855,902)
Nonmajor Component Units	38,312,782	221,860	—	38,534,642
Total Component Units	$ 39,090,230	$ 221,673	$ —	$ 39,311,903

3. NET POSITION/FUND BALANCE CLASSIFICATIONS

Fund Balance

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* improved the reporting of fund balance so that classifications are more easily understood and can be applied consistently between information reported in the government-wide financial statements and the governmental fund financial statements. The governmental fund balance classifications defined in GASB Statement No. 54 are: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

Nonspendable fund balance includes inventories, prepaid items, and the principal of a permanent fund. These funds are not available for expenditure in the current or following period.

Restricted fund balance includes amounts that have constraints placed on the use of resources by the Constitution of Virginia or a party external to the Commonwealth.

Committed fund balance includes amounts that must be spent for specific purposes that have been legislatively mandated by the Governor and General Assembly.

Assigned fund balance represents amounts that the Commonwealth has identified for planned purposes but for which the intended use is not legislatively mandated. The assignments are identified by Commonwealth management pursuant to the delegation of authority granted by the General Assembly and Governor specified in the Appropriation Act. The following schedule includes committed and assigned amounts that share the same purpose and title. The distinction between these classifications results from whether there is a statutory restriction on certain amounts contained within the fund.

Unassigned fund balance for the General Fund represents the residual classification. As of June 30, no unassigned fund balance is reported for the General Fund (major). Additionally, a negative amount indicates that restricted and committed amounts exceed the available modified accrual basis fund balance. For fiscal year 2022, there are no unassigned balances in the governmental funds.

The governmental fund balance classifications and amounts as of June 30, 2022, are shown in the following table.

Governmental Fund Balance Classifications

(Dollars in Thousands)

	General Fund	Commonwealth Transportation	Federal Trust	Literary	Nonmajor Governmental	Total
Nonspendable						
Inventory	$ 46,141	$ 107,326	$ 98,023	$ —	$ 6,520	$ 258,010
Prepaid Items	141,667	10,994	2,274	—	14,341	169,276
Permanent Funds	—	—	—	—	45,440	45,440
Total Nonspendable	187,808	118,320	100,297	—	66,301	472,726
Restricted						
Agriculture and Forestry	—	—	—	—	11,356	11,356
Capital Projects/Construction/Capital Acquisition	—	—	—	—	2,613,058	2,613,058
Contract and Debt Administration	—	9,500	—	—	—	9,500
COVID-19	—	967	125,966	—	—	126,933
Debt Service	—	—	—	—	45,549	45,549
Economic and Technological Development	—	—	—	—	106	106
Educational and Training Programs	—	—	—	—	5,105	5,105
Employee Benefit Administration	—	—	—	—	10,204	10,204
Environmental Quality and Natural Resource Preservation	—	—	—	—	19,101	19,101
Gifts and Grants	—	23	128,592	—	2,974	131,589
Government Operations:						
Administrative Services	—	—	—	—	2,354	2,354
Legislative Services	—	—	—	—	25	25
Health and Public Safety	—	—	—	—	101,773	101,773
Literary Fund	—	—	—	143,042	—	143,042
Lottery Proceeds Fund	17,873	—	—	—	—	17,873
Revenue Stabilization Fund	2,673,308	—	—	—	—	2,673,308
Transportation Activities	—	348,014	—	—	—	348,014
Unclaimed and Escheats	—	—	—	—	86,130	86,130
Virginia Water Supply Assistance Grant Fund	1,879	—	—	—	—	1,879
Total Restricted	2,693,060	358,504	254,558	143,042	2,897,735	6,346,899
Committed						
2022 Capital Supplement Pool	100,000	—	—	—	—	100,000
Agriculture and Forestry	473	—	—	—	43,081	43,554
Amount Required for Mandatory Reappropriation	807,724	—	—	—	—	807,724
Amount Required for Reappropriation of 2022 Unexpended Balances for Capital Outlay and Restoration Projects	554,788	—	—	—	—	554,788
Capital Projects/Construction/Capital Acquisition	3,724	—	—	—	678	4,402
Central Capital Planning Fund	18,717	—	—	—	—	18,717
Commonwealth's Development Opportunity Fund	77,814	—	—	—	—	77,814
Contract and Debt Administration	221	—	—	—	2,419	2,640
COVID-19	—	—	—	—	5,314	5,314
Economic and Technological Development	244,046	—	—	—	266,989	511,035
Educational and Training Programs	1,216	3,383	—	—	15,008	19,607
Environmental Quality and Natural Resource Preservation	55,364	—	—	—	236,427	291,791
Gifts and Grants	—	—	—	—	4,445	4,445
Government Operations:						
Administrative Services	298	—	—	—	96,811	97,109
Legislative Services	—	—	—	—	328	328
Health and Public Safety	39,529	2,661	—	—	341,403	383,593
Individual Income Tax Rebate	1,048,612	—	—	—	—	1,048,612
Interstate 64	150,000	—	—	—	—	150,000
Local Government Fiscal Distress	750	—	—	—	—	750
Major Headquarters Workforce Grant	35,500	—	—	—	—	35,500
Natural Disaster Sum Sufficient	9,053	—	—	—	—	9,053
Regulatory Oversight	—	—	—	—	191,498	191,498
Revenue Reserve Fund	1,507,570	—	—	—	—	1,507,570
Taxpayer Relief Fund	63	—	—	—	—	63
Transportation Activities	—	3,985,798	—	—	1,393	3,987,191
Virginia Business Ready Sites	50,000	—	—	—	—	50,000
Virginia Communication Sales and Use Tax	6,999	—	—	—	—	6,999
Virginia Health Care Fund	174,326	—	—	—	—	174,326
Virginia Retirement System	250,000	—	—	—	—	250,000
Virginia Water Quality Improvement Fund	113,064	—	—	—	—	113,064
Virginia Water Quality Improvement Fund - Part A	344,561	—	—	—	—	344,561
Virginia Water Quality Improvement Fund - Part B	99,481	—	—	—	—	99,481
Total Committed	5,693,893	3,991,842	—	—	1,205,794	10,891,529
Assigned						
Agriculture and Forestry	3	—	—	—	386	389
Amount Required by Chapter 2	3,023,463	—	—	—	—	3,023,463
Economic and Technological Development	5,541	—	—	—	2,894	8,435
Educational and Training Programs	8,239	—	—	—	10,071	18,310
Employee Benefit Administration	2,562	—	—	—	—	2,562
Environmental Quality and Natural Resource Preservation	14,384	—	—	—	11,642	26,026
Capital Projects/Construction/Capital Acquisition	1,199	—	—	—	—	1,199
COVID-19	255	—	—	—	—	255
Government Operations:						
Administrative Services	10,790	—	—	—	—	10,790
Legislative Services	5,628	—	—	—	—	5,628
Health and Public Safety	32,797	—	—	—	23,335	56,132
Regulatory Oversight	—	—	—	—	3	3
Transportation Activities	12	593	—	—	—	605
Total Assigned	3,104,873	593	—	—	48,331	3,153,797
Total Fund Balance	$ 11,679,634	$ 4,469,259	$ 354,855	$ 143,042	$ 4,218,161	$ 20,864,951

4. DEFICIT FUND BALANCES/NET POSITION

The Virginia Lottery (major enterprise fund), the Department of General Services' Consolidated Laboratory Services Fund, the Department of Environmental Quality's Title V Air Pollution Permit Fund, the Virginia Museum of Fine Arts Gift Shop (nonmajor enterprise funds), the Personnel Management Information System Fund, and the Payroll Service Bureau (internal service funds) ended the year with deficit net positions of $27.6 million, $3.2 million, $8.1 million, $1.8 million, $801,939, and $2.5 million, respectively. This was solely attributable to the net pension liability resulting from GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* and the other postemployment benefits (OPEB) obligation resulting from GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

The Risk Management Fund (nonmajor enterprise fund) ended the year with a deficit net position balance of $11.9 million. The deficit was a result of previous increases in claims liability for constitutional officers' programs exceeding premiums collected. Further, there are noncurrent liabilities related to net pension liabilities and other postemployment benefit obligations.

The Enterprise Application Fund (internal service fund) ended the year with a deficit net position balance of $34.7 million. The deficit was a result of working capital advances for the Human Capital Management System and noncurrent liabilities related to net pension liabilities and other postemployment benefit obligations.

The Property Management Fund (internal service fund) ended the year with a deficit net position balance of $24.3 million. The deficit was a result of the implementation of GASB Statement No. 87, *Leases*, where the lease liabilities exceeded the amortized lease assets. Further, there are noncurrent liabilities related to net pension liabilities and other postemployment benefit obligations.

The Risk Management Fund (internal service fund) ended the year with a deficit net position balance of $215.3 million. The deficit was the result of the Worker's Compensation Program having estimated claims payable exceeding the available equity in the fund. Claims are paid on a pay-as-you-go basis. To the extent that claims exceed current resources, they will ultimately become a liability of the fund from which the claim originated. Further, there are noncurrent liabilities related to net pension liabilities and other postemployment benefit obligations.

The Virginia College Building Authority (major component unit) ended the year with a deficit net position balance of $5.1 billion. This deficit occurs because the Authority issued bonds for the 21st Century College and Equipment programs subject to future appropriations from the General Fund of the Commonwealth without any other security. These future appropriations are not included as assets of the Authority. The General Assembly has never failed to appropriate funds to the Authority for payment of debt service on the Authority's bonds.

The Southern Virginia Higher Education Center (nonmajor component unit) ended the year with a deficit net position balance of $2.3 million. This deficit is solely attributable to net pension liability and other postemployment benefit obligations.

5. REVENUE STABILIZATION FUND

In accordance with Article X, Section 8 of the Constitution of Virginia, the amount estimated as required for deposit to the Revenue Stabilization Fund must be appropriated for that purpose by the General Assembly.

Under the provisions of Article X, Section 8 of the Constitution of Virginia, a deposit of $1.1 billion is required during fiscal year 2023 based on fiscal year 2021 revenue collections. Further, a deposit of $904.7 million is required during fiscal year 2024 based on fiscal year 2022 revenue collections reduced by the estimated rebate amount that will be provided to taxpayers as required by Chapter 1, 2022 Acts of Assembly Special Session I, Item 3-5.24. The fiscal year 2022 revenue collections and mandatory deposit was certified by the Auditor of Public Accounts on October 31, 2022. The mandatory deposit of $1.1 billion and deposit of $904.7 million are reported as restricted components of fund balance.

In addition, Chapter 1, Item 274. C1, appropriated an advance reservation of $498.7 million, which is included in the mandatory deposit of $904.7 million, for any required deposit attributable to actual tax collections for fiscal year 2022 for deposit to the Revenue Stabilization Fund during the 2022-2024 biennium (see Note 6). This amount is included as part of the restricted component of fund balance.

Section 2.2-1829(b) of the *Code of Virginia* requires an additional deposit into the Fund when specific criteria have been met. The specified criteria were not met for fiscal year 2022 when using the original fiscal year 2023 revenue estimate established in Chapter 2. However, in anticipation of a revised fiscal year 2023 revenue estimate that may require an additional deposit, $452.3 million was intended to be an assigned component of fund balance. However, since the negative unassigned fund balance resulting from modified accrual activity was offset against assignments pursuant to GASB reporting requirements, this amount is not part of assigned fund balance.

The Revenue Stabilization Fund has principal and interest on deposit of $640.9 million restricted as a part of General Fund balance. Pursuant to the constitutional amendment of Article X, Section 8, effective January 1, 2011, the amount on deposit cannot exceed 15.0 percent of the Commonwealth's average annual tax revenues derived from taxes on income and retail sales for the preceding three fiscal years. As of June 30, 2022, the constitutional maximum is $3.5 billion.

6. REVENUE RESERVE FUND

As of June 30, 2022, the fund has principal and interest on deposit of $2.0 billion recorded in the Commonwealth's general ledger and reported as cash on the Balance

Sheet. Pursuant to Chapter 1, Item 274. C2, the general ledger balance includes the advance reservation of $498.7 million for the fiscal year 2024 deposit to the Revenue Stabilization Fund (see Note 5). Accordingly, only $1.5 billion of the general ledger cash balance is included as a committed component of fund balance. This amount is set aside to mitigate certain anticipated revenue shortfalls when appropriations based on previous revenue forecasts exceed expected revenues in subsequent forecasts.

Section 2.2-1831.2 and 2.2-1831.3 of the *Code of Virginia* established the Revenue Reserve Fund and specified required deposits to the Fund. Whenever there is a fiscal year in which there is not a mandatory deposit to the Revenue Stabilization Fund, a deposit is required if the general fund revenue exceeds the official estimate. No deposit is required in the Revenue Reserve Fund since there is a mandatory deposit for the Revenue Stabilization Fund based on fiscal year 2022 revenues.

Additionally, any required annual deposit cannot exceed 1.0 percent of the total general fund revenues for the prior fiscal year. The combined balance of the Revenue Reserve Fund and the Revenue Stabilization Fund cannot exceed 20.0 percent of the total Commonwealth's average annual tax revenues derived from taxes on income and retail sales for the preceding three fiscal years. As of June 30, 2022, the calculated maximum balance for the Revenue Reserve Fund is $4.0 billion.

7. CASH, CASH EQUIVALENTS, AND INVESTMENTS

As of June 30, 2022, the carrying amount of cash for the primary government (including the Virginia Retirement System Pooled Investments) was $12.6 billion and the bank balance was $966.0 million. The carrying amount of cash for component units was $3.5 billion and the bank balance was $1.9 billion. Cash equivalents are investments with an original maturity of 90 days or less. Cash and cash equivalents for foundations (component units) totaled $843.4 million as of year-end. A portion of this amount and some balances during the year exceeded Federal Deposit Insurance Corporation (FDIC) insurance coverage. Foundation investments are disclosed in the Interest Rate Risk section of this note. Note 7 includes investment derivatives for the primary government and excludes derivatives for the component units. For additional information concerning derivative instruments, see Note 15.

For purposes of this note, primary government includes governmental, business-type activities, and fiduciary funds. The deposits of the primary government and the component units, excluding foundations (component units), are secured in accordance with the provisions of the Virginia Security for Public Deposits Act, Section 2.2-4400 et seq. of the *Code of Virginia*. The act requires any public depository that receives or holds public deposits to pledge collateral to the Treasury Board to cover public deposits in excess of Federal deposit insurance. The required collateral percentage is determined by the Treasury Board and ranges from 50.0 percent to 100.0 percent for financial institutions choosing the pooled method of collateralization, and from 105.0 percent to 130.0 percent for financial institutions choosing the dedicated method of collateralization. As stated in Note 1.FF, unrealized gains or losses for the State Treasurer's Portfolio are recorded in the General Fund. Public Depositors are required to secure their deposits pursuant to several applicable provisions of the law.

The Local Government Investment Pool Act, Section 2.2-4600 of the *Code of Virginia*, created the Local Government Investment Pool (Pool) program for the benefit of public entities of the Commonwealth. The Treasury Board of Virginia is granted administration of the Local Government Investment Pool (LGIP) and Local Government Investment Pool – Extended Maturity (LGIP EM) on behalf of the participating public entities of the Commonwealth. Participation in this pool is voluntary. Both LGIP and LGIP EM offer two professionally managed investment portfolios in accordance with the Investment of Public Funds Act. The LGIP portfolio is a diversified portfolio structured to provide public entities an investment alternative that seeks to minimize the risk of principal loss while offering daily liquidity, a stable Net Asset Value (NAV), and a competitive rate of return. The LGIP is not registered with the Securities Exchange Commission (SEC) as an investment company. The LGIP EM portfolio is a diversified portfolio with fluctuating NAV structured to provide an investment alternative to public entities who wish to invest monies not needed for daily liquidity. The fair value of the Commonwealth's position in the Pool is the same as the value of the Pool shares for all except for the LGIP EM whose shares fluctuate with changes in the market value of the portfolio.

Certain deposits are held by trustees in accordance with the Trust Subsidiary Act, Section 6.2-1057 of the *Code of Virginia*. The act requires that cash held by trustees while awaiting investment or distribution is not to be used by an affiliate bank of the trustee in the conduct of its business unless the affiliate bank delivers securities to the trust department as collateral that is at least equal to the fair value of the trust funds held on deposit in excess of amounts insured by the FDIC.

The Commonwealth is authorized, in accordance with the guidelines set forth in Section 2.2-4500 et seq. of the *Code of Virginia*, to invest public funds in the following:

- U.S. Treasury and agency securities
- Corporate debt securities
- Asset–backed securities
- Mortgage–backed securities
- Municipal securities
- AAA rated obligations of foreign governments
- Bankers' acceptances and bank notes
- Negotiable certificates of deposit
- Repurchase agreements
- Money market funds

Permitted investments include agency mortgage-backed securities, corporate or private label mortgage-backed securities, and asset-backed securities, which by definition usually expose the investor to prepayment risk. Prepayment risk, or the prepayment option granted the borrower, can create uncertainty concerning cash flows, can affect the price of the security causing negative convexity, and can expose the investor to reinvestment risk. Similarly, many agency and corporate securities are callable after some predetermined date at a predetermined price. The call options in regular agency debentures and some corporate securities can be open ended and may significantly impact cash flows, security pricing, and reinvestment risks of these securities.

As of June 30, 2022, the State Treasurer held no security that was in default as to principal or interest. The State Treasurer, with the exception of one security in one component unit portfolio with a maturity of April 1, 2027, had no securities that were out of compliance with guidelines.

Public funds held by the Commonwealth, public officers, municipal corporations, political subdivisions, and any other public body of the Commonwealth shall be held in trust for the citizens of the Commonwealth. Any investment of such funds shall be made solely in the interest of the citizens of the Commonwealth and with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

Certain investments held in trust by the State Treasurer in accordance with bond indentures and resolutions may have more restrictive investment policies. Investment policies of component units are established by the entity's governing boards.

The information presented for the external investment pool was obtained from audited financial statements. Copies of the LGIP report may be obtained from the Department of the Treasury website at www.trs.virginia.gov.

The Board of Trustees (the Board) of the Virginia Retirement System (the System) (part of primary government) has full power to invest and reinvest the trust funds in accordance with Section 51.1-124.30 of the *Code of Virginia*, as amended. This section requires the Board to discharge its duties solely in the interests of members, retirees, and beneficiaries. It also requires the Board to invest the assets with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The Board must also diversify such investments so as to minimize the risk of large losses, unless under the circumstances, it is clearly prudent not to do so. The Board does not have investment policies that place specific restrictions on investments related to custodial risk, interest rate risk, credit risk, or foreign currency risk. The System's investment portfolio is intended to be managed through diversification and prudent judgment, rather than through specific policy restrictions.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a depository bank failure, the Commonwealth may not be able to recover deposits or collateral securities that are in the possession of an outside party. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Commonwealth may not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Policies related to custodial credit risk pertaining to the Commonwealth's securities lending program are found in the securities lending section of this note.

As of June 30, 2022, the primary government (excluding the System's pooled investments) had $16.5 million in bank balances that were uninsured and uncollateralized. There is no deposit policy that addresses custodial credit risk.

As of June 30, 2022, investment securities for the System (excluding cash equivalents and repurchase agreements held as securities lending collateral) were registered and held in the name of the System for the benefit of the System's trust and custodial funds and were not exposed to custodial credit risk. It is the standard practice and policy of the System, through the relevant provisions in its contracts and agreements with third parties, to minimize all known and reasonably foreseeable custodial credit risks.

As of June 30, 2022, component units had $30.8 million in bank balances that were uninsured and uncollateralized, and $17.9 million in bank balances that were uninsured and collateralized with securities held by the pledging financial institution. In addition, the Virginia Housing Development Authority (major) and Virginia Port Authority (nonmajor) held $326.7 million and $424.2 million, respectively, of investments, primarily commercial paper, that were uninsured and held by the counterparty as of June 30, 2022.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. As discussed in Note 1.F., the Commonwealth discloses the risk for its debt investments using the segmented time distribution method for the primary government (excluding the Virginia College Savings Plan's Defined Benefit 529 and Defined Contribution 529 programs and the Virginia Retirement System Pooled Investments) and component units and the effective duration method for Virginia College Savings Plan (Defined Benefit 529 and Defined Contribution 529 programs) and the System (Virginia Retirement System Pooled Investments).

The State Treasurer's guidelines limit the following maximum durations for any single security of the following investment types:

Security Type	Maximum Duration
Corporate Security	15 years
Asset-Backed Securities	5 years
Sovereign Government Obligations (excluding U.S.)	5 years
Negotiable Certificates of Deposit and Negotiable Bank Notes	5 years

The State Treasurer's guidelines further describe target durations for the overall general account portfolio of 1.7 years.

The Virginia College Savings Plan (Virginia529) manages the risk for fixed income investment securities held in its Defined Benefit 529 and Defined Contribution 529 programs using the effective duration methodology. Virginia529's Statements of Investment Policy and Guidelines do not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Although not an explicit requirement, duration of fixed income portfolios, if applicable, is expected to be within 20.0 percent of each portfolio's designated benchmark.

The System also manages the risk within its portfolio using the effective duration methodology. It is widely used in the management of fixed income portfolios in that it quantifies, to a much greater degree, the risk of interest rate changes. The methodology takes into account optionality on bonds and scales the risk of price changes on bonds depending on the degree of change in rates and the slope of the yield curve. All of the System's fixed-income portfolios are managed in accordance with the System's investment guidelines, most of which are specific as to the degree of interest rate risk that can be taken.

As of June 30, 2022, the System's investments included $2.1 billion, primarily in corporate bonds and notes, U.S. Treasury and agency securities, and supranational and non-U.S. Government bonds and notes, which are highly sensitive to interest rate fluctuations in that they have an option adjusted duration of greater than ten years. The resulting reduction in expected total cash flows affects the fair value of these securities.

As of June 30, 2022, the Commonwealth's investments subject to interest rate risk had the following maturities and weighted average effective durations.

Primary Government Investments
(Excluding Virginia College Savings Plan and Virginia Retirement System Pooled Investments)
(Dollars in Thousands)

Investment Type	June 30, 2022	Investment Maturities (in years): Less Than 1	1-5	6-10	More Than 10
Debt Securities					
U. S. Treasury and Agency Securities	$ 4,383,802	$ 1,085,325	$ 2,541,897	$ 466,351	$ 290,229
Corporate Bonds and Notes	1,967,839	283,456	932,300	569,794	182,289
Supranational and Non-U.S. Government Bonds and Notes	619,281	611,957	7,324	—	—
Commercial Paper	8,889,273	8,889,273	—	—	—
Negotiable Certificates of Deposit	11,261,476	11,261,476	—	—	—
Repurchase Agreements	3,839,075	3,839,075	—	—	—
Municipal Securities	48,037	211	6,673	19,847	21,306
Asset-Backed Securities	455,978	927	188,216	41,533	225,302
Agency Mortgage-Backed Securities	825,380	5,944	11,318	45,774	762,344
Agency Unsecured Bonds and Notes	6,997,098	3,184,067	3,802,706	6,678	3,647
Mutual and Money Market Funds (Includes SNAP)	4,525,428	4,525,428	—	—	—
Fixed Income and Commingled Funds	5,722	2,236	3,486	—	—
Other Debt Securities	205	205	—	—	—
Total	$ 43,818,594	$ 33,689,580	$ 7,493,920	$ 1,149,977	$ 1,485,117

Primary Government - Virginia College Savings Plan Investments
(Dollars in Thousands)

Investment Type	Defined Benefit 529 (Major Enterprise Fund): June 30, 2022	Defined Benefit 529 (Major Enterprise Fund): Weighted Avg. Effective Duration (in years)	Defined Contribution 529 (Private Purpose Trust Fund): June 30, 2022	Defined Contribution 529 (Private Purpose Trust Fund): Weighted Avg. Effective Duration (in years)
Debt Securities				
U. S. Treasury and Agency Securities	$ 19,451	4.7	$ 7,876	4.5
Corporate Bonds and Notes	524,836	2.4	386,741	6.4
Convertible Bonds and Notes*	86,236	2.0	—	—
Supranational and Non-U.S. Government Bonds and Notes	4,629	6.7	—	—
Asset Backed Securities	88,014	1.2	8,247	<0.1
Agency Mortgage Backed Securities	43,067	5.1	—	—
Mutual and Money Market Funds	127,647	<0.1	84,352	<0.1
Guaranteed Investment Contracts	—	—	1,577,653	3.8
Fixed Income and Commingled Funds*	728,098	5.7	932,325	6.8
Total	$ 1,621,978	3.7	$ 2,997,194	4.9

*Effective duration is calculated using a methodology that takes into account the duration impact of equity warrants and rate-sensitive instruments.

Primary Government - Virginia Retirement System Pooled Investments
(Dollars in Thousands)

Investment Type	**June 30, 2022**	**Weighted Avg. Effective Duration (in years)**
Debt Securities		
U. S. Treasury and Agency Securities	$ 5,043,060	5.8
Corporate Bonds and Notes	8,269,463	3.9
Collateralized Mortgage Obligations	304,985	4.8
Commercial Mortgages	207,893	1.3
Supranational and Non-U.S. Government Bonds and Notes	852,630	7.2
Mutual and Money Market Funds	98,060	6.6
Commercial Paper	3,219,875	0.1
Negotiable Certificates of Deposit	1,280,344	0.2
Repurchase Agreements	889,293	< 0.1
Municipal Securities	76,558	8.4
Asset Backed Securities	282,753	2.6
Agencies	2,864,886	4.6
Fixed Income and Commingled Funds	1,473,505	6.1
Fixed Income Derivatives	(10,011)	9.7
Time Deposits	926,646	< 0.1
Term Loans	46,160	0.2
Debt Securities - No Effective Duration		
U.S. Treasury and Agency Securities	61,528	N/A
Corporate Bonds and Notes	22,631	N/A
Collateralized Mortgage Obligations	18,207	N/A
Commercial Mortgages	9,415	N/A
Supranational and Non-U.S. Government Bonds and Notes	512	N/A
Mutual and Money Market Funds	15,193	N/A
Asset Backed Securities	11,983	N/A
Agencies	10,324	N/A
Term Loans	2,956	N/A
Fixed Income Derivatives	1,506	N/A
Total	$ 25,980,355	3.6

Component Unit Investments
(Dollars in Thousands)

Investment Type	June 30, 2022	Investment Maturities (in years): Less Than 1	1-5	6-10	More Than 10
Debt Securities					
U. S. Treasury and Agency Securities	$ 1,524,550	$ 861,527	$ 482,811	$ 110,014	$ 70,198
Corporate Bonds and Notes	559,680	174,287	358,023	22,386	4,984
Commercial Paper	393,458	393,458	—	—	—
Negotiable Certificates of Deposit	66,433	63,315	3,118	—	—
Repurchase Agreements	654,457	654,457	—	—	—
Municipal Securities	172,253	8,858	72,424	59,220	31,751
Asset-Backed Securities	340,380	36,959	242,065	6,472	54,884
Agency Unsecured Bonds and Notes	252,649	203,617	49,032	—	—
Agency Mortgage-Backed Securities	1,114,632	9,192	22,552	10,642	1,072,246
Mutual and Money Market Funds (Includes SNAP)	1,402,974	1,329,569	64,374	7,830	1,201
Guaranteed Investment Contracts	27,275	8,308	11,443	7,524	—
International and Emerging Markets Funds	4,815	1,712	1,130	—	1,973
Fixed Income and Commingled Funds	100,474	16,081	41,609	39,418	3,366
Other Debt Securities	71,437	46,413	244	—	24,780
Total	$ 6,685,467	$ 3,807,753	$ 1,348,825	$ 263,506	$ 1,265,383

Foundation Investments
(Dollars in Thousands)

Investment Type	Amount
U.S. Treasury and Agency Securities	$ 706,420
Common and Preferred Stocks	876,776
Corporate Bonds and Notes	386,779
Negotiable Certificates of Deposit	9,634
Municipal Securities	79,335
Repurchase Agreements	395,453
Asset Backed Securities	22,003
Agency Mortgage Backed Securities	11,035
Mutual and Money Market Funds	783,121
Bankers' Acceptance	94,435
Real Estate	685,259
Index Funds	366,391
Hedge Funds	2,585,525
Partnerships	3,984,094
Venture Capital	1,560,380
Other	7,903,661
Total	$ 20,450,301

Note: Foundations represent FASB reporting entities defined in Note 1.B. A portion of these amounts is reported at cost rather than fair value because fair value was not available or readily determinable.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The State Treasurer places emphasis on securities of high credit quality and marketability. At the time of purchase, the following limitations are in place:

- Bankers acceptances: At least two ratings of P-1/A-1/F1 by Moody's Investors Service (Moody's), Standard & Poor's (S&P), or Fitch
- Negotiable CDs and bank notes:
    - maturities of one year or less: At least two ratings of P-1/A-1/F1 by Moody's, S&P, or Fitch
    - maturities over one year: At least two ratings of Aa/AA/AA by Moody's, S&P, or Fitch
- Commercial paper: At least two ratings of P-1/A-1/F1 by Moody's, S&P, or Fitch
- Corporate Notes and Bonds: At least two ratings of A-3/A-/A- by Moody's, S&P, or Fitch. However, each external investment manager may invest up to 10.0 percent of their portfolio in Baa2/BBB rated bonds which, must be rated by two rating agencies and one of the two qualifying ratings shall be at least Baa2/BBB/BBB by Moody's, S&P, or Fitch.
- Municipal Bonds: A-3/A- or equivalent by two nationally recognized rating agencies, one of which must be Moody's or S&P
- Asset-backed securities: One of the two qualifying ratings shall be at least Aaa/AAA/AAA by Moody's, S&P, or Fitch
- Dollar denominated obligations of sovereign governments: Must be rated by two rating agencies with two qualifying ratings of at least Aaa/AAA/AAA by Moody's, S&P, or Fitch
- Commercial Mortgage-Backed Securities (CMBS) and Collateralized Mortgage Obligations (CMOs): Must be rated at least Aaa or AAA by two rating agencies. One of the two qualifying ratings shall be at least Aaa/AAA/AAA by Moody's, S&P, or Fitch.

The System's policy for credit risk is based on the concept of a risk budget rather than specific limitations related to the rating of an individual security. The System's risk budget is allocated among the different investment strategies.

Credit risk for derivative instruments held by the Commonwealth results from counterparty risk assumed by the Commonwealth. This is essentially the risk that the borrower will be unable to meet its obligation. Information regarding the Commonwealth's credit risk related to derivatives is found in Note 15.

Policies related to credit risk pertaining to the Commonwealth's securities lending program are found in the Securities Lending section of this note.

The following tables present the credit ratings for the investments of the primary government (excluding the Virginia Retirement System Pooled Investments), the System (Virginia Retirement System Pooled Investments), and component units as of June 30, 2022. The ratings presented are using Moody's, S&P, and Fitch rating scales. They are displayed from short-term to long-term.

Primary Government (Excluding Virginia Retirement System Pooled Investments)

(Dollars in Thousands)

Investment Type (1)	P-1 / A-1 / F1	Percent of Portfolio	P-2 / A-2 / F2	Percent of Portfolio	P-3 / A-3 / F3	Percent of Portfolio	Aaa / AAA
Agency Mortgage Backed Securities	$ —	0.0 %	$ —	0.0 %	$ —	0.0%	$ 801
Agency Unsecured Bonds and Notes	2,578,697	5.9 %	—	0.0 %	—	0.0%	9,174
Asset Backed Securities	1,925	0.0 %	2,224	0.0 %	249	0.0%	461,603
Commercial Paper	8,889,273	20.2 %	—	0.0 %	—	0.0%	—
Convertible Bonds and Notes	—	0.0 %	5,526	0.0 %	—	0.0%	—
Corporate Bonds and Notes	28,278	0.1 %	180	0.0 %	351	0.0%	65,335
Fixed Income and Commingled Funds	—	0.0 %	—	0.0 %	—	0.0%	—
Guaranteed Investment Contracts	—	0.0 %	—	0.0 %	—	0.0%	—
Municipal Securities	—	0.0 %	—	0.0 %	—	0.0%	6,243
Mutual and Money Market Funds (Includes SNAP)	—	0.0 %	—	0.0 %	—	0.0%	4,665,174
Negotiable Certificates of Deposit	11,211,656	25.5 %	49,820	0.1 %	—	0.0%	—
Other Debt Securities	—	0.0 %	—	0.0 %	—	0.0%	—
Repurchase Agreements	2,665,000	6.1 %	765,000	1.8 %	—	0.0%	—
Supranational and Non-U.S. Government Bonds and Notes	8,216	0.0 %	—	0.0 %	—	0.0%	611,065
Total	$ 25,383,045	57.8 %	$ 822,750	1.9 %	$ 600	0.0%	$ 5,819,395

Primary Government – Virginia Retirement System Pooled Investments

(Dollars in Thousands)

Investment Type (1)	P-1 / A-1 / F1	Percent of Portfolio	P-2 / A-2 / F2	Percent of Portfolio	P-3 / A-3 / F3	Percent of Portfolio	Aaa / AAA
Corporate Bonds and Notes	$ 178,163	0.9%	$ —	0.0%	$ —	0.0%	$ 20,508
Collateralized Mortgage Obligations	—	0.0%	—	0.0%	—	0.0%	185,723
Commercial Mortgages	—	0.0%	—	0.0%	—	0.0%	143,259
Supranational and Non-U.S. Government Bonds and Notes	45,064	0.2%	—	0.0%	—	0.0%	21,240
Mutual and Money Market Funds	124	0.0%	—	0.0%	—	0.0%	1,819
Commercial Paper	2,059,763	10.2%	872,496	4.3%	—	0.0%	—
Negotiable Certificates of Deposit	905,269	4.5%	—	0.0%	—	0.0%	—
Repurchase Agreements	—	0.0%	—	0.0%	—	0.0%	—
Municipal Securities	—	0.0%	—	0.0%	—	0.0%	324
Asset Backed Securities	—	0.0%	—	0.0%	—	0.0%	100,492
Agencies	—	0.0%	—	0.0%	—	0.0%	—
Fixed Income and Commingled Funds	—	0.0%	—	0.0%	—	0.0%	—
Fixed Income Derivatives	—	0.0%	—	0.0%	—	0.0%	—
Term Loans	—	0.0%	—	0.0%	—	0.0%	—
Time Deposits	731,646	3.6%	—	0.0%	—	0.0%	—
Total	$ 3,920,029	19.4%	$ 872,496	4.3%	$ —	0.0%	$ 473,365

Component Units

(Dollars in Thousands)

Investment Type (1)	P-1 / A-1 / F1	Percent of Portfolio	P-2 / A-2 / F2	Percent of Portfolio	P-3 / A-3 / F3	Percent of Portfolio	Aaa / AAA
Agency Mortgage Backed Securities	$ —	0.0%	$ —	0.0%	$ —	0.0%	$ 1,069,511
Agency Unsecured Bonds and Notes	42,777	0.8%	—	0.0%	—	0.0%	198,902
Asset Backed Securities	—	0.0%	—	0.0%	—	0.0%	290,889
Commercial Paper	384,941	7.5%	1,245	0.0%	—	0.0%	—
Corporate Bonds and Notes	—	0.0%	—	0.0%	—	0.0%	17,672
Fixed Income and Commingled Funds	—	0.0%	—	0.0%	—	0.0%	6,925
Guaranteed Investment Contracts	—	0.0%	—	0.0%	—	0.0%	—
International and Emerging Markets Funds	—	0.0%	—	0.0%	—	0.0%	—
Municipal Securities	—	0.0%	—	0.0%	—	0.0%	21,906
Mutual and Money Market Funds (Includes SNAP)	10,156	0.2%	—	0.0%	—	0.0%	1,302,895
Negotiable Certificates of Deposit	60,700	1.2%	—	0.0%	—	0.0%	—
Other Debt Securities	—	0.0%	—	0.0%	—	0.0%	24,780
Repurchase Agreements	104	0.0%	—	0.0%	—	0.0%	—
Total	$ 498,678	9.7%	$ 1,245	0.0%	$ —	0.0%	$ 2,933,480

(1) Excludes investments of $4.5 billion for primary government (excluding Virginia Retirement System Pooled Investments), $5.8 billion for the System (Virginia Retirement System Pooled Investments), and $1.6 billion for component units because obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government, Guaranteed Investment Contracts, United States Treasury Notes, or Repurchase Agreements which are collateralized by equity securities but not considered obligations of the U.S. Government and money market funds invested in Federated Hermes Government Obligations are not considered to have credit risk.

Amount by Credit Rating - Moody's / S&P / Fitch

Percent of Portfolio	Aa / AA	Percent of Portfolio	A	Percent of Portfolio	Baa / BBB	Percent of Portfolio	Less Than Investment Grade	Percent of Portfolio	Unrated	Percent of Portfolio	Grand Total
0.0 %	$ 864,357	2.0 %	$ 3,289	0.0 %	$ —	0.0 %	$ —	0.0 %	$ —	0.0 %	$ 868,447
0.0 %	4,409,111	10.0 %	22	0.0 %	3	0.0 %	23	0.0 %	68	0.0 %	6,997,098
1.1 %	16,932	0.0 %	17,379	0.0 %	21,789	0.1 %	3,792	0.0 %	26,346	0.1 %	552,239
0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	8,889,273
0.0 %	—	0.0 %	7,190	0.0 %	19,665	0.0 %	3,119	0.0 %	50,736	0.1 %	86,236
0.2 %	289,916	0.7 %	1,003,135	2.3 %	717,391	1.7 %	757,676	1.7 %	17,154	0.0 %	2,879,416
0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	1,666,145	3.8 %	1,666,145
0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	1,577,653	3.6 %	1,577,653
0.0 %	26,101	0.1 %	13,773	0.0 %	—	0.0 %	—	0.0 %	1,920	0.0 %	48,037
10.6 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	72,253	0.2 %	4,737,427
0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	11,261,476
0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	205	0.0 %	205
0.0 %	—	0.0 %	—	0.0 %	1	0.0 %	—	0.0 %	309,072	0.7 %	3,739,073
1.3 %	202	0.0 %	—	0.0 %	1,119	0.0 %	2,163	0.0 %	1,145	0.0 %	623,910
13.2 %	$ 5,606,619	12.8 %	$ 1,044,788	2.3 %	$ 759,968	1.8 %	$ 766,773	1.7 %	$ 3,722,697	8.5 %	$ 43,926,635

Amount by Credit Rating - Moody's / S&P / Fitch

Percent of Portfolio	Aa / AA	Percent of Portfolio	A	Percent of Portfolio	Baa / BBB	Percent of Portfolio	Less Than Investment Grade	Percent of Portfolio	Unrated	Percent of Portfolio	Grand Total
0.1%	$ 598,257	2.9%	$ 2,991,782	14.8%	$ 1,777,355	8.8%	$ 2,494,887	12.4%	$ 231,142	1.1%	$ 8,292,094
0.9%	10,316	0.1%	10,544	0.1%	10,472	0.1%	22,262	0.1%	83,875	0.4%	323,192
0.7%	31,439	0.2%	6,055	0.0%	—	0.0%	5,927	0.0%	30,628	0.2%	217,308
0.1%	40,044	0.2%	105,341	0.5%	195,138	1.0%	399,296	2.0%	47,019	0.2%	853,142
0.0%	—	0.0%	1,477	0.0%	—	0.0%	66,671	0.3%	43,162	0.2%	113,253
0.0%	—	0.0%	237,616	1.2%	—	0.0%	—	0.0%	50,000	0.2%	3,219,875
0.0%	—	0.0%	195,100	1.0%	—	0.0%	—	0.0%	179,975	0.9%	1,280,344
0.0%	115,533	0.5%	79,639	0.4%	—	0.0%	—	0.0%	—	0.0%	195,172
0.0%	58,390	0.3%	14,061	0.1%	—	0.0%	—	0.0%	3,783	0.0%	76,558
0.5%	31,996	0.2%	105,949	0.5%	21,264	0.1%	12,306	0.1%	22,729	0.1%	294,736
0.0%	61,804	0.4%	—	0.0%	—	0.0%	—	0.0%	2,813,406	13.9%	2,875,210
0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	1,473,505	7.3%	1,473,505
0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	(8,505)	0.0%	(8,505)
0.0%	—	0.0%	—	0.0%	—	0.0%	49,116	0.2%	—	0.0%	49,116
0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	195,000	1.0%	926,646
2.3%	$ 947,779	4.8%	$ 3,747,564	18.6%	$ 2,004,229	10.0%	$ 3,050,465	15.1%	$ 5,165,719	25.5%	$ 20,181,646

Amount by Credit Rating - Moody's / S&P / Fitch

Percent of Portfolio	Aa / AA	Percent of Portfolio	A	Percent of Portfolio	Baa / BBB	Percent of Portfolio	Less Than Investment Grade	Percent of Portfolio	Unrated	Percent of Portfolio	Grand Total
20.8 %	$ 40,552	0.8%	$ 11	0.0%	$ —	0.0%	$ —	0.0%	$ 4,558	0.1%	$ 1,114,632
3.9 %	10,072	0.2%	—	0.0%	—	0.0%	—	0.0%	898	0.0%	252,649
5.7 %	13,229	0.3%	9,204	0.2%	14,691	0.3%	2,357	0.1%	10,010	0.2%	340,380
0.0 %	—	0.0%	—	0.0%	1,993	0.0%	—	0.0%	5,279	0.1%	393,458
0.3 %	74,557	1.5%	425,299	8.2%	40,472	0.8%	—	0.0%	1,680	0.0%	559,680
0.1 %	5,931	0.1%	11,697	0.2%	—	0.0%	—	0.0%	73,045	1.4%	97,598
0.0 %	5,654	0.1%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	5,654
0.0 %	423	0.0%	2,419	0.1%	—	0.0%	—	0.0%	1,973	0.0%	4,815
0.4 %	104,614	2.0%	39,226	0.8%	2,513	0.1%	1,949	0.0%	2,045	0.0%	172,253
25.5 %	62,932	1.2%	—	0.0%	—	0.0%	—	0.0%	25,203	0.5%	1,401,186
0.0 %	—	0.0%	180	0.0%	1,157	0.0%	—	0.0%	4,396	0.1%	66,433
0.5 %	46	0.0%	198	0.0%	—	0.0%	—	0.0%	46,413	0.9%	71,437
0.0 %	—	0.0%	—	0.0%	625,000	12.2%	—	0.0%	29,353	0.6%	654,457
57.2 %	$ 318,010	6.2%	$ 488,234	9.5%	$ 685,826	13.4%	$ 4,306	0.1%	$ 204,853	3.9%	$ 5,134,632

Concentration of Credit Risk

Primary Government

Concentration of credit risk is related to the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The State Treasury and the System have individual investment policies limiting the amounts that may be invested in any single issuer.

It is the State Treasurer's policy that each portfolio will be diversified with no more than 4.0 percent of the value of the fund invested in the securities of any single issuer. This limitation shall not apply to the U.S. Government, or agency thereof, or U.S. Government sponsored corporation securities and fully insured and/or collateralized certificates of deposit. Certain portfolios are limited to amounts less than 4.0 percent of the value of the fund invested in the securities of any single issuer. As of June 30, 2022, more than 5.0 percent of the Commonwealth's investments were in the Federal Farm Credit Bank, which totaled $2.8 billion. Since these securities are exempted from the State Treasury investment policies, all investments are compliant with investment policies.

The System's investment guidelines for each specific portfolio also limit investments in any corporate entity to no more than 5.0 percent of the market value of the account for both the internally and externally managed portfolios. The System has no investments in any commercial or industrial organization whose fair value equals 5.0 percent or more of the System's fiduciary net position.

Foreign Currency Risk

Primary Government

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. All primary government investments exposed to foreign currency risk were part of the System, the Virginia College Savings Plan's (Virginia529) Defined Benefit 529 Program (major enterprise fund) and Defined Contribution 529 Program (fiduciary fund), and the Unclaimed Property (nonmajor special revenue fund) portfolios as of June 30, 2022. There is no investment policy related to foreign currency risk for the Unclaimed Property portfolio. Virginia529 has direct exposure to foreign currency risk through several investment mandates. Investment managers use currency forward contracts to hedge risks associated with currency fluctuations.

The System's foreign currency risk exposures, or exchange rate risk, primarily exist in the international and global equity investment holdings. The net realized gains and losses resulting from the settlement of foreign currency transactions and unrealized gains and losses associated with unsettled transactions are recorded in Investment Income in the Statement of Changes in Fiduciary Net Position. The Commonwealth's exposure to foreign currency risk as of June 30, 2022 is highlighted in the following tables.

Component Units

All nonmajor component unit investments exposed to foreign currency risk were part of James Madison University, the Virginia Economic Development Partnership, and the Virginia School for the Deaf and Blind Foundation as of June 30, 2022. None of these entities have investment policies related to foreign currency risk.

Foreign Currency Exposures by Asset Class - Primary Government
(Excluding Virginia Retirement System Pooled Investments)
(Dollars in Thousands)

Currency	Deposits	Common and Preferred Stocks	Fixed Income and Commingled Funds	Equity Index and Pooled Funds	International and Emerging Market Funds	Total
Euro Currency Unit	$ 4,772	$ 960	$ 43,003	$ 33,633	$ 31,812	$ 114,180
Japanese Yen	84	—	—	22,075	—	22,159
Swiss Franc	232	8	—	18,203	—	18,443
Australian Dollar	25	1	—	14,080	—	14,106
British Pound Sterling	29	40	5,638	9,577	—	15,284
Colombian Peso	253	—	—	—	—	253
Swedish Krona	63	—	—	2,429	—	2,492
Danish Krone	170	—	—	8,638	—	8,808
Hong Kong Dollar	6	32	—	1,131	—	1,169
Israeli Shekel	—	—	—	4,206	—	4,206
US Dollar	—	—	—	346	—	346
Russian Ruble	—	—	602	—	—	602
Singapore Dollar	—	—	—	2,162	—	2,162
Norwegian Krone	4	2	—	3,671	—	3,677
Canadian Dollar	—	523	—	—	—	523
New Zealand Dollar	2	—	—	62	—	64
South African Rand	56	—	276	—	—	332
Mexican Peso	47	—	276	—	—	323
Brazil Real	74	—	277	—	—	351
Indonesian Rupiah	—	—	292	—	—	292
Chilean Peso	273	—	—	—	—	273
Total	$ 6,090	$ 1,566	$ 50,364	$ 120,213	$ 31,812	$ 210,045

Foreign Currency Exposures by Asset Class
Primary Government - Virginia Retirement System Pooled Investments
(Dollars in Thousands)

Currency	Cash and Short-term Investments	Equity	Fixed Income	Private Equity	Real Assets	International Funds	Forward Contracts	Total
U.S. Dollar	$ —	$ —	$ —	$ —	$ —	$ 2,462,062	$ —	$ 2,462,062
Euro Currency Unit	1,385,910	1,641,483	82,625	1,191,918	452,111	—	185,819	4,939,866
Japanese Yen	17,244	1,207,154	14,244	—	132,537	294,535	(290,172)	1,375,542
Hong Kong Dollar	7,349	808,452	16,435	—	61,257	—	(51,205)	842,288
British Pound Sterling	5,232	975,823	2,851	—	82,111	—	21,660	1,087,677
South Korean Won	1,170	332,336	—	—	1,234	—	(40)	334,700
Swiss Franc	7,205	459,350	1,587	—	13,179	—	(344,626)	136,695
New Zealand Dollar	96	6,509	—	—	4,176	—	(68,129)	(57,348)
Canadian Dollar	4,230	612,614	—	—	62,487	—	112,053	791,384
Brazil Real	2,274	166,273	3,226	—	25,680	—	4,152	201,605
Australian Dollar	1,366	351,755	—	—	69,096	—	(10,155)	412,062
Indian Rupee	1,051	208,369	—	—	—	—	(4,533)	204,887
South African Rand	375	58,505	4,126	—	11,268	—	(2,529)	71,745
New Taiwan Dollar	2,782	317,192	—	—	—	—	(11,321)	308,653
Thailand Baht	46	43,084	—	—	—	—	4,429	47,559
Swedish Krona	2,936	151,136	—	—	19,531	—	103,112	276,715
Indonesian Rupiah	1,874	62,298	—	—	—	—	(2,061)	62,111
Mexican Peso	(2,982)	31,406	361	—	12,070	—	728	41,583
Turkish Lira	9	22,901	—	—	1,480	—	(1,510)	22,880
Polish Zloty	(573)	24,764	—	—	—	—	3,780	27,971
Russian Ruble	41	45	708	—	—	—	—	794
Malaysian Ringgit	614	11,758	—	—	—	—	1,298	13,670
Danish Krone	3,371	122,156	—	—	—	—	(17,477)	108,050
Colombian Peso	229	270	3,360	—	—	—	(1,380)	2,479
Peruvian Sol	2	—	5,184	—	—	—	(4,610)	576
Czech Koruna	1,010	572	—	—	—	—	(4,048)	(2,466)
Hungarian Forint	279	12,916	—	—	—	—	1,945	15,140
Chinese Yuan Renminbi	1,524	123,967	29,815	—	—	—	(61,066)	94,240
Israeli Shekel	290	57,493	—	—	2,737	—	(25,075)	35,445
Chilean Peso	242	12,234	2,304	—	530	—	1,528	16,838
Egyptian Pound	10	456	—	—	—	—	—	466
Philippines Peso	22	4,173	—	—	—	—	(609)	3,586
UAE Dirham	5	8,704	—	—	—	—	—	8,709
Argentine Peso	1,556	—	—	—	—	—	—	1,556
Qatari Riyal	214	16,921	—	—	—	—	—	17,135
Uruguayan Peso	—	—	4,311	—	—	—	—	4,311
Ukraine Hryvnia	—	—	1,789	—	—	—	—	1,789
Romanian Leu	—	—	—	—	—	—	(1,161)	(1,161)
Moroccan Dirham	1	—	—	—	—	—	—	1
Saudi Arabian Riyal	399	39,214	—	—	—	—	—	39,613
Singapore Dollar	728	108,468	744	—	44,407	—	(78,414)	75,933
Norwegian Krone	1,098	86,860	—	—	529	—	(19,479)	69,008
Kenyan Shilling	—	1,417	—	—	—	—	—	1,417
Kazakhstan Tenge	—	—	1,118	—	—	—	—	1,118
Total	$ 1,449,229	$ 8,089,028	$ 174,788	$ 1,191,918	$ 996,420	$ 2,756,597	$ (559,096)	$ 14,098,884

Foreign Currency Exposures by Asset Class - Component Units

(Dollars in Thousands)

Currency	Common and Preferred Stock	Deposits	Total
British Pound Sterling	156	760	916
Euro Currency Unit	451	1,547	1,998
Swiss Franc	170	—	170
Japanese Yen	225	—	225
South Korean Won	9	—	9
Canadian Dollar	15	—	15
Brazil Real	8	—	8
Swedish Krona	18	—	18
New Taiwan Dollar	80	—	80
Indian Rupee	44	—	44
South African Comm Rand	2	—	2
Norwegian Krone	12	—	12
Mexican New Peso	15	—	15
Australian Dollar	7	—	7
Thailand Baht	8	—	8
Singapore Dollar	15	—	15
Indonesian Rupian	3	—	3
Russian Ruble	17	—	17
Danish Krone	104	—	104
Israeli Shekel	6	—	6
Peruvian Nuevo Sol	3	—	3
Argentina Peso	13	—	13
Chilean Peso	3	—	3
Chinese RMB	106	—	106
Hong Kong Dollar	55	—	55
Total	**$ 1,545**	**$ 2,307**	**$ 3,852**

Fair Value Measurements

Primary Government

GASB Statement No. 72, *Fair Value Measurement and Application*, requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy is based on the valuation inputs used to measure the fair value of assets.

- Level 1 inputs are quoted prices in active markets for identical assets;
- Level 2 inputs are significant other observable inputs and may include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or model-driven valuations;
- Level 3 inputs are derived using valuation techniques that have significant unobservable inputs.

Investments that do not have a readily determinable fair value are excluded from the fair value hierarchy and instead are valued by using the net asset value (NAV) per share (or its equivalent). In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant in the valuation.

The following tables summarize recurring fair value measurements for the cash equivalents and investments reported by the primary government (excluding Virginia Retirement System Pooled Investments) and the System (Virginia Retirement System Pooled Investments) as of June 30, 2022.

Fair Value Measurements - Primary Government
(Excluding Virginia Retirement System Pooled Investments)
(Dollars in Thousands)

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fair Value Measured Using Fair Value Hierarchy				
Debt Securities (1)				
U. S. Treasury and Agency Securities	$ 4,351,124	$ 3,875,421	$ 475,703	$ —
Corporate Bonds and Notes	2,852,216	1,927	2,850,289	—
Supranational and Non-U.S. Government Bonds and Notes	453,802	—	453,802	—
Commercial Paper	5,403,518	—	5,403,518	—
Convertible Bonds and Notes	86,236	—	86,236	—
Negotiable Certificates of Deposit	7,943,329	—	7,943,329	—
Municipal Securities	48,039	1,915	46,118	6
Asset Backed Securities	552,240	1	552,239	—
Agency Mortgage Backed Securities	868,447	—	868,447	—
Agency Unsecured Bonds and Notes	4,838,755	9,174	4,829,581	—
Mutual and Money Market Funds (Includes SNAP)	2,521	2,007	514	—
Fixed Income and Commingled Funds	938,046	938,046	—	—
Other Debt Securities	205	205	—	—
Total Debt Securities	28,338,478	4,828,696	23,509,776	6
Equity Securities (2)				
Common and Preferred Stocks	281,290	276,929	4,356	5
Foreign Currencies	715	715	—	—
Equity Index and Pooled Funds	2,778,275	2,778,265	—	10
Equity Mutual Funds	228,641	228,641	—	—
Real Estate	210,824	202,674	—	8,150
International and Emerging Markets Funds	370,798	370,798	—	—
Other Equity Securities	4,130	4,130	—	—
Total Equity Securities	3,874,673	3,862,152	4,356	8,165
Total by Fair Value Level	$ 32,213,151	$ 8,690,848	$ 23,514,132	$ 8,171
Fair value established using the net asset value (NAV) (3)				
Fixed Income and Commingled Funds	728,098			
Equity Index and Pooled Funds	574,652			
Real Estate	152,636			
Other Equity Securities	651,556			
Total Fair Value Established Using the Net Asset Value (NAV) (3)	2,106,942			
Total Fair Value	$ 34,320,093			

(1) Debt securities are classified as follows:
- Level 1 - valued using unadjusted quoted prices in active markets for those securities.
- Level 2 - valued using a matrix pricing model and observable prices using dealer quotes for similar securities traded in active markets.

(2) Equity securities are classified as follows:
- Level 1 - valued using unadjusted quoted prices in active markets for those securities.
- Level 2 - valued using dealer quotes for similar securities traded in active markets.
- Level 3 - valued using independent appraisals.

(3) Investments reported at fair value established using the NAV were all part of the Virginia College Savings Plan's (Virginia529) Defined Benefit 529 and Defined Contribution 529 programs. The following tables (dollars in thousands) summarizes Defined Benefit 529 and Defined Contribution 529's investments measured at the NAV and related disclosures as of June 30, 2022. In some cases, the actual NAV has not been determined by the external fund or investment managers as of the fiscal year end and must be projected using a roll-forward process. The projected NAV is the value at the end of the prior quarter, adjusted for any contributions or distributions and an estimate of income and management fees. There is no adjustment for realized and unrealized gains and losses. Additional information is available in the Virginia529 individually published financial statements, which may be obtained at www.virginia529.com.

Description of Defined Benefit 529 Investments Measured at the NAV:

Investments Measured at NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Equity Real Estate				
Related Real Estate	$ 11,057	$ 25,705		
UBS Realty Investors	54,934	—	Quarterly	60 Days
Private Debt & Private Equity Funds of Funds				
Golub Capital	62,125	7,875		
Schroder FOC II L	118,918	10,249		
Private Advisors	34,914	8,332		
Adams Street Partners	285,496	52,941		
LGT Capital Partners	7,657	2,410		
Neuberger Berman	34,519	7,200		
Aether Investment Partners	45,251	9,730		
Common fund	15,008	1,090		
Horseley Bridge Partners	14,078	9,714		
Hamilton Lane	47,534	21,158		
Ares Management	18,617	19,053		
Asia Alternatives	4,636	19,957		
Bain Capital	11,137	21,193		
Carlyle Global Credit	9,464	10,964		
Eagle Point Credit	10,610	9,456		
Morgan Stanley	82,097	—		
Starwood Capital	6,593	24,000		
Common Trust Funds & Other				
Wellington Management	190,887	—	Monthly	10 Days
Blackrock MSCI	372,685	—	Daily	5 Days
Black Rock	337,551	—	Daily	3 Days
Sands Capital	31,504	—	Monthly	10 Days
Total Investments Measured at the NAV	$ 1,807,272			

- **Equity Real Estate** – This investment type includes two limited partnerships. The UBS Trumbull Property Fund and The Related Real Estate Fund III's investment strategy is to invest primarily through direct equity-owned real estate assets. The funds also have flexibility to invest in joint venture and debt investments. Investments are generally acquired on an all-cash basis, however, debt may be used where these managers determine leverage is prudent and is expected to enhance total return without undue risk. The fair values of investments in this type have been determined using the NAV per share of Virginia529's ownership of the partnerships.

- **Private Debt and Private Equity Funds of Funds** – This investment type includes private equity funds of funds managed by 13 managers and four private debt funds. These investments cannot be redeemed from the fund. Capital is generally expected to be called during the initial four to five years and is expected to be returned through liquidations of underlying fund investments during the 3rd through 15th years. Secondary funds of funds may have an accelerated capital call and return of capital profile. Virginia529 invests in multiple funds with three of its private equity investment managers and is also diversified by vintage year with respect to these investments. The fair values of investments in this type have been determined using the March 31, 2022 NAV of Virginia529's ownership of the partnership, adjusted for cash flows (capital calls and distributions) through June 30, 2022.

- **Common Trust Funds & Other** – This investment type includes three common trust funds and one limited partnership. The fair value of investments in this type have been determined using the NAV per share of the investments.

Description of Defined Contribution 529 Investments Measured at the NAV:

Investments Measured at NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Common Trust Funds & Other				
Wellington Management Co. LLP	$ 201,967	$ —	Daily	N/A
Equity Real Estate				
UBS Realty Investors	32,695	—	Quarterly	60 Days
Blackstone Property Partners	65,008	—	Quarterly	90 Days
Total Investments Measured at the NAV	$ 299,670			

- **Common Trust Funds & Other:** This investment type includes one common trust fund. The fair value of investments in this type have been determined using the NAV per share of the investments.
- **Equity Real Estate** – This investment type includes two limited partnerships. The UBS Trumbull Property Fund's investment strategy is to invest primarily through direct equity-owned real estate assets. The fund also has flexibility to invest in joint venture and debt investments. Investments are generally acquired on an all-cash basis, however, debt may be used where UBS determines leverage is prudent and is expected to enhance total return without undue risk. Blackstone Property Partners is an open ended commingled fund seeking core plus real estate investments in the U.S. and Canada. The fair values of investments in this type have been determined using the NAV per share of Virginia529's ownership of the partnership.

Fair Value Measurements
Primary Government - Virginia Retirement System Pooled Investments
(Dollars in Thousands)

Fair Value Measured Using Fair Value Hierarchy	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities (1)				
U. S. Treasury and Agency Securities	$ 4,689,920	$ 4,284,650	$ 405,270	$ —
Corporate Bonds and Notes	8,227,964	—	8,227,964	—
Collateralized Mortgage Obligations	323,192	—	323,192	—
Commercial Mortgages	217,308	—	217,308	—
Supranational and Non-U.S. Government Bonds and Notes	808,078	—	808,078	—
Mutual and Money Market Funds	93,172	93,172	—	—
Negotiable Certificates of Deposit	29,975	—	29,975	—
Municipal Securities	76,558	—	76,558	—
Asset Backed Securities	294,736	—	294,736	—
Agencies	2,462,947	—	2,462,947	—
Term Loans	49,116	—	—	49,116
Fixed Income Derivatives	(8,505)	(9,019)	514	—
Total Debt Securities	17,264,461	4,368,803	12,846,542	49,116
Equity Securities (2)				
Common and Preferred Stocks	22,157,130	22,154,785	389	1,956
Equity Index and Pooled Funds	77,565	—	—	77,565
Real Assets	1,051,106	—	—	1,051,106
Equity Futures and Swaps	(3,434)	(3,333)	(101)	—
Private Equity	1,781	—	—	1,781
Total Equity Securities	23,284,148	22,151,452	288	1,132,408
Total by Fair Value Level	$ 40,548,609	$ 26,520,255	$ 12,846,830	$ 1,181,524
Total Fair Value Established Using the Net Asset Value (NAV) (3)	59,236,915			
Total Fair Value	$ 99,785,524			

(1) Debt securities are classified as follows:

- Level 1 - valued using unadjusted quoted prices in active markets for those securities.
- Level 2 - valued using bid evaluations or matrix pricing techniques. Inputs to the valuation techniques may include market participants' assumptions, quoted prices for similar assets, benchmark yield curves, market corroborated inputs, and other data inputs.
- Level 3 - valued using proprietary information.

(2) Equity securities are classified as follows:

- Level 1 - valued using unadjusted quoted prices in active markets for those securities.
- Level 2 - valued using quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; or model-driven valuations in which all significant inputs are observable.
- Level 3 - valued using proprietary information or single source pricing. When observable inputs are not available, this results in using one or more valuation techniques, such as the market approach, the income approach, and/or the cost approach, for which sufficient and reliable data is available. Within this level, the use of the market approach generally consists of using comparable market transactions or other data, while the use of the income approach generally consists of the net present value of estimated future cash flows. The cost approach is often based on the amount that would currently be required to replace an asset with one of comparable utility.

(3) The following table (dollars in thousands) summarizes the System's investments measured at the NAV per share (or its equivalent) and as a practical expedient are not classified in the fair value hierarchy. Cash equivalents and certain other short-term, highly liquid investments that are measured at amortized cost are also not classified in the fair value hierarchy. In some cases, the actual NAV has not been determined by the external fund or investment managers as of the System's fiscal year end and must be projected using a roll-forward process. The projected NAV is the value at the end of the prior quarter, adjusted for any contributions or distributions and an estimate of income and management fees. There is no adjustment for realized and unrealized gains and losses.

Description of Investments Measured at the NAV:

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Hedge funds				
Equity long/short funds	$ 4,787,051	$ 216,667	Monthly, quarterly, semi-annually, annually	30-90 days
Equity long only funds	1,919,068	—	Daily, quarterly, annually	14-90 days
Credit funds	136,014	—	Quarterly, semi-annually	90 days
Multi-strategy funds	2,712,704	—	Monthly, quarterly, semi-annually	5-90 days
Total hedge funds	9,554,837	216,667		
Credit strategies funds				
Bank loan and direct lending funds	4,337,498	1,996,105		
Distressed debt funds	1,505,230	1,104,801		
Mezzanine debt funds	1,089,873	1,530,948		
Multi-strategy funds	2,536,687	1,027,032		
Opportunistic funds	2,591,325	946,517		
Other Funds	1,683,466	2,351,942		
Total credit strategies funds	13,744,079	8,957,345		
Private equity funds				
Buyout funds	10,309,081	2,938,122		
Energy funds	611,650	98,317		
Growth funds	2,992,234	704,517		
International buyout funds	2,190,563	800,801		
Special situations funds	1,763,513	1,150,943		
Subordinated debt funds	229,285	374,749		
Turnaround funds	562,936	287,670		
Venture capital funds	125,370	5,716		
Total private equity funds	18,784,632	6,360,835		
Equity international commingled funds	2,813,735	—	Daily, semi-monthly	None, 6 days
Fixed-income commingled funds	1,473,505	—	Daily	None
Real estate and real asset funds				
Infrastructure funds	2,226,760	723,009		
Natural resources funds	1,901,699	619,993		
Private investment real estate funds	8,435,833	1,321,649		
Private real estate investment trusts	120,189	—		
Total real estate and real asset funds	12,684,481	2,664,651		
U. S. Equity commingled funds	181,646	—	Daily	None
Total investments measured at the NAV	$ 59,236,915	$ 18,199,498		

- **Equity Long/Short Hedge Funds** – This type included investments in ten hedge funds at June 30, 2022, which invest in global long and short equity positions. Management of each hedge fund has the ability to invest from value to growth strategies, from small to large capitalization stocks and may vary net exposure considerably. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investments representing approximately 25.0 percent of the value of the investments in this type of fund cannot be redeemed because the investments include restrictions that do not allow redemption in the first 12 to 60 months after acquisition. The remaining restriction period for these investments was within 12 months at June 30, 2022.

- **Equity Long-Only Hedge Funds** – This type included an investment in four hedge funds at June 30, 2022, which invest in global long-only equity positions. These hedge funds are generally fully invested and only very occasionally may take short positions for hedging purposes. The fair value of the investment in this type has been determined using the NAV per share of the investments. Investments representing approximately 61.0 percent of the value of the investments in this type of fund cannot be redeemed because the investments include restrictions that do not allow redemption in the first 12 to 60 months after acquisition. The remaining restriction period for these investments was less than 12 months at June 30, 2022.

- **Credit Hedge Funds** – This type included investments in one hedge fund at June 30, 2022, which invests in event-driven, distressed and special situation credit opportunities. The fair values of the investments in this type have been determined using the NAV per share of the investments. At June 30, 2022, there were no restrictions preventing the redemption of any of the investments in this category during the next 12 months.

- **Multi-Strategy Hedge Funds** – This type included investments in eight hedge funds at June 30, 2022, which invest in multiple asset classes, combining exposure to balance risks. Such exposure can include traditional and alternative investments. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investments representing approximately 9.0 percent of the value of the investments in this type of fund cannot be redeemed because the investments include restrictions that do not allow redemption in the first 12 to 48 months after acquisition. The remaining restriction period for these investments was 1 to 12 months at June 30, 2022.

- **Credit Strategies Funds** – This type consists of many fund categories, including bank loan and direct lending funds, distressed debt funds, mezzanine debt funds, multi-strategy funds and opportunistic funds. The fair value of the investments in these funds have been determined using the NAV per share of the investments. The nature of the investments in this type is that distributions are received through the liquidation of the underlying assets in the fund. It is expected that hold periods for the underlying fund assets will range from 3 to 8 years.

- **Private Equity Funds** – This type consists of many fund categories including Venture Capital, Buyout, Subordinated Debt, Growth Capital, Turnaround, Energy and Special Situations. The fair value of the investments in these funds have been determined using the NAV per share of the investments. The nature of the investments involves receiving distributions through liquidation of the underlying fund assets. It is expected that hold periods for the underlying fund assets will range from 3 to 8 years.

- **Equity International Commingled Funds** – This type includes investments in eight institutional investment funds at June 30, 2022, which invest in international equities. These funds employ a variety of investment strategies in global developed and emerging markets. The fair values of the investments in these funds have been determined using the NAV per share of the investments. Redemptions can be made from these funds, given the appropriate notice, any regular trading day on the NYSE.

- **Fixed Income Commingled Funds** – This type consists of nine institutional investment funds that invest in U.S. and multi-national fixed income markets. The fair values of the investments in these funds have been determined using the NAV per share of the investments.

- **U.S. Equity Commingled Funds** - This type includes an investment in two institutional investment funds at June 30, 2022, which invest in domestic equities. The fair values of the investments in these funds have been determined using the NAV per share of the investment. Redemptions can be made from these funds, given the appropriate notice, any regular trading day on the NYSE.

- **Real Assets** – This type includes investments in many fund categories including Private Investment Real Estate, Private Real Estate Investment Trusts, Infrastructure and Natural Resources. The fair value of the investments in these funds have been determined using the NAV per share of the investments. The nature of the investments in this type is that distributions are received through income as well as the liquidation of the underlying assets in the fund. If these investments were held, it is expected that the underlying assets of the funds would be liquidated over 1 to 14 years.

Component Units

The following table summarizes fair value measurements for the cash equivalents and investments reported by the component units as of June 30, 2022. The table excludes cash equivalents and investments measured at fair value by the foundations that follow FASB standards.

Fair Value Measurements - Component Units
(Dollars in Thousands)

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fair Value Measured Using Fair Value Hierarchy				
Debt Securities (1)				
U. S. Treasury and Agency Securities	$ 785,490	$ 537,283	$ 248,207	$ —
Corporate Bonds and Notes	559,680	127,082	432,598	—
International and Emerging Markets Funds	4,816	1,698	3,118	—
Commercial Paper	72,887	30,733	42,154	—
Negotiable Certificates of Deposit	66,432	53,987	12,445	—
Repurchase Agreements	29,457	—	29,457	—
Municipal Securities	172,253	3,312	168,941	—
Asset-Backed Securities	340,380	32,140	308,240	—
Agency Mortgage-Backed Securities	1,114,632	8,124	1,106,508	—
Agency Unsecured Bonds and Notes	252,649	8,077	244,572	—
Mutual and Money Market Funds	59,421	46,011	13,410	—
Fixed Income and Commingled Funds	63,289	63,289	—	—
Other Debt Securities	43,312	18,288	25,024	—
Total Debt Securities	3,564,698	930,024	2,634,674	—
Equity Securities (2)				
Common and Preferred Stocks	51,117	51,117	—	—
Equity Index and Pooled Funds	104,953	104,953	—	—
Real Estate	3,801	3,767	—	34
International and Emerging Markets Fund	18,935	18,935	—	—
Other Equity Securities	3,486	211	3,268	7
Total Equity Securities	182,292	178,983	3,268	41
Total by Fair Value Level	$ 3,746,990	$ 1,109,007	$ 2,637,942	$ 41
Fair Value Established Using the Net Asset Value (NAV) (3)				
Common and Preferred Stocks	15,393			
Fixed Income and Commingled Funds	37,185			
Other Debt Securities	27,100			
Equity Index and Pooled Funds	3,641			
Real Estate	311			
Other Equity Securities	1,491,083			
Total Fair Value Established Using the NAV	1,574,713			
Total Fair Value	$ 5,321,703			

(1) Debt securities are classified as follows:

- Level 1 - valued using unadjusted quoted prices in active markets for those securities.
- Level 2 - valued based on quoted prices for similar securities in active markets or quoted prices for identical or similar securities in markets that are not active.

(2) Equity securities are classified as follows:

- Level 1 - valued using unadjusted quoted prices in active markets for those securities.
- Level 2 - valued using significant other observable inputs.
- Level 3 - valued using unobservable inputs and may include assumptions of management.

(3) The following nonmajor component units reported investments at fair value established using the NAV: Old Dominion University, Virginia Commonwealth University (VCU), Virginia Commonwealth University Health System Authority (blended component unit of VCU), College of William and Mary, Virginia Military Institute, Virginia State University, Virginia Biotechnology Research Partnership Authority, Virginia Outdoors Foundation, and Virginia Polytechnic Institute and State University. Additional information is available in the separately issued financial statements.

Securities Lending

The State Treasury's securities lending program is managed by Deutsche Bank AG, New York (Deutsche Bank), under a contract dated March 28, 2014, amended February 22, 2022. The enabling legislation for the securities lending program is Section 2.2-4506 of the *Code of Virginia*. No violations of legal or contractual provisions were noted during the year. The general account participated in a securities lending program for the entire fiscal year.

All securities lending loans are on an open-ended or one-day basis and may be terminated by the State Treasury with a 24-hour notice or are term loans with the right of substitution. While all securities may be recalled on a daily basis, securities are often on loan for much longer periods. Generally, cash reinvestments security maturities do not match the maturities of loans. Per the contract with Deutsche Bank, all cash collateral reinvestment securities attributable to loans made on the Commonwealth's behalf shall be maintained by Deutsche Bank, and the State Treasury cannot pledge or sell such collateral absent a default.

The State Treasury's contract with Deutsche Bank provides for loss indemnification against insolvency default with respect to lending transactions and in the case of reverse transactions (Repurchase Agreements) as defined in the applicable Agency Securities Lending and Repurchase Agreement. Additionally, Deutsche Bank AG is liable for any losses experienced from reinvestment of cash collateral in investments not authorized by the provisions of the investment guidelines for the Commonwealth of Virginia agreed upon by both parties and made a part of the Agency Securities Lending and Repurchase Agreement. There were no realized losses resulting from default during this reporting period.

When securities are loaned, the collateral received is at least 100.0 percent of fair value of the securities loaned and must be maintained at 100.0 percent or greater. There are no stated restrictions on the amount of securities that may be loaned, but the basic composition of the general account portfolio effectively restricts the maximum percentage of the portfolio that may be loaned. During the last fiscal year, approximately 11.0 percent of the general account securities were on loan.

During the past year, a combination of U.S. Treasury, agency, agency mortgage and corporate securities have been loaned, with the majority of the loaned securities being U.S. Treasury and agency securities. As of June 30, 2022, all collateral received was in the form of cash.

Securities loaned for the State Treasurer's cash collateral reinvestment pool, which consisted of 97.8 percent general account funds and 2.2 percent Virginia Lottery funds as of June 30, 2022, had a carrying value of $2.96 billion and a fair value of $2.86 billion. The fair value of the collateral received was $2.90 billion providing for coverage of 101.5 percent. At year-end, the State Treasury's securities lending program had no credit risk exposure to borrowers because the amounts it owed the borrowers exceeded the amounts the borrowers owed Treasury's securities lending program. All securities are marked to market daily. The carrying value of the cash collateral reinvestment pool received was $2.90 billion and the cost of the investments purchased with the cash collateral was $2.90 billion. As of June 30, 2022, the State Treasurer's cash collateral reinvestment pool had an unrealized gain of $1.5 million, and is recorded in the General Fund as stated in Note 1.FF. This amount is included in the total State Treasurer's Portfolio discussed earlier in this note.

Cash collateral reinvestment guidelines were amended effective April 16, 2014. Approved investment instruments include Indemnified Repurchase Agreements marked to market daily and preapproved Government Money Market Funds. Term repurchase agreements are limited to 93 days. As of June 30, 2022, 94.3 percent of cash collateral reinvestments were in indemnified repurchase agreements and 5.7 percent were in BlackRock FedFunds Constant NAV Money Market fund.

As of June 30, 2022, the cash collateral reinvestment portfolio had a weighted average maturity to reset date of one day. Using the expected maturity date, the weighted average maturity was 34 days and using the final maturity date, which assumes no pay downs on any asset-backed or mortgage-backed securities, the weighted average maturity was 34 days.

As of June 30, 2022, the cash collateral reinvestment portfolio was in compliance with the State Treasury's current cash collateral reinvestment guidelines.

Under authorization of the Board, the System lends its fixed income and equity securities to various broker-dealers on a temporary basis. This program is administered through an agreement with the System's custodial agent bank. All security loan agreements are collateralized by cash, securities, or an irrevocable letter of credit issued by a major bank, and have a fair value equal to at least 102.0 percent of the fair value for domestic securities and 105.0 percent for international securities. Securities received as collateral cannot be pledged or sold by the System unless the borrower defaults. Contracts require the lending agents to indemnify the System if the borrowers fail to return the securities lent and related distributions and if the collateral is inadequate to replace the securities lent. All securities loans can be terminated on demand by either the System or the borrowers.

The majority of loans are open loans, meaning the rebate is set daily. This results in a maturity of one or two days on average, although securities are often on loan for longer periods. The maturity of loans generally does not match the maturity of collateral investments, which averages 6.6 days. At year-end, the System had no credit risk exposure to borrowers because the amounts it owes the borrowers exceeded the amounts the borrowers owe the System. All securities are marked to market daily and carried at fair value. The fair value of securities on loan as of June 30, 2022, was $8.0 billion. The June 30, 2022, balance was composed of U.S. Government and agency securities of $3.1 billion, corporate and other bonds of $1.2 billion, common and preferred stocks of $3.7 billion and supranational and non-U.S. Government bonds of $49.2 million. The value of collateral (cash and non-cash) as of June 30, 2022, was $8.6 billion.

As of June 30, 2022, the invested cash collateral had a fair value of $4.6 billion and was composed of negotiable certificates of deposit of $380.6 million, floating rate notes of $2.1 billion, commercial paper of $520.3 million, time deposits of $731.6 million, supranational and non-U.S. government bonds of $45.1 million, fixed-rate corporate and other bonds of $3.1 million and repurchase agreements of $889.3 million.

8. RECEIVABLES

The following schedule (dollars in thousands) details the accounts, loans, local school bonds, interest, taxes, educational contributions, security transactions, service concession arrangement upfront payments, and other receivables presented in the major funds, aggregated nonmajor funds by type, internal service funds, fiduciary funds, major component units, and aggregated nonmajor component units, as of June 30, 2022.

	Accounts Receivable	Loans / Mortgage Receivable	Local School Bonds Receivable	Interest Receivable	Taxes Receivable
Primary Government:					
General (1)	$ 1,364,478	$ 239	$ —	$ 570,281	$ 3,118,712
Major Special Revenue Funds:					
Commonwealth Transportation (2)	172,183	223,244	—	747	426,128
Federal Trust	3,776,224	—	—	—	—
Literary	306,575	50,070	—	47,022	—
Nonmajor Governmental Funds (2) (3)	659,796	7,221	—	25,819	11,510
Major Enterprise Funds:					
Virginia Lottery	56,094	—	—	—	—
Virginia College Savings Plan	12,343	—	—	6,659	—
Unemployment Compensation	407,254	—	—	—	—
Nonmajor Enterprise Funds	61,767	—	—	—	—
Internal Service Funds	28,890	—	—	—	—
Private Purpose Trust Funds	14	—	—	14,184	—
Pension and Other Employee Benefit Trust Funds (4)	280,875	—	—	229,591	—
Custodial Funds - External Investment Pool	—	—	—	6,438	—
Custodial Funds - Other (4)	4	83	—	156	243,882
Total Primary Government (5)	$ 7,126,497	$ 280,857	$ —	$ 900,897	$ 3,800,232
Discrete Component Units:					
Virginia Housing Development Authority (6)	$ —	$ 6,777,286	$ —	$ 28,500	$ —
Virginia Public School Authority (7)	—	—	3,698,556	56,854	—
Virginia Resources Authority	—	4,451,038	—	34,010	—
Virginia College Building Authority	—	—	—	15,924	—
Nonmajor Component Units (8)	2,822,083	127,508	—	6,265	7,642
Total Component Units	$ 2,822,083	$ 11,355,832	$ 3,698,556	$ 141,553	$ 7,642

Note (1): The General Fund (major) reports pending investment transactions of $121,256 (dollars in thousands) as Other Receivables.

Note (2): The loans receivable in the Commonwealth Transportation Fund (major) includes $184.6 million from the Virginia Transportation Infrastructure Bank as discussed in Note 21.D. In the nonmajor governmental funds, it represents the amounts to be received for current debt service requirements. The amount to be received for long-term debt service requirements of $53.7 million is included in the government-wide statements but excluded from the above amounts.

Note (3): Nonmajor governmental funds includes $378.5 million in account receivables, which includes $275.5 million that will be received greater than one year. This receivable represents the Commonwealth's share of the National Opioid Settlement that will assist with the abatement of the opioid epidemic.

Note (4): In the Pension and Other Employee Benefit Trust Funds and Custodial Funds - Other, Interest Receivable of $229,747 (dollars in thousands) also includes dividends receivable. Additionally, of the total reported as Other Receivables, $56,876 (dollars in thousands) are made up of $25,744 (dollars in thousands) in pending investment transactions, which includes $1,903 (dollars in thousands) in external investment manager receivable, $8,751 (dollars in thousands) in foreign exchange receivable, $13,163 (dollars in thousands) in real assets, and $1,927 (dollars in thousands) in securities lending; and $31,132 (dollars in thousands) in other receivables related to benefit plans.

Note (5): Fiduciary net receivables in the amount of $2,991,238 (dollars in thousands) are not included in the Government-wide Statement of Net Position.

Note (6): The Virginia Housing Development Authority (major component unit) reports $6,404,851 (dollars in thousands) as Restricted Loans/ Mortgage Receivable, $25,507 (dollars in thousands) as Restricted Interest Receivable, and $470,995 as Restricted Other Receivables.

Note (7): The Virginia Public School Authority (major component unit) reports $3,698,556 (dollars in thousands) as Restricted Local School Bonds Receivable and $56,827 (dollars in thousands) as Restricted Interest Receivable. This amount will be used to repay the Authority's bonds.

Note (8): Other Receivables of the nonmajor component units are primarily comprised of the following (dollars in thousands): pledges receivable of $199,805 reported by the University of Virginia; third-party settlements and non-patient receivables of $91,307 reported by Virginia Commonwealth University Health System Authority (blended component unit of Virginia Commonwealth University-VCUHSA); $51,991 reported by foundations of the higher education institutions representing FASB reporting entities defined in Note 1.B.; and $146,549 reported by the Virginia Port Authority (VPA), $14,862 reported by Fort Monroe Authority (FMA), and $4,204 reported by the Virginia Museum of Fine Arts Foundation. $61.6 million and $14.4 million of the amounts reported by VPA and FMA, respectively, were for lease receivables. Other receivables also include lease receivables of $48.3 million reported by various higher education institutions, excluding foundations.

Educational Benefits Receivable	Security Transactions	Service Concession Arrangement Upfront Payments	Other Receivables	Allowance for Doubtful Accounts	Net Accounts Receivable	Amounts to be Collected Greater than One Year
$ —	$ —	$ —	$ 121,256	$ (2,138,128)	$ 3,036,838	$ 498,572
—	—	990,000	—	(46,977)	1,765,325	1,191,157
—	—	—	—	(658,034)	3,118,190	47,125
—	—	—	—	(317,383)	86,284	47,580
—	—	—	223	(91,711)	612,858	279,434
—	—	—	—	—	56,094	—
89,946	—	—	39,542	—	148,490	67,755
—	—	—	—	(305,361)	101,893	—
—	—	—	1,202	—	62,969	—
—	—	—	—	(92)	28,798	255
—	—	—	387	—	14,585	—
—	2,215,692	—	56,858	—	2,783,016	—
—	—	—	—	—	6,438	—
—	1,513	—	18	(58,457)	187,199	14,214
$ 89,946	$ 2,217,205	$ 990,000	$ 219,486	$ (3,616,143)	$ 12,008,977	$ 2,146,092
$ —	$ —	$ —	$ 29,215	$ (143,455)	$ 6,691,546	$ 6,134,778
—	—	—	—	—	3,755,410	3,402,864
—	—	—	6,431	(412)	4,491,067	4,137,303
—	—	—	—	—	15,924	—
—	—	—	588,974	(1,243,581)	2,308,891	486,702
$ —	$ —	$ —	$ 624,620	$ (1,387,448)	$ 17,262,838	$ 14,161,647

9. CONTRIBUTIONS RECEIVABLE, NET

The following schedule details the contributions receivable for foundations[1] included with the nonmajor component units, as of June 30, 2022. The major component units reported no contributions receivable for fiscal year 2022.

(Dollars in Thousands)

	Due in Less Than One Year	Due Between One and Five Years	Due in More Than Five Years	Subtotal	Present Value Discount (2)	Allowance for Doubtful Accounts	Contributions Receivable, Net
Discrete Component Units:							
Nonmajor Component Units	$ 240,100	$ 300,890	$ 130,475	$ 671,465	$ (53,117)	$ (31,950)	$ 586,398
Total Component Units	$ 240,100	$ 300,890	$ 130,475	$ 671,465	$ (53,117)	$ (31,950)	$ 586,398

Note (1): Foundations represent FASB reporting entities defined in Note 1.B.

Note (2): The discount rate used to determine present value ranges from 0.1 percent to 6.0 percent.

10. INTERFUND AND INTER-ENTITY ASSETS / LIABILITIES

Due from/to Other Funds

Due from Other Funds are amounts to be received from one fund by another fund for goods sold or services rendered. Due to Other Funds are amounts owed by one fund to another fund for goods purchased or services obtained.

The following line items are included in the category "Due from Other Funds":

- Due from Other Funds
- Due from Internal Parties (Governmental Funds and Business-type Activities)
- Due from External Parties (Fiduciary Funds)

The following line items are included in the category "Due to Other Funds":

- Due to Other Funds
- Due to Internal Parties (Governmental Funds and Business-type Activities)
- Due to External Parties (Fiduciary Funds)

The following schedule shows the Due from/to Other Funds as of June 30, 2022.

Schedule of Due from/to Other Funds

June 30, 2022

(Dollars in Thousands)

Due From	Amount	Due To	Amount
Primary Government		**Primary Government**	
General Fund	$ 59,877	Major Special Revenue Funds:	
		Commonwealth Transportation	$ 2,792
		Federal Trust	26,101
		Nonmajor Governmental Funds	285
		Major Enterprise Funds:	
		Virginia Lottery	3,491
		Nonmajor Enterprise Funds	22,199
		Internal Service Funds	5,009
Major Special Revenue Funds:			
Commonwealth Transportation	117,457	Major Special Revenue Funds:	
		Federal Trust	2,441
		Nonmajor Governmental Funds	115,016
Federal Trust	5,556	General Fund	37
		Major Enterprise Funds:	
		Unemployment Compensation	5,519
Literary	2,611	Major Enterprise Funds:	
		Virginia Lottery	2,611
Nonmajor Governmental Funds	61,534	Major Special Revenue Funds:	
		Commonwealth Transportation	57,766
		Federal Trust	2,694
		Major Enterprise Funds:	
		Unemployment Compensation	259
		Nonmajor Enterprise Funds	812
		Internal Service Funds	3
Major Enterprise Funds:			
Virginia Lottery	39	Nonmajor Governmental Funds	39
Unemployment Compensation	1,938	General Fund	735
		Major Special Revenue Funds:	
		Commonwealth Transportation	275
		Federal Trust	816
		Nonmajor Governmental Funds	86
		Major Enterprise Funds:	
		Virginia Lottery	12
		Nonmajor Enterprise Funds	14
Nonmajor Enterprise Funds	722	General Fund	256
		Major Special Revenue Funds:	
		Commonwealth Transportation	286
		Federal Trust	136
		Nonmajor Governmental Funds	21
		Nonmajor Enterprise Funds	14
		Internal Service Funds	9
Internal Service Funds	63,417	General Fund	30,822
		Major Special Revenue Funds:	
		Commonwealth Transportation	15,158
		Federal Trust	10,682
		Nonmajor Governmental Funds	4,070
		Major Enterprise Funds:	
		Virginia Lottery	239
		Virginia College Savings Plan	112
		Nonmajor Enterprise Funds	1,423
		Internal Service Funds	911
Total Primary Government	$ 313,151	Total Primary Government	$ 313,151

Schedule of Due from/to Internal/External Parties
June 30, 2022

(Dollars in Thousands)

Due From	Amount	Due To	Amount
Primary Government		**Primary Government**	
General Fund	$ 153	Custodial Funds - External Investment Pool	$ 2
		Custodial Funds - Other	151
Nonmajor Governmental Funds	282	Custodial Funds - Other	282
Internal Service Funds	250	Pension and Other Employee Benefit Trust Funds	250
Pension and Other Employee Benefit Trust Funds	34,422	General Fund	21,027
		Major Special Revenue Funds:	
		Commonwealth Transportation	5,829
		Federal Trust	3,204
		Nonmajor Governmental Funds	2,498
		Major Enterprise Funds:	
		Virginia Lottery	234
		Virginia College Savings Plan	106
		Nonmajor Enterprise Funds	1,030
		Internal Service Funds	494
Custodial Funds - Other	240	General Fund	232
		Major Special Revenue Funds:	
		Commonwealth Transportation	6
		Nonmajor Governmental Funds	2
Total Primary Government	$ 35,347	Total Primary Government	$ 35,347

Interfund Receivables/Payables

Interfund Receivables/Payables are loans made by one fund to another.

The following schedule shows the Interfund Receivables/Payables for the primary government as of June 30, 2022. There were no Interfund Receivables/Payables for the component units as of June 30, 2022.

Interfund Receivables/Payables
June 30, 2022

(Dollars in Thousands)

Receivable From	Amount	Payable To	Amount
Primary Government		**Primary Government**	
Nonmajor Governmental Funds	$ 350,084	General Fund	$ 376
		Major Special Revenue Funds:	
		Commonwealth Transportation	4,900
		Federal Trust	105,753
		Nonmajor Governmental Funds	6,000
		Major Enterprise Funds:	
		Virginia College Savings Plan	2,000
		Nonmajor Enterprise Funds	50,689
		Internal Service Funds	180,366
Total Primary Government	$ 350,084	Total Primary Government	$ 350,084

Due from/to Primary Government and Component Units

Included in this category is activity between the Commonwealth and its component units, as well as activity between component units.

A due from primary government amount that is due from the Commonwealth Transportation Fund (major special revenue) to the Virginia Passenger Rail Authority (nonmajor component unit) of $16.5 million is for Commonwealth Rail Funds.

A $106.7 million due from primary government amount that is due from the General Fund (major governmental) to the higher education institutions (nonmajor component units) is for payments awaiting disbursements and appropriations available for capital projects and other programs. The General Fund reports $7.9 million in the fund financial statements and an additional $98.8 million in the government-wide financial statements.

A due from primary government amount that is due from the Virginia Public Building Authority (capital projects fund - nonmajor governmental fund) to the Virginia Port Authority (nonmajor component unit) of $20.8 million represents bond revenue to be used for capital projects.

A $15,521 due to primary government amount from the Virginia Passenger Rail Authority (nonmajor component unit) to the Commonwealth Transportation Fund (major special revenue) is for reimbursement of administrative support and grant expenditures.

A $27.9 million due from component units in the Health Care Fund (internal service fund) represents amounts due from the nonmajor component units.

A $1.7 million due from component units represents monies owed for administrative and project expenses from the Science Museum of Virginia Foundation (nonmajor component unit) to a nonmajor governmental fund. The entire nonmajor governmental amount is reported in the government-wide financial statements.

The $113.3 million due from component units amount represents amounts due from the Virginia College Building Authority (major component unit) for the Department of the Treasury's reimbursement programs to higher education institutions (nonmajor component units).

Due from/to Component Units and Fiduciary Funds

A $42.7 million due from component units in the Pension and Other Employee Benefit Trust Funds (fiduciary funds) represents amounts due from nonmajor component units.

Loans Receivable/Payable Between Primary Government and Component Units

The $188.4 million in loans receivable from primary government represents loans from the Virginia Public School Authority (VPSA) (major component unit) to the Literary Special Revenue Fund (major governmental fund). The VPSA makes grants to local school divisions to finance the purchase of educational technology and security equipment. The VPSA makes these grants using the proceeds of notes issued for that purpose, which will be repaid from appropriations to be made by the Virginia General Assembly from the Literary Special Revenue Fund (major governmental fund).

11. OTHER ASSETS

The following table summarizes Other Assets as of June 30, 2022.

(Dollars in Thousands)

	Cash and Travel Advances	Net OPEB Asset (1)	Other Assets	Total Other Assets
Primary Government:				
General	$ 1,497	$ —	$ —	$ 1,497
Major Special Revenue Funds:				
Commonwealth Transportation	281	—	—	281
Federal Trust	1,874	—	—	1,874
Nonmajor Governmental Funds	671	—	—	671
Major Enterprise Funds:				
Virginia Lottery	1	1,614	—	1,615
Virginia College Savings Plan	—	814	—	814
Nonmajor Enterprise Funds	430	6,187	40	6,657
Internal Service Funds (2)	—	3,667	43,354	47,021
Custodial Funds - Other (3)	—	—	2	2
Total Primary Government	$ 4,754	$ 12,282	$ 43,396	$ 60,432
Discrete Component Units:				
Virginia Housing Development Authority (4)	$ —	$ —	$ 59,924	$ 59,924
Virginia Resources Authority	—	—	530	530
Nonmajor Component Units (5)	3,945	—	150,881	154,826
Total Component Units	$ 3,945	$ —	$ 211,335	$ 215,280

Note (1): Other noncurrent assets in the proprietary funds represent the Virginia Sickness and Disability Program Net OPEB Asset applicable to the respective fund. The proprietary fund amounts are reclassified to Other Restricted Assets in the Government-wide Statement of Net Position.

Note (2): Of the $43,354 (dollars in thousands) shown above, $41,818 (dollars in thousands) and $1,536 (dollars in thousands) represent Technology and Data Services and Virginia Correctional Enterprises, respectively, amounts due from various governmental funds that will not be received within 60 days. These amounts are reclassified to an internal balance on the Government-wide Statement of Net Position.

Note (3): Custodial Funds - Other amount of $2,000 shown above is not included in the Government-wide Statement of Net Position.

Note (4): Other Assets of the Virginia Housing Development Authority are comprised primarily of mortgage servicing rights and other real estate owned.

Note (5): Other Assets of the nonmajor component units are primarily comprised of miscellaneous items spread among the higher education institutions and related foundations as well as the nonmajor component units as follows:

- Virginia Commonwealth University Health System Authority (blended component unit of the Virginia Commonwealth University) includes investments in Virginia Premier Health Plan of $55.9 million;
- University of Virginia includes primarily $12.1 million of Licensing & Ventures Group (LVG) seed funds at cost; and
- Related foundations of Longwood University, Virginia Polytechnic Institute and State University, and the University of Virginia include $22.6 million, $15.9 million, and $10.9 million, respectively, primarily for cash insurance value of life insurance policies, deferred tax assets, net investment in direct financing leases, intangibles, and right-of-use asset.

12. RESTRICTED ASSETS

Restricted assets represent monies or other resources that must be used for specific legal or contractual requirements. The governmental funds reported $3.1 billion in restricted cash, cash equivalents, and investments primarily related to bond agreements. Of this amount, $2.5 billion relates to transportation projects, $569.6 million pertains to capital projects, and $44.2 million pertains to debt service requirements. The governmental and business-type activities funds reported other restricted assets of $205.5 million and $8.6 million, respectively, for the Virginia Sickness and Disability Program Net OPEB Asset. See Note 11, Other Assets, for more information related to the Enterprise and Internal Service Funds.

The Virginia Housing Development Authority, the Virginia Public School Authority, and the Virginia College Building Authority (all major component units) reported restricted assets totaling $2.7 billion, $358.5 million, and $493.2 million, respectively. These major component units' assets are restricted for debt service under a bond indenture or other agreement, or for construction and equipment.

The Virginia Resources Authority (major component unit) reported restricted assets of $872.2 million. Of this amount, $864.4 million is restricted for loans to local governments, bond indentures, or federal and state regulations for various revolving funds, and $7.8 million is restricted for the Operating Reserve Fund for the Virginia Pooled Financing Program.

The Virginia Port Authority (nonmajor component unit) reported restricted assets of $159.0 million primarily for debt service under bond agreements, construction and other project funds.

The Tobacco Region Revitalization Commission (nonmajor component unit) reported restricted assets of $169.6 million to be used for financial aid to tobacco growers and to foster community economic growth. This includes Other Restricted Assets of $60,567 for the Virginia Sickness and Disability Program Net OPEB asset.

The Hampton Roads Sanitation District Commission (nonmajor component unit) reported restricted assets of $33.1 million to be used for debt service.

The Virginia Small Business Financing Authority (nonmajor component unit) reported restricted assets of $37.0 million for gifts and grants. This includes Other Restricted Assets of $41,647 for the Virginia Sickness and Disability Program Net OPEB asset.

The higher education institutions (nonmajor component units) reported restricted assets totaling approximately $8.6 billion primarily for endowment and other contractual obligations. Included in this amount is approximately $7.2 billion of foundations' restricted assets. This includes Other Restricted Assets of $129.0 million for the Virginia Sickness and Disability Program Net OPEB asset. The Virginia Commonwealth University Health System Authority (Authority) (a blended component unit of Virginia Commonwealth University–nonmajor component unit) includes $19.2 million for a beneficial trust and $5.8 million for an equity interest in a foundation as Other Restricted Assets. These Authority assets are classified as Level 3 on the fair value hierarchy. For additional information, see the Authority's separately issued financial statements.

The two museum foundations, the Virginia Museum of Fine Arts Foundation (nonmajor component unit) and the Science Museum of Virginia Foundation (nonmajor component unit) had restricted assets of $248.1 million and $26.9 million, respectively, primarily for donor-imposed restricted endowments.

The remaining $9.9 million is spread among the following nonmajor component units: the Virginia Outdoors Foundation, the Virginia Passenger Rail Authority, the Danville Science Center, the Fort Monroe Authority, the Virginia Arts Foundation, the Virginia Biotechnology Research Partnership Authority, the Virginia Economic Development Partnership, the Virginia Tourism Authority, the Virginia Foundation for Healthy Youth, and the Library of Virginia Foundation. Included in this amount is approximately $1.6 million for the Virginia Sickness and Disability Program Net OPEB asset.

13. CAPITAL ASSETS

The following schedule presents the changes in the Capital Assets as of June 30, 2022 (dollars in thousands).

Schedule of Changes in Capital Assets
Governmental Activities

(Dollars in Thousands)

	Balance July 1 as restated (1)	Increases	Decreases	Balance June 30
Nondepreciable Capital Assets:				
Land	$ 3,641,910	$ 95,095	$ (675)	$ 3,736,330
Construction-in-Progress	4,125,364	1,978,696	(1,398,006)	4,706,054
Intangible Assets with Indefinite Useful Life				
Water Rights and/or Easements	120,704	1,039	—	121,743
Infrastructure	1,308,220	—	—	1,308,220
Total Nondepreciable Capital Assets	9,196,198	2,074,830	(1,398,681)	9,872,347
Other Capital Assets:				
Buildings (2)	4,609,212	117,146	(13,610)	4,712,748
Equipment	1,448,563	55,860	(45,557)	1,458,866
Infrastructure	35,580,892	1,391,616	(237,889)	36,734,619
Intangible Assets				
Computer Software (Including websites)	1,044,362	135,324	(31,351)	1,148,335
Patents/Trademarks/Copyrights	35,968	2,066	—	38,034
Right-to-Use Intangible Assets				
Land	3,002	180	—	3,182
Buildings	331,219	57,832	(15,755)	373,296
Equipment	125,265	29,088	—	154,353
Total Other Capital Assets at Historical Cost	43,178,483	1,789,112	(344,162)	44,623,433
Less Accumulated Depreciation for:				
Buildings	1,913,763	107,602	(11,459)	2,009,906
Equipment	877,820	77,245	(32,427)	922,638
Infrastructure	13,494,383	1,199,890	(248,760)	14,445,513
Intangible Assets				
Computer Software (Including websites)	606,497	76,961	(19,365)	664,093
Patents/Trademarks/Copyrights	22,188	3,449	—	25,637
Total Accumulated Depreciation	16,914,651	1,465,147	(312,011)	18,067,787
Less Accumulated Amortization for:				
Right-to-Use Intangible Assets				
Land	—	287	—	287
Buildings	—	31,583	—	31,583
Equipment	—	31,497	—	31,497
Total Accumulated Amortization	—	63,367	—	63,367
Total Accumulated Depreciation and Amortization	16,914,651	1,528,514	(312,011)	18,131,154
Total Other Capital Assets, Net	26,263,832	260,598	(32,151)	26,492,279
Total Capital Assets, Net	$ 35,460,030	$ 2,335,428	$ (1,430,832)	$ 36,364,626

Note (1): Beginning balances have been restated by $415.2 million predominately as a result of errors of $25.7 million offset by $440.9 million relating to the implementation of GASB Statement No. 87, *Leases*.

Note (2): Includes temporary impaired assets with a carrying value of $35.6 million.

Depreciation/Amortization Expense Charged to Functions of the Primary Government
June 30, 2022

(Dollars in Thousands)

Governmental Activities:	
General Government	$ 55,728
Education	6,714
Transportation	1,242,929
Resources and Economic Development	26,766
Individual and Family Services	67,133
Administration of Justice	53,804
Capital Assets held by the Internal Service Funds are charged to various functions	75,440
Total	$ 1,528,514

Schedule of Changes in Capital Assets
Business-type Activities

(Dollars in Thousands)

	Balance July 1 as restated (1)	Increases	Decreases	Balance June 30
Nondepreciable Capital Assets:				
Land	$ 11,758	$ —	$ (725)	$ 11,033
Construction-in-Progress	12,161	7,617	(13,553)	6,225
Total Nondepreciable Capital Assets	23,919	7,617	(14,278)	17,258
Other Capital Assets:				
Buildings	75,135	1,100	(6,240)	69,995
Equipment	93,707	6,289	(15,072)	84,924
Intangible Assets				
Software	40,843	19,257	(15,046)	45,054
Right-to-Use Intangible Assets				
Buildings	170,115	43,643	—	213,758
Equipment	138	2	(1)	139
Total Other Capital Assets at Historical Cost	379,938	70,291	(36,359)	413,870
Less Accumulated Depreciation for:				
Buildings	14,051	2,148	(6,240)	9,959
Equipment	49,494	8,753	(18,510)	39,737
Intangible Assets				
Software	18,530	7,073	(9,105)	16,498
Total Accumulated Depreciation	82,075	17,974	(33,855)	66,194
Less Accumulated Amortization for:				
Right-to-Use Intangible Assets				
Buildings	—	24,353	—	24,353
Equipment	—	52	(1)	51
Total Accumulated Amortization	—	24,405	(1)	24,404
Total Accumulated Depreciation and Amortization	82,075	42,379	(33,856)	90,598
Total Other Capital Assets, Net	297,863	27,912	(2,503)	323,272
Total Capital Assets, Net	$ 321,782	$ 35,529	$ (16,781)	$ 340,530

Note (1): Beginning balances have been restated by $170.3 million as a result of the implementation of GASB Statement No. 87, *Leases*.

Schedule of Changes in Capital Assets
Component Units

(Dollars in Thousands)

	Balance July 1 as restated (1)	Increases	Decreases	Subtotal June 30	Foundations (2)	Total June 30
Nondepreciable Capital Assets:						
Land	$ 740,628	$ 296,705	$ (3,045)	$ 1,034,288	$ 401,759	$ 1,436,047
Construction-in-Progress	2,471,489	1,559,173	(1,778,179)	2,252,483	238,538	2,491,021
Inexhaustible Works of Art/ Historical Treasures	86,607	657	(20)	87,244	21,785	109,029
Inexhaustible Easements	535,920	1,425	(237,672)	299,673	—	299,673
Livestock	230	97	—	327	738	1,065
Total Nondepreciable Capital Assets	3,834,874	1,858,057	(2,018,916)	3,674,015	662,820	4,336,835
Other Capital Assets:						
Buildings	20,317,481	1,503,813	(23,817)	21,797,477	1,371,831	23,169,308
Infrastructure	4,631,878	201,364	(908)	4,832,334	7,563	4,839,897
Equipment	4,722,885	380,169	(155,335)	4,947,719	192,223	5,139,942
Improvements Other Than Buildings	687,386	26,718	(214)	713,890	125,988	839,878
Library Books	752,376	12,386	(10,994)	753,768	—	753,768
Software	614,802	177,473	(19,282)	772,993	—	772,993
Other Intangible Assets	2,515	101	—	2,616	—	2,616
Right-to-Use Intangible Assets:						
Land	13,993	5,001	—	18,994	—	18,994
Buildings	665,090	87,573	(5,437)	747,226	—	747,226
Equipment	89,368	44,054	—	133,422	—	133,422
Infrastructure	181	—	—	181	—	181
Other Intangibles	4,059,532	—	—	4,059,532	—	4,059,532
Total Other Capital Assets	36,557,487	2,438,652	(215,987)	38,780,152	1,697,605	40,477,757
Less Accumulated Depreciation for:						
Buildings	7,415,047	576,000	(32,400)	7,958,647	490,718	8,449,365
Infrastructure	2,135,918	130,304	(763)	2,265,459	3,232	2,268,691
Equipment	3,261,232	305,598	(141,682)	3,425,148	140,146	3,565,294
Improvements Other Than Buildings	427,957	24,669	(217)	452,409	64,425	516,834
Library Books	692,381	16,423	(10,993)	697,811	—	697,811
Software	519,950	49,419	(2,863)	566,506	—	566,506
Other Intangible Assets	2,174	75	(18)	2,231	—	2,231
Total Accumulated Depreciation	14,454,659	1,102,488	(188,936)	15,368,211	698,521	16,066,732
Less Accumulated Amortization for:						
Right-to-Use Intangible Assets:						
Land	8,730	10,064	—	18,794	—	18,794
Buildings	22,533	90,191	(1,528)	111,196	—	111,196
Equipment	998	21,755	(1,649)	21,104	—	21,104
Infrastructure	31	31	—	62	—	62
Other Intangibles	—	92,123	—	92,123	—	92,123
Total Accumulated Amortization	32,292	214,164	(3,177)	243,279	—	243,279
Total Accumulated Depreciation and Amortization	14,486,951	1,316,652	(192,113)	15,611,490	698,521	16,310,011
Total Other Capital Assets, Net	22,070,536	1,122,000	(23,874)	23,168,662	999,084	24,167,746
Total Capital Assets, Net	$ 25,905,410	$ 2,980,057	$ (2,042,790)	$ 26,842,677	$ 1,661,904	$ 28,504,581

Note (1): Beginning balances have been restated by $2.8 billion predominately for the implementation of GASB Statement No. 87, *Leases*. Various component units had an implementation date of July 1, 2020, because the separately issued financial statements include comparative statements. In addition, beginning balances have been restated for reclassifications of $535.9 million among Nondepreciable Capital Asset line items.

Note (2): Foundations represent FASB reporting entities defined in Note 1.B. Since foundations follow FASB rather than GASB reporting requirements, no amounts are reported in the software and other intangible assets categories for foundations.

14. DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, requires certain items to be classified as either deferred outflows or deferred inflows of resources. Additionally, deferred outflows or deferred inflows of resources are also required by other GASB statements. While all deferred outflows or deferred inflows of resources applicable to the Commonwealth are listed below, see Notes 15, 16, 18, and 38 for additional information regarding these items.

Deferred Outflows

Deferred outflows of resources are a consumption of net assets by the government that is applicable to a future reporting period.

Deferred Inflows

Deferred inflows of resources are an acquisition of net assets by the government that is applicable to a future reporting period.

The following tables summarize deferred outflows and deferred inflows of resources as of June 30, 2022.

Government-wide Statements

(Dollars in Thousands)	Primary Government			
	Governmental Activities	Business-type Activities	Total	Total Component Units
Deferred Outflows of Resources				
Loss on Refunding of Debt	$ 38,005	$ —	$ 38,005	$ 249,414
Nonexchange Transactions Not Meeting Time Requirements	203	—	203	—
Government Acquisition-Goodwill	—	—	—	8,517
Pension Related	973,218	37,929	1,011,147	545,338
Other Postemployment Benefit Related	305,793	10,816	316,609	233,976
Total Deferred Outflows of Resources	$ 1,317,219	$ 48,745	$ 1,365,964	$ 1,037,245
Deferred Inflows of Resources				
Effective Hedges in a Gain Position	$ —	$ —	$ —	$ 9,876
Service Concession Arrangements	4,772,723	—	4,772,723	168,414
Gain on Refunding of Debt	—	—	—	48,428
Pension Related	1,945,712	67,063	2,012,775	1,319,220
Other Postemployment Benefit Related	670,175	22,089	692,264	530,633
Irrevocable Split-Interest Agreements Related	—	—	—	17,445
Mortgage Banking Activities	—	—	—	63,934
Leases	286	—	286	125,494
Total Deferred Inflows of Resources	$ 7,388,896	$ 89,152	$ 7,478,048	$ 2,283,444

Fund Statements

(Dollars in Thousands)	Primary Government - Governmental Funds					
	General	Commonwealth Transportation	Federal Trust	Literary	Nonmajor Governmental Funds	Total Governmental Funds
Deferred Outflows of Resources						
Nonexchange Transactions Not Meeting Time Requirements	$ 203	$ —	$ —	$ —	$ —	$ 203
Total Deferred Outflows of Resources	$ 203	$ —	$ —	$ —	$ —	$ 203
Deferred Inflows of Resources						
Service Concession Arrangements	$ —	$ 1,683,186	$ —	$ —	$ —	$ 1,683,186
Revenues Considered Unavailable	1,242,625	77,727	313,589	27,712	391,080	2,052,733
Total Deferred Inflows of Resources	$ 1,242,625	$ 1,760,913	$ 313,589	$ 27,712	$ 391,080	$ 3,735,919

Fund Statements

(Dollars in Thousands)	Business-type Activities				Governmental Activities
	Enterprise Funds				
	Virginia Lottery	Virginia College Savings Plan	Nonmajor	Total Business-type Activities	Internal Service Funds
Deferred Outflows of Resources					
Pension Related	$ 7,542	$ 3,854	$ 26,533	$ 37,929	$ 13,257
Other Postemployment Benefit Related	1,789	1,180	7,847	10,816	3,142
Total Deferred Outflows of Resources	$ 9,331	$ 5,034	$ 34,380	$ 48,745	$ 16,399
Deferred Inflows of Resources					
Pension Related	$ 12,758	$ 6,213	$ 48,092	$ 67,063	$ 31,707
Other Postemployment Benefit Related	3,444	1,694	16,951	22,089	8,957
Leases	—	—	—	—	286
Total Deferred Inflows of Resources	$ 16,202	$ 7,907	$ 65,043	$ 89,152	$ 40,950

(Dollars in Thousands)	Component Units					
	Virginia Housing Development Authority	Virginia Public School Authority	Virginia Resources Authority	Virginia College Building Authority	Nonmajor Component Units	Total Component Units
Deferred Outflows of Resources						
Loss on Refunding of Debt	$ —	$ 71,094	$ 39,879	$ 20,645	$ 117,796	$ 249,414
Government Acquisition-Goodwill	—	—	—	—	8,517	8,517
Pension Related	—	—	222	—	545,116	545,338
Other Postemployment Benefit Related	8,780	—	29	—	225,167	233,976
Total Deferred Outflows of Resources	$ 8,780	$ 71,094	$ 40,130	$ 20,645	$ 896,596	$ 1,037,245
Deferred Inflows of Resources						
Effective Hedges in a Gain Position	$ —	$ —	$ —	$ —	$ 9,876	$ 9,876
Service Concession Arrangements	—	—	—	—	168,414	168,414
Gain on Refunding of Debt	—	—	31,696	388	16,344	48,428
Pension Related	—	—	401	—	1,318,819	1,319,220
Other Postemployment Benefit Related	6,548	—	38	—	524,047	530,633
Irrevocable Split-Interest Agreements Related	—	—	—	—	17,445	17,445
Mortgage Banking Activities	63,934	—	—	—	—	63,934
Leases	—	—	—	—	125,494	125,494
Total Deferred Inflows of Resources	$ 70,482	$ —	$ 32,135	$ 388	$ 2,180,439	$ 2,283,444

15. DERIVATIVE INSTRUMENTS

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* requires additional reporting and disclosures for derivative instruments.

Primary Government

Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates or financial indexes. They include futures, forwards, options and swap contracts. Some traditional securities, such as structured notes, can have derivative-like characteristics. In this case, the return may be linked to one or more indexes and asset-backed securities, such as collateralized mortgage obligations (CMOs), which are sensitive to changes in interest rates and prepayments. Futures, forwards, options and swaps generally are not recorded on the financial statements, whereas structured notes and asset-backed investments generally are recorded.

Virginia College Savings Plan (Virginia529)

GASB Statement No. 53 defines stable value investment vehicles as synthetic guaranteed investment contracts. Stable value funds are invested in a high quality, diversified, intermediate term, fixed income portfolio that is protected against interest rate volatility by wrap or investment contracts from banks and insurance companies that guarantee the payment of benefits at book value (cost plus accrued interest), which enables the entire investment to be carried at its book value. The Virginia529 utilizes stable value investments in the Defined Contribution 529 and Access and Affordability Programs (Private Purpose Trust Fund). Virginia529's stable value investments meet the definition of fully benefit-responsive synthetic guaranteed investment contracts and are reported at contract value. As of June 30, 2022, Virginia529 had the following stable value investments outstanding (dollars in thousands) in the respective programs as shown in the table below.

Stable Value Investments

Fund	Wrap Provider	Notional Amount	Effective Date	Maturity Date	Credit Rate	June 30, 2022 Fair Value	June 30, 2021 Fair Value
Private Purpose	American General Life	$ 262,438	1/16/2014	Open ended	1.6 %	$ 1,577,653	$ 1,658,901
	Nationwide Life Insurance	264,475	1/29/2018	Open ended	2.1 %		
	Prudential Retirement Insurance & Annuity	262,618	1/30/2014	Open ended	1.6 %		
	RGA	262,827	8/28/2015	Open ended	1.6 %		
	State Street Bank	262,439	5/1/2002	Open ended	1.6 %		
	Voya Retirement And Annuity	262,856	10/5/2012	Open ended	1.7 %		

Pursuant to its investment management agreement, Schroders Investment Management may invest in derivative instruments for hedging and duration management. The portfolio’s notional exposure to derivative instruments, as measured on a net market value basis, is limited to 10.0 percent of the market value of the account. U.S. Treasury futures used to hedge duration are excluded from the 10.0 percent limit. At June 30, 2022, the only derivative instruments held in the account were U.S. Treasury futures. The following table contains information relating to fair value, changes in fair value and notional value of these derivative instruments. Credit risk is mitigated with these instruments as they are exchange traded. The following table (dollars in thousands) contains information relating to fair value, changes in fair value, and notional value for U.S. Treasury Futures Contracts.

Investment Derivative Instruments - U.S. Treasury Futures Contracts

	Changes in Fair Value		Fair Value at June 30, 2022		
Fund	Classification	Amount	Classification	Amount	Notional Amount
Enterprise	Revenue	$ 12	Investment	$ 12	$ 58,385

Pursuant to its investment management agreement, Advent Capital Management, LLC (Advent) may invest in derivatives for hedging purposes or for efficient portfolio management. Synthetic positions are not allowed and the use of derivatives should not be considered as an alpha generator. Advent primarily uses forward foreign exchange contracts to hedge the value of investments denominated in non-U.S. dollar currencies. Similarly, the Schroders, Loomis, Sayles & Company and Acadian Asset Management accounts are permitted to use these instruments. Credit risk of exchange traded currency contracts lies with the clearinghouse of the exchange at which the contracts are traded, while credit risk of currency contracts traded over the counter lies with the counterparty. Counterparty risk exposure is generally equal to the unrealized gain on in-the-money contracts. The following table (dollars in thousands) contains a breakdown of these forward contracts by currency.

Enterprise Fund Currency Forwards

Currency	Cost	Foreign Exchange Purchases	Foreign Exchange Sales	Market Value
Danish Krone	$ 5	$ 5	$ —	$ 5
Euro	(86,471)	7,376	(90,778)	(83,402)
Hong Kong Dollar	—	2,623	(2,623)	—
Israeli Shekel	(10)	—	(10)	(10)
Japanese Yen	(136)	5,139	(5,233)	(94)
Pound Sterling	(5,734)	1,914	(7,594)	(5,680)
Swiss Franc	37	1,025	(1,025)	—
U.S. Dollar	92,309	110,464	(18,155)	92,309
Total	$ —	$ 128,546	$ (125,418)	$ 3,128

Pursuant to its investment agreement, PGIM Fixed Income may invest in derivative instruments for hedging, duration and cash management. The portfolio's exposure to derivative instruments, as measured on a net market value basis, is limited to 10.0 percent of the market value of the high-yield account. Both the Defined Benefit and Defined Contribution 529 Programs' PGIM Fixed Income accounts held credit default swaps at June 30, 2022. The following table (dollars in thousands) contains information relating to fair value, changes in fair value, and notional value for credit default swaps. Credit risk is mitigated with these instruments as they are centrally cleared derivatives.

Investment Derivative Instruments - Credit Default Swaps

	Changes in Fair Value		Fair Value at June 30, 2022		
Fund	Classification	Amount	Classification	Amount	Notional Amount
Enterprise	Revenue	$ 56	Investment	$ 108	$ (5,140)
Private Purpose	Revenue	(37)	Investment	(1)	(355)

At June 30, 2022, PGIM Fixed Income also held U.S. Treasury futures, which are permissible to hedge duration and excluded from the 10.0 percent limit. The following table (dollars in thousands) contains information relating to fair value, changes in fair value, and notional value of these derivative instruments. Credit risk is mitigated with these instruments as they are exchange traded.

Investment Derivative Instruments - U.S. Treasury Futures Contracts

	Changes in Fair Value		Fair Value at June 30, 2022		
Fund	Classification	Amount	Classification	Amount	Notional Amount
Enterprise	Revenue	$ (62)	Investment	$ (62)	$ 34,658
Private Purpose	Revenue	(58)	Investment	(58)	21,093

At June 30, 2022, PGIM Fixed Income also held total return swaps, which are permissible to gain exposure to assets with minimal cash outlay. The following table (dollars in thousands) contains information relating to fair value, changes in fair value, and notional value of these derivative instruments. Credit risk is mitigated with these instruments as they are exchange traded.

Investment Derivative Instruments - Total Return Swaps

	Changes in Fair Value		Fair Value at June 30, 2022		
Fund	Classification	Amount	Classification	Amount	Notional Amount
Enterprise	Revenue	$ 38	Investment	$ 38	$ (740)
Private Purpose	Revenue	—	Investment	—	(230)

Pursuant to its investment management agreement, Loomis, Sayles & Company may invest in derivative instruments for hedging and duration management. The portfolio's notional exposure to derivative instruments, as measured on a net market value basis, is limited to 10.0 percent of the market value of the account. The Defined Benefit 529 Program's Loomis, Sayles & Company Multi-Asset Credit Accounts held U.S. Treasury futures, which are permissible to hedge duration at June 30, 2022. The following table (dollars in thousands) contains information relating to fair value, changes in fair value and notional value of these derivative instruments. U.S. Treasury Futures used to hedge duration are excluded from the 10.0 percent limit. Credit risk is mitigated with these instruments as they are exchange traded.

Investment Derivative Instruments - U.S. Treasury Futures Contracts

	Changes in Fair Value		Fair Value at June 30, 2022		
Fund	Classification	Amount	Classification	Amount	Notional Amount
Enterprise	Revenue	$ (5)	Investment	$ (5)	$ 1,235

Pursuant to its investment management agreement, Neuberger Berman may invest in derivative instruments for hedging and duration management. The portfolio's notional exposure to derivative instruments, as measured on a net market value basis, is limited to 10.0 percent of the market value of the account. The Defined Contributions 529 Programs' Neuberger Berman Emerging Markets Debt account held U.S. Treasury futures, which are permissible to hedge duration. The following table (dollars in thousands) contains information relating to fair value, changes in fair value and notional value of these derivative instruments. U.S. Treasury futures used to hedge duration are excluded from the 10.0 percent limit. Credit risk is mitigated with these instruments as they are exchange traded.

Investment Derivative Instruments - U.S. Treasury Futures Contracts

	Changes in Fair Value		Fair Value at June 30, 2022		
Fund	Classification	Amount	Classification	Amount	Notional Amount
Private Purpose	Revenue	$ 100	Investment	$ 100	$ 17,215

Additional information is available in the Virginia529 separately issued financial statements, which may be obtained at www.virginia529.com.

Virginia Retirement System

All derivatives held by the Virginia Retirement System (the System) are considered investments. The fair value of all derivative financial instruments is reported on a net basis on the Statement of Fiduciary Net Position. The derivative instruments are either subject to an enforceable master netting arrangement or similar agreement. The master netting arrangements allow the System to net applicable liabilities or payment obligations to counterparties to the derivative contracts against amounts owed to the System by the counterparties.

The System holds investments in swaps and futures and enters into forward foreign currency exchange contracts. Swaps, futures and currency forwards contracts provide the System with the opportunity to build passive benchmark positions, manage portfolio duration in relation to various benchmarks, adjust portfolio yield curve exposure and gain market exposure to various indexes in a more efficient way and at lower transaction costs. Derivatives that are exchange-traded are not subject to credit risk, but all over-the-counter derivatives, such as swaps and currency forwards, do expose the System to counterparty credit risk. Counterparty credit risk for the System's investments in derivatives instruments (inclusive of foreign currency forwards) is summarized in the table on page 132. Market risks arise from adverse changes in market prices, interest rates and foreign exchange rates. The System's level of exposure to interest rate risk through derivative instruments and the System's investments in derivative instruments as of June 30, 2022, are summarized in the tables below (dollars in thousands).

Derivative Instrument Investments Summary

Investment	Net Appreciation/ (Depreciation) in Fair Value for the Fiscal Year Ended June 30, 2022	Fair Value June 30, 2022		
Derivatives (by Type)	Amount	Classification	Amount	Notional (Dollars)
Commodity Futures Long	$ 965	Equity Securities	$ 172	$ 3,748
Commodity Futures Short	(142)	Debt Securities	—	—
Credit Default Swaps Bought	98	Debt Securities	67	400
Credit Default Swaps Written	(1,676)	Debt Securities	—	—
Currency Futures Short	144	Debt Securities	144	(1,407)
Fixed-Income Futures Long	(55,544)	Debt Securities	(17,751)	2,611,818
Fixed-Income Futures Short	21,401	Debt Securities	8,416	(1,401,158)
FX Forwards	14,891	Investment Sales/Purchases	6,007	566,991
Index Futures Long	(2,821)	Equity Securities	(4,248)	1,430,485
Index Futures Short	4,159	Equity Securities	915	(62,907)
Pay Fixed-Inflation Swaps	(2,197)	Debt Securities	—	—
Receive Fixed-Inflation Swaps	(14)	Debt Securities	—	—
Receive Fixed-Interest Rate Swaps	109	Debt Securities	—	—
Total Return Bond Index Swaps	(1,798)	Equity Securities	—	—
Total Return Equity Index Swaps	(32,071)	Equity Securities	346	50,839
Total	$ (54,496)		$ (5,932)	

Derivative Instruments Subject to Interest Rate Risk

		Investment Maturities (in years)			
Investment Type	Fair Value June 30, 2022	Under 1	1-5	6-10	Greater than 10
Credit Default Swaps Bought	$ 67	$ —	$ 67	$ —	$ —
Total Return Equity Index Swaps	446	446	—	—	—
Total	$ 513	$ 446	$ 67	$ —	$ —

Futures Contracts

Futures contracts are contracts to deliver or receive securities at a specified future date and at a specified price or yield. Futures contracts are traded on organized exchanges (exchange-traded) and require an initial margin (collateral) in the form of cash or marketable securities. The net change in the futures contract value is settled daily, in cash, with the exchanges. The net gains or losses resulting from the daily settlements are included in the Statement of Changes in Fiduciary Net Position. Holders of futures contracts look to the exchange for performance under the contract and not to the entity holding the offsetting futures position. Accordingly, the amount at risk posed by nonperformance of counterparties to futures contracts is minimal. Information on the System's investments in fixed income, commodities, and equity index futures as of June 30, 2022, is shown in the Summary table on the previous page.

Currency Forwards

Currency forwards represent foreign exchange contracts and are used by the System to effect settlements and to protect the base currency ($U.S.) value of portfolio assets denominated in foreign currencies against fluctuations in the exchange rates of those currencies. A forward foreign currency exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated price. The credit risk of currency contracts that are exchange-traded lies with the clearinghouse of the exchange where the contracts are traded. The credit risk of currency contracts traded over the counter lies with the counterparty, and exposure usually is equal to the unrealized profit on in-the-money contracts. The market risk in foreign currency contracts is related to adverse movements in currency exchange rates. The net realized gains or losses arising from the differences between the original values of the foreign currency contracts and the closing values of such contracts are included in the net appreciation/depreciation in fair value of investments in the Statement of Changes in Fiduciary Net Position. Information on the currency forward contracts as of June 30, 2022, is shown in the following table and in the Summary table on the previous page.

Currency Forwards
as of June 30
(Dollars in Thousands)

Currency	Cost	Pending Foreign Exchange Purchases	Pending Foreign Exchange Sales	Fair Value 2022	Fair Value 2021
Australian Dollar	(8,161)	87,984	(95,953)	(7,969)	(155,793)
Brazilian Real	4,439	4,734	(378)	4,356	(11,793)
British Pound Sterling	16,703	201,963	(185,622)	16,341	(111,688)
Canadian Dollar	116,117	213,796	(102,005)	111,791	424,312
Chilean Peso	1,649	3,917	(2,389)	1,528	(3,027)
Chinese Yuan Renminbi	(61,059)	3,660	(64,621)	(60,961)	(41,882)
Chinese Yuan Renminbi HK	—	—	—	—	1,530
Colombian Peso	(1,494)	1,052	(2,432)	(1,380)	(3,795)
Czech Koruna	(4,030)	1,302	(5,350)	(4,048)	1,020
Danish Krone	(17,875)	—	(17,753)	(17,753)	(11,629)
Egyptian Pound	—	—	—	—	2,662
Euro Currency Unit	181,386	688,497	(508,646)	179,851	357,089
Hong Kong Dollar	(55,328)	—	(55,356)	(55,356)	(68,242)
Hungarian Forint	1,958	1,945	—	1,945	451
Indian Rupee	(4,592)	717	(5,250)	(4,533)	6,109
Indonesian Rupiah	(1,723)	592	(2,287)	(1,695)	(850)
Israeli Shekel	(26,327)	31	(26,100)	(26,069)	(2,808)
Japanese Yen	(300,574)	109,800	(395,960)	(286,160)	(17,821)
Malaysian Ringgit	1,300	1,298	—	1,298	—
Mexican Peso	1,080	13,785	(12,723)	1,062	3,789
New Taiwan Dollar	(11,321)	10,387	(21,585)	(11,198)	(110)
New Zealand Dollar	(71,365)	52,232	(120,628)	(68,396)	(222,072)
Norwegian Krone	(22,268)	52,537	(73,992)	(21,455)	75,398
Peruvian Sol	(4,682)	1,779	(6,390)	(4,611)	(944)
Philippines Peso	(632)	2,777	(3,384)	(607)	(5,071)
Polish Zloty	3,803	5,857	(2,078)	3,779	431
Romanian Leu	(1,157)	—	(1,161)	(1,161)	—
Russian Ruble (New)	—	—	—	—	191
Singapore Dollar	(76,501)	46,134	(122,085)	(75,951)	(25,574)
South African Rand	(2,638)	2,838	(5,246)	(2,408)	(5,129)
South Korean Won	34	597	(579)	18	670
Swedish Krona	100,541	123,807	(26,391)	97,416	398,542
Swiss Franc	(339,186)	77,342	(420,850)	(343,508)	131,888
Thai Baht	5,037	19,942	(14,997)	4,945	491
Turkish Lira	(1,491)	299	(1,760)	(1,461)	1,391
Ukranian Hryvnia	—	—	—	—	963
U.S. Dollar	578,357	2,278,569	(1,700,212)	578,357	(727,583)
Total Forwards Subject to Foreign Currency Risk				$ 6,007	$ (8,884)

Swap Agreements

Swaps are negotiated contracts between two counterparties for the exchange of payments at certain intervals over a predetermined timeframe. The payments are based on a notional principal amount and calculated using either fixed or floating interest rates or total returns from certain instruments or indexes. Swaps are used to manage risk and enhance returns. To reduce the risk of counterparty nonperformance, the System generally requires collateral on any material gains from these transactions. During fiscal year 2022, the System had activity in credit default, total return, inflation, and interest swaps. Gains and losses on swaps are determined based on fair values and are recorded in the Statement of Changes in Fiduciary Net Position. Information on the System's swap balances as of June 30, 2022, is shown in the Summary table on page 129, and the terms, fair values and notional values of the System's investments in swap agreements that are highly sensitive to interest rate changes are disclosed in the following tables (dollars in thousands).

Derivatives Instruments Highly Sensitive to Interest Rate Changes

Investment Type	Reference Rate	Fair Value June 30, 2022	Notional Amount
Total Return Equity Index Swaps	Receive Variable BNPUSBNK Index, Pay Variable 3-month LIBOR + 40 bps	$ —	$ 850
Total Return Equity Index Swaps	Receive Variable BNPUSBNK Index, Pay Variable 3-month LIBOR + 40 bps	—	1
Total Return Equity Index Swaps	Receive Variable MXBR0BK Index, Pay Variable 1-day SOFR Cmpd + 10 bps	(122)	937
Total Return Equity Index Swaps	Receive Variable BNPUSBNK Index, Pay Variable 1-day SOFR Cmpd + 40 bps	—	1,932
Total Return Equity Index Swaps	Receive Variable BNPUSBNK Index, Pay Variable 1-day SOFR Cmpd + 40 bps	1	2,659
Total Return Equity Index Swaps	Receive Variable MXBR0BK Index, Pay Variable 1-day SOFR Cmpd + 10 bps	(253)	1,470
Total Return Equity Index Swaps	Receive Variable MIMUUSAG Index, Pay Variable 1-day SOFR Cmpd + 36 bps	273	39,783
Total Return Equity Index Swaps	Receive Variable 1-day SOFR Cmpd + 43 bps, Pay Variable BNPUSCLD Index	446	3,207
TOTAL		$ 345	$ 50,839

Derivative Instruments Subject to Counterparty Credit Risk

Counterparty	Percentage of Net Exposure	Moody's Ratings	S&P Ratings	Fitch Ratings
BNP Paribas Securities Corp.	36.1%	—	A+	—
UBS AG/Stamford CT	29.1%	Aa3	A+	AA-
Credit Suisse AG	19.5%	A1	A+	A-
Bank of New York Mellon Corp-London	5.8%	—	—	—
JPMorgan Chase Bank NA	5.4%	Aa2	A+	AA
Morgan Stanley & Co International PLC	2.5%	Aa3	A+	—
Morgan Stanley Capital Services LLC	1.2%	Aa3	A+	—
Goldman Sachs Bank USA-New York	0.4%	A1	A+	A+
Total	100.0%			

Derivative instruments are classified as Level 1 and Level 2 in the fair value hierarchy. Derivative instruments classified as Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. The derivative instruments in Level 1 consist of futures contracts on commodities, currencies, U.S. Treasury bonds and notes, non-U.S. government bonds, and U.S. and non-U.S. equity indexes. Derivative instruments classified as Level 2 are valued using a number of modeling approaches that take into account observable market levels, benchmark rates, and foreign exchange rates.

Additional information is available in the System's separately issued financial statements, which may be obtained from www.varetire.org.

Component Units

Investment Derivative Instruments

The Virginia Housing Development Authority (major component unit) enters into forward sales contracts for the delivery of GNMA and FNMA securities in order to lock in the sales price for the securitization of certain homeownership mortgage loans. The contracts offset changes in interest rates between the time of the loan reservations and the securitization of such loans into GNMA and FNMA securities. These contracts are considered investment derivative instruments, such that their change in fair value is reported as investment derivative gains or losses in the accompanying financial statements. Fair values of the forwards are based on observable market prices for similar instruments traded on the secondary mortgage loan markets. The Authority's portfolio of investment derivatives is classified as Level 2 in the fair value hierarchy. The outstanding forward contracts, summarized by counterparty rating as of June 30, 2022, were as follows:

Counterparty Rating	Par	Concentration	Notional Amount	Market Value	Fair Value Asset (Liability)
A-1+/AA+	$ 29,000,000	6.0 %	$ 28,941,250	$ 28,631,094	$ 310,156
A-1/A+	209,578,692	43.1 %	206,882,467	204,911,814	1,970,653
A-1/A+	122,900,000	25.3 %	121,596,043	120,191,625	1,404,418
A-2/BBB+	96,000,000	19.8 %	92,780,840	91,356,641	1,424,199
A-2/BBB+	28,257,973	5.8 %	28,115,205	27,888,129	227,076
	$ 485,736,665	100.0 %	$478,315,805	$472,979,303	$ 5,336,502

Investment Derivative Instruments – Ineffective Hedges

During fiscal year 2015, the University of Virginia (UVA) (nonmajor) refunded the Series 2003A bonds and the commercial paper associated with the fixed-payer interest rate swaps which terminated hedge accounting. The fixed-payer interest rate swaps were no longer effective hedges. As of June 30, 2022, the negative fair value of the swaps of $17.0 million is included in other liabilities and the change in fair value of positive $22.1 million was reported as investment earnings in the accompanying financial statements. The derivative instruments are classified as Level 2 of the fair value hierarchy. Additional information regarding the institution's derivative instruments is available at www.virginia.edu.

Hedging Derivative Instruments

As of June 30, 2022, Virginia Commonwealth University Medical Center (VCUMC), which is a division of the Virginia Commonwealth University Health System Authority (a blended component unit of VCU), had two interest rate swap agreements with a notional amount of $112.2 million. The swaps are used as cash flow hedges by VCUMC in order to provide a hedge against changes in interest rates on variable rate Series 2013B bonds. As of June 30, 2022, the negative fair value of VCUMC's two swaps of $20.5 million is included in other liabilities and the cumulative change in fair value of these swaps of $9.9 million is included in deferred inflows of resources in the accompanying financial statements. The derivative instruments are classified as Level 2 in the fair value hierarchy. Additional information is available in the separately issued financial statements of the higher education institution.

Various foundations of higher education institutions have derivative instruments. The foundations follow FASB rather than GASB reporting requirements. Disclosures for the foundations' derivatives can be found in the separately issued financial statements of the foundations.

16. RETIREMENT AND PENSION SYSTEMS

A separately issued financial report that includes financial statements and required supplementary information for each of the individual plans discussed below is publicly available. Copies may be obtained from the Virginia Retirement System website at www.varetire.org.

A. Administration

The Virginia Retirement System (the System) is an independent agency of the Commonwealth that administers pension plans, other employee benefit plans, and other funds for Commonwealth employees, teachers, political subdivision employees, and other qualifying employees. The Board of Trustees is responsible for the general administration and operation of the plans. The Board consists of five members appointed by the Governor and four members appointed by the Joint Rules Committee, all subject to confirmation by the General Assembly. The Board of Trustees appoints a director to serve as the chief administrative officer of the System and a chief investment officer to direct, manage, and administer the investment of the System's funds. The Board of Trustees has appointed BNY Mellon as the custodian of designated assets of the System.

The System administers four pension trust funds: the Virginia Retirement System (VRS); State Police Officers' Retirement System (SPORS); Virginia Law Officers' Retirement System (VaLORS); and the Judicial Retirement System (JRS). In addition to the pension plans, the System administers five Other Employee Benefit Plans: Group Life Insurance Fund; Retiree Health Insurance Credit Fund; the Virginia Sickness and Disability Program (VSDP); the Line of

Duty Act Trust Fund; and the Virginia Local Disability Program (VLDP).

B. Summary of Significant Accounting Policies (Virginia Retirement System)

Basis of Accounting

The financial statements of the pension and other employee benefit trust funds are prepared using the flow of economic resources measurement focus and the accrual basis of accounting consistent with the plans. Employee and employer contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Investment income is recognized as earned by the plans. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Method Used to Value Investments

Investments are reported at fair value as determined by the System's master custodian, BNY Mellon, from its Global Pricing System. This pricing system assigns a price source, based on asset type and the vendor pricing products to which the master custodian subscribes, for every security held immediately following its acquisition. Prices supplied by these sources are monitored on a daily basis by the master custodian.

When a pricing source is unable to provide a price, quotes are sought from major investment brokers and market-making dealers; or internal calculations are applied if feasible. As a last resort, the master custodian will contact investment managers for a price. The master custodian prices commingled funds, partnerships, and real estate assets from statements received from the funds, partnerships, or investment managers.

The pricing sources utilized by the master custodian provide daily prices for equity securities, corporate, government and mortgage-backed fixed income securities, private placement securities, futures and options on futures, open-ended funds, and foreign exchange rates. Depending on the vendor, collateralized mortgage obligations (CMOs), adjustable rate mortgages (ARMs) and asset-backed securities are priced daily, weekly or twice a month and at month-end. Municipal fixed income securities and options on Treasury/Government National Mortgage Association securities are priced at month-end.

The System's investment guidelines for each specific portfolio limits investments in any corporate entity to no more than 5.0 percent of the market value of the account for both the internally and externally managed portfolios. There is no concentration of investments in any one organization that represents 5.0 percent or more of plan net position available for benefits.

C. Plan Description

The Virginia Retirement System (VRS) is a qualified governmental retirement plan that administers three retirement benefit structures: Plan 1, Plan 2, and Hybrid Plan, for state employees, public school board employees, employees of participating political subdivisions, and other qualifying employees. VRS is a combination of mixed-agent and cost-sharing, multiple-employer retirement plans. Each plan's accumulated assets may legally be used to pay all the plan benefits provided to any of the plan's members, retirees, and beneficiaries. Contributions for fiscal year 2022 were $4.3 billion with a reserve balance available for benefits of $93.8 billion. The contributions include one-time payments from the Commonwealth in June 2022 of $219.2 million to the State Employee Plan and $442.4 million to the Teacher Employee Plan. These special payments were authorized by Chapter 1, 2022 Acts of Assembly Special Session I, Item 277. As of June 30, 2022, VRS had 832 contributing employers.

The Commonwealth also administers the following single-employer retirement plans and benefit structures:

- State Police Officers' Retirement System (SPORS) – Plan 1 and Plan 2
- Virginia Law Officers' Retirement System (VaLORS) – Plan 1 and Plan 2
- Judicial Retirement System (JRS) – Plan 1, Plan 2, and Hybrid Plan

All full-time, salaried permanent employees of VRS participating employers are automatically covered under VRS, SPORS, VaLORS or JRS with the following exceptions: (1) certain full-time faculty and administrative staff of public colleges and universities; and (2) eligible classified employees of the two state teaching hospitals. These employees have the option to elect not to participate in the Virginia Retirement System. Benefit provisions and all other requirements are established by Title 51.1 of the *Code of Virginia*.

Benefits vest for all plans after five years of service credit. Vested VRS members in the VRS Plan 1 are eligible for an unreduced retirement benefit at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit as elected by the employer. Vested VRS members in the VRS Plan 2 and the Hybrid Plan are eligible for unreduced retirement benefits at normal social security retirement age with at least five years of service credit or when age and service credit equal 90. Vested SPORS and VaLORS members in both the VRS Plan 1 and the VRS Plan 2 are eligible for an unreduced benefit at age 60 with at least five years of hazardous duty service credit or age 50 with at least 25 years of total service credit.

Annual retirement benefits are payable monthly for life in an amount equal to 1.7 percent of eligible members' average final compensation (AFC) for each year of service credit. Under the VRS Plan 2, the multiplier for general employees was reduced to 1.65 percent beginning January 1, 2013. Under the Hybrid Plan, the multiplier for the defined benefit component is 1.0 percent. AFC is the average of the member's 36 consecutive months of highest creditable compensation for members under the VRS Plan 1. Under the VRS Plan 2 and the Hybrid Plan, a member's AFC is the average of the member's 60 consecutive months of highest creditable compensation. The benefit for members of SPORS is calculated using a 1.85 percent multiplier. Members of SPORS also are eligible for a hazardous duty supplement, paid monthly, until they reach full Social Security retirement age.

Members of VaLORS hired before July 1, 2001, were allowed to make a one-time election to increase the multiplier from 1.7 to 2.0 percent instead of receiving a monthly hazardous duty supplement. VaLORS members who elected to retain the 1.7 percent multiplier are eligible for the supplement until age 65. Members of VaLORS hired after June 20, 2001, have their benefit computed using the 2.0 percent multiplier and are not eligible for the supplement.

Members of JRS receive weighted years of service credit for each year of actual service under JRS. VRS, SPORS, VaLORS, and JRS also provide death and disability benefits.

A cost-of-living allowance (COLA), based on changes in the Consumer Price Index and limited to 5.0 percent per year for VRS Plan 1 and 3.0 percent for VRS Plan 2 and Hybrid Plan, is granted on July 1 of the second calendar year after retirement and is effective each July 1 thereafter. Beginning January 2013, a member who retires with less than 20 years of service must receive an allowance for one full calendar year after reaching unreduced retirement age to be eligible for a COLA. Members within five years of eligibility for an unreduced benefit as of January 1, 2013 were grandfathered.

Benefits for all vested members are actuarially reduced if they retire before becoming eligible for an unreduced retirement benefit, provided they meet age requirements for a reduced retirement benefit.

As required by Title 51.1 of the *Code of Virginia*, members contribute 5.0 percent of their annual compensation to the retirement plans. If a member leaves covered employment, the accumulated contributions plus earned interest may be refunded to the member. Each participating employer is required by state statute to contribute the remaining amounts necessary to fund the retirement plans using the entry age normal actuarial cost method adopted by the Board of Trustees. Contributions for fiscal year 2022 were $54.6 million, $32.3 million, and $111.1 million, and reserved balances available for benefits were $1.0 billion, $657.0 million, and $1.8 billion, for SPORS, JRS, and VaLORS, respectively. Contributions include special one-time payments from the Commonwealth in June 2022 of approximately $11.0 million, $6.3 million and $19.9 million to SPORS, JRS, and VaLORS, respectively. These special payments were authorized by Chapter 1, 2022 Acts of Assembly Special Session I, Item 277. State statute may be amended only by the General Assembly. To the extent that the employer's long-term obligation to provide pension benefits (total pension liability) is larger than the value of the assets available in the plan to pay these benefits (fiduciary net position), there is a net pension liability which is reported in the accompanying financial statements as a component of Long-term Liabilities Due in More than One Year.

The Hybrid Plan is the default benefit structure for new employees in the VRS and JRS plans. The Hybrid Plan benefit structure includes a defined benefit component and a defined contribution component. For Hybrid Plan members, 4.0 percent of the statutory member contribution of 5.0 percent is directed to the defined benefit component of the plan and 1.0 percent is directed to the mandatory defined contribution component of the plan. In addition, 1.0 percent of the total actuarially determined employer contribution is directed to the mandatory defined contribution component of the plan. The Hybrid Plan members may also elect to contribute an additional amount up to 4.0 percent to a voluntary defined contribution plan. The voluntary component also has a mandatory employer match of 0.5 to 2.5 percent that is deducted from the total actuarially determined employer contribution. For the fiscal year 2022, the mandatory and voluntary member contributions for the defined contribution component of the Hybrid Plan totaled $176.3 million and related mandatory employer contributions totaled $138.0 million. The statutory authority for the Hybrid plan is set out in the *Code of Virginia*, Section 51.1-169. This section also highlights the various plan provisions, including vesting and forfeiture. The total amount contributed by the employer shall vest to the employee's benefit according to the following schedule:

a. Upon completion of two years of active participation, 50.0 percent.
b. Upon completion of three years of active participation, 75.0 percent.
c. Upon completion of four years of active participation, 100.0 percent.

If an employee ceases to be a member prior to achieving 100.0 percent vesting, contributions made by an employer on behalf of the employee under subdivision 2 that are not vested shall be forfeited. The Defined Contribution plan component of the Hybrid plan has a fixed employer contribution that is a percentage of covered payroll. There is no additional employer liability for this component at year end.

Further information about the benefits provided in these retirement plans and their different benefit structures can be found in the Virginia Retirement System's Annual Comprehensive Financial Report.

The following table provides participant information.

	VRS	SPORS	VaLORS	JRS	2022 Total
Retirees and Beneficiaries Receiving Benefits	61,655	1,511	5,673	546	69,385
Terminated Employees Entitled to Benefits but not Receiving Them	13,599	162	887	3	14,651
Total	75,254	1,673	6,560	549	84,036
Active Members:					
Vested	50,790	1,521	4,089	372	56,772
Non-Vested	25,366	354	3,253	87	29,060
Total	76,156	1,875	7,342	459	85,832

D. Funding Policy

The funding policy of the retirement plans provides for periodic employer contributions at actuarially determined rates, which will remain relatively level over time as a percentage of payroll and will accumulate sufficient assets to meet the cost of all basic benefits when due. Contribution rates are developed using the entry age normal cost method for both normal cost and amortization of the unfunded actuarial accrued liability. Gains and losses are reflected in the unfunded actuarial accrued liability that is being amortized as a level percentage of payroll within 30 years or less.

The System's actuary, Cavanaugh MacDonald Consulting, LLC, computed the amount of contributions to be provided by state agency employers, state police and other Virginia law employers. The contribution rates for fiscal year 2022 were based on the actuary's valuation as of June 30, 2019. Employer contributions by the Commonwealth to VRS, SPORS, VaLORS, and JRS were 14.5 percent, 26.3 percent, 21.9 percent, and 29.8 percent, respectively.

In addition to determining contribution requirements, the actuarial computations present an estimate of the discounted present value of the prospective accrued liability contributions that employers will have to pay in the future so that such contributions, together with the assets on hand, the normal contributions to be made in the future by employers and members and the income earned by investing funds, will be sufficient to provide all benefits to be paid to present members in the future as well as the annuitants and their designated beneficiaries.

E. Changes in Net Pension Liability

The total pension liability was determined based on the actuarial valuation as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021. The following tables (dollars in thousands) show the Commonwealth's total pension liability, plan fiduciary net position, and net pension liability in total and individually for the VRS, SPORS, JRS, and VaLORS for the current and prior year.

Primary Government

	Totals (1)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	$ 18,429,512	$ 13,194,533	$ 5,234,979
Changes for the year			
Service cost	311,531	—	311,531
Interest	1,215,864	—	1,215,864
Differences between actual and expected experience	(200,473)	—	(200,473)
Assumption changes	402,878	—	402,878
Contributions - employer	—	467,978	(467,978)
Contributions - member	—	140,403	(140,403)
Net investment income	—	3,577,610	(3,577,610)
Benefit payments, including refunds	(961,225)	(996,633)	35,408
Administrative expense	—	(8,962)	8,962
Other changes	—	(413)	413
Net changes	768,575	3,179,983	(2,411,408)
Balances at June 30, 2022	$ 19,198,087	$ 16,374,516	$ 2,823,571

	VRS			SPORS		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	$ 14,436,736	$ 10,416,272	$ 4,020,464	$ 1,215,258	$ 854,762	$ 360,496
Changes for the year						
Service cost	226,619	—	226,619	22,042	—	22,042
Interest	954,649	—	954,649	79,549	—	79,549
Differences between actual and expected experience	(157,564)	—	(157,564)	(9,431)	—	(9,431)
Assumption changes	231,027	—	231,027	58,257	—	58,257
Contributions - employer	—	341,453	(341,453)	—	33,788	(33,788)
Contributions - member	—	115,949	(115,949)	—	6,489	(6,489)
Net investment income	—	2,830,706	(2,830,706)	—	229,138	(229,138)
Benefit payments, including refunds	(718,242)	(754,633)	36,391	(73,498)	(73,498)	—
Administrative expense	—	(7,226)	7,226	—	(531)	531
Other changes	—	(413)	413	—	—	—
Net changes	536,489	2,525,836	(1,989,347)	76,919	195,386	(118,467)
Balances at June 30, 2022	$ 14,973,225	$ 12,942,108	$ 2,031,117	$ 1,292,177	$ 1,050,148	$ 242,029

	JRS			VaLORS		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	$ 687,469	$ 549,455	$ 138,014	$ 2,090,049	$ 1,374,044	$ 716,005
Changes for the year						
Service cost	19,335	—	19,335	43,535	—	43,535
Interest	44,788	—	44,788	136,878	—	136,878
Differences between actual and expected experience	(10,245)	—	(10,245)	(23,233)	—	(23,233)
Assumption changes	53,040	—	53,040	60,554	—	60,554
Contributions - employer	—	22,856	(22,856)	—	69,881	(69,881)
Contributions - member	—	1,868	(1,868)	—	16,097	(16,097)
Net investment income	—	147,200	(147,200)	—	370,566	(370,566)
Benefit payments, including refunds	(47,885)	(47,885)	—	(121,600)	(120,617)	(983)
Administrative expense	—	(343)	343	—	(862)	862
Other changes	—	—	—	—	—	—
Net changes	59,033	123,696	(64,663)	96,134	335,065	(238,931)
Balances at June 30, 2022	$ 746,502	$ 673,151	$ 73,351	$ 2,186,183	$ 1,709,109	$ 477,074

Component Units

	Totals		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	$ 11,770,491	$ 8,480,221	$ 3,290,270
Changes for the year			
Service cost	182,155	—	182,155
Interest	762,992	—	762,992
Differences between actual and expected experience	(125,990)	—	(125,990)
Assumption changes	187,210	—	187,210
Contributions - employer	—	274,859	(274,859)
Contributions - member	—	92,621	(92,621)
Net investment income	—	2,259,108	(2,259,108)
Benefit payments, including refunds	(806,010)	(770,602)	(35,408)
Administrative expense	—	(5,759)	5,759
Other changes	—	(324)	324
Net changes	200,357	1,849,903	(1,649,546)
Balances at June 30, 2022	$ 11,970,848	$ 10,330,124	$ 1,640,724

	VRS			VaLORS		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	$ 11,578,189	$ 8,353,796	$ 3,224,393	$ 192,302	$ 126,425	$ 65,877
Changes for the year						
Service cost	178,084	—	178,084	4,071	—	4,071
Interest	750,193	—	750,193	12,799	—	12,799
Differences between actual and expected experience	(123,818)	—	(123,818)	(2,172)	—	(2,172)
Assumption changes	181,548	—	181,548	5,662	—	5,662
Contributions - employer	—	268,325	(268,325)	—	6,534	(6,534)
Contributions - member	—	91,116	(91,116)	—	1,505	(1,505)
Net investment income	—	2,224,457	(2,224,457)	—	34,651	(34,651)
Benefit payments, including refunds	(797,774)	(761,383)	(36,391)	(8,236)	(9,219)	983
Administrative expense	—	(5,678)	5,678	—	(81)	81
Other changes	—	(324)	324	—	—	—
Net changes	188,233	1,816,513	(1,628,280)	12,124	33,390	(21,266)
Balances at June 30, 2022	$ 11,766,422	$ 10,170,309	$ 1,596,113	$ 204,426	$ 159,815	$ 44,611

The amounts in the previous tables include governmental, business-type, and component unit activity for the Commonwealth's VRS State Plan. All component unit tables exclude the non-VRS State Plan net pension liability of $6.1 million for all component units.

The 2020 actuarial valuations were prepared using the entry age normal cost method. The actuarial assumptions included (a) 6.8 percent investment rate of return, per year compounded annually; (b) projected salary increases ranging from 3.5 percent to 6.0 percent, including a 2.5 percent inflation component and (c) COLA of 2.5 percent for Plan 1 and 2.3 percent for Plan 2 and Hybrid. The actuarial assumption for mortality rates was based on the Pub-2010 with modified MP-2020 Improvement Scale. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

For more detailed actuarial information, refer to the Virginia Retirement System's financial statements, including mortality rates shown in the "Actuarial Assumptions and Methods – Pension Plans" schedule.

F. Changes to and Sensitivity of Discount Rate

The discount rate used to measure the total pension liability was 6.8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be based on the actuarially determined rates based on the Board's funding policy, which certifies the required rates under Title 51.1 of the *Code of Virginia*. Beginning on July 1, 2018, all agencies are assumed to contribute 100.0 percent of the actuarially determined contribution rates. Based on those assumptions, the fiduciary net position was projected to be available to make all of the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability. In accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25,* regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the table below presents the employers' net pension liability for each of the plans calculated using the discount rate of 6.8 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1.0 percent lower (5.8 percent) or 1.0 percent higher (7.8 percent) than the current rate. The following table (dollars in thousands) shows the Commonwealth's changes in the discount rate.

Primary Government

VRS			SPORS		
Net Pension Liability			Net Pension Liability		
1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)
$ 3,804,542	$ 2,031,117	$ 545,075	$ 404,844	$ 242,029	$ 106,212

JRS			VaLORS		
Net Pension Liability			Net Pension Liability		
1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)
$ 147,357	$ 73,351	$ 9,701	$ 768,155	$ 477,074	$ 238,592

Component Units

VRS			VaLORS		
Net Pension Liability			Net Pension Liability		
1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)
$ 2,989,727	$ 1,596,113	$ 428,336	$ 71,829	$ 44,611	$ 22,310

The long-term expected rate of return on the System's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 long-term target allocations are based on the Strategic Asset Allocation Implementation Schedule and Allowable Ranges document, which was approved by the VRS Board of Trustees on October 10, 2019. Best estimates of arithmetic real rates of return for each major asset class included in the System's long-term target asset allocation 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	34.0 %	5.0%	1.7 %
Fixed Income	15.0 %	0.6%	0.1 %
Credit Strategies	14.0 %	4.5%	0.6 %
Real Assets	14.0 %	4.8%	0.7 %
Private Equity	14.0 %	9.9%	1.4 %
MAPS - Multi-Asset Public Strategies	6.0 %	3.3%	0.2 %
PIP-Private Investment Partnerships	3.0 %	6.8%	0.2 %
Total	100.0 %		4.9 %
Inflation			2.5 %
Expected arithmetic nominal return			7.4 %

The allocation in the previous table provides a one-year expected return of 7.4 percent. 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 pension system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.9 percent, including expected inflation of 2.5 percent. On October 10, 2019, the VRS Board of Trustees elected a long-term rate of return of 6.8 percent which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a mean of 7.1 percent, including expected inflation of 2.5 percent.

G. Pension Related Deferred Outflows and Deferred Inflows

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* requires certain pension related items to be reported as either deferred outflows or deferred inflows of resources. The following tables (dollars in thousands) summarize these amounts as of June 30, 2022, in total and by individual plan.

Primary Government (1)

	Totals (2)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 50,231	$ 155,729
Changes of assumptions	376,907	17,514
Net difference between projected and actual earnings on plan investments	—	1,766,831
Changes in proportion and difference between employer contributions and proportionate share of contributions	98,156	72,701
Employer contributions subsequent to the Measurement Date	485,853	—
Total	$ 1,011,147	$ 2,012,775

	VRS		SPORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 18,298	$ 116,641	$ 26,958	$ 12,043
Changes of assumptions	233,528	—	65,638	17,510
Net difference between projected and actual earnings on plan investments	—	1,398,467	—	112,828
Changes in proportion and difference between employer contributions and proportionate share of contributions	82,691	56,638	—	—
Employer contributions subsequent to the Measurement Date	359,739	—	36,505	—
Total	$ 694,256	$ 1,571,746	$ 129,101	$ 142,381

	JRS		VaLORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ —	$ 13,886	$ 4,961	$ 13,131
Changes of assumptions	43,512	—	34,226	—
Net difference between projected and actual earnings on plan investments	—	72,478	—	183,017
Changes in proportion and difference between employer contributions and proportionate share of contributions	—	—	15,465	16,063
Employer contributions subsequent to the Measurement Date	22,493	—	67,076	—
Total	$ 66,005	$ 86,364	$ 121,728	$ 212,211

Component Units (1) (3)

	Totals	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 14,839	$ 92,861
Changes of assumptions	186,662	—
Net difference between projected and actual earnings on plan investments	—	1,115,760
Changes in proportion and difference between employer contributions and proportionate share of contributions	38,494	63,949
Employer contributions subsequent to the Measurement Date	282,515	—
Total	$ 522,510	$ 1,272,570

	VRS		VaLORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 14,375	$ 91,633	$ 464	$ 1,228
Changes of assumptions	183,462	—	3,200	—
Net difference between projected and actual earnings on plan investments	—	1,098,647	—	17,113
Changes in proportion and difference between employer contributions and proportionate share of contributions	36,500	62,553	1,994	1,396
Employer contributions subsequent to the Measurement Date	275,401	—	7,114	—
Total	$ 509,738	$ 1,252,833	$ 12,772	$ 19,737

(1) During fiscal year 2022, the Commonwealth recognized pension expense for the primary government and component units of $160,816 (dollars in thousands) and $50,090 (dollars in thousands), respectively. The recognized pension expense by plan for the primary government was as follows (dollars in thousands): VRS $77,265, SPORS $11,895, JRS $10,609, and VaLORS $61,047. The recognized pension expense by plan for component units was as follows (dollars in thousands): VRS $43,635 and VaLORS $6,455.

(2) This table includes deferred outflows of resources and deferred inflows of resources of $56,963 and $73,118, respectively, for the Hampton Roads Transportation Accountability Commission (nonmajor governmental), not related to the VRS State Plan.

(3) The component unit amounts exclude deferred outflows of resources and deferred inflows of resources of $22,828 (dollars in thousands) and $46,650 (dollars in thousands), respectively, not related to the VRS State Plan.

Deferred Amounts to be Recognized in Fiscal Years Following Reporting Date

The following tables (dollars in thousands) provide the net estimated amount of the deferred inflows and deferred outflows of resources that will be recognized in the Commonwealth's pension expense for each of the next five fiscal years. These amounts exclude employer contributions made subsequent to the measurement date as those contributions will reduce the fiscal year 2023 net pension liability.

Primary Government

	VRS	SPORS	JRS	VaLORS
2023	$ (218,631)	$ (17,754)	$ (8,711)	$ (21,572)
2024	(293,099)	(13,947)	(9,396)	(37,073)
2025	(307,308)	(6,104)	(7,570)	(42,886)
2026	(418,191)	(21,693)	(17,175)	(56,028)
2027	—	8,062	—	—
Thereafter	—	1,651	—	—

Component Units

	VRS	VaLORS
2023	$ (179,979)	$ (1,927)
2024	(241,282)	(3,313)
2025	(252,978)	(3,832)
2026	(344,257)	(5,007)
2027	—	—

H. Defined Contribution Plan for Political Appointees

Officers appointed by the Governor, officers elected by popular vote or the General Assembly, and executive branch chief deputies and confidential assistants may participate in the deferred contribution plan for Political Appointees, rather than the VRS. This optional retirement plan is authorized by the *Code of Virginia* and offered through the MissionSquare. This is a defined contribution plan where the retirement benefits are based upon the Commonwealth's 12.3 percent and the employee's (5.0 percent) contributions, plus interest and dividends. The Commonwealth pays the required employee contributions. During the year ended June 30, 2022, the total contributions to this plan were $1.5 million. As of June 30, 2022, the amount to be paid to participants upon retirement is $22.2 million. The summary of significant accounting policies for the plan is in accordance with those discussed in Note 16.B.

I. Defined Contribution Plan for Public School Superintendents

The Public School Superintendent Plan is a defined contribution pension plan that provides optional postemployment benefits for school superintendents. This plan is authorized by the *Code of Virginia* and offered through the MissionSquare. School boards may elect to offer this plan as an option to the standard VRS plan that is available for school board members. Contributions are provided by the school board for credit to the member. As of June 30, 2022, there were two participants in this plan. There were no contributions to the plan for fiscal year 2022.

J. Virginia Supplemental Retirement Plan

The Public School Teacher Supplemental Retirement Plan is a defined contribution pension plan established by the Department of Education to provide an optional postemployment benefit plan for turnaround specialists in the public school system. This plan is utilized as an incentive to attract highly skilled teachers for participating public schools pursuant to Title 51.1-617 of the *Code of Virginia* and offered through the MissionSquare. School boards may elect to offer this plan as an option to the standard VRS plan that is available for school board members. Contributions are provided by the school boards for credit to the members. As of June 30, 2022, there were two participants in this plan. There were no contributions to the plan for fiscal year 2022.

K. Higher Education (Nonmajor Component Units)

The Commonwealth's colleges and universities participate in the retirement plans administered by VRS. In addition, full-time faculty and certain administrative staff of the Commonwealth's colleges and universities may participate in optional retirement plans as authorized by Section 51.1-126 of the *Code of Virginia* rather than the VRS retirement plans. These optional retirement plans are defined contribution plans offered through the Teachers Insurance and Annuity Association (TIAA) and DCP. There are two defined contribution plans. Plan 1 is for employees hired prior to July 1, 2010, and retirement benefits received are based upon the employer's 10.4 percent contributions, plus net investment gains. Plan 2 is for employees hired on or after July 1, 2010, and retirement benefits received are based upon the employer's contribution, not to exceed 8.9 percent, and the employee's 5.0 percent contribution, plus net investment gains. For Plan 2, the employer contributions for fiscal year 2022 were 8.5 percent except for the University of Virginia (nonmajor) which were 8.9 percent. Vesting is full and immediate for both employer and employee contributions, except UVA employees hired after July 1, 2014, are fully vested in the UVA contributions after two years of continuous employment. For fiscal year 2022, total pension expense recognized was $179.8 million and contributions were calculated using the base salary amount of $1.9 billion. As of June 30, 2022, the Commonwealth's colleges and universities had accrued $11.8 million in employer liabilities related to these plans.

University of Virginia Medical Center (part of the University of Virginia – nonmajor) employees hired after July 1, 1999, cannot participate in Plan 1 or Plan 2 noted above but have the option of participating in the Medical Center's Optional Retirement Plan. For information regarding this plan, see the institution's separately issued financial statements.

Certain employees of Virginia Commonwealth University (nonmajor) are participating in The Select Plan, which is a 401(a) defined contribution plan. Participation is limited to executives by invitation. For information regarding this plan, see the University's website at www.vcu.edu.

Prior to July 1, 1997, certain employees of the Virginia Commonwealth University Health System Authority (Authority) (a blended component unit of Virginia Commonwealth University – nonmajor) were eligible to participate in the VRS defined benefit pension plan. Effective July 1, 1997, the Authority established the Virginia Commonwealth University Health System Authority Defined Contribution Plan (VCUHS 401(a) Plan) and the Virginia Commonwealth University Health System Authority Health Care Providers Defined Contribution Plan (HCP Plan). The Authority and component units, MCV Associated Physicians (MCVAP), VCU Community Memorial Hospital (CMH), and the Children's Hospital participate in the VCUHS 401(a) as well as sponsor the VCUHS Savings Plan (VCUHS 457(b) Plan). The Authority also provides an executive defined contribution plan and deferred compensation retirement benefits for select executives of the Health System. MCVAP and CMH Physicians sponsor 401(a) defined contribution plans and 403(b) salary deferral plans. For information regarding these plans, see the Authority's separately issued financial statements.

L. Other Component Units

Note 1.B. outlines the component units included in the Commonwealth's reporting entity. The Virginia Public Building Authority (blended - primary government), the Virginia Public School Authority (major), and the Virginia College Building Authority (major), have no employees. The Virginia School for the Deaf and Blind Foundation (nonmajor) has one wage employee. Virginia Resources Authority (major) and the following nonmajor component units participate in the retirement plans administered by VRS: the Virginia Economic Development Partnership, the Virginia Small Business Financing Authority, the Hampton Roads Sanitation District Commission, the Virginia Biotechnology Research Partnership Authority, the Virginia Tourism Authority, the Tobacco Region Revitalization Commission, the Virginia Foundation for Healthy Youth, the Virginia Passenger Rail Authority, and the Fort Monroe Authority.

The Virginia Housing Development Authority (major) has three defined contribution plans. For additional information regarding these plans, see the Authority's website at www.vhda.com.

The Virginia Outdoors Foundation (nonmajor) maintains a 401(k) contribution plan and provides an employer contribution match of 1.0 percent to 4.0 percent with immediate vesting and from 5.0 percent to 10.0 percent after a 3 year vesting period. For information regarding this plan, see the Foundation's website at www.virginiaoutdoorsfoundation.org.

The Virginia Commercial Space Flight Authority (nonmajor) maintains a 401(a) contribution plan and provides an employer contribution to all eligible employees of 11.0 percent of their base salary. For information regarding this plan, see the Authority's separately issued financial statements.

The Virginia Port Authority (VPA) (nonmajor) maintains two defined benefit plans for its employees. Employees of record on July 1, 1997, had the option of continuing to maintain their benefit status as a State employee, and their benefits maintained under the VRS, or elect to be covered under a newly created pension plan (the VPA Defined Benefit Plan). The VPA Defined Benefit Plan covers all employees hired between July 1, 1997 and January 28, 2014. Employees hired after January 28, 2014, are eligible for a defined contribution plan only. On January 1, 2015, the plan was amended to add certain employees who transferred from the Virginia International Terminals (VIT) (referred to as "Legacy VIT Participants") to VPA. VIT (a blended component unit of VPA – nonmajor) has the Virginia International Terminals, LLC Pension Plan that is a single employer, noncontributory defined benefit pension plan administered by VIT. A stand-alone financial report is issued and is available upon request from VPA's administrative offices. For information regarding these plans, see the Authority's website at www.portofvirginia.com.

Employees of the Virginia Museum of Fine Arts Foundation (nonmajor) who are age 21 or older are eligible to participate in the Employee's Savings Plan, a 401(k) defined contribution profit sharing plan. Also, the Foundation entered into a supplemental retirement agreement to pay a key employee of the Museum upon retirement the difference between the amount accrued under the VRS retirement plan, based on salary, and the amount based on the supplemental salary. For additional information regarding these plans, see the Foundation's separately issued financial statements.

The Science Museum of Virginia Foundation (nonmajor) has a 403(b) defined contribution pension plan through the TIAA-CREF Retirement Plan for employees meeting age and service requirements. For additional information regarding this plan, see the Foundation's separately issued financial statements.

17. OTHER EMPLOYMENT BENEFITS

In addition to the pension plans, the Commonwealth participates in two other employment benefit plans, Group Life Insurance and the Virginia Sickness and Disability Program, which are administered by the Virginia Retirement System (the System). The significant accounting policies are the same as those described in Note 16 for pension plans. A separately issued financial report that includes financial statements for the Group Life Insurance and Virginia Sickness and Disability Program is publicly available. Copies may be obtained from the Virginia Retirement System website at www.varetire.org.

Group Life Insurance

The Group Life Insurance Plan was established for Commonwealth employees, teachers, employees of political subdivisions participating in the VRS, state police officers, other state law enforcement and correctional officers, judges, and other qualifying employees. The program provides life insurance for natural death coverage equal to a member's annual compensation rounded to the next highest $1,000 and then doubled. Accidental death coverage is double the natural death benefit. The program also provides coverage for accidental dismemberment and accidental blindness, a safety belt benefit, a repatriation benefit, a felonious assault benefit and an accelerated death benefit for terminal conditions. Approximately 336,156 active members participate in the program as of June 30, 2022.

Participating employers and their covered employees are required by Title 51.1 of the *Code of Virginia* to contribute to the cost of group life insurance benefits. Employers may assume the employees' contributions.

An optional Group Life Insurance Fund was established for members covered under the group life program as a supplement to that plan. Members may purchase optional life insurance coverage for themselves, their spouses and/or their dependent children. The optional program provides natural death coverage equal to one, two, three or four times the member's annual compensation rounded to the next highest $1,000, up to a maximum of $800,000. Spouse coverage is available for up to one-half of the member's optional insurance amount. Minor children who are at least 15 days old can be insured for $10,000, $20,000 or $30,000, depending on the option chosen by the member. An additional accidental death and dismemberment benefit is payable for death or bodily injuries. Approximately 72,209 members were covered under this program as of June 30, 2022.

Optional group life insurance coverage ends for members when they retire or terminate their employment, or when their basic coverage ends. Optional life insurance amounts begin to reduce by 25.0 percent based on the retiree's age, beginning with the retiree's normal retirement age under his or her plan ending at age 80. Retirees may elect to continue coverage within 31 days of retirement. Spouse coverage terminates should a couple divorce or when the member leaves employment. Children's coverage ends with the termination of the member's coverage or when the child marries or turns 21 years of age (25 years of age for full-time college students).

Employers of members who elect optional life insurance coverage deduct the premiums from the members' paychecks, as required by Title 51.1 of the *Code of Virginia*. Premiums are based on the member's age and determined by the Board of Trustees. Because optional life insurance is an insured product, the carrier bills each employer directly, and the employer makes the contribution payments to the carrier. Any differences and adjustments are settled between the employer and the carrier.

Virginia Sickness and Disability Program

The System administers the Virginia Sickness and Disability Program (VSDP) to provide income protection in the event of a disability for eligible state employees hired on or after January 1, 1999. State agencies are required by Title 51.1 of the *Code of Virginia* to contribute to the cost of providing long-term disability benefits and administering the program.

VSDP benefits include sick, family and personal leave and short-term and long-term disability benefits. After a seven-calendar day waiting period following the first day of disability, eligible employees receive short-term disability benefits from 60.0 percent to 100.0 percent of their compensation. After 125 work days of short-term disability, eligible employees receive long-term disability benefits equal to 60.0 percent of their compensation. If the employee's condition becomes catastrophic, income replacement increases to 80.0 percent until the condition is no longer catastrophic. Long-term disability benefits continue until employees return to work, retire or reach age 65 (age 60 for state police officers and other state law enforcement and correctional officers) or die.

Full-time permanent salaried state employees, including state police officers and other Virginia law and correctional officers, are automatically enrolled in the VSDP. Part-time permanent salaried state employees who work at least 20 hours a week and accrue leave also are automatically enrolled. Teaching, administrative and research faculty of Virginia public colleges and universities who elect VRS as their retirement plan must make an irrevocable election to participate in either the VSDP or the institution's disability program. If there is no institution program, the faculty member is covered under VSDP.

Eligible state employees and state police officers employed before January 1, 1999, had the option to elect to participate in the VSDP or remain under the Commonwealth's existing sick leave program and retain their eligibility for disability retirement benefits under VRS and SPORS. (Members of VaLORS have been automatically enrolled in the VSDP since October 1, 1999, when VaLORS was created.) Eligible employees enrolled in the VSDP are not eligible for disability retirement benefits under VRS, SPORS, or VaLORS. Employees hired or rehired on or after July 1, 2009, must satisfy eligibility periods before becoming eligible for non-work related short-term disability coverage and certain income replacement levels. Approximately 79,072 members were covered under the program as of June 30, 2022.

18. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Virginia Retirement System (System-administered) OPEB Plans

1) Administration and Significant Accounting Policies

The System-administered defined benefit OPEB plans mentioned below have a trust that meets the requirements in GASB Statement No. 75, A*ccounting and Financial Reporting for Post Employment Benefits Other than Pensions*. In addition, the net OPEB liability for these plans have a measurement date of June 30, 2021. As previously mentioned, a separately issued financial report that includes financial statements, notes and required supplementary information for each of the System-administered plans discussed below is publicly available. Copies may be obtained from the Virginia Retirement System website at www.varetire.org.

The administration and significant accounting policies for the System-administered OPEB plans are the same as those described in Note 16 for pension plans.

2) Plan Descriptions

Retiree Health Insurance Credit Program

The Retiree Health Insurance Credit Program is composed of a single-employer plan for state employees; a cost-sharing multiple-employer plan for teachers; three cost-sharing, multiple-employer plans for constitutional officers, social services employees and registrars; and an agent, multiple-employer plan for political subdivisions electing coverage. This note and the required supplementary information in this report is for the single-employer plan for state employees and also includes the state-funded noncontributing employer portion for constitutional officers, registrars, and their employees, as well as local social service employees.

The Retiree Health Insurance Credit (RHIC) for state employees provides benefits for retired state employees, state police officers, other state law enforcement, correctional officers, and judges who have at least 15 years of service credit under the retirement plans. Members of JRS receive weighted years of service credit for each year of actual service under JRS. VRS, SPORS, VaLORS, and JRS also provide death and disability benefits. The program provides a credit reimbursement of $4 per month per year of service credit against the monthly health insurance premiums of eligible retirees. There is no cap on the credit. Certain eligible employees who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program are eligible for a credit not to exceed $120.

The following is the approximate number of employees covered by the RHIC plan for state employees on the measurement date of June 30, 2021:

	RHIC for State Employees
Inactive employees currently receiving benefit payments	49,368
Inactive employees entitled to but not yet receiving benefit payments	1,962
Active employees	113,339
Total	164,669

The health insurance credit plan for general registrars, constitutional officers, and their employees as well as local social service employees (RHIC Non-State) provides $1.50 per month per year of service with a maximum monthly credit of $45. The Commonwealth funds this credit. Benefit provisions and eligibility requirements are established by Title 51.1 of the *Code of Virginia*. The amount required to fund all credits is financed by the employers based on contribution rates determined by the System's actuary.

Virginia Sickness and Disability Program

The Virginia Sickness and Disability Program (VSDP) is a single-employer plan. It is also known as the Disability Insurance Trust Fund. The Commonwealth provides OPEB disability insurance benefits, in accordance with state statutes, to eligible retired and terminated employees. Eligible employees include 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 and full-time and part-time, salaried state employees covered under VRS, SPORS, and VaLORS. State agencies are required by Title 51.1 of the *Code of Virginia* to contribute to the cost of providing long-term disability benefits and administering the program. The following is the approximate number of employees covered by this plan on the measurement date of June 30, 2021:

	VSDP
Inactive employees currently receiving benefit payments	5,551
Inactive employees entitled to but not yet receiving benefit payments	—
Active employees	77,848
Total	83,399

Group Life Insurance Program

The Group Life Insurance Program (GLI) is a cost-sharing, multiple employer plan. Members whose employers participate in the Group Life Insurance Program are covered automatically under the Basic Group Life Insurance Program upon employment. This program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including certain employers that do not participate in VRS for retirement. At retirement or termination, accidental death benefits cease and natural death coverage reduces at a rate equal to 25.0 percent on January 1 of the first full calendar year following retirement or termination and on January 1 of each year thereafter, until it reaches 25.0 percent of its original value. These group life insurance benefit provisions and requirements are established by Title 51.1 of the *Code of Virginia*. Participating employers and covered employees are required to contribute to the cost of group life insurance benefits. Employers may assume employees' contributions. A portion of the premium contributions collected during members' active careers is placed in an advance premium deposit reserve. This reserve is to fund the claims for eligible retired and deferred members.

Line of Duty Act Program

The Line of Duty Act Program (LODA) is a cost-sharing, multiple employer plan. It provides death and health insurance reimbursement 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. Benefit provisions and eligibility requirements are established by Title 9.1 of the *Code of Virginia*. The System is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in fiscal year 2012. The employer contribution rate was determined by the System's actuary using the anticipated costs and the number of covered individuals associated with all participating employers. The Department of Human Resource Management administers the benefits and payment of claims under this program. The System manages the death benefit payments.

3) Funding

The contribution requirements are governed by the *Code of Virginia*, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employer contributions by the Commonwealth for the RHIC and VSDP were 1.1 percent and 0.6 percent, respectively, of covered employee compensation. In addition, the contributions by the Commonwealth for the RHIC: Non-State for general registrars, constitutional officers, and their employees, and local social service employees were approximately 0.4 percent.

The total contribution rate for the GLI was 1.3 percent allocated into an employee and an employer component using a 60/40 split. The employee component was 0.8 percent and the employer component was 0.5 percent. Each employer's contractually required employer contribution rate for the year ended June 30, 2022, was 0.5 percent of covered employee compensation. Each employer's contractually required employer contribution rate for the LODA for the year ended June 30, 2022, was $722.55 per covered full-time-equivalent employee.

All rates were based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. For RHIC and GLI, the actuarially determined rate was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. For VSDP, 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. For the LODA, the rate represents a pay-as-you-go funding rate and not the full actuarial cost of 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.

Employer contributions by the Commonwealth to the RHIC, VSDP, GLI, LODA, and the RHIC Non-State plans were $93.8 million, $28.3 million, $44.7 million, $8.2 million, and $4.5 million, respectively, for the year ended June 30, 2022. These contributions include special one-time payments made by the Commonwealth in June 2022 of approximately $8.5 million, $9.2 million and $404,223 for RHIC, GLI, and the RHIC Non-State plans, respectively. These special payments were authorized by Chapter 1, 2022 Acts of Assembly Special Session I, Item 277.

4) Changes in Net OPEB Liability and Proportionate Share of Net OPEB Liability

The total OPEB liability for each plan was determined based on the actuarial valuation as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021. The following tables (dollars in thousands) show the Commonwealth's total OPEB liability, plan fiduciary net position, and net OPEB liability (asset) for the RHIC and VSDP for the current and prior year, and the Commonwealth's proportionate share of the net OPEB liability for GLI, LODA, and RHIC Non-State plans. Since the VSDP has a net OPEB asset rather than a net OPEB liability, the net OPEB asset amount is not included in the total balance amount. The Commonwealth's Proportion for the GLI, LODA, and RHIC Non-State plans represents the percentage of the Commonwealth's share of Net OPEB Liability amount compared to the Net OPEB Liability amount for all employers of $1.2 billion, $441.0 million and $40.0 million, respectively.

Primary Government

	RHIC			VSDP		
	Increase (Decrease)			Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (1) (a)-(b)
Balances at June 30, 2021	$ 434,297	$ 52,188	$ 382,109	$ 166,395	$ 302,637	$ (136,242)
Changes for the year						
Service cost	8,444	—	8,444	20,285	—	20,285
Interest	28,107	—	28,107	10,690	—	10,690
Benefit changes	—	—	—	—	—	—
Differences between actual and expected experience	(8,356)	—	(8,356)	(13,691)	—	(13,691)
Assumption changes	5,094	—	5,094	(861)	—	(861)
Contributions - employer	—	49,527	(49,527)	—	16,475	(16,475)
Contributions - member	—	—	—	—	—	—
Net investment income	—	14,377	(14,377)	—	81,547	(81,547)
Benefit payments	(32,678)	(29,937)	(2,741)	(16,960)	(16,213)	(747)
Third-party administrator charges	—	—	—	—	(4,430)	4,430
Administrative expense	—	(243)	243	—	(372)	372
Other changes	—	(12)	12	—	193	(193)
Net changes	611	33,712	(33,101)	(537)	77,200	(77,737)
Balances at June 30, 2022	$ 434,908	$ 85,900	$ 349,008	$ 165,858	$ 379,837	$ (213,979)

	Other Plans (3)	
	Commonwealth's Proportion	Proportionate Share of Net OPEB Liability
Group Life Insurance	14.5 %	$ 168,364
Line of Duty Act	56.3 %	248,457
Retiree Health Insurance Credit: Non-State	100.0 %	39,976
Balance at June 30, 2022		$ 456,797
Total balance at June 30, 2022: (excludes VSDP net OPEB asset) (1) (2)		$ 805,805

Component Units

	RHIC			VSDP		
	Increase (Decrease)			Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (1) (a)-(b)
Balances at June 30, 2021	$ 609,085	$ 73,190	$ 535,895	$ 103,136	$ 187,583	$ (84,447)
Changes for the year						
Service cost	11,988	—	11,988	12,394	—	12,394
Interest	39,907	—	39,907	6,532	—	6,532
Benefit changes	—	—	—	—	—	—
Differences between actual and expected experience	(11,863)	—	(11,863)	(8,366)	—	(8,366)
Assumption changes	7,232	—	7,232	(526)	—	(526)
Contributions - employer	—	70,320	(70,320)	—	10,067	(10,067)
Contributions - member	—	—	—	—	—	—
Net investment income	—	20,413	(20,413)	—	49,826	(49,826)
Benefit payments	(38,857)	(41,599)	2,742	(11,830)	(12,577)	747
Third-party administrator charges	—	—	—	—	(2,707)	2,707
Administrative expense	—	(346)	346	—	(228)	228
Other changes	—	(18)	18	—	118	(118)
Net changes	8,407	48,770	(40,363)	(1,796)	44,499	(46,295)
Balances at June 30, 2022	$ 617,492	$ 121,960	$ 495,532	$ 101,340	$ 232,082	$ (130,742)

	Other Plans (3)	
	Commonwealth's Proportion	Proportionate Share of Net OPEB Liability
Group Life Insurance	15.5 %	$ 181,154
Line of Duty Act	3.1 %	13,699
Balance at June 30, 2022		$ 194,853
Total balance at June 30, 2022: (excludes VSDP net OPEB asset) (1) (4)		$ 690,385

(1) The VSDP net OPEB asset is included in Other Restricted Assets in the accompanying government-wide financial statements.

(2) The primary government's aggregate OPEB liability is $1,063,130 (dollars in thousands) as of June 30, 2022. This includes amounts for both the VRS-administered and DHRM-administered plans.

(3) The primary government's proportion for Group Life Insurance and Line of Duty changed by -0.1 percent and -0.6 percent, respectively, while the component units' proportion changed by -0.3 percent and -0.1 percent, respectively, when compared to the prior year. The Commonwealth's proportion of the Retiree Health Insurance Credit: Non-State for the primary government did not change from the prior year.

(4) The component unit's aggregate OPEB liability is $966,267 (dollars in thousands) as of June 30, 2022. This includes amounts for both the VRS-administered and DHRM-administered plans as well as other OPEB plans.

The amounts in the previous tables include governmental, business-type, and component unit activity for the Commonwealth's VRS OPEB plans. The table excludes other net OPEB liability amounts of $17.5 million for all other component units.

The net OPEB liabilities were based on an actuarial valuation as of June 30, 2020, using the entry age normal actuarial cost method. The actuarial assumptions included the following: (a) investment rate of return, net of OPEB plan investment expenses, including inflation: 6.8 percent for RHIC, VSDP, and GLI, and 2.2 percent for LODA; and (b) projected salary increases, including a 2.5 percent inflation component, ranging from 3.5 percent to 6.0 percent for VRS state, JRS, SPORS, and VaLORS employees, and teachers and political subdivision employees. For these OPEB plans, the teachers and political subdivision employees are not Commonwealth employees and, therefore, are excluded from the accompanying tables.

For more detailed actuarial information, refer to the Virginia Retirement System's financial statements, including the "Actuarial Assumptions and Methods – Other Post-Employment Benefit Plan Funds" schedule.

5) Changes to and Sensitivity of Discount Rate

The discount rate used to measure the total OPEB liability was 6.8 percent for the prefunded plans. These include the Group Life Insurance Program, the Retiree Health Insurance Credit Program, and the Disability Insurance Program.

The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be based on the actuarially determined rates based on the Board's funding policy, which certifies the required rates under Title 51.1 of the *Code of Virginia*. Based on those assumptions, the fiduciary net position was projected to be available to make all of the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of the projected benefit payments to determine the total OPEB liability. In accordance with GASB Statement No. 75 regarding the disclosure of the sensitivity of the net OPEB liability to changes in the discount rate, the following table (dollars in thousands) presents the employers' net OPEB liability for each of the plans calculated using the discount rate of 6.8 percent, as well as what the employers' net OPEB liability would be if it were calculated using a discount rate that is 1.0 percent lower (5.8 percent) or 1.0 percent higher (7.8 percent) than the current rate.

The Line of Duty Act Program is funded on a pay-as-you-go basis. As a result, the liabilities are valued using a discount rate of 2.2 percent, which approximates the risk-free rate of return. This rate decreased by 0.05 percent when compared to the prior year. The following table (dollars in thousands) shows the Commonwealth's changes in the discount rate and the healthcare trend rate.

Primary Government

Changes in Discount Rate

RHIC			VSDP		
Net OPEB Liability			Net OPEB Liability (Asset) (1)		
1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)
$ 391,517	$ 349,008	$ 312,588	$ (202,162)	$ (213,979)	$ (224,371)

GLI			LODA		
Proportionate Share of Net OPEB Liability			Proportionate Share of Net OPEB Liability		
1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (1.2%)	Current Discount Rate (2.2%)	1.0% Increase (3.2%)
$ 245,986	$ 168,364	$ 105,681	$ 285,817	$ 248,457	$ 218,771

Changes in Discount Rate			Changes in Healthcare Cost Trend Rates		
RHIC: Non-State			LODA		
Proportionate Share of Net OPEB Liability			Proportionate Share of Net OPEB Liability		
1.0% Decrease (5.8)%	Current Discount Rate (6.8%)	1.0% Increase (7.8)%	1.0% Decrease (6.0% decreasing to 3.8%)	Healthcare Cost Trend Rates (7.0% decreasing to 4.8%)	1.0% Decrease (8.0% decreasing to 5.8%)
$ 45,232	$ 39,976	$ 35,525	$ 203,865	$ 248,457	$ 305,633

Component Units

Changes in Discount Rate

RHIC			VSDP		
Net OPEB Liability			Net OPEB Liability (Asset) (1)		
1.0% Decrease (5.8)%	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (5.8)%	Current Discount Rate (6.8%)	1.0% Increase (7.8%)
$ 555,888	$ 495,532	$ 443,823	$ (123,521)	$ (130,742)	$ (137,091)

GLI			LODA		
Proportionate Share of Net OPEB Liability			Proportionate Share of Net OPEB Liability		
1.0% Decrease (5.8)%	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (1.2%)	Current Discount Rate (2.2%)	1.0% Increase (3.2%)
$ 264,673	$ 181,154	$ 113,709	$ 15,759	$ 13,699	$ 12,063

Changes in Healthcare Cost Trend Rates

LODA		
Proportionate Share of Net OPEB Liability		
1.0% Decrease (6.0% decreasing to 3.8%)	Healthcare Cost Trend Rates (7.0% decreasing to 4.8%)	1.0% Increase (8.0% decreasing to 5.8%)
$ 11,241	$ 13,699	$ 16,852

(1) The VSDP net OPEB asset is included in Other Restricted Assets in the accompanying government-wide financial statements.

The long-term expected rate of return on the System's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 long-term target allocations are based on the Strategic Asset Allocation Implementation Schedule and Allowable Ranges document, which was approved by the VRS Board of Trustees on October 10, 2019. Best estimates of arithmetic real rates of return for each major asset class included in the System's long-term target asset allocation 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	34.0 %	5.0 %	1.7 %
Fixed Income	15.0 %	0.6 %	0.1 %
Credit Strategies	14.0 %	4.5 %	0.6 %
Real Assets	14.0 %	4.8 %	0.7 %
Private Equity	14.0 %	9.9 %	1.4 %
MAPS - Multi-Asset Public Strategies	6.0 %	3.3 %	0.2 %
PIP-Private Investment Partnerships	3.0 %	6.8 %	0.2 %
Total	100.0 %		4.9 %
Inflation			2.5 %
Expected arithmetic nominal return			7.4 %

The allocation in the previous table provides a one-year expected return of 7.4 percent. 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 pension 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 6.9 percent, including expected inflation of 2.5 percent. On October 10, 2019, the VRS Board of Trustees elected a long-term rate of return of 6.8 percent which is roughly at the 40th percentile of expected long-term results of VRS fund asset allocation at that time, providing a mean of 7.1 percent, including expected inflation of 2.5 percent.

The long-term expected rate of return on the LODA OPEB Program's investments was set at 2.2 percent for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.8 percent assumption. Instead, the assumed annual rate of return of 2.2 percent 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 Bond Buyer General Obligation 20-year Municipal Bond Index as of June 30, 2021.

6) OPEB Related Deferred Outflows and Deferred Inflows

GASB Statement No. 75 requires certain OPEB related items to be reported as either deferred outflows or deferred inflows of resources. The following tables (dollars in thousands) summarize these amounts as of June 30, 2022, in total and by individual plan.

Primary Government (3)

	Totals (1)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 50,702	$ 216,345
Changes of assumptions	89,791	288,608
Net difference between projected and actual earnings on plan investments	—	88,735
Changes in proportion and difference between employer contributions and proportionate share of contributions	74,641	98,576
Employer contributions subsequent to the Measurement Date	82,662	—
Amounts associated with transactions subsequent to the Measurement Date	18,813	—
Total	$ 316,609	$ 692,264

	RHIC		VSDP	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 108	$ 11,365	$ 10,169	$ 34,696
Changes of assumptions	9,039	984	1,441	5,042
Net difference between projected and actual earnings on plan investments	—	6,624	—	40,063
Changes in proportion and difference between employer contributions and proportionate share of contributions	13,444	18,669	5,510	5,963
Employer contributions subsequent to the Measurement Date	35,735	—	17,689	—
Total	$ 58,326	$ 37,642	$ 34,809	$ 85,764

	GLI		LODA	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 19,203	$ 1,283	$ 20,715	$ 37,619
Changes of assumptions	9,282	23,036	68,756	11,884
Net difference between projected and actual earnings on plan investments	—	40,185	—	1,439
Changes in proportion and difference between employer contributions and proportionate share of contributions	8,445	12,675	17,713	20,147
Employer contributions subsequent to the Measurement Date	17,396	—	7,793	—
Total	$ 54,326	$ 77,179	$ 114,977	$ 71,089

	RHIC: Non-State	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 507	$ 555
Changes of assumptions	1,273	182
Net difference between projected and actual earnings on plan investments	—	424
Changes in proportion and difference between employer contributions and proportionate share of contributions	1,848	1,848
Employer contributions subsequent to the Measurement Date	4,049	—
Total	$ 7,677	$ 3,009

Component Units (2) (3)

	Totals (1)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 28,169	$ 138,196
Changes of assumptions	27,493	214,181
Net difference between projected and actual earnings on plan investments	—	77,200
Changes in proportion and difference between employer contributions and proportionate share of contributions	60,132	43,532
Employer contributions subsequent to the Measurement Date	78,653	—
Amounts associated with transactions subsequent to the Measurement Date	14,007	—
Total	$ 208,454	$ 473,109

	RHIC		VSDP	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 153	$ 16,136	$ 6,213	$ 21,199
Changes of assumptions	12,834	1,398	881	3,081
Net difference between projected and actual earnings on plan investments	—	9,405	—	24,479
Changes in proportion and difference between employer contributions and proportionate share of contributions	22,718	17,495	3,320	2,866
Employer contributions subsequent to the Measurement Date	49,525	—	10,601	—
Total	$ 85,230	$ 44,434	$ 21,015	$ 51,625

	GLI		LODA	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 20,661	$ 1,380	$ 1,142	$ 2,074
Changes of assumptions	9,987	24,786	3,791	655
Net difference between projected and actual earnings on plan investments	—	43,237	—	79
Changes in proportion and difference between employer contributions and proportionate share of contributions	6,963	8,083	1,918	1,469
Employer contributions subsequent to the Measurement Date	18,123	—	404	—
Total	$ 55,734	$ 77,486	$ 7,255	$ 4,277

(1) These tables aggregate the deferred inflows of resources and deferred outflows of resources for both the VRS-administered and DHRM-administered plans.

(2) The component unit amounts in the accompanying financial statements include deferred outflows of resources and deferred inflows of resources of $21,080 (dollars in thousands) and $14,013 (dollars in thousands), respectively, for other OPEB plans.

(3) Additionally, during fiscal year 2022, the Commonwealth recognized OPEB expense for the primary government and component units of negative $49,745 (dollars in thousands) and negative $20,115 (dollars in thousands), respectively, for the VRS-administered OPEB plans and the DHRM-administered OPEB plans. The recognized OPEB expense by plan for the primary government was as follows for the VRS-administered OPEB plans (dollars in thousands): RHIC $27,504; VSDP negative $2,420; GLI $5,221; LODA $22,364; and RHIC: Non-State $3,844. The recognized OPEB expense by plan for component units was as follows (dollars in thousands): RHIC $44,722; VSDP negative $1,365; GLI $7,233; and LODA $1,327. The Commonwealth recognized OPEB expense for the primary government and component units of negative $106,258 (dollars in thousands) and negative $72,032 (dollars in thousands) respectively, for the DHRM-administered OPEB plan.

Deferred Amounts to be Recognized in Fiscal Years Following Reporting Date

The following tables (dollars in thousands) provide the net estimated amount of the deferred inflows and deferred outflows of resources that will be recognized in the Commonwealth's OPEB expense for each of the next five fiscal years and thereafter. These amounts exclude employer contributions made subsequent to the measurement date as those contributions will reduce the fiscal year 2023 net OPEB liability (asset).

Primary Government

	RHIC	VSDP	GLI	LODA
2023	$ (3,930)	$ (15,197)	$ (9,364)	$ 5,136
2024	(2,975)	(15,009)	(7,276)	5,198
2025	(2,873)	(14,942)	(7,183)	5,216
2026	(4,419)	(16,931)	(13,821)	5,236
2027	(829)	(5,397)	(2,605)	5,852
Thereafter	(25)	(1,168)	—	9,457

	RHIC: Non-State
2023	$ 141
2024	173
2025	192
2026	(14)
2027	65
Thereafter	62

Component Units

	RHIC	VSDP	GLI	LODA
2023	$ (2,279)	$ (9,124)	$ (9,277)	$ 366
2024	(1,725)	(9,010)	(7,208)	371
2025	(1,668)	(8,971)	(7,116)	372
2026	(2,563)	(10,164)	(13,694)	373
2027	(480)	(3,240)	(2,580)	417
Thereafter	(14)	(702)	—	675

B. Department of Human Resource Management (DHRM-administered) OPEB Plan

1) Administration

The DHRM-administered defined benefit OPEB plan mentioned below does not have a trust that meets the requirements of GASB Statement No. 75. In addition, the total OPEB liability for this plan has a measurement date of June 30, 2021. A separately issued financial report for this DHRM-administered OPEB plan is not available.

2) Plan Description

The Commonwealth provides a Pre-Medicare Retiree Healthcare (PMRH) plan established by Title 2.2 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 DHRM. After retirement, the Commonwealth of Virginia 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. Following are eligibility requirements for Virginia Retirement System (VRS) retirees:

- Retiring state employee who is eligible for a monthly retirement benefit from VRS;
- Start receiving (do not defer) retirement benefit immediately upon retirement;
- Last employer before retirement was the Commonwealth of Virginia;
- Eligible for (even if not enrolled) coverage as an active employee in the State Health Benefits Program until retirement date (not including Extended Coverage/COBRA); and
- Enroll no later than 31 days from retirement date.

Effective January 1, 2017, are the following eligibility requirements for Optional Retirement Plan (ORP) retirees:

- Terminating state employee who participates in one of the qualified Optional Retirement Plans;
- Last employer before termination was the Commonwealth of Virginia;
- Eligible for (even if not enrolled) coverage in the State Employee Health Benefits Program for active employees at the time of termination;
- Meet age and service requirements for an immediate retirement benefit under the non-ORP VRS plan that the retiree would have been eligible for on the date of hire had the retiree not elected the ORP; and
- Enroll in the State Retiree Health Benefits Program no later than 31 days from the date the retiree loses coverage (or loses eligibility for coverage) in the State Health Benefits Program for active employees due to termination of employment.

Eligibility for ORP retirees who terminated prior to January 1, 2017, would be based on the policy in place at the time of their termination.

This fund is reported as part of the Commonwealth's Health Care 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 4,100 retirees and

88,000 active employees in the program as of June 30, 2021. 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.

3) Funding

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

4) Changes in Total OPEB Liability

The PMRH total OPEB liability of $448.9 million as of June 30, 2022, was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2021. The following tables (dollars in thousands) show the Commonwealth's total OPEB liability for the current and prior year:

Primary Government

	PMRH Increase (Decrease) Total OPEB Liability
Balances at June 30, 2021	$ 325,917
Changes for the year	
Service cost	25,304
Interest cost	7,532
Changes of benefit terms	—
Differences between expected and actual experience	(11,973)
Changes of assumptions	(68,379)
Benefit payments	(21,076)
Net change	(68,592)
Balances at June 30, 2022	$ 257,325

Component Units

	PMRH Increase (Decrease) Total OPEB Liability
Balances at June 30, 2021	$ 242,907
Changes for the year	
Service cost	18,837
Interest cost	5,607
Changes of benefit terms	—
Differences between expected and actual experience	(8,914)
Changes of assumptions	(50,906)
Benefit payments	(15,964)
Net change	(51,340)
Balances at June 30, 2022	$ 191,567

The amounts in the previous tables include governmental, business-type, and component unit activity for the DHRM-administered OPEB plan. The table excludes the non-DHRM OPEB plans' total OPEB liability of $66.8 million for all other component units.

The PMRH total OPEB liability was based on an actuarial valuation with a valuation date of June 30, 2021. 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 6.8 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.

Actuarial Assumptions and Methods

Valuation Date of June 30, 2021

Measurement Date	June 30, 2021 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed
Effective Amortization Period	6.37 years
Discount Rate	2.2%
Projected Salary Increases	5.4% to 3.5% based on years of service from 1 year to 20 years or more
Medical Trend Under 65	Medical & Rx: 6.8% to 4.5% Dental: 4.0%
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, 2021. The inflation rate used was 2.3 percent per year and there were no ad hoc postemployment benefit changes used to measure the total OPEB liability.

Changes of Assumptions

The following actuarial assumptions were updated since the June 30, 2020 valuation based on recent experience:

- Retiree participation - reduced the rate from 45.0 percent to 40.0 percent

Spousal coverage and retiree participation were based on a blend of recent experience and the prior year assumptions. The mortality table has been updated from adjusted RP-2014 mortality tables using Scale BB to adjusted Pub-2010 Headcount-Weighted mortality tables projected generationally with modified MP-2021 Improvement Scales. No excise tax has been reflected due to the SECURE Act. Among the provisions was a repeal of three taxes and fees that were originally intended to help fund the Affordable Care Act (ACA); i) the excise tax on high-cost health plans (Cadillac tax); ii) the annual fee on health insurance providers; and iii) the medical device excise tax. Trend rates were updated based on economic conditions as of June 30, 2021. Additionally, the discount rate was decreased from 2.21 percent to 2.16 percent based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2022. There were no plan changes in the valuation since the prior year.

5) Changes to and Sensitivity of Discount Rate

The following table (dollars in thousands) shows the Commonwealth's changes in discount rate and the healthcare cost trend rates.

Primary Government

Changes in Discount Rate

PMRH – Total OPEB Liability		
1.0% Decrease (1.2%)	Current Discount Rate (2.2%)	1.0% Increase (3.2%)
$ 270,525	$ 257,325	$ 243,963

Changes in Healthcare Cost Trend Rates

PMRH – Total OPEB Liability		
1.0% Decrease	Healthcare Cost Trend Rates	1.0% Increase
(5.8% decreasing to 3.5%)	(6.8% decreasing to 4.5%)	(7.8% decreasing to 5.5%)
$ 232,129	$ 257,325	$ 286,578

Component Units

Changes in Discount Rate

PMRH – Total OPEB Liability		
1.0% Decrease (1.2%)	Current Discount Rate (2.2%)	1.0% Increase (3.2%)
$ 201,394	$ 191,567	$ 181,620

Changes in Healthcare Cost Trend Rates

PMRH – Total OPEB Liability		
1.0% Decrease	Healthcare Cost Trend Rates	1.0% Increase
(5.8% decreasing to 3.5%)	(6.8% decreasing to 4.5%)	(7.8% decreasing to 5.5%)
$ 172,811	$ 191,567	$ 213,346

6) OPEB Related Deferred Outflows and Deferred Inflows

The following tables (dollars in thousands) summarize the OPEB related items reported as deferred outflows or deferred inflows of resources:

Primary Government (2)

	PMRH	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ —	$ 130,827
Changes of assumptions	—	247,480
Changes in proportion	27,681	39,274
Amounts associated with transactions subsequent to the Measurement Date	18,813	—
Total	$ 46,494	$ 417,581

Component Units (1) (2)

	PMRH	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ —	$ 97,407
Changes of assumptions	—	184,261
Changes in proportion	25,213	13,619
Amounts associated with transactions subsequent to the Measurement Date	14,007	—
Total	$ 39,220	$ 295,287

(1) The component unit amounts exclude deferred outflows of resources and deferred inflows of resources of $4,442 and $43,511 (dollars in thousands), respectively, for other OPEB plans.

(2) Additionally, during fiscal year 2022, the Commonwealth recognized OPEB expense for the primary government and component units of negative $106,258 (dollars in thousands) and negative $72,032 (dollars in thousands), respectively, for the DHRM-administered OPEB plan.

Deferred Amounts to be Recognized in Fiscal Years Following Reporting Date

The following tables (dollars in thousands) provide the net estimated amount of the deferred inflows and deferred outflows of resources that will be recognized in the Commonwealth's OPEB expense for each of the next five fiscal years and thereafter. These amounts exclude amounts associated with transactions subsequent to the measurement date as those will reduce the fiscal year 2023 total OPEB liability.

Primary Government

		PMRH
2023	$	(139,170)
2024		(118,853)
2025		(72,390)
2026		(36,793)
2027		(17,884)
Thereafter		(4,810)

Component Units

		PMRH
2023	$	(96,400)
2024		(82,327)
2025		(50,142)
2026		(25,486)
2027		(12,387)
Thereafter		(3,332)

7) Other OPEB Plans

Higher Education

The University of Virginia (nonmajor component unit) has a Retiree Health Plan that covers employees who retire before becoming eligible for Medicare. In addition, an Optional Retirement Life Insurance Plan is offered to University faculty and Medical Center employees who participate in the Optional Retirement Plans. The University reported a total OPEB liability of $65.8 million, deferred outflows of resources of $4.4 million, and deferred inflows of resources of $43.1 million as of June 30, 2022. Additional information on these plans can be found at the University's website at www.virginia.edu.

The Roanoke Higher Education Authority (nonmajor component unit) reported a net OPEB liability of $60,395, deferred outflows of resources of $25,665, and deferred inflows of resources of $34,336 for Group Life Insurance and Retiree Health Insurance Credit OPEB Plans.

Other Component Units

The Virginia Housing Development Authority (major component unit) offers a medical, dental, and vision benefit plan, and reported deferred outflows of resources of $8.8 million and deferred inflows of resources of $6.5 million as of June 30, 2022.

The Virginia Resources Authority (major component unit) offers an optional Retirement Life Insurance Plan for those employees who choose to participate. The Authority reported a net OPEB liability of $216,543, deferred outflows of resources of $28,959, and deferred inflows of resources of $37,598 as of June 30, 2022.

The Virginia Port Authority (nonmajor component unit) offers medical and dental benefits for retirees. The Authority reported a total OPEB liability of $1.0 million, a net OPEB liability of $618,000, deferred outflows of resources of $264,169 and deferred inflows of resources of $517,375 as of June 30, 2022.

Hampton Roads Sanitation District (nonmajor component unit) offers a health and dental benefit plan for those employees who choose to participate. The District reported a net OPEB liability of $16.5 million, deferred inflows of resources of $7.3 million and deferred outflows of resources of $12.0 million as of June 30, 2022.

The Virginia Biotechnology Research Partnership Authority (nonmajor component unit) offers an Optional Retirement Life Insurance Plan for those employees who choose to participate. The Authority reported a net OPEB liability of $51,245, deferred outflows of resources of $29,797, and deferred inflows of resources of $21,174 as of June 30, 2022.

19. DEFERRED COMPENSATION PLANS

The Commonwealth offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The Virginia Retirement System (the System) administers the deferred compensation plan, pursuant to the Government Employees Deferred Compensation Plan Act, Section 51.1 of the *Code of Virginia*. The System contracts with private corporations or institutions subject to the standards set forth in the Code to provide investment products as well as any other goods and services related to the administration of the deferred compensation plan. The Department of Accounts is responsible for the accounting, reconciliation, payment to the plan through payroll deductions, and timely transfer of withheld funds to the trustee designated by the System for investment. The plan provides a number of investment options and is designed so that each participant retains investment control of his/her individual account. The plan, available to all state employees, permits them to defer a portion of their salary until future years. The deferred compensation is held in trust for the exclusive benefit of plan participants and their beneficiaries and is not available to employees until termination, retirement, death, unforeseeable emergency, or an in-service distribution at age 72 or later. Since the System has no fiduciary relationship with plan participants, plan assets as of June 30, 2022, of $3.7 billion are not included in the accompanying financial statements.

In addition, the Commonwealth provides a cash match under Internal Revenue Code Section 401(a) for employees participating in the deferred compensation plan. The match amount for an employee was established at 50.0 percent of the voluntary contributions to the deferred compensation plan. During the current fiscal year, the maximum match was $20 per pay period or $40 per month. The fair value of assets in the cash match savings plan as of June 30, 2022, was $545.7 million, which is also excluded from the accompanying financial statements. Employer contributions under this plan were approximately $14.6 million for fiscal year 2022.

Most employees of the Commonwealth's colleges and universities may participate in the Commonwealth's deferred compensation plan in accordance with Internal Revenue Code Section 457(b) and/or the institution's deferred compensation plan in accordance with Internal Revenue Code Section 403(b). Under either plan, the institution's cash match under the Internal Revenue Code Section 401(a) during fiscal year 2022 was a maximum match of up to $20 per pay period or $40 per month. This employer match is for either plan but not both plans. Employer contributions under these plans were approximately $13.4 million for fiscal year 2022.

The deferred compensation plan for the University of Virginia Medical Center (part of the University of Virginia – nonmajor component unit) employees hired on or after September 30, 2002, allows employee contributions of up to 4.0 percent of their salary and the employer match is 50.0 percent of the 4.0 percent deferral not to exceed 2.0 percent of the employees' salary. Employer contributions under this plan were approximately $6.1 million for fiscal year 2022. The University of Virginia provides executive deferred compensation retirement benefits for certain officers and executives of the University and the University Medical Center. The University makes contributions on behalf of each participant each plan year as determined by the Board of Visitors. The University contributed $2.0 million to these accounts for fiscal year 2022.

The Virginia Housing Development Authority and the Virginia Resources Authority (major component units) have deferred compensation plans available to all employees created in accordance with Internal Revenue Section 457(b). The plan permits participants to defer a portion of their salary or wages until future years. The deferred compensation is not available to employees until termination, retirement, or death. The assets of the plan are in an irrevocable trust with an external trustee and, accordingly, no assets or liabilities are reflected in the accompanying financial statements.

The Virginia Port Authority (VPA) (nonmajor component unit) offers three deferred compensation plans and two matching savings plans under Internal Revenue Code Sections 457 and 401(a), respectively. For additional information, please see the Authority's website at www.portofvirginia.com.

The Assistive Technology Loan Fund Authority (nonmajor component unit) employees contribute an amount of their choosing into Deferred Compensation Plans administered by the Virginia Retirement System and into a qualified 403(b) plan.

20. STATE NON-ARBITRAGE POOL

The Commonwealth sponsors the Virginia State Non-Arbitrage Program (SNAP) for use by the Commonwealth and local governments to invest bond proceeds. The Treasury Board is responsible for the oversight of SNAP, procuring the following services: investment management, program administration, arbitrage rebate and calculation, and custodial and depository services. The Commonwealth does not have fiduciary responsibility for SNAP.

The SNAP fund is a local government investment pool. PFM Asset Management LLC serves as the investment adviser of the SNAP fund. The SNAP individual investment portfolios are the responsibility of the SNAP investment manager and the governments investing proceeds in the portfolios. These investments are held solely in the SNAP participants' names. Since the Commonwealth has no fiduciary relationship with local governmental entities participating in the plan, these assets of $3.8 billion are not included in the financial statements.

21. COMMITMENTS

A. Construction Projects

Primary Government

Highway Projects

As of June 30, 2022, the Department of Transportation had contractual commitments of approximately $4.6 billion for construction of various highway projects. Funding for these expenditures is expected to be provided as follows: (1) State funds - approximately 66.6 percent or $3.1 billion; (2) Proceeds from Bonds - approximately 19.8 percent or $914.0 million; and, (3) Federal funds – approximately 13.6 percent or $631.0 million.

Mass Transit Projects

As of June 30, 2022, the Department of Rail and Public Transportation had contractual commitments of approximately $296.0 million for various public transportation and rail preservation projects. Funding of the future expenditures is expected to be as follows: 1) State funds – approximately 90.0 percent or $266.0 million, and 2) Federal funds – approximately 10.0 percent or $30.0 million.

Wastewater Treatment Projects

As of June 30, 2022, the Department of Environmental Quality was committed to grant contracts with localities to reimburse a portion of construction costs for nutrient reduction facilities at wastewater treatment plants totaling $94.9 million provided by bond proceeds and the Water Quality Improvement Fund.

Other Construction Projects

As of June 30, 2022, the Department of Forensic Science had non-contractual commitments of approximately $176.5 million for construction projects.

As of June 30, 2022, the Department of General Services had construction commitments of approximately $133.9 million.

As of June 30, 2022, the Department of Behavioral Health and Developmental Services had construction contractual commitments of approximately $21.3 million.

As of June 30, 2022, the Department of Conservation and Recreation had contractual commitments of $16.2 million for construction projects.

As of June 30, 2022, the Department of Veterans Services had contractual commitments of $13.6 million and non-contractual commitments of $13.5 million for construction projects.

As of June 30, 2022, the Department of Military Affairs had construction contractual commitments of approximately $11.7 million.

Component Units

Port Projects

As of June 30, 2022, the Virginia Port Authority (nonmajor) was committed to construction contracts totaling $91.1 million.

Wallops Island Project

As of June 30, 2022, the Virginia Commercial Space Flight Authority (nonmajor) was committed to construction programs totaling $5.3 million, approximately $3.3 million of which will be reimbursable under separate private and federal contract agreements and approximately $300,000 of which are funded by the Commonwealth.

Treatment Plant

As of June 30, 2022, the Hampton Roads Sanitation District Commission (nonmajor) was committed to construction contracts totaling $1.1 billion.

Higher Education Institutions

Colleges and universities (nonmajor) had contractual commitments as of June 30, 2022, of approximately $1.7 billion primarily for construction contracts. Higher education foundations' construction and other commitments total approximately $62.4 million and $63.6 million, respectively.

B. Long-term Leases

As of June 30, 2022, the Commonwealth has entered into long-term leases that have not yet commenced. Commitments for the primary government were $32.0 million for lease payments due for governmental activities (including internal service funds). Business-type activities did not have lease commitments at June 30, 2022. Commitments for component units total $488.1 million for higher education institutions, excluding foundations, and $4.8 million for other component units.

Lease agreements are for various terms and contain nonappropriation clauses indicating that continuation of the lease is subject to funding by the General Assembly.

C. Investment Commitments – Virginia Retirement System

The Virginia Retirement System extends investment commitments in the normal course of business, which, as of June 30, 2022, amounted to $20.1 billion.

D. Virginia Transportation Infrastructure Bank

Section 33.2-1500 of the *Code of Virginia* states the Virginia Transportation Infrastructure Bank is intended to help alleviate a critical financing need for present and future highways within the Commonwealth. This includes toll facilities; mass transit; freight, passenger, and commuter rail; and port, airport and other transportation facilities.

As of June 30, 2022, $184.6 million included as Loans Receivable in the accompanying statements represents loans to the City of Chesapeake for the Dominion Boulevard Project, Loudoun County for the Pacific Boulevard Project, the Chesapeake Bay Bridge and Tunnel District for the Parallel Thimble Shoal Tunnel, and the 95 Express Lanes LLC for the 395 Express Lanes Northern Extension. The Capital Beltway Express, LLC for the I-495 Express Lanes loan has been approved, but no disbursements were made as of June 30, 2022. Payments were made by the City of Chesapeake for $11.0 million, Chesapeake Bay Bridge and Tunnel District for $20,564, and the 95 Express Lanes LLC for $827,624 in July 2022. All loans are coordinated through the Virginia Resources Authority (major component unit).

E. Tobacco Grants

The Tobacco Region Revitalization Commission (nonmajor component unit) had $68.5 million in grant award commitments not reflected in the accompanying financial statements since eligibility requirements were not met as of June 30, 2022, in accordance with GASB Statement No. 33.

F. Other Commitments

Primary Government

As of June 30, 2022, the Virginia Department of Transportation had contractual commitments of approximately $1.5 billion for individual contracts awarded with a contract value of $1.0 million or more for operational services, facilities, tolling services and other non-highway construction type contracts.

The Virginia College Savings Plan (major enterprise fund) administers the Defined Benefit 529 Program. As of June 30, 2022, the Program had $261.0 million in private equity commitments.

As of June 30, 2022, the Department of Corrections had contractual commitments of approximately $192.9 million for detention services and medical care.

As of June 30, 2022, the Department of Behavioral Health and Developmental Services had contractual commitments of approximately $57.1 million.

As of June 30, 2022, the Department of Motor Vehicles had contractual commitments of approximately $46.1 million for driver's licenses and technology services.

As of June 30, 2022, the Virginia Employment Commission had contractual commitments of approximately $22.0 million for information systems modernization projects and approximately $17.7 million for other non-contractual commitments.

As of June 30, 2022, the Virginia Department of Health had commitments of approximately $26.4 million to localities, trauma centers, grants to rescue squads, and water supply assistance grants.

The Virginia Wireless E-911 (nonmajor enterprise fund) had $23.8 million in outstanding grants awarded but not yet disbursed to localities as of June 30, 2022, since all of the eligibility criteria have not been met in accordance with GASB Statement No. 33.

As of June 30, 2022, the Enterprise Applications (internal service fund) had $10.5 million in contractually obligated commitments for the Human Capital Management replacement project.

Component Units

The Virginia Housing Development Authority (major) and Virginia Resources Authority (major) had $1.1 billion and $633.0 million, respectively, in commitments to fund new loans not reflected in the accompanying financial statements since eligibility requirements were not met as of June 30, 2022, in accordance with GASB Statement No. 33.

As of June 30, 2022, the Virginia Passenger Rail Authority (nonmajor) had capital grant commitments outstanding of $284.5 million and other contractual commitments of $76.6 million. The Authority also has $22.7 million of funding committed to reimburse the Department of Rail and Public Transportation (part of primary government) for planned expenses related to grants managed by the Department.

The Virginia Small Business Financing Authority (nonmajor) had $6.1 million in loan commitments to banks and borrowers not reflected in the accompanying financial statements since eligibility requirements were not met as of June 30, 2022, in accordance with GASB Statement No. 33.

22. ACCRUED LIABILITY FOR COMPENSATED ABSENCES

Employees accrue annual leave at a rate of four to nine hours semimonthly, depending on their length of service. The maximum leave accumulation is dependent upon years of service, but in no case may it exceed 432 hours at the end of the leave year. The maximum compensation for annual leave balances is also dependent upon years of service, but in no case may an employee be compensated for more than 336 hours upon separation.

All employees hired after January 1, 1999, are required to enroll in the Virginia Sickness and Disability Program (VSDP) (see Note 17). Under the VSDP, employees receive a specified number of sick and personal leave hours, depending on their length of service, and any balances at the end of the leave year revert. Individuals employed at January 1, 1999, had the option of converting to the VSDP or remaining in the traditional sick leave plan. If converting, the employee’s sick leave balance could be used to purchase retirement credits or be converted to disability credits. If an employee opted to remain in the traditional sick leave program, sick leave accrues at a rate of five hours semimonthly. Employees who leave state service after a minimum of five years employment receive the lesser of 25.0 percent of the value of their disability credits or accumulated sick leave at their current earnings rate or $5,000. All employees leaving state service are paid for accrued annual leave up to the maximum leave year limit at their current earnings rate.

In conformance with Section C60 of the GASB Codification, the monetary value of accumulated vacation, compensatory, overtime, recognition, and sick leave payable upon termination is included in the accompanying financial statements and is reported as Compensated Absences. In the government-wide statements, proprietary fund statements, and discrete component unit fund statements, compensated absence amounts are segregated into two components – the amount due within one year and the amount due in more than one year. Compensated absences due within one year consist of an estimate of the amount that will be used by active employees for paid time off and/or paid upon termination, plus the actual amount paid after June 30 for employees terminating on or before June 30. In the governmental fund statements, amounts to be paid from expendable resources are recognized as fund liabilities in the applicable governmental fund types as long-term liabilities and represent payments to employees for separations that occurred on or before June 30. Amounts not payable from expendable resources are reflected in the governmental activities column in the Government-wide Statement of Net Position (see Note 27). All amounts related to the fiduciary funds are recognized in those funds.

The liability as of June 30, 2022, was computed using salary rates effective at that date, and represents vacation, compensatory, overtime, recognition, and sick leave earned, or disability credits held by employees, up to the allowable ceilings.

23. POLLUTION REMEDIATION OBLIGATIONS

The Commonwealth has pollution remediation obligations of $8.7 million, of which $1.8 million is due within one year. With the exception of the Department of Environmental Quality (DEQ), agencies estimated future obligations based on professional consultant estimates and/or historical project expenses of similar projects; however, there is the potential for change in estimates due to price increases or reductions, technology, or applicable laws and regulations. Remediations for DEQ are not estimates but contractual obligations between the Commonwealth and the U.S. Environmental Protection Agency (EPA), and any change due to a reconciliation of incurred costs requires mutual consent and contract amendment.

The estimated Commonwealth pollution remediation liability relates to the anticipated cost of cleanup relating to leakage of underground storage tanks, soil and groundwater contaminations, dump site cleanups, mold remediation and remediation relating to superfund state contracts.

Agencies involved in remediation include:

- Department of Conservation and Recreation (DCR)
- Department of Corrections (DOC)
- Department of Emergency Management (VDEM)
- Department of Environmental Quality (DEQ)
- Department of Juvenile Justice (DJJ)
- Department of Transportation (VDOT)

A Facility Lead Agreement was signed between the EPA and VDOT to resolve an issue concerning the storage of lab wastewater in an outdoor lined surface impoundment that operated between 1979 and 1983 for which contamination is present in soil and groundwater. DOC was fined by the EPA in September/October 2003. DOC proposed to conduct a Supplemental Environmental Project (SEP) which included the formation of the Pollution Prevention Section of the Environmental Services Unit, disclosure of all environmental deficiencies to both the EPA and DEQ and corrections of those deficiencies.

The following pollution remediation outlays could not reasonably be estimated as of June 30, 2022:

- VDEM relating to cleanup of an emergency fuel storage facility
- DJJ relating to petroleum storage tank removal
- VDOT relating to groundwater contamination

24. INSURANCE

A. Self-Insurance

The Commonwealth maintains three types of self-insurance plans. The first type of self-insurance is a health care plan administered by the Department of Human Resource Management for Commonwealth employees. The plan is accounted for in the Health Care Internal Service Fund. Interfund premiums are accounted for as internal activity receipts from other funds. As of June 30, 2022, $117.7 million is reported as the estimated claims payable for this fund, which is undiscounted as nearly all healthcare claims are current in nature. The estimated liability is based upon actual claims that have been submitted as well as actuarially determined claims incurred but not reported as described in Note 1.W. Changes in the balances of claims liabilities (dollars in thousands) during the current and prior fiscal years are as follows:

	Balance July 1,	Current Year Claims and Changes in Estimates	Claim Payments	Balance June 30, (1)
2021-2022	$ 116,457	$ 1,528,780	$ (1,527,580)	$ 117,657
2020-2021	$ 136,804	$ 1,454,648	$ (1,474,995)	$ 116,457

(1) The entire ending balance shown above is due within one year.

The second type of plan, Risk Management, is administered by the Department of the Treasury, Division of Risk Management and the Department of Human Resource Management, Worker's Compensation Program. These plans are accounted for in the Risk Management Internal Service Fund. The Department of the Treasury administers risk management programs providing property, general (tort) liability, medical malpractice, automobile and surety bond exposures for the Commonwealth of Virginia as provided in Sections 2.2-1834 through 1838 and Section 2.2-1840 of the *Code of Virginia*. Established subject to the approval of the Governor, risk management plans provide state agencies with protection through purchased insurance, self-insurance or a combination thereof. Interfund premiums for the fund are accounted for as internal activity receipts from other funds. The claims payable is an estimated liability based upon actual claims that have been submitted as well as actuarially determined claims incurred but not reported. As of June 30, 2022, $451.1 million is reported as the estimated claims payable for the risk management plan. This amount is discounted to present value at a rate of 2.8 percent. Undiscounted claims payable as of June 30, 2022, is $623.0 million. The estimated losses are based upon actual claims that have been submitted, as well as claims incurred but not reported. Changes in the balances of claims liabilities (dollars in thousands) during the current and prior fiscal years are as follows:

	Balance July 1,	Current Year Claims and Changes in Estimates	Claim Payments	Balance June 30, (1)
2021-2022	$ 799,256	$ (294,219)	$ (53,889)	$ 451,148
2020-2021	$ 892,190	$ (31,008)	$ (61,926)	$ 799,256

(1) Of the balance shown above, $59.9 million is due within one year.

For workers' compensation, the Commonwealth assumes the full risk of claims filed. For tort and automobile, liability is assumed at a maximum of $2.0 million per occurrence. Medical malpractice is assumed at the maximum per occurrence recovery limited as stated in Section 8.01-581.15 of the *Code of Virginia*. Risk Management purchases commercial insurance to protect state-owned property with deductibles as stated in the insurance policies.

The third type of plan, Line of Duty, is administered by the Department of Human Resource Management for Line of Duty recipients. Per the amended Line of Duty Act Section 9.1-401 of the *Code of Virginia*, the Department of Human Resource Management is responsible for administration of the premium-free health benefits provided to eligible Line of Duty recipients. The plan is accounted for in the Line of Duty Internal Service Fund. All eligible employees, former employees, and eligible family members will be covered under one program, the Line of Duty Health Benefit Plans. Participating or non-participating refers to whether the employer participates in the Line of Duty Death and Health Benefits Trust Fund, administered by VRS. All state agencies are participating employers, but localities can be either participating or non-participating. As of June 30, 2022, $406,893 is reported as the claims payable for the fund for state employees and participating localities, which is undiscounted as nearly all healthcare claims are current in nature. Changes in the balances of claims liabilities (dollars in thousands) during the current and prior fiscal years are as follows:

	Balance July 1,	Current Year Claims and Changes in Estimates	Claim Payments	Balance June 30, (1)
2021-2022	$ 601	$ 6,616	$ (6,810)	$ 407
2020-2021	$ 592	$ 7,515	$ (7,506)	$ 601

(1) The entire ending balance shown above is due within one year.

The Commonwealth has not had any insurance settlements exceed the coverage during the past three years.

University of Virginia (nonmajor component unit) employees have the option to participate in the University's self-funded, comprehensive medical care benefits program. The cost of medical care is paid out of employee and employer contributions. Claims and expenses are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Those losses include an estimate of claims that have been incurred but not reported and the future costs of handling claims. The estimated liability for outstanding claims on June 30, 2022 was $11.1 million. The University has contracted with several third-party claims administrators: Aetna for its medical claims, United Concordia for its dental claims, and OptumRx for its pharmacy claims.

As of June 30, 2022, the Virginia Commonwealth University Health System Authority (Authority) (a blended component unit of the Virginia Commonwealth University – nonmajor component unit) reports the following claims payable amounts: estimated workers' compensation claims of $3.3 million and estimated losses on malpractice claims of $3.4 million. Aries Insurance Captive (component unit of the Authority) reports claims payable of $24.0 million for estimated losses on malpractice claims, $5.7 million for estimated workers' compensation claims, and $5.2 million for other insurance coverages. Additional information on claims payable can be found in the Authority's separately issued financial statements.

Virginia International Terminals, LLC (VIT) (a blended component unit of the Virginia Port Authority – nonmajor) participates in a workers compensation insurance pool and shares risk with other members of the pool. VIT remains obligated under its former self-insured plan for future losses as a result of accidents that occurred prior to April 12, 1999. VIT bears some self-insurance risk for health/medical insurance claims cost in excess of employee premiums/contributions received. Pursuant to a joint arrangement with the Virginia Port Authority, (VPA) (nonmajor) the entity carries stop loss insurance to mitigate exposure to significant claims. The stop loss policy is on a calendar year basis, with renewals effective each January 1. During the calendar year 2022 and 2021, the individual claim cost limit (deductible) under the policy for the Authority was $150,000. The aggregate deductible for VIT and VPA combined claims in excess of the individual limit was $6.1 million for calendar year 2022 and $6.5 million for calendar year 2021.

B. Public Entity Risk Pools

The Commonwealth administers three types of public entity risk pools for the benefit of local governmental units: healthcare, risk management, and line of duty insurance. The Local Choice Health Care plan was established to make comprehensive healthcare insurance available to localities and political subdivisions at affordable rates and with stable premiums. During the fiscal year, there were 437 local government units participating in the pool. This includes 66 school districts, 38 counties, 135 cities/towns, and 198 other subdivisions. This program is accounted for in the Local Choice Health Care Enterprise Fund (nonmajor).

The Department of Human Resource Management, under Section 2.2-1204 of the *Code of Virginia*, has the authority to design, set rates, and administer the Local Choice Health Care fund. The pool's standard contract period is one year. However, a member group may withdraw on the last day of any month with three month's written notice. Contributions are based on the current necessary contribution and the amortization of experience adjustments in the pool. As of June 30, 2022, $47.6 million is reported as the actuarially determined estimated claims payable for this fund based on claims incurred but not reported.

The actuarial liability is determined for the membership pool in total and then adjusted for each locality based on individual historic and demographic data. If the pool's assets were to be exhausted, the program participants would share the responsibility for any liabilities or deficits.

The Department of the Treasury, Division of Risk Management administers the VARisk and VARisk2 risk management programs for political subdivisions, constitutional officers and others in accordance with Section 2.2-1839 of the *Code of Virginia*. These pools were established to provide an economical, low-cost alternative to the commercial insurance market for the Commonwealth's political subdivisions. These risk programs are accounted for in the Risk Management Enterprise Fund (nonmajor). The pool is established subject to approval by the Governor. It may be insurance, self-insurance, or any combination thereof, and must provide protection and legal defense against liability. Participation is voluntary and open to those identified in Section 2.2-1839 of the *Code of Virginia*. As of June 30, 2022, there were 490 units of local government in the pool, including 13 towns and 23 counties. The remaining 454 units include a large variety of boards, commissions, authorities, and special districts.

The VARisk program is comprised of constitutional officers and regional jails, and participation is not mandated by the *Code of Virginia*. However, the Compensation Board (part of the primary government) requires participation by all constitutional officers.

The VARisk2 program is comprised of local governments and has a minimum membership period of one year. However, a member group can cancel membership and withdraw from the plan on their coverage anniversary date or at the end of the fiscal year with 30 days' notice.

No excess insurance or reinsurance is provided. The risk assumed by the VARisk and VARisk2 pool for liability is $1.0 million per occurrence, with the exception of sheriffs and their deputies, which is $1.5 million per occurrence.

As of June 30, 2022, $43.7 million and $4.6 million is reported as estimated claims payable for the

VARisk and the VARisk2 programs, respectively. These figures are actuarially determined for the funds in total and are reported at gross. They are based on the estimated ultimate cost of settling the claims, including the effects of inflation and other societal and economic factors. They do not reflect possible reimbursements for insurance recoveries.

Per the amended Line of Duty Act Section 9.1-401 of the *Code of Virginia*, the Virginia Department of Human Resource Management (DHRM) is responsible for administration of the premium-free health benefits provided to eligible LODA recipients. All eligible employees, former employees, and eligible family members will be covered under one program, the LODA Health Benefits Plans. As of June 30, 2022, $996,187 is reported as the actuarially determined estimated claims payable for the non-participating localities reported in this fund based on claims incurred but not reported.

The following schedule (dollars in thousands) shows the changes in claims liabilities for the past two fiscal years.

	Local Choice Health Care		Risk Management		Line of Duty	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Unpaid Claims and Claim						
Adjustment Expenses at Beginning of Fiscal Year	$ 49,932	$ 50,486	$ 48,916	$ 47,609	$ 1,472	$ 1,450
Incurred Claims and Claim Adjustment Expenses:						
Provision for Insured Events of the Current Fiscal Year	445,550	450,897	15,653	13,845	16,196	18,398
Changes in Provision for Insured Events of Prior Fiscal Years	—	—	(5,387)	(4,255)	—	—
Total Incurred Claims and Adjustment Expenses	445,550	450,897	10,266	9,590	16,196	18,398
Payments:						
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year	447,914	451,451	1,949	1,251	16,672	18,376
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Prior Fiscal Year	—	—	9,854	7,055	—	—
Total Payments	447,914	451,451	11,803	8,306	16,672	18,376
Change in Provision for Discounts	—	—	947	23	—	—
Total Unpaid Claims and Claim Adjustment Expenses at End of the Fiscal Year (Discounted) (1) (2) (3) (4)	$ 47,568	$ 49,932	$ 48,326	$ 48,916	$ 996	$ 1,472
Total Unpaid Claims and Claim Adjustment Expenses at End of the Fiscal Year (Undiscounted)	$ 47,568	$ 49,932	$ 51,559	$ 49,000	$ 996	$ 1,472

Note (1): The entire balance for Local Choice Health Care, $47,568 (dollars in thousands) is due within one year.

Note (2): Of the balance shown above for Risk Management, $13,541 (dollars in thousands) is due within one year.

Note (3): The entire balance for Line of Duty, $996,187 is due within one year.

Note (4): The interest rate used for discounting is 2.8 percent.

25. ACCOUNTS PAYABLE

The following table (dollars in thousands) summarizes Accounts Payable as of June 30, 2022.

	Vendor	Salary / Wage	Retainage	Other	Foundations (1)	Total
Primary Government:						
General	$ 1,600,203	$ 121,405	$ 19	$ —	$ —	$ 1,721,627
Major Special Revenue Funds:						
Commonwealth Transportation	455,893	38,934	1,757	—	—	496,584
Federal Trust	144,300	24,597	6,062	—	—	174,959
Nonmajor Governmental Funds	35,816	16,469	15,284	531	—	68,100
Major Enterprise Funds:						
Virginia Lottery (2)	14,878	1,998	—	8,141	—	25,017
Virginia College Savings Plan	347	821	—	341	—	1,509
Unemployment Compensation	—	—	—	39	—	39
Nonmajor Enterprise Funds	94,310	11,508	—	7	—	105,825
Internal Service Funds	85,877	3,566	1,238	—	—	90,681
Private Purpose Trust Funds	—	—	—	612	—	612
Pension and Other Employee Benefit Trust Funds (3)	—	3,545	—	47,390	—	50,935
Custodial Funds - Other	3,291	—	—	150	—	3,441
Total Primary Government (4)	$ 2,434,915	$ 222,843	$ 24,360	$ 57,211	$ —	$ 2,739,329
Discrete Component Units:						
Virginia Housing Development Authority (5)	$ 3,327	$ 6,160	$ —	$ 245,226	$ —	$ 254,713
Virginia Public School Authority	173	—	—	—	—	173
Virginia Resources Authority	82	5	—	—	—	87
Virginia College Building Authority	95	—	—	—	—	95
Nonmajor Component Units	795,938	583,651	56,958	411	146,371	1,583,329
Total Component Units	$ 799,615	$ 589,816	$ 56,958	$ 245,637	$ 146,371	$ 1,838,397

Note (1): Foundations represent FASB reporting entities defined in Note 1.B.

Note (2): Other Accounts Payable for the Virginia Lottery primarily represents unclaimed prizes attributable to multi-state games and player subscription wallets.

Note (3): Other Accounts Payable for the Pension and Other Employee Benefit Trust Fund consists of $28,711 (dollars in thousands) in investment management fees and $18,679 (dollars in thousands) in program benefit liabilities.

Note (4): Fiduciary liabilities of $54,988 (dollars in thousands) are not included in the Government-wide Statement of Net Position. In addition, governmental fund liabilities of $159,982 (dollars in thousands) are included in the Government-wide Statement of Net Position, but excluded from the above amounts.

Note (5): Other Accounts Payable for the Virginia Housing Development Authority of $226,810 (dollars in thousands) predominantly represents federal pass-through grant awards that have not been disbursed to the recipients as of June 30.

26. OTHER LIABILITIES

The following tables (dollars in thousands) summarize Other Liabilities as of June 30, 2022.

	Primary Government					
	General	Commonwealth Transportation	Federal Trust	Nonmajor Governmental Funds	Virginia Lottery	Virginia College Savings Plan (1)
Lottery Prizes Payable	$ —	$ —	$ —	$ —	$ 96,375	$ —
Medicaid Payable	479,772	—	1,607,617	189,047	—	—
Family Access to Medical Insurance Security Payable	16,236	—	36,826	—	—	—
Tax Refunds Payable	1,478,886	—	—	—	—	—
Accrued Interest Payable	—	—	—	50,328	—	—
Deposits Pending Distribution	9,116	3,469	9	27,100	—	—
Car Tax Payable	263,025	—	—	—	—	—
Other Liabilities	296	21,786	28	17,007	—	23,654
Total Other Liabilities	$ 2,247,331	$ 25,255	$ 1,644,480	$ 283,482	$ 96,375	$ 23,654

	Primary Government				
	Nonmajor Enterprise Funds	Internal Service Funds	Pension and Other Employee Benefit Trust Funds (2)	Custodial Funds - Other	Total Primary Government (3)
Lottery Prizes Payable	$ —	$ —	$ —	$ —	$ 96,375
Medicaid Payable	—	—	—	—	2,276,436
Family Access to Medical Insurance Security Payable	—	—	—	—	53,062
Tax Refunds Payable	—	—	—	—	1,478,886
Accrued Interest Payable	—	275	—	—	50,603
Deposits Pending Distribution	133	350	—	—	40,177
Car Tax Refund Payable	—	—	—	—	263,025
Other Liabilities	—	—	12,208	1,481	76,460
Total Other Liabilities	$ 133	$ 625	$ 12,208	$ 1,481	$ 4,335,024

Note (1): Other Liabilities of $23,654 (dollars in thousands) reported by the Virginia College Savings Plan represent amounts associated with pending investment trades and program distributions payable.

Note (2): Other Liabilities of $12,208 (dollars in thousands) reported in Pension and Other Employee Benefit Trust Funds are made up of $1,858 (dollars in thousands) in other payables related to the System benefit plans; and $10,350 (dollars in thousands) in pending investment transactions consisting of: $2,394 (dollars in thousands) in net foreign exchange contracts payable; $4,194 (dollars in thousands) in other investment payables; $2,831 (dollars in thousands) in foreign taxes payables related to the System benefit plans; and $931,000 in dividends payable related to the System benefit plans.

Note (3): Fiduciary liabilities of $13,689 (dollars in thousands) are not included in the Government-wide Statement of Net Position. Governmental fund liabilities of $115,773 (dollars in thousands) are included in the Government-wide Statement of Net Position, but excluded from the above amounts.

	Component Units					
	Virginia Housing Development Authority	Virginia Public School Authority	Virginia Resources Authority	Virginia College Building Authority	Nonmajor Component Units (4)	Total Component Units
Accrued Interest Payable	$ 32,063	$ 53,126	$ 21,727	$ 90,381	$ 96,922	$ 294,219
Deposits Pending Distribution	—	—	—	—	689,252	689,252
Short-term Debt	710,300	—	—	—	142,912	853,212
Grants Payable	—	—	—	—	8,229	8,229
Other Liabilities	29,579	—	5,940	126	292,722	328,367
Total Other Liabilities	$ 771,942	$ 53,126	$ 27,667	$ 90,507	$ 1,230,037	$ 2,173,279

Note (4): Other Liabilities of nonmajor component units are predominantly comprised of Medicare advance payments as part of the CMS Accelerated and Advance Payments Program reported by University of Virginia (UVA) of $25,361 (dollars in thousands), Virginia Commonwealth University Health System Authority (blended component unit of Virginia Commonwealth University) (VCUHSA) of $24,198 (dollars in thousands), and derivative instruments reported by the following: UVA of $17,003 (dollars in thousands), VCUHSA $20,500 (dollars in thousands), and foundations of higher education institutions of $19,462 (dollars in thousands), Other Liabilities also includes third party settlements reported by VCUHSA of $112,095 (dollars in thousands).

Medicaid Payable

Medicaid Payable represents services rendered but not billed by providers and potential liability resulting from cost reports not settled as of year-end. Providers subject to cost settlement are paid in the interim based on established per diem or diagnosis related group rates for services.

The Department of Medical Assistance Services (DMAS) estimates, based on past experience, the total amount of Medicaid claims that will be paid from the Medicaid program in the future which relate to services provided before year-end. As of June 30, 2022, the estimated liability related to Medicaid claims totaled $2.3 billion in the fund financial statements. Of this amount, $479.8 million is reflected in the General Fund (major governmental), $1.6 billion in the Federal Trust Special Revenue Fund (major governmental), and $189.0 million in the Health and Social Services Fund (nonmajor special revenue). Additionally, $31.1 million is reported in the government-wide financial statements.

Family Access to Medical Insurance Security Payable

DMAS estimates the total amount of claims that will be paid from the Family Access to Medical Insurance Security program in the future which relate to services provided before year-end. As of June 30, 2022, the estimated liability related to claims totaled $53.1 million. Of this amount, $16.2 million is reflected in the General Fund (major governmental) and $36.9 million in the Federal Trust Special Revenue Fund (major governmental).

Tax Refunds Payable

Tax refunds payable represent refunds due on individual tax returns filed for the calendar year ended on or before December 31, 2021, and on business tax returns filed for corporate fiscal years ending on or before June 30, 2022. The individual tax return filing deadline is May 1 of each year for the preceding calendar year. The corporate tax return filing deadline is the 15th day of the fourth month following the close of the corporate fiscal year. In fiscal year 2022, included in the tax refunds payable amount is $1.0 billion relating to the individual income tax rebate provided to taxpayers as required by Chapter 1, 2022 Acts of Assembly Special Session I, Item 3-5.24.

Car Tax Refund Payable

During the year ended June 30, 1998, the General Assembly passed the Personal Property Tax Relief Act. Under the terms of this legislation, the Commonwealth assumed financial responsibility for a portion, ranging from 12.5 percent to 70.0 percent, of the personal property taxes assessed by localities.

During 2004, the General Assembly modified this legislation. Chapter 1 of Special Session 1 (2004) established a $950.0 million limit on the amount the Commonwealth would appropriate for personal property tax relief, beginning in tax year 2006. It further established that each county, city, and town would receive a fixed percentage of the $950.0 million, with payments to begin on or after July 1, 2006 (fiscal year 2007). The accrued liability amount of $263.0 million reflects payments owed to localities as of June 30 and paid in July.

Termination Benefits

During fiscal year 2022, the Commonwealth laid off 116 employees. The affected employees had the option of volunteering for enhanced retirement benefits or severance benefits. The enhanced retirement benefits option was elected by 17 employees, and the remaining 99 employees elected severance benefits. The severance benefits include salary payments based on years of service and insurance premium payments for health and life insurance. All severance benefits were initiated during fiscal year 2022 and will end no later than June 30, 2023. The benefit cost expended and the outstanding liability as of June 30, 2022 for governmental funds, are $1.9 million and $844,309, respectively. Since the severance benefits last for a maximum of 12 months, discounting of future cash flows is unnecessary. Additionally, the estimated payments are calculated using the Department of Human Resources' Termination Benefits Calculator and actual costs.

Short-term Debt

Short-term debt results from borrowings from anticipation notes, lines of credit, and similar loans with parties external to the primary government. The primary government's policy is to disclose activity related to short-term borrowings occurring during the fiscal year. For fiscal year 2022, the primary government's agencies did not participate in short-term borrowings with external parties.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, requires the disclosure of any unused lines of credit. The primary government does not have any unused lines of credit at June 30, 2022.

The Hampton Roads Transportation Accountability Commission (nonmajor governmental) has unused lines of credit of $1.6 billion at June 30, 2022 for various Transportation Infrastructure Finance and Innovation Act (TIFIA) loans.

The Virginia Housing Development Authority (major component unit) has a direct borrowing from a line of credit of $710.3 million. Virginia Polytechnic Institute and State University and Virginia Commonwealth University (nonmajor component units) have commercial paper of $46.5 million and $22.5 million, respectively, primarily for capital projects. Various higher education institution foundations (nonmajor component units) have lines of credit of $72.0 million primarily for construction or property acquisition. The Virginia Museum of Fine Arts Foundation (nonmajor component unit) has borrowed $1.9 million from a line of credit to purchase a building expected to be used by the Museum. Additionally, the Library of Virginia Foundation (nonmajor component unit) has a $6,000 note with a related party. The balance of Other Liabilities is spread among various other funds.

The Virginia Housing Development Authority (major component unit) has an unused line of credit of $250.0 million. The University of Virginia, Virginia Polytechnic Institute and State University, Virginia Commonwealth University Health System Authority (blended component unit of Virginia Commonwealth University), and Christopher Newport University (nonmajor component units) have unused lines of credit of $500.0 million, $368.0 million, $100.0 million, and $21,785, respectively. The Hampton Roads Sanitation District Commission and the Virginia Port Authority (nonmajor component units) have unused lines of credit of $66.3 million and $16.0 million, respectively. For the University of Virginia, in the event of default under revolving credit agreements, any outstanding advances, interest, and the value of the promissory note would be due and payable to the various banking institutions.

27. LONG-TERM LIABILITIES

Commonwealth bonds are issued pursuant to Section 9 of Article X of the Constitution of Virginia. Section 9(a) bonds have been issued to redeem previous debt obligations. Section 9(b) bonds have been authorized by the citizens of Virginia through bond referenda to finance capital projects. These bonds are retired through the use of state appropriations. Section 9(c) bonds are issued to finance capital projects which, when completed, will generate revenue to repay the debt. Section 9(a), 9(b), and 9(c) bonds are tax-supported general obligation bonds and are backed by the full faith and credit of the Commonwealth. No other long-term debt obligations are backed by the full faith and credit of the Commonwealth.

Section 9(d) bonds are revenue bonds that are not backed by the full faith and credit of the Commonwealth. These bonds are not general obligation bonds and are not deemed to constitute a legal liability of the Commonwealth. However, this debt may be supported by state appropriations in whole or in part, such as certain debt of the Commonwealth Transportation Board (primary government) and the Virginia Port Authority (nonmajor component unit). Other 9(d) revenue bonds are payable from general revenues of the component units, or from revenues of specific revenue-producing capital projects, such as the teaching hospitals, dormitories, student centers, and dining halls at the various colleges and universities (nonmajor component units).

Certain 9(d) bonds are considered, along with 9(a), 9(b), and 9(c) bonds, to be tax-supported debt of the Commonwealth. Tax-supported debt includes all bonds and short-term debt for which debt service payments are made or are ultimately pledged to be made from tax revenues (net of sinking fund requirements).

Other 9(d) revenue bonds are considered debt not supported by taxes. For this debt, the Commonwealth has no direct or indirect pledge of tax revenues. In certain limited cases, the Commonwealth has made a moral obligation pledge. A government's moral obligation pledge provides a deficiency make-up for bondholders in the event pledged revenues prove to be insufficient. If a revenue deficiency exists, monies held in a debt service reserve fund are used to pay bondholders. The issuer then requests that the legislative body provide an appropriation to replenish the reserve fund before subsequent debt service is due. The legislative body may, but is not legally required to, replenish the reserve fund.

GASB Statement No. 87, *Leases*, was implemented in fiscal year 2022 and resulted in significant changes to lease accounting and reporting requirements. Accordingly, beginning balances have been restated and long-term lease balances have increased substantially from the former capital lease obligation category.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, requires disclosures related to unused lines of credit (see Note 26), direct borrowings and placement debt, and specific disclosures related to debt default. Direct borrowings and placements have terms with an investor or lender and are not offered for public sale.

The following schedule presents the total long-term liabilities of the Commonwealth, and the portion of these amounts which are due within one year, as reported on the Government-wide Statement of Net Position.

Total Long-term Liabilities

June 30, 2022

(Dollars in Thousands)	Balance At June 30	Amount Due Within One Year
Primary Government:		
Governmental Activities: (1)		
General Obligation Bonds: (2)		
9(b) Public Facilities (3)	$ 225,600	$ 46,950
9(c) Parking Facilities (3)	5,664	906
Total General Obligation Bonds	231,264	47,856
Nongeneral Obligation Bonds - 9(d):		
Transportation Debt (3) (4)	3,819,689	216,335
Virginia Public Building Authority (3)	3,780,877	198,645
Total Nongeneral Obligation Bonds	7,600,566	414,980
Other Long-term Obligations:		
Net Pension Liability	2,728,430	—
Net OPEB Liability	784,210	3,590
Total OPEB Liability	247,471	18,114
Compensated Absences	333,763	200,982
Long-term Lease Liabilities (12)	484,198	50,836
Pollution Remediation Obligations	8,685	1,829
Installment Purchase Obligations from Direct Borrowings	107,224	15,715
Hampton Roads Transportation Accountability Commission (3) (5)	2,785,352	414,345
Other Liabilities	28,411	6,615
Total Other Long-term Obligations	7,507,744	712,026
Total Governmental Activities	15,339,574	1,174,862
Business-type Activities: (1) (5)		
Other Long-term Obligations:		
Net Pension Liability	95,141	—
Net OPEB Liability	21,595	35
Total OPEB Liability	9,854	698
Compensated Absences	13,699	12,175
Long-term Lease Liabilities	193,959	21,481
Installment Purchase Obligations from Direct Borrowings	572	204
Educational Benefits Payable	1,613,747	269,291
Lottery Prizes Payable	112,828	10,756
Total Other Long-term Obligations	2,061,395	314,640
Total Business-type Activities	2,061,395	314,640
Total Primary Government	17,400,969	1,489,502

Total Long-term Liabilities
June 30, 2022

(Dollars in Thousands)	Balance At June 30	Amount Due Within One Year
Component Units:		
General Obligation Bonds: (2)		
Higher Education Fund - 9(c) Bonds (3)	912,817	65,574
Nongeneral Obligation Bonds:		
Higher Education Institutions - 9(d) (3) (5)	4,238,498	17,212
Higher Education Institutions - 9(d) from Direct Placements (3) (5)	211,065	8,201
Virginia College Building Authority (3)	5,389,998	372,285
Virginia Port Authority - 9(d) (3) (6)	476,271	18,270
Virginia Housing Development Authority - 9(d) (3) (5)	4,456,549	99,034
Virginia Housing Development Authority from Direct Placements - 9(d) (3) (5)	223,250	7,415
Virginia Resources Authority - 9(d) (3) (7)	3,375,038	200,040
Virginia Public School Authority - 9(d) (3) (5)	3,902,614	268,975
Virginia Public School Authority from Direct Placements - 9(d) (3) (5)	91,246	3,960
Hampton Roads Sanitation District Commission (3) (5)	868,472	89,786
Foundations (5) (8)	1,018,902	38,381
Total Nongeneral Obligation Bonds	24,251,903	1,123,559
Other Long-term Obligations:		
Net Pension Liability (9)	1,646,851	—
Net OPEB Liability (10)	707,854	199
Total OPEB Liability (11)	258,413	14,007
Compensated Absences	379,422	278,996
Long-term Lease Liabilities (12)	4,744,881	89,224
Notes Payable (5)	1,714,762	155,467
Notes Payable from Direct Borrowings (5)	167,689	3,041
Installment Purchase Obligations from Direct Borrowings	232,324	10,511
Trust and Annuity Obligations (5) (13)	96,431	—
Other Liabilities (5)	410,697	182,593
Total Other Long-term Obligations (Excluding Foundations)	10,359,324	734,038
Other Long-term Obligations (Foundations): (5) (8)		
Compensated Absences	30,361	20,708
Notes Payable	317,232	25,690
Trust and Annuity Obligations (13)	74,512	2,247
Other Liabilities	373,091	27,602
Total Other Long-term Obligations - Foundations	795,196	76,247
Total Other Long-term Obligations	11,154,520	810,285
Total Component Units	36,319,240	1,999,418
Total Long-term Liabilities	$ 53,720,209	$ 3,488,920

1. Pursuant to GASB Statement No. 34, governmental activities include internal service funds. Business-type activities are considered enterprise funds.
2. Total general obligation debt of the Commonwealth is $1.1 billion.
3. Amounts are net of any unamortized discounts and premiums.
4. This debt includes $1.1 billion that is not supported by taxes.
5. This debt is not supported by taxes.
6. This debt includes $266.0 million for bonds that is not supported by taxes.
7. This debt is not supported by taxes; however, $929.9 million is considered moral obligation debt.
8. Foundations represent FASB reporting entities defined in Note 1.B.
9. This includes net pension liabilities that do not relate to the Virginia Retirement System's State Plan from the Hampton Roads Sanitation District Commission and Virginia Port Authority of $2.1 million and $4.0 million, respectively. This debt is not supported by taxes.
10. This includes OPEB obligations that do not relate to the Virginia Retirement System's State Plan from the Hampton Roads Sanitation District Commission, Virginia Port Authority, Virginia Resources Authority, Roanoke Higher Education Authority, and Virginia Biotechnology Research Partnership Authority of $16.5 million, $618,000, $216,543, $60,395, and $51,245, respectively. This debt is not supported by taxes.
11. This includes OPEB obligations that do not relate to the Department of Human Resource Management from the University of Virginia of $65.8 million and Virginia Port Authority of $1.0 million. This debt is not supported by taxes.
12. This includes $366.2 million for governmental activities and $188.9 million for component units that are supported by taxes.
13. These generally represent split-interest agreements that represent donor contributed assets with the requirement that an annual distribution be made to the donor or specified beneficiary. The annual distributions are usually for a fixed dollar amount or a fixed percentage of the trust's fair market value. The present value of these commitments is reported as Trust and Annuity Obligations.

Primary Government

Transportation Facilities Debt

Transportation Facilities Bonds include $3.8 billion of Transportation Facilities Section 9(d) debt. The Section 9(d) debt includes $2.7 billion of Section 9(d) revenue bonds, $979.8 million of Grant Anticipation Revenue Notes (GARVEES), and $102.4 million of I-81 revenue bonds in addition to the outstanding Section 9(d) revenue bonds. There are no Section 9(c) bonds outstanding at June 30, 2022. Section 9(d) principal and interest requirements for the current year totaled $358.3 million. The Section 9(d) Transportation Facilities Bonds were issued to fund the construction of State Route 28, U.S. Route 58, the Northern Virginia Transportation District Program, the Oak Grove Connector (Chesapeake), the Interstate 81 Improvement Program, and costs of certain transportation projects in the Commonwealth. The GARVEES were issued to finance various Federal Aid Transportation projects throughout the Commonwealth. The interest rates for these bonds range from 1.0 percent to 5.4 percent and the issuance dates range from October 10, 2002 to April 6, 2022.

The following schedule details the annual funding requirements necessary to amortize Transportation 9(d) debt. Pursuant to the American Recovery and Reinvestment Act, the Commonwealth expects to receive an interest subsidy to reimburse interest payments of $42.6 million for Build America Bonds (BABs) issued. The BABs are applicable to Commonwealth of Virginia Transportation Series 2010A Capital Project Revenue Bonds. Additionally, the Commonwealth will receive the amounts required to pay the debt service on outstanding Series 2002 and Series 2012 bonds from the Route 28 Transportation Improvement District, annually. The Commonwealth will also receive a portion of the debt service amount for the Northern Virginia Transportation District from the localities where the projects are located, annually.

9(d) TRANSPORTATION FACILITIES DEBT
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2023	$ 216,335,351	$ 152,543,499	$ 368,878,850
2024	225,945,602	141,563,976	367,509,578
2025	219,253,739	130,603,407	349,857,146
2026	229,524,277	119,797,506	349,321,783
2027	232,001,299	108,356,746	340,358,045
2028-2032	1,034,545,000	384,704,005	1,419,249,005
2033-2037	776,045,000	169,695,530	945,740,530
2038-2042	337,705,000	59,819,943	397,524,943
2043-2047	91,415,000	17,387,437	108,802,437
2048-2052	16,135,000	7,646,500	23,781,500
2053-2057	20,590,000	3,189,250	23,779,250
Less: Unamortized Discount	(61,951)	—	(61,951)
Add: Accretion on Capital Appreciation Bonds	22,111,955	—	22,111,955
Unamortized Premium	398,144,081	—	398,144,081
Total	$ 3,819,689,353	$ 1,295,307,799	$ 5,114,997,152

Fairfax Economic Development Authority Obligations

In fiscal year 2006, the Fairfax County Economic Development Authority (EDA) issued Section 9(d) revenue bonds to pay for the Commonwealth's (VDOT) costs of the planning, design and construction of a transportation infrastructure and related public safety operations complex to be developed on the contiguous sites in the county commonly referred to as "Camp 30" for the joint use of VDOT and the county. In fiscal year 2014, Fairfax County EDA issued a series of revenue refunding bonds, which refunded Series 2006 revenue bonds. The Commonwealth's obligation is set out in a payment agreement between Fairfax County EDA and the Commonwealth of Virginia, Department of Transportation, in which the Commonwealth agrees to make payments equal to the debt service from amounts appropriated by the General Assembly. The interest rates for these bonds ranged from 1.0 percent to 5.0 percent and the issue date was March 26, 2014. The principal and interest requirements for the current year totaled $7.1 million. There are currently no bonds outstanding for Fairfax County EDA.

Public Facilities Bonds

Section 9(b) general obligation bonds consist of Public Facilities Bonds, Series 2012A Refunding, Series 2013B Refunding, Series 2015B Refunding, Series 2016B Refunding, and Series 2019C Refunding. Bonds were issued to fund construction projects for higher educational institutions, behavioral health, and/or park facilities. The Series 2012A bonds were issued to advance refund outstanding Series 2002, Series 2003A, Series 2004A, and Series 2005A bonds. The Series 2013B bonds were issued to advance refund outstanding Series 2005A, Series 2006B, Series 2007A, and Series 2007B bonds. The Series 2015B bonds were issued to advance refund certain maturities of outstanding Series 2007B, Series 2008A, and Series 2008B bonds. The Series 2016B bonds were issued to advance refund certain maturities of outstanding Series 2009A bonds. The Series 2019C bonds were issued to advance refund outstanding 2009E bonds. Principal and interest requirements for the current year totaled $56.9 million. The interest rates for all bonds range from 2.0 percent to 5.0 percent and the issuance dates range from March 7, 2012, to August 14, 2019. The following schedule details the annual funding requirements necessary to repay these bonds.

9(b) PUBLIC FACILITIES BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2023	$ 46,950,000	$ 8,978,916	$ 55,928,916
2024	44,390,000	6,830,292	51,220,292
2025	36,280,000	4,807,314	41,087,314
2026	30,400,000	3,243,986	33,643,986
2027	24,430,000	1,874,093	26,304,093
2028-2032	18,965,000	920,855	19,885,855
Add: Unamortized Premium	24,184,573	—	24,184,573
Total	$ 225,599,573	$ 26,655,456	$ 252,255,029

Parking Facilities Bonds

Section 9(c) general obligation bonds consist of Parking Facilities Bonds, Series 2012A Refunding and Series 2016B Refunding. The Series 2012A Refunding bonds were issued to advance refund outstanding Series 2002 Refunding and Series 2004A bonds. The Series 2016B Refunding bonds were issued to advance refund certain maturities of outstanding Series 2009B bonds. The interest rate for these bonds range from 2.0 percent to 5.0 percent, and the issuance dates range from March 7, 2012, to November 10, 2016. Current year principal and interest requirements totaled $1.1 million. The following schedule details the annual funding requirements necessary to repay these bonds.

9(c) PARKING FACILITIES BONDS
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2023	$ 906,256	$ 223,652	$ 1,129,908
2024	952,789	178,339	1,131,128
2025	575,000	130,700	705,700
2026	605,000	101,950	706,950
2027	630,000	71,700	701,700
2028-2032	1,335,000	67,200	1,402,200
Add:			
Unamortized Premium	660,379	—	660,379
Total	$ 5,664,424	$ 773,541	$ 6,437,965

Virginia Public Building Authority

Virginia Public Building Authority Section 9(d) bonds consist of 2010B-2 (Taxable Build America Bonds), 2010B-3 Refunding, 2012A Refunding, 2013A, 2013B Refunding, 2014A, 2014B (Taxable), 2014C Refunding, 2015A, 2015B Refunding, 2016A, 2016B Refunding, 2016C (AMT), 2016D (Taxable), 2017A Refunding, 2018A, 2018B (Taxable), 2019A, 2019B (AMT), 2019C (Taxable), 2020A, 2020B Refunding, 2020C (Taxable), 2021A, 2021B Refunding (Taxable), 2022A, and 2022B (Taxable). All bonds were issued for the purpose of constructing, improving, furnishing, maintaining, and acquiring public buildings for the use of the Commonwealth and also to reimburse localities, regional jail authorities or other combinations of localities under the Regional Jail Financing Program. The Series 2010B-3 bonds were issued to advance refund outstanding series 2002A and 2004B Revenue bonds. The Series 2012A bonds were issued to advance refund outstanding series 2004B and 2005C Revenue bonds. The Series 2013B bonds were issued to advance refund 2006A and 2006B revenue bonds. The Series 2014C bonds were issued to advance refund outstanding Series 2004A Refunding, 2004B, 2004C Refunding, and 2004D Refunding bonds, and certain maturities of the 2005C, 2006A, 2006B, and 2007A bonds. The Series 2015B bonds were issued to advance refund outstanding series 2005A Refunding, 2005B Refunding, and 2006A bonds and certain maturities of the series 2008B bonds. The Series 2016B bonds were issued to advance refund certain maturities of the series 2009B and 2011A bonds. The Series 2017A bonds were issued to advance refund certain maturities of the 2011A, 2013A, and 2014A bonds. The Series 2020B bonds were issued to advance refund outstanding Series 2005D, Series 2009D Refunding and 2010A bonds. The Series 2021B bonds were issued to advance refund outstanding Series 2011B bonds. The interest rates range from 0.3 percent to 5.9 percent and the issuance dates range from November 23, 2010, to April 26, 2022.

Current year principal and interest requirements for all VPBA bonds totaled $305.3 million. The following schedule details the annual funding requirements necessary to repay these bonds. Pursuant to the American Recovery and Reinvestment Act, the Commonwealth expects to receive an interest subsidy to reimburse interest payments of $12.5 million for Build America Bonds (BABs) issued. The BABs are applicable to Series 2010 Revenue Bonds.

9(d) VIRGINIA PUBLIC BUILDING AUTHORITY BONDS
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2023	$ 198,645,000	$ 138,064,913	$ 336,709,913
2024	223,880,000	133,062,284	356,942,284
2025	234,485,000	122,220,409	356,705,409
2026	228,810,000	111,262,054	340,072,054
2027	224,600,000	100,590,904	325,190,904
2028-2032	961,995,000	360,874,489	1,322,869,489
2033-2037	736,770,000	175,948,626	912,718,626
2038-2042	498,315,000	45,659,437	543,974,437
2043-2047	32,440,000	648,800	33,088,800
Add:			
Unamortized Premium	440,936,529	—	440,936,529
Total	$ 3,780,876,529	$ 1,188,331,916	$ 4,969,208,445

Hampton Roads Transportation Accountability Commission

Hampton Roads Transportation Accountability Commission bonds consists of Senior Lien Revenue Bonds, Series 2018A, Intermediate Lien Revenue Bonds, Series 2019A, Senior Lien Revenue Bonds, Series 2020A, Senior Lien Revenue Bonds, Series 2021A, Senior Lien Revenue Bonds, Series 2022A, and a TIFIA loan, Series 2021A. The bonds were issued to pay for the costs of planning, design, and construction of transportation infrastructure in the localities comprising Planning District 23. The interest rates for these bond series range from 1.9 percent to 5.5 percent and the issue dates range from February 14, 2018 to May 19, 2022. Current year interest requirements totaled $98.9 million. The following schedule details the annual funding requirements necessary to repay these bonds. This schedule includes future capitalized interest of $3.8 million through June 30, 2024.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION BONDS
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2023	$ 414,345,000	$ 96,889,084	$ 511,234,084
2024	—	93,129,600	93,129,600
2025	—	94,103,358	94,103,358
2026	5,222,717	94,938,134	100,160,851
2027	823,564,231	74,245,203	897,809,434
2028-2032	84,571,255	258,518,302	343,089,557
2033-2037	109,198,447	235,548,338	344,746,785
2038-2042	141,772,791	207,394,189	349,166,980
2043-2047	181,757,137	172,047,029	353,804,166
2048-2052	226,095,616	129,054,520	355,150,136
2053-2057	270,449,373	81,659,204	352,108,577
2058-2062	237,625,000	23,288,106	260,913,106
Add:			
Unamortized Premium	294,525,505	—	294,525,505
Total	$ 2,789,127,072	$ 1,560,815,067	$ 4,349,942,139

Component Units

Higher Education Institution Bonds

Higher Education Institution Bonds are comprised of both 9(c) general obligation bonds and 9(d) revenue bonds. Section 9(d) bonds are from several sources as shown on the following schedule (dollars in thousands).

College and university bonds backed by pledge of general revenue or revenue from specific revenue-producing capital projects	$ 3,862,619
College and university debt backed exclusively by pledged revenues of an institution	586,944
Total Higher Education Institution 9(d) debt	$ 4,449,563

The interest rates for these bonds range from 0.4 percent to 6.2 percent and the issuance dates range from April 15, 2009, to June 1, 2022. The Virginia Commonwealth University Health System Authority (a blended component unit of the Virginia Commonwealth University – nonmajor) Series 2013B bonds are variable rate bonds and the rates are reset weekly by the remarketing agent.

The following schedules detail the annual funding requirements necessary to amortize Higher Education Institution 9(c) and 9(d) bonds. Pursuant to the American Recovery and Reinvestment Act, the Commonwealth expects to receive an interest subsidy to reimburse interest payments of $170.8 million for Build America Bonds (BABs) issued. The BABs are applicable to General Obligation Series 2010A Bonds, Series 2010B 21st Century Virginia College Building Authority Education Facilities Bonds, and the University of Virginia's Series 2009 and 2010 General Revenue Bonds. Virginia Commonwealth University (nonmajor component unit) and Virginia Commonwealth University Health System Authority (blended component unit of Virginia Commonwealth University - nonmajor component unit) (VCUHSA) have Direct Placement Bond Series. The VCUHSA bonds include event of default provisions that could change the timing of repayment of the outstanding amounts to become immediately due.

9(c) HIGHER EDUCATION INSTITUTION BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2023	$ 65,573,744	$ 29,390,342	$ 94,964,086
2024	70,042,211	26,744,168	96,786,379
2025	71,390,000	24,102,689	95,492,689
2026	72,580,000	21,446,233	94,026,233
2027	69,760,000	18,623,854	88,383,854
2028-2032	291,750,000	56,964,580	348,714,580
2033-2037	169,565,000	17,390,348	186,955,348
2038-2042	41,300,000	2,008,682	43,308,682
Add:			
Unamortized Premium	60,855,915	—	60,855,915
Total	$ 912,816,870	$ 196,670,896	$ 1,109,487,766

9(d) HIGHER EDUCATION INSTITUTION BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest (1)	Total
2023	$ 17,211,797	$ 152,853,925	$ 170,065,722
2024	54,572,101	154,417,816	208,989,917
2025	17,461,798	150,112,599	167,574,397
2026	19,520,000	149,369,927	168,889,927
2027	27,325,000	148,441,519	175,766,519
2028-2032	179,265,000	726,430,662	905,695,662
2033-2037	137,690,000	697,386,183	835,076,183
2038-2042	750,250,000	599,921,444	1,350,171,444
2043-2047	540,180,000	432,504,674	972,684,674
2048-2052	1,638,810,000	267,585,278	1,906,395,278
2053-2057	100,000,000	126,657,500	226,657,500
2058-2062	—	119,157,500	119,157,500
2063-2067	—	119,157,500	119,157,500
2068-2072	—	119,157,500	119,157,500
2073-2077	—	119,157,500	119,157,500
2078-2082	—	119,157,500	119,157,500
2083-2087	—	119,157,500	119,157,500
2088-2092	—	119,157,500	119,157,500
2093-2097	—	119,157,500	119,157,500
2098-2102	—	119,157,500	119,157,500
2103-2107	—	119,157,500	119,157,500
2108-2112	—	119,157,500	119,157,500
2113-2117	—	119,157,500	119,157,500
2118-2122	650,000,000	34,504,750	684,504,750
Add:			
Unamortized Premium	106,212,468	—	106,212,468
Total	$ 4,238,498,164	$ 5,070,076,277	$ 9,308,574,441

Note (1): The future interest requirements exclude any net Payments associated with hedging derivative instruments. See Note 15 for more details on hedging derivative instruments.

9(d) HIGHER EDUCATION INSTITUTION DIRECT PLACEMENT BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2023	$ 8,201,155	$ 3,500,780	$ 11,701,935
2024	8,415,597	3,350,538	11,766,135
2025	12,701,169	3,139,727	15,840,896
2026	12,581,056	2,922,008	15,503,064
2027	12,976,518	2,710,199	15,686,717
2028-2032	67,823,561	10,149,790	77,973,351
2033-2037	72,665,904	3,928,043	76,593,947
2038-2042	15,700,000	—	15,700,000
Total	$ 211,064,960	$ 29,701,085	$ 240,766,045

9(d) VIRGINIA COLLEGE BUILDING AUTHORITY BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2023	$ 372,285,000	$ 191,206,236	$ 563,491,236
2024	359,815,000	184,537,106	544,352,106
2025	349,640,000	168,342,940	517,982,940
2026	349,685,000	152,471,218	502,156,218
2027	341,680,000	137,495,883	479,175,883
2028-2032	1,554,640,000	465,662,793	2,020,302,793
2033-2037	1,054,370,000	196,011,629	1,250,381,629
2038-2042	449,595,000	46,381,163	495,976,163
Add:			
Unamortized Premium	558,288,486	—	558,288,486
Total	$ 5,389,998,486	$ 1,542,108,968	$ 6,932,107,454

Various higher education institutions' foundations (component units) and a museum foundation (component unit) have bonds outstanding as of year-end. The purpose of a majority of these bonds is for construction, property acquisition, and defeasance of prior debt. The following schedule details the future principal payments.

FOUNDATIONS' BONDS (1)
Debt Service Requirements to Maturity

Maturity	Principal
2023	$ 38,380,988
2024	44,000,211
2025	38,539,331
2026	49,055,757
2027	61,612,251
Thereafter	787,313,732
Total	$ 1,018,902,270

Note (1): Foundations represent FASB reporting entities defined in Note 1.B.

Virginia Port Authority

The Virginia Port Authority (nonmajor) has issued Section 9(d) revenue bonds and notes pursuant to powers provided to its Board of Commissioners by the *Code of Virginia.* The interest rates for these bonds range from 0.4 percent to 5.0 percent, and the issuance dates range from January 25, 2012, to August 4, 2020. The following schedule details the annual funding requirements necessary to amortize these bonds.

9(d) VIRGINIA PORT AUTHORITY DEBT
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2023	$ 18,270,000	$ 17,336,187	$ 35,606,187
2024	18,225,000	16,747,018	34,972,018
2025	18,860,000	16,096,186	34,956,186
2026	19,530,000	15,403,922	34,933,922
2027	20,245,000	14,669,363	34,914,363
2028-2032	113,950,000	62,332,206	176,282,206
2033-2037	94,255,000	43,774,293	138,029,293
2038-2042	95,960,000	23,984,153	119,944,153
2043-2047	62,650,000	6,029,517	68,679,517
Add:			
Unamortized Premium	14,325,530	—	14,325,530
Total	$ 476,270,530	$ 216,372,845	$ 692,643,375

Virginia Housing Development Authority

The Virginia Housing Development Authority (major) issued Section 9(d) revenue bonds. The interest rates for these bonds range from 2.1 percent to 6.5 percent and the issuance dates range from June 8, 2006, to June 30, 2022. The following schedule details the annual funding requirements necessary to amortize these bonds. VHDA has an option to redeem various bonds pursuant the terms of each bond issue. The redemptions generally cannot be exercised without condition until the bonds have been outstanding for nine years or more.

9(d) VIRGINIA HOUSING DEVELOPMENT AUTHORITY BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2023	$ 99,033,848	$ 136,233,141	$ 235,266,989
2024	110,540,000	133,717,462	244,257,462
2025	126,665,000	131,753,046	258,418,046
2026	101,730,000	129,572,075	231,302,075
2027	98,055,000	127,252,821	225,307,821
2028-2032	519,910,000	597,530,139	1,117,440,139
2033-2037	585,819,526	517,378,906	1,103,198,432
2038-2042	771,528,601	410,609,829	1,182,138,430
2043-2047	784,542,001	266,677,265	1,051,219,266
2048-2052	860,569,568	149,043,930	1,009,613,498
2053-2057	399,045,000	29,930,349	428,975,349
Less: Unamortized Discount	(889,384)	—	(889,384)
Total	$ 4,456,549,160	$ 2,629,698,963	$ 7,086,248,123

9(d) VIRGINIA HOUSING DEVELOPMENT AUTHORITY DIRECT PLACEMENT BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2023	$ 7,415,000	$ 8,679,066	$ 16,094,066
2024	7,670,000	8,386,227	16,056,227
2025	7,930,000	8,083,470	16,013,470
2026	8,210,000	7,770,205	15,980,205
2027	8,490,000	7,445,935	15,935,935
2028-2032	47,045,000	31,961,452	79,006,452
2033-2037	55,750,000	21,999,274	77,749,274
2038-2042	66,110,000	10,184,370	76,294,370
2043-2047	14,630,000	431,816	15,061,816
Total	$ 223,250,000	$ 104,941,815	$ 328,191,815

Virginia Resources Authority

The Virginia Resources Authority (major) issued Section 9(d) revenue bonds. The interest rates for these bonds range from 0.2 percent to 6.3 percent and the issuance dates range from July 31, 2002, to May 25, 2022. The following schedule details the annual funding requirements necessary to amortize these bonds.

9(d) VIRGINIA RESOURCES AUTHORITY BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2023	$ 200,039,860	$ 116,412,335	$ 316,452,195
2024	193,214,097	107,921,214	301,135,311
2025	202,574,805	99,517,553	302,092,358
2026	209,482,035	90,764,660	300,246,695
2027	207,692,828	81,946,306	289,639,134
2028-2032	931,164,951	290,888,210	1,222,053,161
2033-2037	632,155,033	148,390,405	780,545,438
2038-2042	411,580,000	62,169,360	473,749,360
2043-2047	135,580,000	16,541,431	152,121,431
2048-2052	40,645,000	2,615,063	43,260,063
2053-2057	1,030,000	20,600	1,050,600
Less: Unaccreted Capital Appreciation Bonds	(4,049,148)	—	(4,049,148)
Add: Unamortized Premium	213,929,028	—	213,929,028
Total	$ 3,375,038,489	$ 1,017,187,137	$ 4,392,225,626

Virginia Public School Authority

The Virginia Public School Authority (major) issued Section 9(d) revenue bonds. The interest rates for these bonds range from 0.0 percent to 5.5 percent, and the issuance dates range from November 13, 2009, to May 17, 2022. The following schedules detail the annual funding requirements necessary to amortize these bonds. Pursuant to the American Recovery and Reinvestment Act, the Commonwealth expects to receive an interest subsidy to reimburse interest payments of $92.2 million for Qualified School Construction Bonds (QSCBs) issued. The QSCBs are applicable to Series 2010-1, 2011-1, 2011-2, and 2012-1 Revenue Bonds. VPSA's 2014-1 QZAB Bond Series shall bear interest at the default rate, payable on demand by the owner of the Bonds.

9(d) VIRGINIA PUBLIC SCHOOL AUTHORITY BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2023	$ 268,975,000	$ 134,972,087	$ 403,947,087
2024	264,825,000	125,510,461	390,335,461
2025	258,920,000	114,474,122	373,394,122
2026	255,020,000	103,678,319	358,698,319
2027	443,275,000	93,244,739	536,519,739
2028-2032	1,124,585,000	291,768,046	1,416,353,046
2033-2037	686,140,000	125,437,238	811,577,238
2038-2042	360,620,000	46,712,382	407,332,382
2043-2047	74,585,000	17,005,972	91,590,972
2048-2052	59,530,000	5,038,738	64,568,738
Add:			
Unamortized Premium	106,139,200	—	106,139,200
Total	$ 3,902,614,200	$ 1,057,842,104	$ 4,960,456,304

9(d) VIRGINIA PUBLIC SCHOOL AUTHORITY DIRECT PLACEMENT BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2023	$ 3,960,000	$ 2,368,350	$ 6,328,350
2024	4,010,000	2,254,778	6,264,778
2025	7,871,000	2,139,851	10,010,851
2026	4,105,000	2,023,571	6,128,571
2027	4,160,000	1,905,795	6,065,795
2028-2032	24,005,000	7,706,471	31,711,471
2033-2037	23,240,000	4,510,695	27,750,695
2038-2042	19,895,000	1,145,344	21,040,344
Total	$ 91,246,000	$ 24,054,855	$ 115,300,855

Hampton Roads Sanitation District Commission

The Hampton Roads Sanitation District Commission (nonmajor) issues revenue bonds for various capital improvements including, but not limited to, wastewater treatment plants and interceptor system improvements. Bond issue dates range from November 12, 2009 to June 11, 2020. The interest cost for these bonds range from 1.2 percent to 5.9 percent. The following schedule details the annual funding requirements necessary to amortize these bonds. The fiscal year 2022 principal amount includes $50.0 million for demand bonds, which are also classified as “due within one year” in the accompanying financial statements.

HAMPTON ROADS SANITATION DISTRICT COMMISSION
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2023	$ 89,786,000	$ 25,681,000	$ 115,467,000
2024	43,175,000	24,365,000	67,540,000
2025	45,976,000	22,819,000	68,795,000
2026	46,966,000	21,263,000	68,229,000
2027	48,149,000	19,904,000	68,053,000
2028-2032	234,360,000	78,265,000	312,625,000
2033-2037	217,985,000	41,907,000	259,892,000
2038-2042	101,735,000	11,868,000	113,603,000
2043-2047	23,703,000	2,637,000	26,340,000
2048-2052	95,000	13,000	108,000
Add:			
Unamortized Premium	16,542,000	—	16,542,000
Total	$ 868,472,000	$ 248,722,000	$ 1,117,194,000

Total principal outstanding as of June 30, 2022, on all component unit bonds amounted to $25.2 billion.

The following schedule summarizes the changes in long-term liabilities:

(Dollars in Thousands)

Schedule of Changes in Long-term Debt and Obligations (1) (2)

	Balance July 1, as restated (3)	Issuances and Other Increases	Retirements and Other Decreases	Subtotal June 30
Primary Government				
Governmental Activities:				
Long-term Debt Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
General Obligation Bonds - 9(b) and 9(c):				
Public Facilities Bonds	$ 247,190	$ —	$ (45,775)	$ 201,415
Parking Facilities Bonds	5,844	—	(840)	5,004
Add: Unamortized Premium	31,827	—	(6,982)	24,845
Total General Obligation Bonds	284,861	—	(53,597)	231,264
Long-term Debt/Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Transportation Facilities Bonds	3,343,960	469,120	(413,585)	3,399,495
Virginia Public Building Authority Bonds	3,065,010	453,005	(178,075)	3,339,940
Hampton Roads Transportation Accountability Commission	1,528,960	1,325,941	(364,075)	2,490,826
Economic Development Authority Obligations	6,715	—	(6,715)	—
Add: Unamortized Premium	1,006,659	327,620	(200,673)	1,133,606
Accretion on Capital Appreciation Bonds	25,069	2,004	(4,960)	22,113
Less: Unamortized Discount	(67)	5	—	(62)
Installment Purchase Obligations from Direct Borrowings	133,528	5,333	(31,637)	107,224
Compensated Absences	346,551	212,898	(225,686)	333,763
Long-term Lease Liabilities	459,486	87,149	(62,437)	484,198
Net Pension Liability*	5,058,611	—	(2,330,181)	2,728,430
Net OPEB Liability* (5)	880,210	—	(96,000)	784,210
Total OPEB Liability* (5)	314,039	—	(66,568)	247,471
Pollution Remediation Obligations	9,140	—	(455)	8,685
Other	32,130	—	(3,719)	28,411
Total Long-term Debt/Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth	16,210,001	2,883,075	(3,984,766)	15,108,310
Total Governmental Activities	16,494,862	2,883,075	(4,038,363)	15,339,574
Business-type Activities:				
Long-term Debt/Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Compensated Absences	14,545	4,705	(5,551)	13,699
Long-term Lease Liabilities	170,253	43,646	(19,940)	193,959
Net Pension Liability*	176,370	—	(81,229)	95,141
Net OPEB Liability* (5)	24,598	—	(3,003)	21,595
Total OPEB Liability* (5)	11,878	—	(2,024)	9,854
Installment Purchase Obligations from Direct Borrowings	771	—	(199)	572
Lottery Prizes Payable	116,934	2,682	(6,788)	112,828
Educational Benefits Payable	1,733,998	82,275	(202,526)	1,613,747
Total Business-type Activities	2,249,347	133,308	(321,260)	2,061,395
Total Primary Government	$ 18,744,209	$ 3,016,383	$ (4,359,623)	$ 17,400,969

*Net increase/decrease is shown.

Foundations (4)	Balance June 30	Due Within One Year
$ —	$ 201,415	$ 46,950
—	5,004	906
—	24,845	—
—	231,264	47,856
—	3,399,495	216,335
—	3,339,940	198,645
—	2,490,826	414,345
—	—	—
—	1,133,606	—
—	22,113	—
—	(62)	—
—	107,224	15,715
—	333,763	200,982
—	484,198	50,836
—	2,728,430	—
—	784,210	3,590
—	247,471	18,114
—	8,685	1,829
—	28,411	6,615
—	15,108,310	1,127,006
—	15,339,574	1,174,862
—	13,699	12,175
—	193,959	21,481
—	95,141	—
—	21,595	35
—	9,854	698
—	572	204
—	112,828	10,756
—	1,613,747	269,291
—	2,061,395	314,640
$ —	$ 17,400,969	$ 1,489,502

Continued on next page

(Dollars in Thousands)	Schedule of Changes in Long-term Debt and Obligations (1) (2) (Continued)			
	Balance July 1, as restated (3)	**Issuances and Other Increases**	**Retirements and Other Decreases**	**Subtotal June 30**
Component Units				
Long-term Debt Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
General Obligation Bonds - Higher Education 9(c) (6)	$ 955,729	$ —	$ (42,912)	$ 912,817
Long-term Debt/Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Bonds (6)	21,361,978	3,042,952	(1,697,490)	22,707,440
Bonds from Direct Placements (6)	541,355	—	(15,794)	525,561
Installment Purchase Obligations from Direct Borrowings	239,349	5,558	(12,583)	232,324
Long-term Lease Liabilities	4,679,877	158,982	(93,978)	4,744,881
Notes Payable	1,740,276	100,280	(125,794)	1,714,762
Notes Payable from Direct Borrowings	69,381	100,000	(1,692)	167,689
Compensated Absences	390,615	398,983	(410,176)	379,422
Net Pension Liability*	3,339,060	—	(1,692,209)	1,646,851
Net OPEB Liability* (5)	816,451	—	(108,597)	707,854
Total OPEB Liability* (5)	303,688	—	(45,275)	258,413
Trust and Annuity Obligations	99,320	10,760	(13,649)	96,431
Other	665,009	74,550	(328,862)	410,697
Total Component Units	$ 35,202,088	$ 3,892,065	$ (4,589,011)	$ 34,505,142

*Net increase/decrease is shown.

Note (1): Pursuant to GASB Statement No. 34, governmental activities include internal service funds. Business-type activities are considered enterprise funds.

Note (2): Payments on bonded debt that pertain to the Commonwealth's governmental activities are made through the debt service funds. Payments for installment purchases, compensated absences, long-term leases, pension, other post-employment benefits, and other obligations that pertain to the Commonwealth's governmental activities are made through the general and all special revenue funds, excluding the Literary Fund (major). Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the total for governmental activities. Enterprise funds, or business-type activities, are self-supporting funds. Accordingly, long-term liabilities are paid from each respective fund.

Note (3): As a result of the implementation of GASB Statement No. 87, *Leases*, the capital lease obligations line item reported in prior years has been removed from the above schedule and replaced with the Long-term Lease Liabilities line item. Accordingly, the beginning balances associated with the lease liability have been restated by $431,718 (dollars in thousands), $170,253 (dollars in thousands), and $2,331,273 (dollars in thousands) for the governmental activities, business-type activities, and component units, respectively. Governmental activities Installment Purchase Obligations from Direct Borrowing has been restated by $5,855 (dollars in thousands) due to GASB Statement No. 87, *Leases*, implementation. Component unit Installment Purchase Obligations from Direct Borrowing has been restated by $143,009 (dollars in thousands) primarily due to GASB Statement No. 87, *Leases*, implementation. Additionally, component unit Bonds and Bonds from Direct Placements have been restated by $25,499 (dollars in thousands) for a nonmajor component unit.

Note (4): Foundations represent FASB reporting entities defined in Note 1.B.

Note (5): The Net OPEB Liability amount reported as due within one year pertains to the Commonwealth's Line of Duty (LODA) OPEB plan because the ending fiduciary net position is less than the benefit payments expected to be paid within one year. The Total OPEB Liability amount reported as due within one year represents the benefit payments expected to be paid within one year from the Pre-Medicare Retiree Healthcare (PMRH) OPEB plan. This plan does not have a trust.

Note (6): Amounts are net of any unamortized discounts and premiums.

Foundations (4)	Balance June 30	Due Within One Year
$ —	$ 912,817	$ 65,574
1,018,902	23,726,342	1,103,983
—	525,561	19,576
—	232,324	10,511
—	4,744,881	89,224
317,232	2,031,994	181,157
—	167,689	3,041
30,361	409,783	299,704
—	1,646,851	—
—	707,854	199
—	258,413	14,007
74,512	170,943	2,247
373,091	783,788	210,195
$ 1,814,098	$ 36,319,240	$ 1,999,418

Bond and Note Defeasance

GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*, provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of June 30, 2022, there were $641.9 million in bonds from the primary government that have been refunded and defeased in-substance from the governmental activities column by placing existing assets and the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments. In addition, there were $2.3 billion in bonds and notes outstanding considered defeased from the component units.

Primary Government

In March 2022, the Commonwealth Transportation Board of the Commonwealth of Virginia issued $179.7 million in Commonwealth of Virginia Transportation Revenue Refunding Bonds Series 2022 with an interest rate ranging from 2.6 to 5.0 to refund the outstanding Commonwealth of Virginia Transportation Capital Projects Revenue Bonds Series 2012. The net proceeds from the sale of the Refunding Bonds of $215.3 million (after payment of underwriter's fees and other issuance costs) were deposited to an irrevocable trust with an escrow agent to provide future debt service payments on the Refunded Bonds and to pay the costs related to issuance and refunding. As a result, the Refunded Bonds are considered to be defeased and the liability has been removed from the governmental activities column of the Statement of Net Position. The net carrying value of the old debt exceeded the reacquisition price by $14.3 million. The Capital Projects debt defeasance resulted in an accounting gain of $14.3 million. Total debt service requirements were reduced by $47.7 million, resulting in an economic gain of $39.2 million.

In 2022, the Hampton Roads Transportation Accountability Commission (HRTAC) did an in-substance defeasance of $364.1 million of the Series 2018A Senior Lien Revenue Bonds, along with $53.4 million of the unamortized bond premium. HRTAC used current resources for the defeasance and no new debt was issued. HRTAC recognized a gain on the defeasance of $759,274 and all of the defeased bonds are still outstanding at year end.

Component Units

In July 2021, University of Virginia (nonmajor) issued $300.0 million of General Revenue Pledge and Refunding Bonds, Series 2021B. A portion of the bonds were used to refund $31.3 million of General Revenue Pledge and Refunding Bonds, Series 2015B. For additional information, see the University's separately issued financial statements.

Arbitrage Rebate

The Tax Reform Act of 1986 requires that governmental entities issuing tax-exempt debt calculate and rebate arbitrage earnings to the Federal government. The U.S. Treasury has issued regulations on calculating the rebate amount and complying with the provisions of the Tax Reform Act of 1986. Governmental issuers must comply with the rebate regulations in order for their bonds to maintain tax-exempt status. The regulations require earnings on investments purchased with bond proceeds in excess of the amount that would have been earned if the proceeds were invested at a rate equal to the bond yield, be subject to rebate to the Federal government. Income earned on excess earnings is also subject to rebate. Rebate liability, if any, must be paid every five years over the life of the bonds. Governmental issuers may at the time of issuance elect to pay a penalty in lieu of rebate. Bonds may be exempt from the rebate requirements if they qualify for certain exceptions under the regulations. If the issuer meets one of the exceptions, the issuer retains any arbitrage earnings. Rebate and penalty payments are calculated and paid as required by law on bond issues that do not qualify for an exception.

Rebate liability on bonds of the VPSA (major component unit) issued under its Pooled Bond Programs is payable from earnings on related bond funds and from local issuers whose local school bonds were purchased by the VPSA. During fiscal year 2022, no rebate payments were owed on VPSA bonds issued under its Pooled Bonds Programs. Rebate liability on notes of the VPSA issued under its School Technology and Security Notes Program is payable from earnings on related note funds and funds of the Commonwealth. During fiscal year 2022, a final arbitrage rebate calculation for VPSA's School Technology and Security Notes, Series V identified an arbitrage rebate liability payment of $314,735 due to the Federal government in fiscal year 2022. The liability was paid in fiscal year 2022 by the VPSA. The Virginia Department of Education reimbursed the VPSA in fiscal year 2022.

Rebatable arbitrage need only be calculated for tax purposes every fifth year that debt is outstanding. Consistent with the modified accrual basis of accounting, it is not recognized as a liability in governmental funds until amounts actually become due and payable; however, a liability is recognized in accrual basis government-wide statements as soon as the underlying event has occurred.

Amounts remitted to the Federal government for rebate liability are generally paid from earnings derived from the issue. However, if all proceeds have been expended and depending on the type of issue, it may be necessary to use project revenues or general or non-general fund appropriations to satisfy any rebate liability. During fiscal year 2022, no rebate payments were owed on the Commonwealth's General Obligation Bonds, Virginia Public Building Authority, Commonwealth Transportation Board, the Virginia College Building Authority 21st Century or Pooled Bond Programs, or the Virginia Port Authority.

Long-term Leases

The Commonwealth leases buildings, equipment, and land under various agreements that are accounted for as long-term leases under GASB Statement No. 87, *Leases*. The lease agreements are for various terms and all leases contain nonappropriation clauses indicating that continuation of the lease is subject to funding by the General Assembly.

Presented in the following tables are repayment schedules for long-term lease liabilities as of June 30, 2022.

Long-term Lease Liabilities
Governmental Funds
June 30, 2022

Maturity	Principal	Interest	Total
2023	$ 50,835,837	$ 35,460,316	$ 86,296,153
2024	45,990,493	31,980,970	77,971,463
2025	41,730,556	28,811,879	70,542,435
2026	40,008,509	25,781,831	65,790,340
2027	39,377,927	22,743,570	62,121,497
2028-2032	121,102,423	78,905,830	200,008,253
2033-2037	92,593,335	39,078,475	131,671,810
2038-2042	42,580,562	10,363,638	52,944,200
2043-2047	5,734,054	1,688,243	7,422,297
2048-2052	2,076,103	682,221	2,758,324
2053-2057	898,359	282,499	1,180,858
2058-2062	896,624	134,116	1,030,740
2063-2067	373,024	12,759	385,783
Total	$ 484,197,806	$275,926,347	$ 760,124,153

Long-term Lease Liabilities
Business-type Activities
June 30, 2022

Maturity	Principal	Interest	Total
2023	$ 21,481,408	$ 6,003,842	$ 27,485,250
2024	20,348,496	5,319,782	25,668,278
2025	19,062,997	4,678,725	23,741,722
2026	17,493,676	4,078,860	21,572,536
2027	14,914,966	3,544,928	18,459,894
2028-2032	55,730,983	11,606,670	67,337,653
2033-2037	33,330,867	4,352,742	37,683,609
2038-2042	11,190,030	780,327	11,970,357
2043-2047	405,390	15,458	420,848
Total	$ 193,958,813	$ 40,381,334	$ 234,340,147

Long-term Lease Liabilities
Component Units
June 30, 2022

Maturity	Principal	Interest	Total
2023	$ 89,223,568	$ 166,322,733	$ 255,546,301
2024	(15,767,670)	165,076,091	149,308,421
2025	24,670,745	164,107,749	188,778,494
2026	20,311,615	163,328,655	183,640,270
2027	55,194,516	174,736,459	229,930,975
2028-2032	43,958,700	792,758,522	836,717,222
2033-2037	(27,018,149)	789,287,437	762,269,288
2038-2042	95,195,104	783,992,213	879,187,317
2043-2047	278,556,553	753,083,232	1,031,639,785
2048-2052	542,125,446	686,596,147	1,228,721,593
2053-2057	892,211,625	558,981,236	1,451,192,861
2058-2062	1,360,095,984	366,772,178	1,726,868,162
2063-2067	1,386,009,599	93,726,916	1,479,736,515
2068-2072	112,912	2,288	115,200
Total	$ 4,744,880,548	$ 5,658,771,856	$10,403,652,404

Notes Payable

Notes Payable consist of several items as shown in the following schedule (dollars in thousands):

Primary Government		
Installment Notes from Direct Borrowings	$	107,796
Total Primary Government		107,796
Component Units		
Virginia Public School Authority		188,420
Nonmajor Component Units		1,526,342
Nonmajor Component Units from Direct Borrowings		167,689
Installment Notes from Direct Borrowings		232,324
Subtotal (excluding Foundations)		2,114,775
Foundations:		
Notes Payable		317,232
Subtotal - Foundations		317,232
Total Component Units		2,432,007
Total Notes Payable	$	2,539,803

The Virginia Public School Authority (major component unit) notes of $188.4 million are for the School Technology and Security Notes Program. The note proceeds were used to finance technology equipment purchases and to make grants to school divisions for the purchase of security equipment. The notes will be repaid from appropriations to be made by the Virginia General Assembly from the Literary Fund (major special revenue).

An additional amount of $1.5 billion is comprised primarily of higher education institutions' (nonmajor component units) promissory notes with the Virginia College Building Authority (VCBA) (major component unit) to finance the construction of various higher education facilities pursuant to the Pooled Bond Program. Interest rates range from 0.5 percent to 5.6 percent and shall be paid semi-annually and the planned interest payments total $395.5 million. Additionally, in accordance with the American Recovery and Reinvestment Act, the Commonwealth expects to receive a Build America Bonds (BABs) interest subsidy to reimburse interest payments of $15.9 million. The final principal payment is due in fiscal year 2052.

University of Virginia (nonmajor) and Virginia Commonwealth University Health System Authority (Authority) (a blended component unit of the Virginia Commonwealth University – nonmajor component unit) reported notes payable of $5.0 million and $164.3 million, respectively. In addition, the Virginia Port Authority (nonmajor component unit) reported notes payable of $2.0 million. For additional information pertaining to these direct borrowings, refer to the separately issued financial statements.

Various foundations (component units) have notes outstanding as of year-end. The purpose of a majority of these notes is for property acquisition, working capital, and construction. Future principal payments as of June 30, 2022, are shown in the following table (dollars in thousands).

Foundations' Notes Payable (Component Units) (1)

Maturity		Principal
2023	$	25,690
2024		53,260
2025		49,998
2026		18,819
2027		12,040
Thereafter		157,425
Total	$	317,232

Installment purchase obligations have been entered into by agencies and institutions of the Commonwealth. These agreements, other than those in the component units and certain institutions of higher education, contain nonappropriation clauses indicating that continuation of the installment purchase obligations is subject to funding by the General Assembly. Installment purchase obligations represent $340.1 million of the total outstanding debt of the Commonwealth. Presented in the following tables are repayment schedules for installment purchase obligations as of June 30, 2022.

Installment Purchase Obligations from Direct Borrowings
Governmental Funds
June 30, 2022

Maturity	Principal	Interest	Total
2023	$ 15,714,537	$ 2,281,918	$ 17,996,455
2024	15,152,259	1,928,221	17,080,480
2025	15,008,205	1,604,856	16,613,061
2026	13,567,894	1,289,026	14,856,920
2027	12,768,337	1,073,748	13,842,085
2028-2032	26,387,332	2,575,772	28,963,104
2033-2037	8,621,223	407,409	9,028,632
2038-2042	4,256	12	4,268
Total	$ 107,224,043	$ 11,160,962	$ 118,385,005

Installment Purchase Obligations from Direct Borrowings
Business-type Activities
June 30, 2022

Maturity	Principal	Interest	Total
2023	$ 203,880	$ 11,106	$ 214,986
2024	146,956	5,735	152,691
2025	87,177	3,219	90,396
2026	88,740	1,656	90,396
2027	44,965	233	45,198
Total	$ 571,718	$ 21,949	$ 593,667

Installment Purchase Obligations from Direct Borrowings
Component Units
June 30, 2022

Maturity	Principal	Interest	Total
2023	$ 10,511,003	$ 10,261,265	$ 20,772,268
2024	2,338,453	10,284,549	12,623,002
2025	4,945,696	10,318,542	15,264,238
2026	3,927,030	10,375,824	14,302,854
2027	4,946,499	10,434,729	15,381,228
2028-2032	18,319,983	52,108,577	70,428,560
2033-2037	(806,692)	53,367,257	52,560,565
2038-2042	(5,239,038)	55,802,788	50,563,750
2043-2047	2,777,894	56,611,182	59,389,076
2048-2052	15,503,904	54,222,462	69,726,366
2053-2057	36,129,542	46,883,733	83,013,275
2058-2062	66,714,556	32,117,553	98,832,109
2063-2067	72,255,636	8,036,387	80,292,023
Total	$ 232,324,466	$ 410,824,848	$ 643,149,314

The foundations (component units) had no installment purchase obligations as of June 30, 2022.

On May 23, 2016, the Virginia Department of Transportation (VDOT) (primary government) and Chesterfield County (County) signed a memorandum of understanding concerning payment of interest relating to the County's contribution to VDOT for the construction of the Powhite Parkway Extension Project. The parties agreed that the interest to be paid by VDOT on the County's contribution to the construction of the Powhite Parkway Extension is $18.5 million. The interest requirement paid during fiscal year 2022 totaled $1.0 million. The remaining outstanding interest amount of $1.3 million is payable in annual installments on September 1 in the years 2022 to 2023. This interest is applicable to a note payable that VDOT repaid to the County in fiscal year 2014.

Lottery Prizes Payable

Lottery prizes are paid in 20, 25, 26, or 30 installments. The first installment is paid on the day the prize is claimed. The subsequent annual payments are funded with U.S. Treasury STRIPS purchased by the Virginia Lottery. For Life prizes payable represent estimated prizes payable monthly, quarterly or annually for the life of the winner based on life expectancy tables from the Virginia Bureau of Insurance, and funded with a pool of U.S. Treasury STRIPS.

Lottery prizes payable represent the future annual prize payments valued at cost plus accrued interest (current value of securities held to maturity) of the assets funding the payments.

Lottery prizes payable for the fiscal year ended June 30, 2022, are shown in the following table:

	Jackpot	Win For Life	Total
Due within one year	$ 5,184,773	$ 5,570,751	$ 10,755,524
Due in subsequent years	31,617,660	70,454,387	102,072,047
Total (current value)	36,802,433	76,025,138	112,827,571
Add: Interest to Maturity	9,058,567	26,623,862	35,682,429
Lottery Prizes Payable at Maturity	$ 45,861,000	$ 102,649,000	$ 148,510,000

Educational Benefits Payable

The Virginia College Savings Plan administers the Defined Benefit 529 Program, which consists of two savings options: Prepaid529 and Tuition Track Portfolio. Prepaid529 services contracts that provide for full future tuition and mandatory fee payments at Virginia's higher education institutions and differing payouts at private or out-of-state institutions using actuarially determined amounts. Prepaid529 is closed to new contracts. The Tuition Track Portfolio allows for the purchase of units to be redeemed for future tuition costs. The value of a unit is tied to the average tuition inflation rate of Virginia four year institutions.

As of June 30, 2022, educational benefits payable of $1.6 billion have been recorded for the Defined Benefit 529 program on the statement of net position for the actuarially determined present value of future obligations anticipated for payment of benefits and administrative expenses for the Defined Benefit 529 program. In addition, a receivable in the amount of $89.9 million has been recorded to reflect the actuarially determined present value of future payments anticipated from contract holders.

28. OTHER REVENUE

The following table (dollars in thousands) summarizes Other Revenue for the fiscal year ended June 30, 2022.

	Assessments and Receipts for Support of Special Services	Fines, Forfeitures, Court Fees, Penalties, and Escheats	Receipts from Cities, Counties, and Towns	Private Gifts, Grants, and Contracts	Sales of Property
Primary Government:					
General	$ 5,714	$ 222,611	$ 6,938	$ 375	$ 15,637
Major Special Revenue Funds:					
Commonwealth Transportation	18,129	25,592	676,530	14,744	379
Federal Trust	—	742	1,939	32	—
Literary	—	31,918	—	—	—
Nonmajor Governmental Funds	160,554	49,381	76,067	11,364	298,139
Major Enterprise Funds:					
Virginia College Savings Plan	—	—	—	—	—
Nonmajor Enterprise Funds	—	17,402	—	—	—
Internal Service Funds	—	—	—	—	—
Pension and Other Employee Benefit Trust Funds	—	—	—	—	—
Custodial Funds - Other	—	—	—	—	—
Total Primary Government	$ 184,397	$ 347,646	$ 761,474	$ 26,515	$ 314,155

	Tobacco Master Settlement	Taxes	Other (1) (2)	Total Other Revenue
Primary Government:				
General	$ 62,813	$ —	$ 298,536	$ 612,624
Major Special Revenue Funds:				
Commonwealth Transportation	—	—	53,092	788,466
Federal Trust	—	—	474,885	477,598
Literary	—	—	—	31,918
Nonmajor Governmental Funds	—	—	550,781	1,146,286
Major Enterprise Funds:				
Virginia College Savings Plan	—	—	4,040	4,040
Nonmajor Enterprise Funds	—	4,614	9,409	31,425
Internal Service Funds	—	—	339,821	339,821
Pension and Other Employee Benefit Trust Funds	—	—	3,523	3,523
Custodial Funds - Other	—	—	16,129	16,129
Total Primary Government	$ 62,813	$ 4,614	$ 1,750,216	$ 3,451,830

Note (1): $251,256 (dollars in thousands) and $448,554 (dollars in thousands) are related to prior year expenditures refunded in the current fiscal year for the General Fund and Federal Trust, respectively, and $27,120 (dollars in thousands) is related to localities' share of capital funding for the Washington Metropolitan Area Transit Authority in the Commonwealth Transportation Fund. $307,170 (dollars in thousands) is related to proceeds from unclaimed property in the Unclaimed Property Fund, $84,702 (dollars in thousands) is related to indirect costs, reimbursable employee benefits, law enforcement services and court collection fees in the Other Special Revenue Fund, $30,628 (dollars in thousands) is related to welfare activity receipts in the Health and Social Services Special Revenue Fund, and the remaining $128,281 (dollars in thousands) is related to other miscellaneous activities in the nonmajor governmental funds.

Note (2): Of this amount, $339,763 (dollars in thousands) represents a decline in the actuarial estimate of long-term claims payable liabilities for the Risk Management internal service fund.

29. TAX ABATEMENTS

GASB Statement No. 77, *Tax Abatements*, requires disclosures to be made for tax abatements. These arise from agreements between the Commonwealth and taxpayers and result in reduced tax revenue when the taxpayer promises to provide economic benefits to the Commonwealth. As of June 30, 2022, the Commonwealth participates in the following tax abatements programs in excess of $1.0 million. There are no provisions for recapturing abated taxes since the requirements must be met prior to receiving the abatement.

- The Retail Sales and Use Tax Data Center Exemptions are intended to attract data centers to the Commonwealth pursuant to Section 58.1-609.3(18) of the *Code of Virginia*. Qualifying entities may purchase or lease certain computer equipment, enabling software and other enabling hardware for use in the data center exempt from the retail sales and use tax. Each recipient's retail sales and use taxes are reduced by being able to purchase qualifying items for use in the data center without having to pay the retail sales and use tax on the purchase price. The amount of the abatement for each recipient is determined by multiplying the purchase price of the qualifying computer equipment, enabling software and other enabling hardware purchased by the recipient by the rate of the retail sales and use tax that would be imposed on the purchase if the exemption was not available. The rate of the retail sales and use tax is 6.0 percent in the Northern Virginia, Hampton Roads, and Central Virginia regions; 7.0 percent in the Historic Triangle region; 6.3 percent in the city of Danville and the counties of Charlotte, Gloucester, Halifax, Henry, Northampton, and Patrick; and 5.3 percent in the remainder of the state. The exemption is available for data centers that (i) are located in a Virginia locality; (ii) result in a new capital investment of at least $150.0 million on or after January 1, 2009; and (iii) meet specified employment and salary requirements. On or after July 1, 2009, the data center or tenants must result in the creation of at least 50 new jobs paying at least one and one-half the prevailing average wage in the locality, or 10 new jobs paying at least one and one-half the prevailing average wage in the locality if the data center is located in a locality that is a "distressed locality" as defined in the code section. Additionally, the requirement of a $150.0 million capital investment is reduced to $70.0 million for data centers that qualify for the reduced jobs requirement. Effective July 1, 2012, the exemption was extended to purchases and leases made by tenants of a data center that meets the requirements of the data center exemption.

  In order to qualify for the exemption, the data center operator must enter into a memorandum of understanding with the Virginia Economic Development Partnership Authority (nonmajor component unit). The exemption is scheduled to sunset June 30, 2035. The amount of abated taxes for fiscal year 2022 is estimated to be $135.9 million.

- The Motion Picture Production Tax Credit is intended to encourage the filming of motion picture productions in the Commonwealth. Pursuant to Section 58.1-439.12:03 of the *Code of Virginia*, a motion picture production company with qualifying expenses of at least $250,000 may abate its individual income tax or corporate income tax liability by the amount of the Motion Picture Production Tax Credit. The amount of the tax credit is equal to (i) 15.0 percent of the production company's qualifying expenses or (ii) 20.0 percent of such expenses if the production is filmed in an economically distressed area of the Commonwealth. In addition to the credit for the qualifying expenses incurred by a motion picture production company, such company may receive an Additional Virginia Resident Credit and an Additional Virginia Resident First-Time Industry Employee Credit. The Additional Virginia Resident Credit equals (i) 10.0 percent of the total aggregate payroll for Virginia residents employed in connection with the production of a film in Virginia when total production costs in Virginia are at least $250,000, but not more than $1.0 million or (ii) 20.0 percent of the total aggregate payroll of such residents when total production costs in Virginia exceed $1.0 million. The Additional Virginia Resident First-Time Industry Employee Credit is equal to 10.0 percent of the total aggregate payroll for Virginia residents employed for the first time as actors or members of a production crew in connection with the production of a film in Virginia.

  The Motion Picture Production Tax Credit is a refundable tax credit. Therefore, if the amount of credit that a company is allowed to claim exceeds the company's tax liability for the taxable year, the excess amount of credit will be refunded to the company. Companies must have a memorandum of understanding with the Virginia Tourism Authority (nonmajor component unit) in order to participate in this program.

  The credit is scheduled to sunset January 1, 2027. The annual cap on the amount of credits granted for a fiscal year is $6.5 million, and this amount is expected to be claimed annually. While a motion picture production company may receive approval within a given year, the credits may not be claimed by the taxpayer until at the earliest, the filing of a return. The filing of a return often occurs in a fiscal year subsequent to the year during which a credit is granted. In addition, the Virginia Tourism Authority is allowed to issue credits and a taxpayer can claim credits in future fiscal years subject to certain conditions. Because of these timing differences between when tax credits are granted and when they are claimed, the credits claimed in a fiscal year may fluctuate compared to the $6.5 million annual cap. For fiscal year 2022, $4.5 million of income tax was abated.

- The Retail Sales and Use Tax Entitlement to Tax Revenues from Tourism Projects is intended to encourage the development of certain tourism projects by assisting the developer in (i) obtaining gap financing needed to meet a shortfall in project funding between the expected costs of the project and the debt and equity capital provided by the developer and (ii) making payments of principal and interest on the gap financing.

  If the project qualifies for the entitlement, the developer is entitled to an amount equivalent to a one percent state sales tax on transactions taking place on the premises of the tourism project. The entitled sales tax revenues must be applied to payments of principal and interest on the gap financing. The entitlement continues until the gap financing is paid in full.

  Section 58.1-3851.1 of the *Code of Virginia* imposes requirements on both the local government and the developer in order for the project to qualify for the entitlement. The locality must have (i) established a tourism zone pursuant to Section 58.1-3851 of the *Code of Virginia*; (ii) established a tourism plan under the guidelines of the Virginia Tourism Authority; (iii) authorized a tourism project that meets a deficiency identified in the tourism plan; and (iv) dedicated an amount equivalent to a one percent sales tax on transactions taking place on the premises of the tourism project to the payment of principal and interest on the gap financing. The developer must have (i) secured a minimum of 70.0 percent of funding for the project in place through debt or equity; and (ii) entered into a performance agreement with the local economic development authority to pay an access fee equivalent to a one percent sales tax on transactions taking place on the premises of the tourism project to the payment of principal and interest on the gap financing. In order for the project to qualify for the entitlement, the project must be certified by the State Comptroller. The amount of abated taxes for fiscal year 2022 was $1.1 million.

30. PRIZES AND CLAIMS

The following table summarizes Prizes and Claims Expense for the fiscal year ended June 30, 2022.

(Dollars in Thousands)

	Insurance Claims	Lottery Prize Expense	Total Prizes and Claims
Proprietary Funds:			
Major Enterprise Funds:			
Virginia Lottery	$ —	$ 2,659,596	$ 2,659,596
Unemployment Compensation	170,269	—	170,269
Nonmajor Enterprise Funds	480,682	—	480,682
Total Enterprise Funds	$ 650,951	$ 2,659,596	$ 3,310,547
Internal Service Funds	$ 1,582,135	$ —	$ 1,582,135

31. DEPRECIATION AND AMORTIZATION

The following table summarizes Depreciation and Amortization Expense as of June 30, 2022.

(Dollars in Thousands)

	Depreciation	Amortization	Total Depreciation and Amortization
Proprietary Funds:			
Major Enterprise Funds:			
Virginia Lottery	$ 5,790	$ 643	$ 6,433
Virginia College Savings Plan	215	—	215
Nonmajor Enterprise Funds	11,969	23,762	35,731
Total Enterprise Funds	$ 17,974	$ 24,405	$ 42,379
Internal Service Funds	$ 20,116	$ 55,324	$ 75,440

32. OTHER EXPENSES

The following table summarizes Other Expenses for the fiscal year ended June 30, 2022.

(Dollars in Thousands)

	Grants and Distributions To Localities	Expendable Equipment/ Improvements	Other (1)	Total Other Expenses
Proprietary Funds:				
Major Enterprise Funds:				
Virginia College Savings Plan	$ —	$ 433	$ 10,580	$ 11,013
Nonmajor Enterprise Funds	44	6,538	2,724	9,306
Total Enterprise Funds	$ 44	$ 6,971	$ 13,304	$ 20,319
Internal Service Funds	$ 1,812	$ 1,622	$ 17,825	$ 21,259
Fiduciary Funds:				
Pension and Other Employee Benefit Trust Funds (2)	$ —	$ —	$ 2,980	$ 2,980
Custodial Funds - Other (2)	$ —	$ —	$ 91	$ 91

Note (1): $10,567 (dollars in thousands) can be attributed to the Defined Benefit 529 Program for the SOAR scholarship program, Access and Affordability program, and other promotional scholarships. $16,556 (dollars in thousands) can be attributed to expenses related to insurance program expenses in the Risk Management internal service fund and $493,389 can be attributed to Affordable Care Act related fees in the Health Care Fund internal service fund.

Note (2): Fiduciary expenses of $3,071 (dollars in thousands) are not included in the Government-wide Statement of Activities.

33. OTHER NON-OPERATING REVENUE/EXPENSES

The following table summarizes Other Non-Operating Revenue/Expenses for the fiscal year ended June 30, 2022.

(Dollars in Thousands)

	Gain/(Loss) on Sale of Capital Assets	Securities Lending	Coronavirus Aid, Relief, and Economic Security Act Receipts	Interest Expense	Other (1)	Total Other Non-Operating Revenue/ (Expenses)
Proprietary Funds:						
Major Enterprise Funds:						
Virginia Lottery	$ 17	$ (200)	$ —	$ (108)	$ 812	$ 521
Virginia College Savings Plan	—	(4)	—	—	55	51
Unemployment Compensation	—	—	1,053,774	—	—	1,053,774
Nonmajor Enterprise Funds	15,114	(98)	—	(5,874)	9,771	18,913
Total Enterprise Funds	$ 15,131	$ (302)	$ 1,053,774	$ (5,982)	$ 10,638	$ 1,073,259
Internal Service Funds	$ 841	$ (242)	$ —	$ (34,283)	$ 295	$ (33,389)

Note (1): Other Non-Operating Revenue/Expenses of the nonmajor enterprise funds are primarily comprised of amounts reported by Alcoholic Beverage Control.

34. TRANSFERS

The following table summarizes Transfers In and Transfers Out for the fiscal year ended June 30, 2022 (dollars in thousands).

	Transfers In (Reported In):							
Transfers Out (Reported In):	**General**	**Commonwealth Transportation**	**Federal Trust**	**Literary**	**Nonmajor Governmental Funds**	**Nonmajor Enterprise Funds**	**Internal Service Funds**	**Total Primary Government**
Primary Government								
General	$ —	$ 174,762	$ 1	$ —	$ 399,002	$ —	$ —	$ 573,765
Major Special Revenue Funds:								
Commonwealth Transportation	31,287	—	—	—	511,274	—	388	542,949
Federal Trust	—	1,696	—	—	3,134	1,694	—	6,524
Nonmajor Governmental Funds	55,700	318	1,617	220,000	519,088	—	—	796,723
Major Enterprise Funds:								
Virginia Lottery	779,569	—	—	17,329	—	—	—	796,898
Virginia College Savings Plan	351	—	—	—	—	—	—	351
Unemployment Compensation	—	—	12,357	—	—	—	—	12,357
Nonmajor Enterprise Funds	253,382	—	—	—	15,132	—	—	268,514
Internal Service Funds	—	—	—	—	15,497	—	—	15,497
Total Primary Government	$ 1,120,289	$ 176,776	$ 13,975	$ 237,329	$ 1,463,127	$ 1,694	$ 388	$ 3,013,578

Transfers are used to (1) move revenues from the fund that the *Code of Virginia* or budget requires to collect them to the fund that the *Code of Virginia* or budget requires to expend them; (2) move receipts restricted for debt service from the funds holding the resources to the debt service fund as principal and interest payments become due; and (3) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During the fiscal year, the following significant transfer was made that does not occur on a routine basis or is inconsistent with the activities of the fund making the transfer.

- General Fund transfer of $2.8 million to the Department of Motor Vehicles as required by Chapter 1, 2022 Virginia Acts of Assembly Special Session I.

35. ENDOWMENTS

Donor-restricted endowments reside primarily within the higher education institutions. The net appreciation available for expenditure is $2.3 billion as of June 30, 2022. Of this amount, $1.8 million is reported as unrestricted net position and the remainder is reported as restricted net position. The *Code of Virginia* authorizes acceptance of donations. The governing boards of these entities and the donor agreements determine whether net appreciation can be spent and the accepted spending rate. These policies are entity specific and vary with each institution.

36. CASH FLOWS – ADDITIONAL DETAILED INFORMATION

The following table (dollars in thousands) summarizes specific cash flows for the fiscal year ended June 30, 2022.

	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash Flows Resulting from:						
Payments for Prizes, Claims, and Loss Control:						
Lottery Prizes	$ (2,685,976)	$ —	$ —	$ —	$ (2,685,976)	$ —
Claims and Loss Control	—	—	(183,714)	(476,312)	(660,026)	(1,588,508)
Total	$ (2,685,976)	$ —	$ (183,714)	$ (476,312)	$ (3,346,002)	$ (1,588,508)
Other Operating Revenue:						
Other Operating Revenue	$ —	$ —	$ 52	$ 12,897	$ 12,949	$ 58
Total	$ —	$ —	$ 52	$ 12,897	$ 12,949	$ 58
Other Operating Expense:						
Other Operating Expenses (1)	$ —	$ (10,567)	$ —	$ (32,615)	$ (43,182)	$ (18,750)
Total	$ —	$ (10,567)	$ —	$ (32,615)	$ (43,182)	$ (18,750)
Other Noncapital Financing Receipt Activities:						
Advances/Contributions from the Commonwealth	$ —	$ 2,000	$ —	$ 50,689	$ 52,689	$ 33,534
Receipts from Taxes	—	—	—	337,068	337,068	—
Coronavirus Aid, Relief, and Economic Security Act Receipts	—	—	1,082,415	—	1,082,415	—
Games of Skill Proceeds, Retail Applications, and Rents	695	—	—	242	937	—
Interest	—	—	—	—	—	114
Total	$ 695	$ 2,000	$ 1,082,415	$ 387,999	$ 1,473,109	$ 33,648
Other Noncapital Financing Disbursement Activities:						
Repayments of Advances/Contributions from the Commonwealth	$ —	$ —	$ —	$ (65,751)	$ (65,751)	$ (11,030)
Total	$ —	$ —	$ —	$ (65,751)	$ (65,751)	$ (11,030)
Other Capital and Related Financing Receipt Activities:						
Interest	$ —	$ —	$ —	$ 144	$ 144	$ —
Sale of Surplus	—	—	—	—	—	1
Total	$ —	$ —	$ —	$ 144	$ 144	$ 1

Note (1): $10,567 (dollars in thousands) can be attributed to SOAR scholarship expenses, Access and Affordability program, and other scholarships and awards. Also, $16,556 (dollars in thousands) can be attributed to expenses related to insurance program expenses in the Risk Management internal service fund and $493,389 can be attributed to Affordable Care Act related fees in the Health Care Fund internal service fund.

37. TOBACCO SETTLEMENT AND SECURITIZATION

On November 23, 1998, 46 states' Attorneys General and the major tobacco companies signed a proposed settlement that reimburses states for smoking-related medical expenses paid through Medicaid and other healthcare programs. At the time of the settlement, it was estimated that the Commonwealth could receive approximately $4.1 billion over the duration of the settlement. The settlement was approved in a Consent Decree in December 1998. On March 29, 1999, the General Assembly enacted a law approving the establishment of the Tobacco Region Revitalization Commission (Commission) (nonmajor component unit), in compliance with the Consent Decree, to help communities in Virginia hurt by the decline of tobacco.

The Commission was established for the purposes of determining the appropriate recipients of monies in the Tobacco Indemnification and Community Revitalization Fund. The monies are to be used to provide payments to tobacco farmers as compensation for the tobacco equipment and barns and lost tobacco production opportunities associated with a decline in quota. The monies are also to be used to revitalize tobacco dependent communities.

The General Assembly also created the Virginia Foundation for Healthy Youth (Foundation) (nonmajor component unit). The purpose of the Foundation is to determine the appropriate recipients of monies in the Virginia Tobacco Settlement Fund. The Foundation will also be responsible for distributing monies for the purposes provided in the legislation. Disbursements can be made to assist in financing efforts to restrict the use of tobacco products by minors, through educational and awareness programs describing the health effects of tobacco use on minors, and laws restricting the distribution of tobacco products to minors. Moneys from the fund can also be used to assist in financing efforts to reduce childhood obesity through such means as educational and awareness programs, implementing evidence based practices, and assisting schools and communities with policies and programs.

Additionally, the General Assembly created two special non-reverting funds. The Tobacco Settlement monies were accounted for in these funds and in the General Fund. Of the Settlement monies, 50.0 percent was deposited into the Tobacco Indemnification and Community Revitalization Fund at the Commission and 8.5 percent is deposited into the Virginia Tobacco Settlement Fund at the Foundation. The remaining 41.5 percent is reported in the General Fund.

Pursuant to Purchase and Sale Agreements executed in 2005 and 2007, the Commonwealth, acting as an agent on behalf of the Commission, sold the Commission's future right, title and interest in the Tobacco Settlement Revenues (TSRs) to the Tobacco Settlement Financing Corporation (Corporation) (related organization).

Consideration paid by the Corporation to the Commission for TSRs consisted of a cash amount deposited into an endowment to fund the long-term spending plan approved by the Commission. Bonds issued by the Corporation to finance the purchase price are asset-backed instruments secured solely by the Corporation's right to receive TSRs. At the time of issuance these revenues were expected to produce sufficient funds to repay the bond obligations issued by the Corporation.

The Commission is a nonmajor component unit of the Commonwealth, and the Corporation is disclosed as a related organization.

38. SERVICE CONCESSION ARRANGEMENTS

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, describes the criteria for when an arrangement is classified as a Service Concession Arrangement (SCA). The basic criteria are: the operator of the capital asset owned by the transferor has the right to provide services in exchange for significant consideration; the operator's revenue must come from a third party; the transferor must retain some level of control over the asset; and the transferor must receive significant residual interest at the conclusion of the arrangement.

Primary Government

The Commonwealth of Virginia has five SCAs as of June 30, 2022: Pocahontas 895, the 495 Express Lanes, Elizabeth River – Midtown Tunnel, the 95 Express Lanes, and the I-66 Outside the Beltway Express Lanes. They are all related to highway construction and operation and were established per the Public-Private Transportation Act of 1995, as amended (PPTA). PPTA project goals are to provide highway projects to the public in a timely and cost effective manner with private funding and support.

Pocahontas 895

On June 21, 2006, the Pocahontas Parkway Association (Association – previously reported as a blended component unit of the Virginia Department of Transportation (VDOT), part of primary government) signed an agreement with Transurban (895) LLC (Transurban). Under the terms of the agreement, all assets and rights of the Association under the Comprehensive Agreement with VDOT were transferred to Transurban. In exchange for the existing toll road and other assets, Transurban transferred sufficient funds and securities to pay or defease all outstanding bonds of the Association and pay all other outstanding obligations owed to VDOT. Additionally, Transurban agreed to construct an enhancement to the original toll road, and this enhancement was completed and placed in service in 2011.

During the 99-year agreement term, VDOT will have fee title or good and valid interest in the asset. VDOT retains the right of inspection of the asset and has outlined maximum toll charges and increases in the terms of the agreement. Capital assets of $337.2 million and deferred inflows of $477.7 million are included in the government-wide financial statements. No contractual liabilities exist for this arrangement as of June 30.

During fiscal year 2014, the Transurban Board approved the transfer of Pocahontas 895 to the lenders of the asset due to lower revenues than anticipated. On May 15, 2014, DBi Services assumed control of Pocahontas 895. In December 2016, the majority owner of toll rights, Macquarie and other rights owners closed on the sale of 100.0 percent of the tolling rights to Globalvia. Macquarie CAF Management LLC, Pocahontas Holdings LLC and Meeko LLC entered into a Sale and Purchase Agreement with Pocahontas Parkway Holdings LLC and Magnolia Operations LLC (Globalvia Inversiones SAU Subsidiaries) (as the buyers) in September 2016. The acquisition was effective on December 20, 2016 after VDOT's approval.

VDOT approved Globalvia Operations USA LLC as the new O&M contractor (as defined in the Concession Agreement) and the O&M agreement between Globalvia Operations USA LLC and Pocahontas Parkway Operations LLC (company the concession agreement with VDOT was transferred to after the acquisition in December 2016) in December 2017. Globalvia Operations USA LLC replaced DBi as the new O&M contractor in February 2018.

Globalvia acquired the company that had, at that time, the agreement with VDOT to develop, finance, operate, manage the tolls and maintain Route 895-Pocahontas Parkway. The concession agreement period will end in 2105.

495 Express Lanes

On December 19, 2007, VDOT signed an 80-year public-private partnership agreement with Capital Beltway Express, LLC. The purpose of this agreement is to build new express lanes to provide users with a faster and more reliable travel option. The construction of the express lanes was completed in November 2012.

During the 80-year agreement, VDOT maintains regulatory control and jurisdiction of the express lanes. VDOT will have fee title or good and valid interest in the express lanes. The lanes will remain open for the public as long as the applicable tolls are paid. Capital assets of $712.1 million and deferred inflows of $925.5 million are included in the government-wide financial statements. Liabilities are contingent on specific events occurring pursuant to the agreement.

On September 30, 2021, the second amended and restated Comprehensive Agreement (ARCA) was signed between VDOT and Capital Beltway Express, LLC to add the scope of project work related to the northern extension of the 495 Express Lanes (495 NEXT), which is the approximately 2-mile extension of the existing express lanes from Route 738 to the vicinity of George Washington Memorial Parkway. As of June 2022, 495 NEXT is undergoing construction.

Elizabeth River – Midtown Tunnel

On December 5, 2011, VDOT signed a 58-year public-private partnership agreement with Elizabeth River Crossings OPCO, LLC. The purposes of this agreement are to design, build, finance, operate, and maintain a new Midtown Tunnel, adjacent to the existing Midtown Tunnel, provide improvements to the existing Midtown Tunnel and the Downtown Tunnel, and to provide various extensions and improvements of the Martin Luther King Jr. (MLK) Freeway and I-264. As of September 1, 2017, all project components of this agreement have reached substantial completion and are in service.

During the agreement, Elizabeth River Crossings OPCO, LLC will operate and maintain the road. The revenue source for the concessionaire will be toll collections, excluding the MLK Freeway, which will be used for maintenance, operating and return on investment for constructing the project. At the end of the 58-year term, control of and the rights to operate the facilities will revert back to VDOT. Capital assets of $856.8 million and deferred inflows of $831.6 million are included in the government-wide financial statements. Liabilities are contingent on specific events occurring pursuant to the agreement. In July 2017, VDOT issued a Department Project Enhancement directive for Elizabeth River Crossings OPCO LLC, to design and build noise barrier walls on I-264. After the Preliminary Field Inspection Plans were developed, VDOT took over to complete the project due to lower costs, estimated at $24.4 million. The project was successfully advertised on September 13, 2022. In addition to these project enhancements, the Federal Highway Administration (FHWA) has also required an annual traffic study for the Value Pricing Pilot Program (VPPP) to monitor driver behavior, traffic volume, transit ridership, air quality, and availability of funds for transportation programs. VDOT has completed Years 1-6 of the 10 year VPPP study.

95 Express Lanes

On July 31, 2012, VDOT signed a 73-year public-private partnership agreement with 95 Express Lanes, LLC. This project will create approximately 29 miles of Express Lanes on I-95 in Northern Virginia. The project will also add capacity to the existing high occupancy vehicle (HOV) lanes. The construction of the express lanes was completed in December 2014.

During the agreement, 95 Express Lanes LLC will operate and maintain the road. The revenue source for the concessionaire will be toll collections which will be used for maintenance, operating and return on investment for constructing the project. At the end of the 73-year term, control of and the rights to operate the facilities will revert back to VDOT. The lanes will remain open for the public as long as the applicable tolls are paid. Capital assets of $492.8 million and deferred inflows of $565.6 million are included in the government-wide financial statements. Liabilities are contingent on specific events occurring pursuant to the agreement.

During fiscal year 2016, the Commonwealth Transportation Board awarded a contract to design and construct a reversible extension of the 95 Express Lanes at the southern terminus in Stafford County. The approximately 2.5-mile extension will carry traffic beyond the location where the 95 Express Lanes currently end. The construction began in fiscal year 2017 and lanes opened to traffic on October 31, 2017. This 2.5-mile extension resulted in an increased value of $25.7 million to the 95 Express Lanes SCA.

On June 8, 2017, an amended and restated Comprehensive Agreement was signed between VDOT and 95 Express Lanes LLC to include the scope of the project work for the I-395 northern extension. The Comprehensive Agreement was updated to include this addition to the project and payments to VDOT for transit improvements. VDOT reached commercial close with 95 Express Lanes LLC on June 8, 2017, and financial close was completed on July 25, 2017, for this project. Construction on the 8-mile I-395 extension began in summer of 2017 and opened to traffic on November 17, 2019. In consideration for the rights granted by VDOT to 95 Express Lanes LLC, solely in respect of the I-395 Project, 95 Express Lanes LLC made an up-front payment to VDOT of $15.0 million on the I-395 Project Service Commencement date. Deferred inflows of $14.4 million relating to the 395 Express Lanes are included in the fund financial statements. Additionally, as part of the up-front consideration, VDOT will receive an annual payment that escalates at a rate of 2.5 percent per annum set forth in the Amended and Restated Comprehensive Agreement (ARCA). Accordingly, accounts receivable of $990.0 million and deferred inflows of $990.0 million, relating to the present value of the annual installment payments are included in the fund financial statements. Capital assets of $268.8 million and deferred inflows of $289.2 million are included in the government-wide financial statements. Liabilities are contingent on specific events occurring pursuant to the agreement.

In fiscal year 2017, planning was initiated on the additional extension of the Express Lanes from Garrisonville Road to Route 17 in Stafford County, which is about 10 miles. It will have direct connection with both the northbound and southbound Rappahannock River crossing projects, access points and operational improvements.

On April 18, 2019, a second amended and restated Comprehensive Agreement was signed between VDOT and 95 Express Lanes LLC to add the scope of the project work for the Fredericksburg Extension. The Comprehensive Agreement was updated to include payments to VDOT. At financial close on April 30, 2019, 95 Express Lanes LLC made a $45.0 million Initial Permit Fee Buyout Payment. The Concessionaire also provided a right of way cost deposit of $2.5 million and $4.0 million for southbound Rappahannock River Crossing work overlap funding. Deferred inflows of $49.0 million are included in the fund financial statements. VDOT received an additional $65.9 million from 95 Express Lanes LLC at the additional financial close in July 2019, which is a sum of $11.5 million Private Activity Bonds (PABs) payment and $54.4 million design-build price protection benefits. At service commencement, the concessionaire will make payment of $232.0 million Final Permit Fee Buyout Payment as set forth in the second amended and restated Comprehensive Agreement. Deferred inflows of $63.0 million are included in the fund financial statements. As of June 2022, the Fredericksburg Extension project is under construction.

I-66 Outside the Beltway Express Lanes

On December 8, 2016, a 50-year Public Private Partnership Agreement (the Agreement) between VDOT, the Department of Rail and Public Transportation (DRPT), and private partner, I-66 Express Mobility Partners LLC, was signed.

The $2.2 billion I-66 Outside the Beltway Project with Express Mobility Partners is to build express lanes on I-66 outside the I-495 Capital Beltway. During the 50-year Agreement, VDOT maintains regulatory control and jurisdiction of the express lanes. VDOT will have fee title or good and valid interest in the express lanes. The purpose of this Agreement is to build new express lanes to provide users with a faster and more reliable travel option.

The I-66 Outside the Beltway Project will include 22.5 miles of new express lanes alongside three regular lanes from I-495 to University Boulevard in Gainesville, Virginia. The project will also provide new and improved bus service and transit routes, new and improved park and ride lots, and interchange improvements to enhance safety and reduce congestion.

Express Mobility Partners will be responsible for all costs to design, build, operate and maintain the I-66 Express Lanes, without any upfront public contribution.

Financial close on the project occurred on November 9, 2017. The express lanes will open to traffic at the end of 2022. These lanes will remain open for the public as long as the applicable tolls are paid. Liabilities for VDOT from the Agreement are contingent on specific events occurring pursuant to the Agreement.

Express Mobility Partners provided $578.9 million during fiscal 2018, as an up-front concession payment to VDOT. Pending approval by the Commonwealth Transportation Board, these funds will be used for project oversight by VDOT, contingency risk during construction that is released during the construction period, and projects in the corridor as selected by the Commonwealth Transportation Board. Deferred inflows of $524.9 million are included in the fund financial statements.

Additional consideration to be provided by Express Mobility Partners includes several components of the permit fee established in the Agreement. A description of these components and the stipulations around receiving is provided below.

Express Mobility Partners is required to pay VDOT a permit fee that consists of transit funding payments, support for corridor improvements, and revenue sharing as further described below.

The transit funding payment portion of the permit fee that becomes due during the operating period will be payable after debt service and required reserve accounts, and will be subject to the lock-up provisions required in the Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan Agreement, but prior to support for corridor improvements and distributions. If funds are insufficient to make scheduled transit funding payments at the time due, such payments or any unpaid portion thereof will be considered past due and will remain due and payable without interest charges. In both fiscal years 2021 and 2022, VDOT received up-front payments of $21.3 million to be used for transit investments, and $41.9 million of deferred inflows are included in the fund financial statements.

The support for corridor improvements is to be paid as indicated in the Agreement. Amounts to be paid annually are contingent on actual toll revenues. At the end of the term of the Agreement, any unpaid balance of these payments is to be forgiven or cancelled.

Express Mobility Partners will make revenue sharing payments in amounts calculated based on actual cumulative net present value of gross revenue at the end of each year of the Agreement. The percentage of gross revenue to be paid by Express Mobility Partners to VDOT increases in accordance with a five-tier revenue sharing scale. Revenue sharing payments do not have to be made if transit funding payments or support for corridor improvements are past due or unpaid.

Additional information on these payments can be found in the Agreement executed between VDOT, DRPT, and Express Mobility Partners.

As of June 2022, the I-66 Outside the Beltway Project is under construction.

Component Units

Aramark – Dining Services

During the year ended June 30, 2015, the University of Virginia (nonmajor) entered into an agreement with Aramark Educational Services, LLC (Aramark) for Aramark to provide dining services to the University. In return for use of University facilities, Aramark is required to make certain payments to the University and the University is required to provide certain repair and maintenance services related to the facilities during the term of the agreement. The University also receives a yearly minimum guarantee on dining and vending commissions and has a minimum guaranteed profit split on residential and athletics services regardless of gross sales. As of June 30, 2022, the University has accrued $118.7 million in current and noncurrent receivables and a $168.4 million deferred inflows of resources related to the service concession arrangement.

39. INFORMATION TECHNOLOGY INFRASTRUCTURE

With the exception of NTT DATA (NTT), the Commonwealth is into its fourth or fifth contract year, depending on when services commenced, with all of its current IT service providers. This includes SAIC for Multi-Services Integrator (MSI) services, Atos for managed security services, Xerox for managed print services, Iron Bow for end-user services, Unisys for server and data center services, and Verizon for voice and data network services. During fiscal year 2022, the Commonwealth transitioned messaging services from its previous service provider, Tempus Nova, to NTT. With a multi-services integrator (MSI) model in effect, the Commonwealth will continuously pursue new and additional IT service providers to ensure that the Commonwealth has a competitive portfolio of IT suppliers that deliver modern cost-effective technology services. The contract terms range from three years to six years, with additional renewal options on each.

Expenses in fiscal year 2022 associated with the service providers were $206.4 million, exclusive of amounts reported as lease payments and interest expense related to GASB Statement No. 87, *Leases*. The Commonwealth expects to spend an additional $612.1 million over the remaining life of these contracts with the current portfolio of suppliers, exclusive of long-term lease liability related to GASB 87.

40. CONTINGENCIES

A. Grants and Contracts

The Commonwealth has received federal grants for specific purposes that are subject to review and audit by the grantor agencies or their auditors. Claims against these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Commonwealth. The increased federal funding related to the COVID-19 pandemic could impact future liabilities.

Institutions of higher education (component units) and other state agencies are required to comply with various federal regulations issued by the Office of Management and Budget, if such agencies are recipients of federal grants, contracts, or other sponsored agreements. Failure to comply with certain requirements of these regulations may result in questions concerning the allowability of related direct and indirect charges pursuant to such agreements. It is believed that the ultimate disallowance pertaining to these regulations, if any, will be immaterial to the overall financial condition of the Commonwealth.

The U.S. Department of Health and Human Services (DHHS) Office of the Inspector General conducted a review and indicated that the

Commonwealth's Statewide Indirect Cost Allocation Plan rates have allowed over-recoveries and transfers in the internal service funds and portions of selected rebates. The Commonwealth has computed payback schedules for 2022, 2021, and 2020 which are based on fiscal years 2021, 2020, and 2019 data, respectively. The Commonwealth has computed a liability of $42.0 million representing the amounts owed to the federal government for internal service fund over-recoveries and transfers, as well as the federal share of various rebates received. This amount has been reflected in the accompanying financial statements.

The Virginia Tourism Authority (nonmajor component unit) had unclaimed awards totaling $3.1 million payable to awardees upon submission of proper claims for reimbursement for the Marketing Leverage Program. Additionally, property at the Virginia/Maryland border to be used for the Gateway Welcome Center was donated to the Authority in July 2008. The deed to the property includes a covenant requiring any or all land to revert to the U.S. Government should it become needed for national defense. The net book value of the property as of June 30, 2022 was $809,500.

B. Litigation

The Commonwealth is named as a party in legal proceedings and investigations that occur in the normal course of governmental operations, some involving substantial amounts. It is not possible at the present time to estimate the ultimate outcome or liability, if any, of the Commonwealth in respect to the various proceedings; however, it is believed that any ultimate liability resulting from these suits or investigations will not have a material, adverse effect on the financial condition of the Commonwealth.

C. Subject to Appropriation

Both the primary government and the discretely presented component units enter into agreements and issue debt secured solely by future appropriations from the General Fund of the Commonwealth. The primary government has leases and other agreements of such debt of $4.1 billion. The discretely presented component units have such debt of $5.4 billion.

D. Bailment Inventory

The Virginia Alcoholic Beverage Control Authority (ABC) houses and controls bailment inventory in the warehouse and is therefore responsible for the exercise of reasonable care to preserve the inventory until it is purchased by ABC or returned to the supplier. ABC uses the bailment system for payment of merchandise for resale. ABC initiates payments to the vendors based on shipments from the ABC warehouse to the retail stores, rather than receipt of invoice from the vendor. As of June 30, 2022, the bailment inventory was valued at $69.1 million.

E. Loan Guarantees

The Virginia Small Business Financing Authority (VSBFA) (nonmajor component unit) has a loan guaranty program which provides guarantees up to the lesser of $1.0 million, or 75.0 percent, of a bank loan for lines of credit and short-term working capital loans for small businesses as defined by Section 2.2-2285 of the *Code of Virginia*. The relationship of the Commonwealth to the issuer or issuers of the obligations are private banks that contact VSBFA to obtain guarantees if they deem it necessary to approve the loan. The VSBFA staff underwrites the request for guarantees and approves applications of $1.0 million or less with subsequent ratification by the Board of Directors. The Board of Directors approves applications in excess of $1.0 million. The maximum term of support for guarantees is up to five years for lines of credit and seven years for term loans. In the event the small business borrower fails to repay a loan guaranteed through the program, the originating bank lender exercises its rights against the collateral and the guarantors of the loan and proceeds from the sale of the collateral are applied to the loan. In the event the originating bank lender incurs a deficiency principal balance, the bank submits a claim to VSBFA under the program. If a claim payment is subsequently paid under the program, VSBFA retains the right to pursue collection from the borrower or the guarantor to the extent possible and provided that neither the borrower nor the guarantor has been adjudicated bankrupt. VSBFA submits collections to the Office of the Attorney General, Division of Debt Collection for legal action and collection of debt. As of June 30, 2022, the loan guaranty program has guarantees outstanding of $5.4 million.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees,* requires that certain information be disclosed regarding selected nonexchange financial guarantees. As of June 30, 2022, the VSBFA recognized a nonexchange financial guarantee liability of $107,037. This is an increase of $5,319 from the beginning balance of $101,718. There were no required payments made during fiscal year 2022. Additionally, there have been no cumulative amounts paid on these outstanding loan guarantees nor are there any expected recoveries.

F. Regional Wet Weather Management Plan

Hampton Roads Sanitation District (HRSD) (nonmajor component unit) is party to a federal consent decree with the federal and state governments (the Consent Decree), which requires the HRSD to evaluate the wet weather capacity of the regional sewer system, including collection systems owned by 14 of the localities which the HRSD serves in the Hampton Roads area. Based upon that evaluation, the HRSD, in consultation with the localities, is required to develop a regional wet weather management plan (RWWMP) for submittal to the federal and state environmental agencies for their approval.

The HRSD and the localities believe that addressing wet weather capacity issues from a regional perspective will result in the most affordable and cost-effective approach for rate payers throughout the region. Toward that end, the HRSD and the localities entered into a legally binding Memorandum of Agreement in 2014 (the MOA). The MOA commits HRSD to (1) develop the RWWMP in consultation with the localities, (2) fund the approved plan through a regional rate imposed on all regional ratepayers, (3) design and construct the necessary improvements, and (4) assume responsibility for wet weather capacity throughout the region in each area once the RWWMP is implemented. In exchange, the localities have agreed to (1) cooperate with the HRSD, (2) facilitate the construction of and accept ownership of any improvements which the HRSD may need to construct in the localities' systems, and (3) maintain the integrity of their systems to industry standards.

The Consent Decree and MOA also contemplate that the localities' obligation to maintain the integrity of their sewer systems to industry standards was embodied in a State administrative order. While the HRSD is preparing the RWWMP, the Consent Decree also requires the HRSD to implement approximately $200.0 million in high priority capital system upgrade projects over the 10-year period between 2020 and 2030, and then another $200.0 million in high priority sewer overflow control projects between 2030 and 2040, which are included in the capital improvement and expansion program. These two sets of projects reflect further priority system improvements that HRSD is to implement along with the SWIFT project. The Amended Consent Decree gives HRSD until 2032 to invest $1.1 billion in the SWIFT program. Finally, the Amended Consent Decree provides that if HRSD will not make the full $1.1 billion investment in the SWIFT Project by 2032 then EPA can require HRSD to accelerate some or all of the second group ($200.0 million worth) of high priority sewer overflow control projects to offset the avoided investment in the SWIFT program. The HRSD is on schedule to complete these projects.

The HRSD has a major capital improvement and expansion program funded through the issuance of debt and its own resources. As of June 30, 2022, the HRSD has outstanding commitments for contracts in progress of approximately $1.1 billion.

41. PENDING GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS

The GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.* GASB Statement No. 94 redefines various agreements that will be reported by the Commonwealth. GASB Statement No. 96 will define subscription-based information technology arrangements and will significantly impact the Commonwealth's reporting disclosures. Both GASB Statements will be implemented in fiscal year 2023.

42. SUBSEQUENT EVENTS

Primary Government

Debt

On September 1, 2022, the Commonwealth Transportation Board redeemed $16.1 million of Commonwealth of Virginia Transportation Revenue Refunding Bonds, Series 2012A.

On October 19, 2022, the Hampton Roads Transportation Accountability Commission (HRTAC) (nonmajor governmental fund) made its second draw on a Transportation Infrastructure Finance and Innovation Act line of credit not to exceed $500.8 million (through the U.S. Department of Transportation). The draw of $299.0 million increases the balance due on this loan to $400.1 million, including capitalized interest of $1.1 million.

On November 16, 2022, the Commonwealth of Virginia issued $94.9 million of General Obligation Bonds, Series 2022A to provide funding for authorized 9(c) projects.

On November 29, 2022, the Virginia Public Building Authority defeased portions of its Public Facilities Revenue Bonds of $22.1 million. They also redeemed a portion of its Public Facilities Revenue Bonds, Series 2010B-2.

On December 7, 2022, the Commonwealth Transportation Board issued $15.0 million in Senior Lien Transportation Infrastructure Finance and Innovation Act (TIFIA), Series 2022 and $82.6 million in Subordinate Lien TIFIA Loan, Series 2022 to finance certain costs incurred in relation to the Interstate 81 Corridor Improvement Project.

On December 14, 2022, the Commonwealth Transportation Board redeemed $9.3 million of its Commonwealth of Virginia Transportation Contract Revenue Refunding Bonds, Series 2012.

Component Units

Debt

On July 20, 2022, the Virginia Resources Authority (major) issued debt via direct borrowing in the amount of $98.0 million in the Virginia Water Facilities Revolving Loan Fund to help expand capacity in the program. The note has an interest rate of 3.2 percent with a final maturity date of October 1, 2042.

On August 15, 2022, the Virginia Housing Development Authority (major) redeemed Rental Housing Bond 2019 Series E Non-AMT in the amount of $5.7 million.

On September 22, 2022, the Virginia Housing Development Authority (major) issued Rental Housing Bond 2022 Series F in the amount of $59.2 million.

On September 28, 2022, Virginia Public School Authority (VPSA) (major) issued $41.3 million Special Obligation School Financing Bonds, Hanover County, Series 2022 to purchase certain general obligation local school bonds to finance capital projects for schools.

On October 12, 2022, George Mason University (nonmajor) signed an agreement with Atlantic Union Bank for a revolving loan in the maximum principal amount of $68.0 million for financing the construction of a new technology building known as Fuse at Mason Square and/or to provide financing for other capital projects.

On November 9, 2022, the VPSA issued $99.9 million of its Special Obligation School Financing Bonds (1997 Resolution), Series 2022B to purchase certain general obligation local school bonds to finance capital projects for schools.

On November 10, 2022, the VPSA issued $42.4 million of its Special Obligation School Financing Bonds, Prince William County, Series 2022 to purchase certain general obligation local school bonds to finance capital projects for schools.

Other

As of January 1, 2022, University of Virginia (nonmajor) retirees began enrolling in their health coverage through a private exchange and are no longer enrolled on the UVA Health Plan. The University now pays nothing towards the retirees' premiums and any claims are to be paid by the private insurance. Because the University uses a one-year lookback in its plan measurement, this change will not be reflected in the OPEB liability of the University until the financial statements for the year ended June 30, 2023. If the plan changes were effective for the June 30, 2022, financial statements, the UVA OPEB liability would be reduced by $41.6 million.

In Milton S. Hershey Medical Center v. Becerra, a group of teaching hospitals challenged a formula that Centers for Medicare and Medicaid Services (CMS) used for many years when the total number of residents and fellows, before applying weighting factors, exceeds the hospital's graduate medical education cap. This was essentially a math error made by the CMS dating back to 2001 that reduced the reimbursement to teaching hospitals and has become known as the “Fellow Penalty”. The court ruled in favor of the hospitals and on October 27, 2022, University of Virginia Medical Center (UVAMC) received the revised Notice of Program Reimbursement for fiscal years 2010 - 2012 related to the “Fellows Penalty” in the amount of just under $8.5 million. CMS will only apply this policy for cost report periods that are open or re-openable (and for future cost report periods). For UVAMC this correction will apply to fiscal year 2010 and forward. The estimate total for fiscal years 2010 - 2022 is $39.4 million which was posted in fiscal year 2022.

Effective July 1, 2022, the Virginia Arts Foundation (nonmajor) is dissolved and powers have been transferred to the Virginia Commission for the Arts (part of primary government). The existing Virginia Arts Foundation Fund (the Fund) has been renamed as the Virginia Commission for the Arts Fund and authority for expenditures and disbursements has been transferred from the Fund to the Virginia Commission for the Arts.

During September 2022, the Virginia Biotechnology Research Partnership Authority (the Authority) (nonmajor) was awarded two grants from the U.S. Department of Commerce. The Authority received $15.8 million to support the Life Science Innovation Center construction project. The period of performance is 38 months from the date of award. The second grant awarded supports the pharmaceutical Supply Chain and was for $1.8 million. The period of performance is 24 months from the date of the award. Both awards are cost reimbursement grants.

The Commonwealth of Virginia awarded the Authority $15.0 million to support the scale-up of pharmaceutical research, development, and manufacturing cluster in the Richmond Regional Planning District or the Crater Planning District (central Virginia). $10.0 million may be used to help fund the construction of a life sciences lab building located at the Virginia Biotech Park in the City of Richmond. The other $5.0 million may be used to administer a one-time grant program designed to fund a key starting materials pilot project located in central Virginia. At a minimum, criteria to award the grant shall include: (i) the company is headquartered in Virginia; and (ii) the company has a chemical industrial site to stand up the program in either the Richmond Regional Planning District or the Crater Planning District. Any funding awards shall be used for the direct costs of key starting materials reactors, a centrifuge, and a dryer.

Subsequent to June 30, 2022, the Authority's Board voted to spin-out Lighthouse Labs, LLC from the Corporation. The spin-off will not occur until Lighthouse Labs obtains its own 501(c)(3) status.

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Major Special Revenue Funds

Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	General Fund			
	Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
Revenues:				
Taxes:				
Individual and Fiduciary Income	$ 15,991,400	$ 18,593,100	$ 20,410,206	$ 1,817,106
Sales and Use	4,426,000	4,948,300	5,080,580	132,280
Corporation Income	1,271,600	2,009,600	1,978,697	(30,903)
Motor Fuel	—	—	—	—
Motor Vehicle Sales and Use	—	—	—	—
Communications Sales and Use	348,000	335,000	301,446	(33,554)
Deeds, Contracts, Wills, and Suits	475,000	665,700	665,602	(98)
Premiums of Insurance Companies	360,900	419,300	426,830	7,530
Alcoholic Beverage Sales	283,700	300,300	300,153	(147)
Tobacco Products	290,100	290,100	278,626	(11,474)
Estate	—	—	27	27
Public Service Corporations	98,600	103,500	102,586	(914)
Other Taxes	47,211	66,701	88,835	22,134
Rights and Privileges	89,981	100,173	113,371	13,198
Sales of Property and Commodities	11,546	11,805	20,185	8,380
Assessments and Receipts for Support of Special Services	5,337	5,967	5,897	(70)
Institutional Revenue	53,882	57,824	33,673	(24,151)
Interest, Dividends, and Rents	93,855	92,480	82,207	(10,273)
Fines, Forfeitures, Court Fees, Penalties, and Escheats	216,004	230,119	220,132	(9,987)
Federal Grants and Contracts	11,358	11,357	11,725	368
Receipts from Cities, Counties, and Towns	9,017	7,800	7,122	(678)
Private Donations, Gifts and Contracts	318	292	336	44
Tobacco Master Settlement	47,500	47,500	62,813	15,313
Other	184,569	323,047	403,039	79,992
Total Revenues	24,315,878	28,619,965	30,594,088	1,974,123
Expenditures:				
Current:				
General Government	2,928,150	3,071,288	2,783,669	287,619
Education	10,756,550	11,655,965	11,330,277	325,688
Transportation	22,659	194,525	164	194,361
Resources and Economic Development	754,236	883,873	616,873	267,000
Individual and Family Services	8,296,597	7,623,020	7,369,472	253,548
Administration of Justice	3,186,152	3,336,965	3,142,616	194,349
Capital Outlay	146,567	182,664	59,151	123,513
Debt Service:				
Principal Retirement	20,571	20,571	20,571	—
Interest and Charges	2,904	2,904	2,904	—
Total Expenditures	26,114,386	26,971,775	25,325,697	1,646,078
Revenues Over (Under) Expenditures	(1,798,508)	1,648,190	5,268,391	3,620,201
Other Financing Sources (Uses):				
Transfers:				
Transfers In	967,486	1,137,044	1,172,516	35,472
Transfers Out	(444,995)	(559,487)	(570,986)	(11,499)
Bonds Issued	—	—	—	—
Premium on Debt Issuance	—	—	—	—
Total Other Financing Sources (Uses)	522,491	577,557	601,530	23,973
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,276,017)	2,225,747	5,869,921	3,644,174
Fund Balance, July 1	7,505,113	7,505,113	7,505,113	—
Fund Balance, June 30	$ 6,229,096	$ 9,730,860	$ 13,375,034	$ 3,644,174

See notes on page 203 in this section.

Special Revenue Funds

Commonwealth Transportation Fund

Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
$ —	$ —	$ —	$ —
1,766,200	2,000,471	2,021,830	21,359
—	—	—	—
1,768,000	1,778,988	1,714,674	(64,314)
899,600	1,180,400	1,215,133	34,733
—	—	—	—
105,300	136,800	132,758	(4,042)
180,657	180,657	180,657	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
164,408	158,147	206,320	48,173
681,726	753,458	728,540	(24,918)
550	424	2,436	2,012
25,850	18,000	18,123	123
—	—	—	—
37,915	38,165	21,470	(16,695)
14,787	15,363	25,467	10,104
1,279,944	1,300,223	1,195,082	(105,141)
834,206	833,369	698,066	(135,303)
25	25	14,818	14,793
—	—	—	—
27,804	40,962	57,184	16,222
7,786,972	8,435,452	8,232,558	(202,894)
112,339	119,388	63,555	55,833
1,750	1,824	1,815	9
8,381,672	9,739,357	7,158,888	2,580,469
43,131	45,762	22,560	23,202
—	—	—	—
10,684	10,684	10,683	1
67,085	131,588	21,048	110,540
2,671	2,671	2,671	—
697	697	697	—
8,620,029	10,051,971	7,281,917	2,770,054
(833,057)	(1,616,519)	950,641	2,567,160
55,188	170,984	176,776	5,792
(488,393)	(570,299)	(541,073)	29,226
289,455	289,455	289,455	—
44,853	44,853	44,853	—
(98,897)	(65,007)	(29,989)	35,018
(931,954)	(1,681,526)	920,652	2,602,178
4,335,767	4,335,767	4,335,767	—
$ 3,403,813	$ 2,654,241	$ 5,256,419	$ 2,602,178

Continued on next page

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Major Special Revenue Funds *(Continued from previous page)*

Fiscal Year Ended June 30, 2022
(Dollars in Thousands)

	Special Revenue Funds			
	Federal Trust			
	Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
Revenues:				
Taxes:				
Individual and Fiduciary Income	$ —	$ —	$ —	$ —
Sales and Use	—	—	—	—
Corporation Income	—	—	—	—
Motor Fuel	—	—	—	—
Motor Vehicle Sales and Use	—	—	—	—
Communications Sales and Use	—	—	—	—
Deeds, Contracts, Wills, and Suits	—	—	—	—
Premiums of Insurance Companies	—	—	—	—
Alcoholic Beverage Sales	—	—	—	—
Tobacco Products	—	—	—	—
Estate	—	—	—	—
Public Service Corporations	—	—	—	—
Other Taxes	—	—	—	—
Rights and Privileges	—	—	470	470
Sales of Property and Commodities	—	—	—	—
Assessments and Receipts for Support of Special Services	—	—	—	—
Institutional Revenue	—	—	247	247
Interest, Dividends, and Rents	606	649	1,242	593
Fines, Forfeitures, Court Fees, Penalties, and Escheats	2,998	712	742	30
Federal Grants and Contracts	15,273,796	27,830,908	24,222,397	(3,608,511)
Receipts from Cities, Counties, and Towns	—	—	1,939	1,939
Private Donations, Gifts and Contracts	—	—	32	32
Tobacco Master Settlement	—	—	—	—
Other	284,768	506,510	912,081	405,571
Total Revenues	15,562,168	28,338,779	25,139,150	(3,199,629)
Expenditures:				
Current:				
General Government	153,110	1,231,408	406,962	824,446
Education	1,327,196	4,240,161	2,367,707	1,872,454
Transportation	35,150	30,218	20,876	9,342
Resources and Economic Development	210,051	1,570,427	518,949	1,051,478
Individual and Family Services	13,621,731	20,875,796	21,599,012	(723,216)
Administration of Justice	110,666	267,723	189,288	78,435
Capital Outlay	103,429	122,211	42,568	79,643
Debt Service:				
Principal Retirement	794	794	794	—
Interest and Charges	41	41	41	—
Total Expenditures	15,562,168	28,338,779	25,146,197	3,192,582
Revenues Over (Under) Expenditures	—	—	(7,047)	(7,047)
Other Financing Sources (Uses):				
Transfers:				
Transfers In	—	—	13,572	13,572
Transfers Out	—	—	(6,525)	(6,525)
Bonds Issued	—	—	—	—
Premium on Debt Issuance	—	—	—	—
Total Other Financing Sources (Uses)	—	—	7,047	7,047
Revenues and Other Sources Over (Under) Expenditures and Other Uses	—	—	—	—
Fund Balance, July 1	—	—	—	—
Fund Balance, June 30	$ —	$ —	$ —	$ —

See notes on page 203 in this section.

1. Basis of Budgeting vs. Modified Accrual Basis Fund Balance (1)

Since the presentation of financial data on the basis of budgeting differs from that presented under accounting principles generally accepted in the United States of America, a schedule reconciling the fund balance on a budgetary basis at June 30, 2022, to the fund balance on a modified accrual basis follows.

Fund Balance Comparison

Budgetary Basis to GAAP Basis

(Dollars in Thousands)

	General Fund	Commonwealth Transportation Fund	Federal Trust Fund
Fund Balance, Basis of Budgeting	$ 13,375,034	$ 5,256,419	$ —
Adjustments from Budget to Modified Accrual:			
Net Accrued Revenues:			
Taxes	1,420,888	355,311	—
Tax Refunds	(1,478,886)	—	—
Other Revenue/Other Sources	(448,633)	177,593	2,382,253
Deferral of Up-front SCA payment	—	(21,250)	—
Medicaid Payable	(479,772)	—	(1,607,618)
Net Accrued Expenditures/Other Uses	(708,997)	(602,615)	(419,780)
Fund Reclassification - Budget to Modified Accrual	—	(696,199)	—
Fund Balance, Modified Accrual Basis	$ 11,679,634	$ 4,469,259	$ 354,855

1. As discussed in Note 1.E., the Literary Fund has no approved budget.

2. Appropriations

The amounts presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Major Special Revenue Funds are principally on a cash basis and represent the original budget adopted by the General Assembly and all supplemental appropriations and transfers. The following schedule reconciles original appropriations to the final adjusted expenditure appropriations for the General Fund and Major Special Revenue Funds, at June 30, 2022, except the Literary Fund which has no approved budget.

(Dollars in Thousands)	General Fund (8)	Commonwealth Transportation Fund	Federal Trust Fund (9)
Appropriations (1)	$ 26,114,386	$ 8,620,029	$ 15,562,168
Supplemental Appropriations:			
Reappropriations (2)	544,285	74,085	132,954
Subsequent Executive (3)	284,061	653,784	4,573,191
Subsequent Legislative (4)	1,214,055	544,965	10,574,249
Capital Outlay and Operating Reversions (5)	(658)	—	(3,350)
Transfers (6)	(821,800)	171,193	(2,240,647)
Capital Outlay Adjustment (7)	(362,554)	(12,085)	(259,786)
Appropriations, as adjusted	$ 26,971,775	$ 10,051,971	$ 28,338,779

1. Represents the budget appropriated through Chapter 552, 2021 Acts of Assembly Special Session I as amended by Chapter 1, 2022 Acts of Assembly Special Session I.
2. Actions taken to reappropriate any prior year unexpended balances per authority of the language in the Appropriation Act.
3. Actions taken by the Governor to carry forward any prior year unexpended balances, sum sufficient authority, and year 2 to year 1 reductions (General Fund) and actions taken to appropriate any additional revenues collected so that they can be legally spent (Special Revenue Funds).
4. Actions taken by the Governor and the General Assembly to adjust the budget.
5. Represents reversions of unexpended capital outlay and operating balances.
6. Represents transfers required by the Appropriation Act. Transfers out are reduced by approximately $2.4 billion (General Fund) and $57.8 million (Commonwealth Transportation Fund) for transfers to component units and fiduciary funds that have been reclassified as expenditures in accordance with GASB Statement No. 34.
7. Capital outlay appropriations cover the projects' lives and usually extend beyond the current fiscal year. These amounts have been adjusted to report the amount authorized for expenditure during the current fiscal year.
8. Budgetary reductions totaling $709.2 million are excluded since they were not available for disbursement during the current fiscal year.
9. Appropriations do not include food stamp issuances of $2.9 billion since this is a noncash item; however, this amount is included in actual expenditures.

Schedule of Changes in Employers' Net Pension Liability (1) (2)

Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	VRS State				
Change in the Net Pension Liability	**2022**	**2021**	**2020**	**2019**	**2018**
Total pension liability:					
Service cost	$ 404,703	$ 406,776	$ 379,359	$ 375,965	$ 370,235
Interest	1,704,842	1,666,047	1,627,637	1,606,772	1,562,819
Benefit changes	—	—	—	—	—
Difference between actual and expected experience	(281,382)	(12,440)	181,189	(327,289)	(85,975)
Assumption changes	412,575	—	663,566	—	76,965
Benefit payments	(1,486,951)	(1,427,873)	(1,360,833)	(1,296,803)	(1,234,388)
Refunds of contributions	(29,065)	(27,427)	(26,897)	(30,236)	(30,837)
Net change in total pension liability	724,722	605,083	1,464,021	328,409	658,819
Total pension liability - beginning	26,014,925	25,409,842	23,945,821	23,617,412	22,958,593
Total pension liability - ending (a)	$ 26,739,647	$ 26,014,925	$ 25,409,842	$ 23,945,821	$ 23,617,412
Plan fiduciary net position:					
Contributions - employer	$ 609,778	$ 576,443	$ 545,584	$ 548,158	$ 535,424
Contributions - member	207,065	210,896	201,481	201,920	201,391
Net investment income	5,055,163	361,061	1,211,722	1,302,241	1,963,811
Benefit payments	(1,486,951)	(1,427,873)	(1,360,833)	(1,296,803)	(1,234,388)
Refunds of contributions	(29,065)	(27,427)	(26,897)	(30,236)	(30,837)
Administrative expense	(12,904)	(12,603)	(12,374)	(11,481)	(11,612)
Other	(737)	(539)	(762)	28,502	(1,743)
Net change in plan fiduciary net position	4,342,349	(320,042)	557,921	742,301	1,422,046
Plan fiduciary net position - beginning	18,770,068	19,090,110	18,532,189	17,789,888	16,367,842
Plan fiduciary net position - ending (b)	23,112,417	18,770,068	19,090,110	18,532,189	17,789,888
Net pension liability - ending (a-b)	$ 3,627,230	$ 7,244,857	$ 6,319,732	$ 5,413,632	$ 5,827,524
Plan fiduciary net position as a percentage of the total pension liability (b/a)	86.4 %	72.2 %	75.1 %	77.4 %	75.3 %
Covered payroll (c)	$ 4,399,969	$ 4,440,135	$ 4,197,484	$ 4,152,368	$ 4,020,893
Net pension liability as a percentage of covered payroll ((a-b)/c)	82.4 %	163.2 %	150.6 %	130.4 %	144.9 %

(1) The Commonwealth implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68,* effective for the fiscal year ended June 30, 2015, therefore, ten years of data is unavailable.

(2) The Commonwealth's fiscal year 2022 net pension liability measurement date is June 30, 2021, as reported in Note 16.

See notes on page 218 in this section.

2017	2016	2015
$ 369,779	$ 375,149	$ 369,120
1,533,764	1,482,951	1,436,064
—	—	—
(245,642)	59,923	—
—	—	—
(1,195,198)	(1,136,102)	(1,081,866)
(25,240)	(27,724)	(25,036)
437,463	754,197	698,282
22,521,130	21,766,933	21,068,651
$ 22,958,593	$ 22,521,130	$ 21,766,933
$ 722,617	$ 480,657	$ 343,259
200,184	195,582	198,035
277,166	728,083	2,243,999
(1,195,198)	(1,136,102)	(1,081,866)
(25,240)	(27,724)	(25,036)
(10,140)	(10,302)	(12,341)
(122)	(154)	123
(30,733)	230,040	1,666,173
16,398,575	16,168,535	14,502,362
16,367,842	16,398,575	16,168,535
$ 6,590,751	$ 6,122,555	$ 5,598,398
71.3 %	72.8 %	74.3 %
$ 3,977,759	$ 3,878,632	$ 3,861,712
165.7 %	157.9 %	145.0 %

Continued on next page

Schedule of Changes in Employers' Net Pension Liability (1) (2) *(Continued from previous page)*

Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	VRS Teacher				
Change in the Net Pension Liability	**2022**	**2021**	**2020**	**2019**	**2018**
Total pension liability:					
Service cost	$ 948,915	$ 938,143	$ 889,003	$ 885,510	$ 830,475
Interest	3,355,158	3,269,776	3,184,697	3,099,338	3,016,207
Benefit changes	—	—	—	—	—
Difference between actual and expected experience	(178,349)	(404,985)	(174,815)	(440,308)	(642,745)
Assumption changes	845,179	—	1,472,649	—	218,559
Benefit payments	(2,553,153)	(2,448,204)	(2,331,038)	(2,241,927)	(2,147,781)
Refunds of contributions	(38,464)	(36,211)	(36,715)	(40,578)	(39,521)
Net change in total pension liability	2,379,286	1,318,519	3,003,781	1,262,035	1,235,194
Total pension liability - beginning	51,001,855	49,683,336	46,679,555	45,417,520	44,182,326
Total pension liability - ending (a)	$ 53,381,141	$ 51,001,855	$ 49,683,336	$ 46,679,555	$ 45,417,520
Plan fiduciary net position:					
Contributions - employer	$ 1,416,135	$ 1,327,774	$ 1,280,964	$ 1,292,988	$ 1,137,976
Contributions - member	419,415	418,909	403,258	391,490	392,730
Contributions - non-employer	61,344	—	—	—	—
Net investment income	9,887,249	689,010	2,311,028	2,421,157	3,632,291
Benefit payments	(2,553,153)	(2,448,204)	(2,331,038)	(2,241,927)	(2,147,781)
Refunds of contributions	(38,464)	(36,211)	(36,715)	(40,578)	(39,521)
Administrative expense	(24,543)	(23,649)	(22,843)	(20,945)	(21,123)
Other	666	(1,169)	(1,448)	(2,167)	(3,238)
Net change in plan fiduciary net position	9,168,649	(73,540)	1,603,206	1,800,018	2,951,334
Plan fiduciary net position - beginning	36,449,229	36,522,769	34,919,563	33,119,545	30,168,211
Plan fiduciary net position - ending (b)	45,617,878	36,449,229	36,522,769	34,919,563	33,119,545
Net pension liability - ending (a-b)	$ 7,763,263	$ 14,552,626	$ 13,160,567	$ 11,759,992	$ 12,297,975
Plan fiduciary net position as a percentage of the total pension liability (b/a)	85.5 %	71.5 %	73.5 %	74.8 %	72.9 %
Covered payroll (c)	$ 8,843,887	$ 8,766,667	$ 8,387,503	$ 8,086,986	$ 7,891,783
Net pension liability as a percentage of covered payroll ((a-b)/c)	87.8 %	166.0 %	156.9 %	145.4 %	155.8 %

See notes on page 218 in this section.

2017	2016	2015
$ 828,856	$ 828,901	$ 831,501
2,931,065	2,834,138	2,722,788
—	—	—
(391,881)	(212,089)	—
—	—	—
(2,081,069)	(1,980,353)	(1,874,636)
(35,067)	(36,058)	(36,103)
1,251,904	1,434,539	1,643,550
42,930,422	41,495,883	39,852,333
$ 44,182,326	$ 42,930,422	$ 41,495,883
$ 1,062,338	$ 1,074,366	$ 853,634
380,314	373,525	371,241
—	192,884	—
516,704	1,327,047	4,042,441
(2,081,069)	(1,980,353)	(1,874,636)
(35,067)	(36,058)	(36,103)
(18,859)	(18,238)	(22,036)
(222)	(284)	217
(175,861)	932,889	3,334,758
30,344,072	29,411,183	26,076,425
30,168,211	30,344,072	29,411,183
$ 14,014,115	$ 12,586,350	$ 12,084,700
68.3 %	70.7 %	70.9 %
$ 7,624,612	$ 7,434,932	$ 7,313,025
183.8 %	169.3 %	165.2 %

Continued on next page

Schedule of Changes in Employers' Net Pension Liability (1) (2) *(Continued from previous page)*

Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	VRS Political Subdivisions				
Change in the Net Pension Liability	**2022**	**2021**	**2020**	**2019**	**2018**
Total pension liability:					
Service cost	$ 613,227	$ 603,766	$ 556,149	$ 544,762	$ 541,594
Interest	1,674,640	1,593,594	1,535,532	1,472,680	1,422,753
Benefit changes	13,507	19,657	3,948	10,811	36,652
Difference between actual and expected experience	(164,872)	221,364	45,032	(43,177)	(205,649)
Assumption changes	1,003,382	—	691,407	—	(64,510)
Benefit payments	(1,237,074)	(1,157,505)	(1,082,791)	(1,010,021)	(941,856)
Refunds of contributions	(42,460)	(38,323)	(40,249)	(41,324)	(42,068)
Net change in total pension liability	1,860,350	1,242,553	1,709,028	933,731	746,916
Total pension liability - beginning	25,449,316	24,206,763	22,497,735	21,564,004	20,817,088
Total pension liability - ending (a)	$ 27,309,666	$ 25,449,316	$ 24,206,763	$ 22,497,735	$ 21,564,004
Plan fiduciary net position:					
Contributions - employer	$ 579,989	$ 521,543	$ 499,293	$ 490,286	$ 477,563
Contributions - member	258,562	258,408	248,421	241,339	238,636
Net investment income	5,779,327	405,051	1,345,759	1,415,454	2,113,973
Benefit payments	(1,237,074)	(1,157,505)	(1,082,791)	(1,010,021)	(941,856)
Refunds of contributions	(42,460)	(38,323)	(40,249)	(41,324)	(42,068)
Administrative expense	(14,412)	(13,842)	(13,369)	(12,236)	(12,220)
Other	328	(274)	(853)	(30,924)	(1,887)
Net change in plan fiduciary net position	5,324,260	(24,942)	956,211	1,052,574	1,832,141
Plan fiduciary net position - beginning	21,234,090	21,259,032	20,302,821	19,250,247	17,418,106
Plan fiduciary net position - ending (b)	26,558,350	21,234,090	21,259,032	20,302,821	19,250,247
Net pension liability - ending (a-b)	$ 751,316	$ 4,215,226	$ 2,947,731	$ 2,194,914	$ 2,313,757
Plan fiduciary net position as a percentage of the total pension liability (b/a)	97.2 %	83.4 %	87.8 %	90.2 %	89.3 %
Covered payroll (c)	$ 5,403,267	$ 5,368,250	$ 5,118,622	$ 4,932,344	$ 4,765,842
Net pension liability as a percentage of covered payroll ((a-b)/c)	13.9 %	78.5 %	57.6 %	44.5 %	48.5 %

See notes on page 218 in this section.

2017	2016	2015
$ 535,322	$ 530,945	$ 524,758
1,362,892	1,309,484	1,243,386
2,053	1,135	—
(87,268)	(185,419)	—
—	—	—
(893,585)	(819,201)	(754,706)
(37,380)	(36,898)	(36,876)
882,034	800,046	976,562
19,935,054	19,135,008	18,158,446
$ 20,817,088	$ 19,935,054	$ 19,135,008
$ 543,947	$ 533,877	$ 539,366
231,934	227,060	225,555
300,995	761,164	2,272,284
(893,585)	(819,201)	(754,706)
(37,380)	(36,898)	(36,876)
(10,696)	(10,358)	(12,153)
(130)	(162)	120
135,085	655,482	2,233,590
17,283,021	16,627,539	14,393,949
17,418,106	17,283,021	16,627,539
$ 3,398,982	$ 2,652,033	$ 2,507,469
83.7 %	86.7 %	86.9 %
$ 4,628,806	$ 4,513,335	$ 4,434,764
73.4 %	58.8 %	56.5 %

Continued on next page

Schedule of Changes in Employers' Net Pension Liability (1) (2) *(Continued from previous page)*

Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	SPORS				
Change in the Net Pension Liability	**2022**	**2021**	**2020**	**2019**	**2018**
Total pension liability:					
Service cost	$ 22,042	$ 22,167	$ 20,079	$ 18,187	$ 18,880
Interest	79,549	77,231	72,715	71,251	74,042
Benefit changes	—	—	—	—	—
Difference between actual and expected experience	(9,431)	4,466	45,330	(7,248)	(5,327)
Assumption changes	58,257	—	31,773	—	(68,707)
Benefit payments	(73,227)	(64,991)	(62,683)	(58,197)	(57,814)
Refunds of contributions	(271)	(552)	(805)	(867)	(630)
Net change in total pension liability	76,919	38,321	106,409	23,126	(39,556)
Total pension liability - beginning	1,215,258	1,176,937	1,070,528	1,047,402	1,086,958
Total pension liability - ending (a)	$ 1,292,177	$ 1,215,258	$ 1,176,937	$ 1,070,528	$ 1,047,402
Plan fiduciary net position:					
Contributions - employer	$ 33,788	$ 32,497	$ 31,437	$ 35,806	$ 31,888
Contributions - member	6,489	6,600	6,379	6,311	5,701
Net investment income	229,138	16,333	54,792	58,148	87,265
Benefit payments	(73,227)	(64,991)	(62,683)	(58,197)	(57,814)
Refunds of contributions	(271)	(552)	(805)	(867)	(630)
Administrative expense	(531)	(360)	(488)	(509)	(926)
Other	—	(38)	(61)	(63)	(99)
Net change in plan fiduciary net position	195,386	(10,511)	28,571	40,629	65,385
Plan fiduciary net position - beginning	854,762	865,273	836,702	796,073	730,688
Plan fiduciary net position - ending (b)	1,050,148	854,762	865,273	836,702	796,073
Net pension liability - ending (a-b)	$ 242,029	$ 360,496	$ 311,664	$ 233,826	$ 251,329
Plan fiduciary net position as a percentage of the total pension liability (b/a)	81.3 %	70.3 %	73.5 %	78.2 %	76.0 %
Covered payroll (c)	$ 128,252	$ 130,759	$ 126,483	$ 124,003	$ 111,395
Net pension liability as a percentage of covered payroll ((a-b)/c)	188.7 %	275.7 %	246.4 %	188.6 %	225.6 %

See notes on page 218 in this section.

2017	2016	2015
$ 18,700	$ 18,847	$ 18,341
72,618	70,350	67,978
—	—	—
(14,711)	(2,890)	—
—	—	—
(53,515)	(53,338)	(50,467)
(584)	(375)	(685)
22,508	32,594	35,167
1,064,450	1,031,856	996,689
$ 1,086,958	$ 1,064,450	$ 1,031,856
$ 33,655	$ 28,427	$ 42,683
5,759	5,680	5,646
12,634	32,466	98,682
(53,515)	(53,338)	(50,467)
(584)	(375)	(685)
(590)	(471)	(431)
(23)	(27)	—
(2,664)	12,362	95,428
733,352	720,990	625,562
730,688	733,352	720,990
$ 356,270	$ 331,098	$ 310,866
67.2 %	68.9 %	69.9 %
$ 114,395	$ 110,059	$ 112,010
311.4 %	300.8 %	277.5 %

Continued on next page

Schedule of Changes in Employers' Net Pension Liability (1) (2) *(Continued from previous page)*

Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	VaLORS				
Change in the Net Pension Liability	**2022**	**2021**	**2020**	**2019**	**2018**
Total pension liability:					
Service cost	$ 47,606	$ 48,003	$ 44,526	$ 45,179	$ 47,189
Interest	149,677	143,708	139,307	136,289	135,453
Benefit changes	—	—	—	—	—
Difference between actual and expected experience	(25,405)	22,645	11,067	(26,111)	(1,457)
Assumption changes	66,216	—	62,090	—	(63,457)
Benefit payments	(124,045)	(117,137)	(109,193)	(104,776)	(96,224)
Refunds of contributions	(5,791)	(4,893)	(4,933)	(5,604)	(4,938)
Net change in total pension liability	108,258	92,326	142,864	44,977	16,566
Total pension liability - beginning	2,282,351	2,190,025	2,047,161	2,002,184	1,985,618
Total pension liability - ending (a)	$ 2,390,609	$ 2,282,351	$ 2,190,025	$ 2,047,161	$ 2,002,184
Plan fiduciary net position:					
Contributions - employer	$ 76,415	$ 79,914	$ 75,327	$ 73,793	$ 73,816
Contributions - member	17,602	18,712	17,871	17,496	17,598
Net investment income	405,217	28,579	93,872	98,292	146,039
Benefit payments	(124,045)	(117,137)	(109,193)	(104,776)	(96,224)
Refunds of contributions	(5,791)	(4,893)	(4,933)	(5,604)	(4,938)
Administrative expense	(943)	(623)	(831)	(861)	(1,540)
Other	—	(73)	(103)	(247)	(310)
Net change in plan fiduciary net position	368,455	4,479	72,010	78,093	134,441
Plan fiduciary net position - beginning	1,500,469	1,495,990	1,423,980	1,345,887	1,211,446
Plan fiduciary net position - ending (b)	1,868,924	1,500,469	1,495,990	1,423,980	1,345,887
Net pension liability - ending (a-b)	$ 521,685	$ 781,882	$ 694,035	$ 623,181	$ 656,297
Plan fiduciary net position as a percentage of the total pension liability (b/a)	78.2 %	65.7 %	68.3 %	69.6 %	67.2 %
Covered payroll (c)	$ 348,650	$ 369,996	$ 349,998	$ 345,531	$ 344,468
Net pension liability as a percentage of covered payroll ((a-b)/c)	149.6 %	211.3 %	198.3 %	180.4 %	190.5 %

See notes on page 218 in this section.

2017		2016		2015	
$	45,608	$	47,531	$	46,504
	129,756		124,579		119,040
	—		—		—
	4,997		(4,849)		—
	—		—		—
	(92,270)		(84,990)		(78,412)
	(4,524)		(4,797)		(4,665)
	83,567		77,474		82,467
	1,902,051		1,824,577		1,742,110
$	1,985,618	$	1,902,051	$	1,824,577
$	79,392	$	62,084	$	67,483
	17,574		17,081		17,908
	20,899		52,312		156,786
	(92,270)		(84,990)		(78,412)
	(4,524)		(4,797)		(4,665)
	(940)		(743)		(681)
	(38)		(44)		—
	20,093		40,903		158,419
	1,191,353		1,150,450		992,031
	1,211,446		1,191,353		1,150,450
$	774,172	$	710,698	$	674,127
	61.0 %		62.6 %		63.1 %
$	345,504	$	338,562	$	352,492
	224.1 %		209.9 %		191.2 %

Continued on next page

Schedule of Changes in Employers' Net Pension Liability (1) (2) *(Continued from previous page)*

Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	JRS				
Change in the Net Pension Liability	**2022**	**2021**	**2020**	**2019**	**2018**
Total pension liability:					
Service cost	$ 19,335	$ 20,650	$ 18,767	$ 19,228	$ 22,144
Interest	44,788	44,234	44,139	43,799	42,081
Benefit changes	—	—	—	—	—
Difference between actual and expected experience	(10,245)	(9,446)	(7,158)	(15,786)	(14,774)
Assumption changes	53,040	—	14,077	—	16,114
Benefit payments	(47,750)	(46,546)	(43,587)	(41,165)	(40,895)
Refunds of contributions	(135)	(12)	—	—	—
Net change in total pension liability	59,033	8,880	26,238	6,076	24,670
Total pension liability - beginning	687,469	678,589	652,351	646,275	621,605
Total pension liability - ending (a)	$ 746,502	$ 687,469	$ 678,589	$ 652,351	$ 646,275
Plan fiduciary net position:					
Contributions - employer	$ 22,856	$ 24,819	$ 22,893	$ 28,096	$ 27,612
Contributions - member	1,868	3,436	3,208	3,231	3,272
Net investment income	147,200	10,491	35,372	37,466	56,029
Benefit payments	(47,750)	(46,546)	(43,587)	(41,165)	(40,895)
Refunds of contributions	(135)	(12)	—	—	—
Administrative expense	(343)	(232)	(315)	(326)	(594)
Other	—	(42)	(39)	(42)	(64)
Net change in plan fiduciary net position	123,696	(8,086)	17,532	27,260	45,360
Plan fiduciary net position - beginning	549,455	557,541	540,009	512,749	467,389
Plan fiduciary net position - ending (b)	673,151	549,455	557,541	540,009	512,749
Net pension liability - ending (a-b)	$ 73,351	$ 138,014	$ 121,048	$ 112,342	$ 133,526
Plan fiduciary net position as a percentage of the total pension liability (b/a)	90.2 %	79.9 %	82.2 %	82.8 %	79.3 %
Covered payroll (c)	$ 74,594	$ 74,769	$ 68,330	$ 68,245	$ 66,826
Net pension liability as a percentage of covered payroll ((a-b)/c)	98.3 %	184.6 %	177.2 %	164.6 %	199.8 %

See notes on page 218 in this section.

2017	2016	2015
$ 21,978	$ 23,254	$ 24,024
42,820	41,759	40,013
(15,552)	—	—
(18,681)	(9,107)	—
—	—	—
(41,341)	(40,205)	(37,984)
—	—	—
(10,776)	15,701	26,053
632,381	616,680	590,627
$ 621,605	$ 632,381	$ 616,680
$ 41,502	$ 31,503	$ 27,727
3,236	3,015	3,051
8,112	20,051	60,833
(41,341)	(40,205)	(37,984)
—	—	—
(363)	(283)	(268)
(15)	(17)	—
11,131	14,064	53,359
456,258	442,194	388,835
467,389	456,258	442,194
$ 154,216	$ 176,123	$ 174,486
75.2 %	72.1 %	71.7 %
$ 66,621	$ 61,092	$ 61,020
231.5 %	288.3 %	285.9 %

Schedule of Employer Contributions – Pension Plans
(Dollars in Thousands)

Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contributions Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
VIRGINIA RETIREMENT SYSTEM (VRS) - STATE					
2022	$ 674,124	$ 674,124	$ —	$ 4,661,991	14.46%
2021	636,236	636,236	—	4,399,969	14.46%
2020	600,306	600,306	—	4,440,135	13.52%
2019	567,450	567,450	—	4,197,484	13.52%
2018	560,154	560,154	—	4,152,368	13.49%
2017	542,418	542,418	—	4,020,893	13.49%
2016	628,486	557,160	71,326	3,977,759	14.01%
2015	612,824	478,235	134,589	3,878,632	12.33%
2014	504,726	338,286	166,440	3,861,712	8.76%
2013	485,577	325,452	160,125	3,715,205	8.76%
VIRGINIA RETIREMENT SYSTEM (VRS) - TEACHER					
2022	$ 1,548,861	$ 1,548,861	$ —	$ 9,319,260	16.62%
2021	1,469,854	1,469,854	—	8,843,887	16.62%
2020	1,374,613	1,374,613	—	8,766,667	15.68%
2019	1,315,160	1,315,160	—	8,387,503	15.68%
2018	1,319,796	1,319,796	—	8,086,986	16.32%
2017	1,287,939	1,156,935	131,004	7,891,783	14.66%
2016	1,344,981	1,072,020	272,961	7,624,612	14.06%
2015	1,353,158	1,078,065	275,093	7,434,932	14.50%
2014	1,226,394	852,699	373,695	7,313,025	11.66%
2013	1,203,856	837,028	366,828	7,178,629	11.66%
VIRGINIA RETIREMENT SYSTEM (VRS) - POLITICAL SUBDIVISIONS					
2022	$ 643,775	$ 643,775	—	$ 5,699,596	11.30%
2021	610,434	610,473	(39)	5,403,267	11.30%
2020	544,676	547,382	(2,706)	5,368,250	10.20%
2019	515,904	518,513	(2,609)	5,118,622	10.13%
2018	504,955	505,603	(648)	4,932,344	10.25%
2017	487,067	487,702	(635)	4,765,842	10.23%
2016	554,335	549,408	4,927	4,628,806	11.87%
2015	540,859	535,919	4,940	4,513,335	11.87%
2014	551,822	539,131	12,691	4,434,764	12.16%
2013	537,657	525,385	12,272	4,321,565	12.16%

See notes on page 218 in this section.

Year Ended June 30		Actuarially Determined Contribution		Contributions in Relation to the Actuarially Determined Contribution		Contributions Deficiency (Excess)		Covered Payroll	Contributions as a Percentage of Covered Payroll
STATE POLICE OFFICERS' RETIREMENT SYSTEM (SPORS)									
2022	$	36,505	$	36,505	$	—	$	138,644	26.33%
2021		33,769		33,769		—		128,252	26.33%
2020		32,533		32,533		—		130,759	24.88%
2019		31,469		31,469		—		126,483	24.88%
2018		35,391		35,391		—		124,003	28.54%
2017		31,792		31,792		—		111,395	28.54%
2016		35,211		31,561		3,650		114,395	27.59%
2015		33,876		28,417		5,459		110,059	25.82%
2014		36,538		27,711		8,827		112,010	24.74%
2013		34,535		26,193		8,342		105,872	24.74%
VIRGINIA LAW OFFICERS' RETIREMENT SYSTEM (VaLORS)									
2022	$	74,190	$	74,190	$	—	$	338,768	21.90%
2021		76,354		76,354		—		348,650	21.90%
2020		79,956		79,956		—		369,996	21.61%
2019		75,635		75,635		—		349,998	21.61%
2018		72,734		72,734		—		345,531	21.05%
2017		72,511		72,511		—		344,468	21.05%
2016		72,763		65,101		7,662		345,504	18.84%
2015		71,301		59,824		11,477		338,562	17.67%
2014		68,806		52,169		16,637		352,492	14.80%
2013		66,463		50,392		16,071		340,489	14.80%
JUDICIAL RETIREMENT SYSTEM (JRS)									
2022	$	23,735	$	23,735	$	—	$	79,540	29.84%
2021		22,259		22,259		—		74,594	29.84%
2020		25,713		25,713		—		74,769	34.39%
2019		23,498		23,498		—		68,330	34.39%
2018		28,642		28,642		—		68,245	41.97%
2017		28,047		28,047		—		66,826	41.97%
2016		37,008		33,291		3,717		66,621	49.97%
2015		35,336		31,560		3,776		61,092	51.66%
2014		33,018		27,728		5,290		61,020	45.44%
2013		32,185		27,028		5,157		59,481	45.44%

	VRS					
	State	**Teacher**	**Political Subdivisions**	**SPORS**	**VaLORS**	**JRS**
Valuation Date	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:						
Investment Rate of Return*	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%
Projected Salary Increases:*						
State Employees/Teachers	3.50% to 5.35%	3.50% to 5.95%	N/A	3.50% to 4.75%	3.50% to 4.75%	4.50%
Political Subdivision -						
Non-Hazardous Duty Employees	N/A	N/A	3.50% to 5.35%	N/A	N/A	N/A
Political Subdivision -						
Hazardous Duty Employees	N/A	N/A	3.50% to 4.75%	N/A	N/A	N/A
Post-Retirement Benefits Increases**						
Plan 1	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Plan 2	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Hybrid	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%

** Includes inflation at 2.50%.*

*** Compounded annually.*

As discussed in Note 16, visit the Virginia Retirement System's website at www.varetire.org to obtain a copy of the separately issued financial statements.

Schedule of Changes in Employers' Net Other Postemployment Benefit Liability (Asset) (1) (2)

Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	RHIC				
Change in the Net OPEB Liability	**2022**	**2021**	**2020**	**2019**	**2018**
Total OPEB liability:					
Service cost	$ 20,432	$ 20,143	$ 19,446	$ 19,645	$ 19,231
Interest	68,014	67,289	68,023	66,883	66,641
Benefit changes	—	—	—	—	—
Difference between actual and expected experience	(20,219)	(5,703)	(13,402)	745	—
Assumption changes	12,326	—	22,700	—	(12,229)
Benefit payments	(71,536)	(70,440)	(72,857)	(69,117)	(71,256)
Refunds of contributions	—	—	—	—	—
Net change in total OPEB liability	9,017	11,289	23,910	18,156	2,387
Total OPEB liability - beginning	1,043,383	1,032,094	1,008,184	990,028	987,641
Total OPEB liability - ending (a)	$ 1,052,400	$ 1,043,383	$ 1,032,094	$ 1,008,184	$ 990,028
Plan fiduciary net position:					
Contributions - employer	$ 119,847	$ 84,849	$ 79,926	$ 79,416	$ 75,058
Contributions - member	—	—	—	—	—
Net investment income	34,790	2,185	6,189	5,706	7,706
Benefit payments	(71,536)	(70,440)	(72,857)	(69,117)	(71,256)
Third-party administrator charges	—	—	—	—	—
Administrative expense	(589)	(230)	(135)	(149)	(131)
Other	(30)	(9)	(8)	536	(546)
Net change in plan fiduciary net position	82,482	16,355	13,115	16,392	10,831
Plan fiduciary net position - beginning	125,378	109,023	95,908	79,516	68,685
Plan fiduciary net position - ending (b)	207,860	125,378	109,023	95,908	79,516
Net OPEB liability (asset) - ending (a-b)	$ 844,540	$ 918,005	$ 923,071	$ 912,276	$ 910,512
Plan fiduciary net position as a percentage of the total OPEB liability (b/a)	19.8 %	12.0 %	10.6 %	9.5 %	8.0 %
Covered payroll (c)	$ 7,239,781	$ 7,237,090	$ 6,844,807	$ 6,762,917	$ 6,489,069
Net OPEB liability (asset) as a percentage of covered payroll ((a-b)/c)	11.7 %	12.7 %	13.5 %	13.5 %	14.0 %

(1) The Commonwealth implemented GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits*, as amended by GASB Statement No. 85, *Omnibus 2017*, effective for fiscal year 2018, therefore, ten years of data is unavailable.

(2) The Commonwealth's fiscal year 2022 net OPEB liability measurement date is June 30, 2021, as reported in Note 18.

See notes on page 228 in this section.

Continued on next page

Schedule of Changes in Employers' Net Other Postemployment Benefit Liability (Asset) (1) (2)

(continued from previous page)

	VSDP				
Change in the Net OPEB Liability	**2022**	**2021**	**2020**	**2019**	**2018**
Total OPEB liability:					
Service cost	$ 32,679	$ 32,988	$ 29,232	$ 27,527	$ 27,884
Interest	17,222	18,774	15,788	15,503	15,810
Benefit changes	—	—	—	—	—
Difference between actual and expected experience	(22,057)	(46,473)	29,489	(11,237)	—
Assumption changes	(1,387)	—	4,180	—	(17,511)
Benefit payments	(28,790)	(27,804)	(24,376)	(31,073)	(30,056)
Refunds of contributions	—	—	—	—	—
Net change in total OPEB liability	(2,333)	(22,515)	54,313	720	(3,873)
Total OPEB liability - beginning	269,531	292,046	237,733	237,013	240,886
Total OPEB liability - ending (a)	$ 267,198	$ 269,531	$ 292,046	$ 237,733	$ 237,013
Plan fiduciary net position:					
Contributions - employer	$ 26,542	$ 26,994	$ 25,263	$ 27,260	$ 24,130
Contributions - member	—	—	—	—	—
Net investment income	131,373	9,445	30,494	32,073	48,206
Benefit payments	(28,790)	(27,804)	(24,376)	(31,073)	(30,056)
Third-party administrator charges	(7,137)	(6,611)	(6,431)	(6,637)	(7,001)
Administrative expense	(600)	(631)	(787)	(961)	(717)
Other	311	586	1,117	(35)	(54)
Net change in plan fiduciary net position	121,699	1,979	25,280	20,627	34,508
Plan fiduciary net position - beginning	490,220	488,241	462,961	442,334	407,826
Plan fiduciary net position - ending (b)	611,919	490,220	488,241	462,961	442,334
Net OPEB liability (asset) - ending (a-b)	$ (344,721)	$ (220,689)	$ (196,195)	$ (225,228)	$ (205,321)
Plan fiduciary net position as a percentage of the total OPEB liability (b/a)	229.0 %	181.9 %	167.2 %	194.7 %	186.6 %
Covered payroll (c)	$ 4,355,154	$ 4,365,296	$ 4,077,627	$ 3,972,637	$ 3,799,590
Net OPEB liability (asset) as a percentage of covered payroll ((a-b)/c)	(7.9%)	(5.1%)	(4.8%)	(5.7%)	(5.4%)

Schedule of the Commonwealth's Proportionate Share of the Net Other Postemployment Benefit Liability (1) (2)

Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	GLI				
	2022	2021	2020	2019	2018
Commonwealth's proportion of the net OPEB liability	30.0 %	30.4 %	30.1 %	30.5 %	30.3 %
Commonwealth's proportionate share of the net OPEB liability	$349,518	$507,458	$490,250	$463,787	$456,387
Commonwealth's covered payroll	$6,231,703	$6,290,591	$5,936,396	$5,836,331	$5,621,670
Commonwealth's covered employee payroll	N/A	N/A	N/A	N/A	N/A
Commonwealth's proportionate share of the net OPEB liability as a percentage of its covered payroll / covered employee payroll	5.6 %	8.1 %	8.3 %	7.9 %	8.1 %
Plan fiduciary net position as a percentage of the total OPEB liability	67.5 %	52.6 %	52.0 %	51.2 %	48.9 %

(1) The Commonwealth implemented GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits*, and GASB Statement No. 85, *Omnibus 2017*, effective for fiscal year 2018, therefore, ten years of data is unavailable.

(2) The Commonwealth's fiscal year 2022 net OPEB liability measurement date is June 30, 2021, as reported in Note 18.

(3) Since the Commonwealth is considered the governmental nonemployer contributing entity for the state-funded Retiree Health Insurance Credit for constitutional officers, social services employees and registrars (RHIC: Non-State), the covered payroll information is not applicable.

See notes on page 228 in this section.

LODA				
2022	2021	2020	2019	2018
59.4 %	60.1 %	59.9 %	59.9 %	60.9 %
$262,156	$251,588	$214,981	$187,869	$160,064
N/A	N/A	N/A	N/A	N/A
$468,772	$484,167	$460,426	$440,535	$431,978
55.9 %	52.0 %	46.7 %	42.6 %	37.1 %
1.7 %	1.0 %	0.8 %	0.6 %	1.3 %

Continued on next page

Schedule of the Commonwealth’s Proportionate Share of the Net Other Postemployment Benefit Liability (1) (2)

(continued from previous page)

	RHIC: Non-State (3)				
	Constitutional Officers				
	2022	2021	2020	2019	2018
Commonwealth's proportion of the net OPEB liability	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Commonwealth's proportionate share of the net OPEB liability	$26,910	$27,293	$26,877	$26,351	$25,766
Commonwealth's covered payroll	N/A	N/A	N/A	N/A	N/A
Commonwealth's covered employee payroll	N/A	N/A	N/A	N/A	N/A
Commonwealth's proportionate share of the net OPEB liability as a percentage of its covered payroll / covered employee payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	19.9 %	15.8 %	14.3 %	11.1 %	8.6 %

See notes on page 228 in this section.

Social Service Employees					Registrars				
2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$12,631	$12,880	$12,457	$12,903	$12,725	$435	$469	$503	$499	$486
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
15.7 %	13.1 %	15.4 %	9.3 %	7.9 %	27.9 %	21.2 %	14.8 %	10.4 %	6.5 %

Schedule of Employer Contributions – Other Postemployment Benefit Plans

(Dollars in Thousands)

Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contributions Deficiency (Excess)	Covered Payroll	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll / Covered Employee Payroll
			RETIREE HEALTH INSURANCE CREDIT			
2022	$ 85,260	$ 85,260	$ —	$ 7,612,495	N/A	1.1 %
2021	81,086	81,086	—	7,239,781	N/A	1.1 %
2020	84,674	84,674	—	7,237,090	N/A	1.2 %
2019	80,084	80,084	—	6,844,807	N/A	1.2 %
2018	79,802	79,802	—	6,762,917	N/A	1.2 %
2017	76,571	76,571	—	6,489,069	N/A	1.2 %
2016	73,961	66,375	7,586	6,321,454	N/A	1.0 %
2015	71,522	64,186	7,336	6,112,951	N/A	1.1 %
2014	63,385	60,367	3,018	6,036,629	N/A	1.0 %
2013	59,618	56,779	2,839	5,677,848	N/A	1.0 %
			VIRGINIA SICKNESS AND DISABILITY PROGRAM (Also referred to Disability Insurance Trust Fund)			
2022	$ 28,290	$ 28,290	$ —	$ 4,637,755	N/A	0.6 %
2021	26,566	26,566	—	4,355,154	N/A	0.6 %
2020	27,065	27,065	—	4,365,296	N/A	0.6 %
2019	25,281	25,281	—	4,077,627	N/A	0.6 %
2018	26,219	26,219	—	3,972,637	N/A	0.7 %
2017	25,077	25,077	—	3,799,590	N/A	0.7 %
2016	27,187	24,580	2,607	3,724,248	N/A	0.7 %
2015	26,244	23,728	2,516	3,595,080	N/A	0.7 %
2014	20,610	16,701	3,909	3,553,444	N/A	0.5 %
2013	21,032	17,043	3,989	3,626,208	N/A	0.5 %
			GROUP LIFE INSURANCE (1)			
2022	$ 35,519	$ 35,519	$ —	$ 6,577,667	N/A	0.5 %
2021	33,651	33,651	—	6,231,703	N/A	0.5 %
2020	32,711	32,711	—	6,290,591	N/A	0.5 %
2019	30,869	30,869	—	5,936,396	N/A	0.5 %
2018	30,349	30,349	—	5,836,331	N/A	0.5 %
2017	29,089	29,089	—	5,621,670	N/A	0.5 %
2016	29,358	26,588	2,770	5,539,210	N/A	0.5 %
2015	28,487	25,799	2,688	5,374,853	N/A	0.5 %
2014	28,248	25,583	2,665	5,329,884	N/A	0.5 %
2013	27,002	24,455	2,547	5,094,773	N/A	0.5 %

(1) The Group Life Insurance and the Line of Duty Trust Fund (Line of Duty Act) are cost-sharing plans and amounts in this schedule are only for the Commonwealth and does not include other employers.

(2) Covered employee payroll is provided since the contributions are not based on a measure of pay. Ten years of data is not available for this plan.

(3) Although the Retiree Health Insurance Credit program for constitutional officers, social services employees, and registrars existed prior to fiscal year 2016, the program was funded in a different manner and the results do not provide comparability with the current presentations. Since the Commonwealth is considered the governmental nonemployer contributing entity, the column regarding covered payroll is not applicable.

See notes on page 228 in this section.

Year Ended June 30		Actuarially Determined Contribution		Contributions in Relation to the Actuarially Determined Contribution		Contributions Deficiency (Excess)	Covered Payroll		Covered Employee Payroll	Contributions as a Percentage of Covered Payroll / Covered Employee Payroll
LINE OF DUTY TRUST FUND (1) (2)										
2022	$	14,734	$	8,197	$	6,537	N/A	$	501,458	1.6 %
2021		14,820		8,184		6,636	N/A		468,772	1.7 %
2020		14,706		8,164		6,542	N/A		484,167	1.7 %
2019		14,486		8,042		6,444	N/A		460,426	1.7 %
2018		13,870		6,364		7,506	N/A		440,535	1.4 %
2017		14,275		6,550		7,725	N/A		431,978	1.5 %
RETIREE HEALTH INSURANCE CREDIT: NON-STATE (3) For Constitutional Officers										
2022	$	2,786	$	2,786	$	—	N/A		N/A	N/A
2021		2,642		2,642		—	N/A		N/A	N/A
2020		2,734		2,734		—	N/A		N/A	N/A
2019		2,593		2,593		—	N/A		N/A	N/A
2018		2,362		2,362		—	N/A		N/A	N/A
2017		2,280		2,280		—	N/A		N/A	N/A
2016		1,950		1,830		120	N/A		N/A	N/A
RETIREE HEALTH INSURANCE CREDIT: NON-STATE (3) (For Social Services Employees)										
2022	$	1,196	$	1,196	$	—	N/A		N/A	N/A
2021		1,143		1,143		—	N/A		N/A	N/A
2020		1,283		1,283		—	N/A		N/A	N/A
2019		1,202		1,202		—	N/A		N/A	N/A
2018		1,106		1,106		—	N/A		N/A	N/A
2017		1,055		1,055		—	N/A		N/A	N/A
2016		961		824		137	N/A		N/A	N/A
RETIREE HEALTH INSURANCE CREDIT: NON-STATE (3) (For Registrars)										
2022	$	66	$	66	$	—	N/A		N/A	N/A
2021		52		52		—	N/A		N/A	N/A
2020		50		50		—	N/A		N/A	N/A
2019		46		46		—	N/A		N/A	N/A
2018		47		47		—	N/A		N/A	N/A
2017		45		45		—	N/A		N/A	N/A
2016		36		30		6	N/A		N/A	N/A

Notes for Other Postemployment Benefit Schedules

	Group Life Insurance Fund	Retiree Health Insurance Credit Fund	Disability Insurance Trust Fund	Line of Duty Act Trust Fund
Valuation Date	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method (1)	Level Percent of Pay, Closed	Level Percent of Pay, Closed	Level Percent of Pay, Closed	Level Percent of Pay, Open
Payroll Growth Rate:				
State Employees	3.0%	3.0%	3.0%	3.0%
Teachers	3.0%	3.0%	N/A	N/A
Political Subdivision Employees	3.0%	3.0%	N/A	3.0%
State Police / Virginia Law Officers	3.0%	3.0%	3.0%	3.0%
Judges	3.0%	3.0%	N/A	N/A
Asset Valuation Method				
State Employees and Teachers	5-Year, Smoothed Market	5-Year, Smoothed Market	5-Year, Smoothed Market	Market Value
Political Subdivision Employees and State-Funded Local Employees	5-Year, Smoothed Market	Market Value	N/A	Market Value
Actuarial Assumptions:				
Investment Rate of Return (2)	6.8%	6.8%	6.8%	4.8%
Projected Salary Increases (3)				
State Employees	3.5% to 5.4%	3.5% to 5.4%	3.5% to 5.4%	N/A
Teachers	3.5% to 6.0%	3.5% to 6.0%	N/A	N/A
Political Subdivision Employees (Non-Hazardous Duty Employees)	3.5% to 5.4%	3.5% to 5.4%	N/A	N/A
Political Subdivision Employees (Hazardous Duty Employees)	3.5% to 4.8%	3.5% to 4.8%	N/A	N/A
State Police / Virginia Law Officers	3.5% to 4.8%	3.5% to 4.8%	3.5% to 4.8%	N/A
Judges	4.5%	4.5%	N/A	N/A
Medical Trend Assumptions (Under Age 65)	N/A	N/A	N/A	7.0% to 4.8%
Medical Trend Assumptions (Ages 65 and Older)	N/A	N/A	N/A	5.4% to 4.8%
Year of Ultimate Trend Rate (Under Age 65)	N/A	N/A	N/A	2029
Year of Ultimate Trend Rate (Ages 65 and Older)	N/A	N/A	N/A	2024

(1) The amortization period of the Unfunded Actuarial Accrued Liability (UAAL) was a closed 30-year period for the June 30, 2013 balance and closed 20-year period for each subsequent year. The Line of Duty Act Program amortization period is 30 years for the UAAL.

(2) Includes inflation rate of 2.5 percent.

(3) Projected salary increases for the Retiree Health Insurance Credit Fund are used in the application of the actuarial cost method. Projected salary increase factors are not applicable to the Line of Duty Act Program since neither the benefit nor the cost is salary-based.

As discussed in Note 18, visit the Virginia Retirement System's website at www.varetire.org to obtain a copy of the separately issued financial statements.

Schedule of Changes in Employers' Total Other Postemployment Benefit Liability (1) (2)

Fiscal Year Ended June 30, 2022
(Dollars in Thousands)

Change in the Total OPEB Liability	PMRH				
	2022	2021	2020	2019	2018
Total OPEB liability:					
Service cost	$ 44,141	$ 47,963	$ 72,737	$ 94,665	$ 116,627
Interest cost	13,139	25,009	40,941	49,279	47,346
Changes of benefit terms	—	—	—	—	—
Difference between expected and actual experience	(20,887)	(24,121)	(216,886)	(191,000)	(61,865)
Changes of assumptions	(119,285)	(130,004)	(182,206)	(211,762)	(326,082)
Benefit payments	(37,040)	(28,903)	(41,346)	(34,446)	(43,244)
Net change in total OPEB liability	(119,932)	(110,056)	(326,760)	(293,264)	(267,218)
Total OPEB liability - beginning	568,824	678,880	1,005,640	1,298,904	1,566,122
Total OPEB liability - ending (a)	$ 448,892	$ 568,824	$ 678,880	$ 1,005,640	$ 1,298,904
Covered employee payroll (b)	$ 5,904,674	$ 5,842,440	$ 5,616,229	$ 5,485,993	$ 5,229,024
Total OPEB liability as a percentage of covered employee payroll (a/b)	7.6 %	9.7 %	12.1 %	18.3 %	24.8 %

(1) The Commonwealth implemented GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits*, as amended by GASB Statement No. 85, *Omnibus 2017*, effective for fiscal year 2018, therefore, ten years of data is unavailable.

(2) The Commonwealth's fiscal year 2022 total OPEB liability measurement date is June 30, 2021, as reported in Note 18. 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 – The following actuarial assumptions were updated since the June 30, 2020 valuation based on recent experience:

- Retiree Participation - reduced the rate from 45.0 percent to 40.0 percent.

Spousal coverage and retiree participation were based on a blend of recent experience and the prior year assumptions. The mortality table has been updated from adjusted RP-2014 mortality tables using Scale BB to adjusted Pub-2010 Headcount-Weighted mortality tables projected generationally with modified MP-2021 Improvement Scales. No excise tax has been reflected due to the SECURE Act. Among the provisions was a repeal of three taxes and fees that were originally intended to help fund the Affordable Care Act (ACA): i) the excise tax on high-cost health plans (Cadillac tax); ii) the annual fee on health insurance providers; and iii) the medical device excise tax. The trend rates were updated based on economic conditions as of June 30, 2021. Additionally, the discount rate was decreased from 2.21 percent to 2.16 percent based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2022.

Claims Development Information – Risk Management

(Dollars in Thousands)

Comparison of Earned Revenues and Investment Income to Related Costs of Loss and Other Expenses

Fiscal and Policy Year Ended	2013	2014	2015	2016
1. Required contribution and investment revenue:				
Earned	$ 5,043	$ 8,500	$ 8,487	$ 8,733
Ceded (a)	—	—	—	—
Net earned	5,043	8,500	8,487	8,733
2. Unallocated expenses	1,273	1,435	1,331	1,357
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	3,394	4,025	4,696	6,893
Ceded (a)	—	—	—	—
Net incurred	3,394	4,025	4,696	6,893
4. Net paid (cumulative) as of:				
End of policy year	335	367	922	1,206
One year later	3,401	3,210	3,270	4,680
Two years later	8,118	4,291	5,844	6,557
Three years later	8,278	5,002	8,280	8,841
Four years later	7,702	5,386	9,122	9,230
Five years later	7,747	6,509	9,270	9,274
Six years later	7,946	6,674	9,278	9,937
Seven years later	7,976	6,715	9,278	
Eight years later	8,006	6,894		
Nine years later	8,006			
5. Reestimated ceded claims and expenses (a)	—	—	—	—
6. Reestimated incurred claims and expenses:				
End of policy year	3,394	4,025	4,696	6,893
One year later	9,397	6,454	6,775	10,307
Two years later	9,939	6,979	8,961	9,908
Three years later	10,333	8,045	8,836	9,764
Four years later	8,213	6,771	9,312	9,979
Five years later	7,980	7,289	9,395	9,976
Six years later	8,057	7,377	9,341	10,280
Seven years later	8,095	7,111	9,296	
Eight years later	8,135	7,286		
Nine years later	8,061			
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	4,667	3,261	4,600	3,387

The Commonwealth, through the Department of the Treasury, Division of Risk Management, provides errors and omissions liability insurance and law enforcement professional liability insurance for local governmental units, which went into effect in fiscal year 1987. Some prior year numbers have been revised to reflect the incorporation of newly available and revised source data.

See Notes on page 236 in this section.

2017	2018	2019	2020	2021	2022
$ 13,213	$ 13,232	$ 13,236	$ 14,327	$ 14,968	$ 14,747
—	—	—	—	—	—
13,213	13,232	13,236	14,327	14,968	14,747
1,460	1,603	1,530	1,670	1,627	1,601
4,235	10,155	9,160	7,462	7,608	11,111
—	—	—	—	—	—
4,235	10,155	9,160	7,462	7,608	11,111
836	1,979	1,075	1,267	1,251	1,949
3,195	5,573	4,180	5,255	4,158	
4,203	8,027	6,140	6,703		
4,434	8,854	10,019			
4,590	9,488				
4,734					
—	—	—	—	—	—
4,235	10,155	9,160	7,462	7,608	11,111
4,820	11,598	10,725	9,348	8,687	
5,031	12,880	10,684	10,721		
5,100	13,220	12,377			
4,963	11,118				
5,098					
863	963	3,217	3,259	1,079	—

Claims Development Information - Health Care

(Dollars in Thousands)

Comparison of Earned Revenues and Investment Income to Related Costs of Loss and Other Expenses

Fiscal and Policy Year Ended	**2013**	**2014**	**2015**	**2016**
1. Required contribution and investment revenue:				
Earned	$ 284,526	$ 320,678	$ 343,470	$ 392,778
Ceded (a)	—	—	—	—
Net earned	284,526	320,678	343,470	392,778
2. Unallocated expenses	18,781	17,738	22,748	25,422
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	277,455	290,557	327,154	386,227
Ceded (a)	—	—	—	—
Net incurred	277,455	290,557	327,154	386,227
4. Net paid (cumulative) as of:				
End of policy year	267,256	291,711	329,099	379,376
One year later	N/A	N/A	N/A	N/A
Two years later	N/A	N/A	N/A	N/A
Three years later	N/A	N/A	N/A	N/A
Four years later	N/A	N/A	N/A	N/A
Five years later	N/A	N/A	N/A	N/A
Six years later	N/A	N/A	N/A	N/A
Seven years later	N/A	N/A	N/A	
Eight years later	N/A	N/A		
Nine years later	N/A			
5. Reestimated ceded claims and expenses (a)	—	—	—	—
6. Reestimated incurred claims and expenses:				
End of policy year	277,455	290,557	327,154	386,227
One year later	277,455	290,557	327,154	386,227
Two years later	N/A	N/A	N/A	N/A
Three years later	N/A	N/A	N/A	N/A
Four years later	N/A	N/A	N/A	N/A
Five years later	N/A	N/A	N/A	N/A
Six years later	N/A	N/A	N/A	N/A
Seven years later	N/A	N/A	N/A	
Eight years later	N/A	N/A		
Nine years later	N/A			
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	—	—	—	—

The Commonwealth, through its Department of Human Resource Management, provides health care insurance for local governmental units, which went into effect in fiscal year 1987. Some prior year numbers have been revised to reflect the incorporation of newly available and revised source data.

See Notes on page 236 in this section.

2017	2018	2019	2020	2021	2022
$ 430,247	$ 464,631	$ 481,856	$ 494,233	$ 484,726	$ 464,496
—	—	—	—	—	—
430,247	464,631	481,856	494,233	484,726	464,496
26,650	27,590	26,334	27,540	27,096	24,833
419,841	433,437	446,606	395,950	445,600	457,136
—	—	—	—	—	—
419,841	433,437	446,606	395,950	445,600	457,136
417,869	421,802	443,931	398,497	451,451	447,914
N/A	N/A	N/A	N/A	N/A	
N/A	N/A	N/A	N/A		
N/A	N/A	N/A			
N/A	N/A				
N/A					
—	—	—	—	—	—
419,841	433,437	446,606	395,950	445,600	457,136
419,841	433,437	446,606	395,950	445,600	
N/A	N/A	N/A	N/A		
N/A	N/A	N/A			
N/A	N/A				
N/A					
—	—	—	—	—	—

Claims Development Information – Line of Duty

(Dollars in Thousands)

Comparison of Earned Revenues and Investment Income to Related Costs of Loss and Other Expenses

Fiscal and Policy Year Ended	**2013**	**2014**	**2015**	**2016**
1. Required contribution and investment revenue:				
Earned	N/A	N/A	N/A	N/A
Ceded (a)	N/A	N/A	N/A	N/A
Net earned	N/A	N/A	N/A	N/A
2. Unallocated expenses	N/A	N/A	N/A	N/A
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	N/A	N/A	N/A	N/A
Ceded (a)	N/A	N/A	N/A	N/A
Net incurred	N/A	N/A	N/A	N/A
4. Net paid (cumulative) as of:				
End of policy year	N/A	N/A	N/A	N/A
One year later	N/A	N/A	N/A	N/A
Two years later	N/A	N/A	N/A	N/A
Three years later	N/A	N/A	N/A	N/A
Four years later	N/A	N/A	N/A	N/A
Five years later	N/A	N/A	N/A	N/A
Six years later	N/A	N/A	N/A	N/A
Seven years later	N/A	N/A	N/A	
Eight years later	N/A	N/A		
Nine years later	N/A			
5. Reestimated ceded claims and expenses (a)	—	—	—	—
6. Reestimated incurred claims and expenses:				
End of policy year	N/A	N/A	N/A	N/A
One year later	N/A	N/A	N/A	N/A
Two years later	N/A	N/A	N/A	N/A
Three years later	N/A	N/A	N/A	N/A
Four years later	N/A	N/A	N/A	N/A
Five years later	N/A	N/A	N/A	N/A
Six years later	N/A	N/A	N/A	N/A
Seven years later	N/A	N/A	N/A	
Eight years later	N/A	N/A		
Nine years later	N/A			
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	—	—	—	—

The Commonwealth, through its Department of Human Resource Management, provides disability, death, and health benefits to eligible employees and their eligible family members. The Commonwealth began administering the insurance program for localities that do not participate in the State plan effective with fiscal year 2018.

See Notes on page 236 in this section.

2017	2018	2019	2020	2021	2022
N/A	19,910	$ 17,790	$ 17,245	$ 18,941	$ 18,830
N/A	—	—	—	—	—
N/A	19,910	17,790	17,245	18,941	18,830
N/A	832	594	679	718	759
N/A	17,210	16,786	15,715	18,699	16,496
N/A	—	—	—	—	—
N/A	17,210	16,786	15,715	18,699	16,496
N/A	14,779	17,302	15,737	18,376	16,672
N/A	N/A	N/A	N/A	N/A	
N/A	N/A	N/A	N/A		
N/A	N/A	N/A			
N/A	N/A				
N/A					
—	—	—	—	—	—
N/A	17,210	16,786	15,715	18,699	16,496
N/A	17,210	16,786	15,715	18,699	
N/A	N/A	N/A	N/A		
N/A	N/A	N/A			
N/A	N/A				
N/A					
—	—	—	—	—	—

Notes for Claims Development Information Tables

The tables on the previous pages illustrate how the Risk Management, Health Care, and Line of Duty Claims Funds earned revenues (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the funds as of the end of each of the past several years. The rows of the tables are defined as follows:

1. This line shows the total of each fiscal year’s gross earned contribution revenue and investment revenue, contribution revenue ceded to reinsurers, and net earned contribution revenue and reported investment revenue.

2. This line shows each fiscal year's other operating costs of the funds, including overhead and claims expense not allocable to individual claims.

3. This line shows the funds’ gross incurred claims and allocated claim adjustment expenses, claims assumed by reinsurers, and net incurred claims and adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).

4. This section of rows shows the cumulative net amounts paid as of the end of successive years for each policy year.

5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each accident year.

6. This section of rows shows how each policy year's net incurred claims increased or decreased as of the end of successive years. (This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.)

7. This line compares the latest reestimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years.

The columns of the tables show data for successive policy years.

Notes:

(a) During fiscal year 1997, the Commonwealth implemented GASB Statement No. 30, *Risk Financing Omnibus*. The Commonwealth has no reinsurers; therefore, the ceded amounts on lines 1, 3, and 5 are zero.

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APPENDIX B

COMMONWEALTH OF VIRGINIA

FINANCIAL AND OTHER INFORMATION

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NOTICE OF SUPPLEMENT TO

APPENDIX B
COMMONWEALTH OF VIRGINIA
FINANCIAL AND OTHER INFORMATION
DATED APRIL 17, 2023

NOTICE IS HEREBY GIVEN that the Commonwealth of Virginia (the "Commonwealth") filed its Appendix B – Financial and Other Information ("Appendix B") on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) system on April 17, 2023. Since that time, the Commonwealth has become aware of three errors contained in Appendix B.

1. On April 27, 2023, the Commonwealth became aware of an incorrect statement in Appendix B and issued a Notice of Supplement that the last paragraph in the subsection "Other Tax-Supported Debt" on page B-20 of Appendix B included an incorrect statement indicating that, at June 30, 2022, there were no authorized but unissued Commonwealth Port Fund Revenue Bonds of the Virginia Port Authority. Such paragraph should have read:

> The Virginia Port Authority ("VPA") issues bonds secured by its share of the Transportation Trust Fund. As of June 30, 2022, $210.2 million of Commonwealth Port Fund ("CPF") Revenue Bonds were outstanding, and $166.0 million of CPF Revenue Bonds were authorized but unissued.

The amount of authorized but unissued VPA debt was correctly referenced in the table "Authorized and Unissued Tax-Supported Debt" on page B-26 of Appendix B.

2. The Commonwealth has since become aware of two additional errors in Appendix B.

On page B-7, the line for "Other[2]" Revenues in the 2019 Final Budget column should be $464,796 instead of $464,976.

On page B-56, in the first paragraph of the subsection "Medicaid Payable," the reference to "$1,890 million" in the Health and Social Services Fund should be "$189.0 million."

This Notice incorporates and supersedes the prior Notice posted April 27, 2023, relating to Appendix B. No other updates to Appendix B are implied or intended by this Notice.

Dated: May 10, 2023

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APPENDIX B

COMMONWEALTH OF VIRGINIA
FINANCIAL AND OTHER INFORMATION

Report Date: April 17, 2023

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APPENDIX B

TABLE OF CONTENTS

INTRODUCTION

This Appendix includes financial and other information provided by the Commonwealth of Virginia (the "Commonwealth"), its agencies, institutions and authorities from official records. The Department of Treasury has compiled, but not independently verified, such information; however, the Department of Treasury has no reason to believe that such data is not true and correct in all material respects. The information presented in this Appendix is historical and is not intended to predict future events or continuing trends. This Appendix is not intended to be exhaustive as to all information that an investor may deem necessary to evaluate any specific securities.

References in this Appendix to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Appendix.

GOVERNMENTAL ORGANIZATION

Under the Constitution of Virginia (the "Constitution"), the legislative, executive and judicial powers of the Commonwealth are divided into three separate and distinct departments.

Legislative Department

The legislative power is vested in the General Assembly, the oldest representative lawmaking body in the United States. The General Assembly is bicameral, consisting of a Senate with 40 Senators elected for four-year terms and a House of Delegates with 100 Delegates elected for two-year terms. The General Assembly convenes annually each January. Regular sessions are 60 days in duration in even-numbered years and 30 days in odd-numbered years, but each can be extended for an additional 30 days by a two-thirds vote of each house.

The General Assembly is assisted in its legislative function by a full-time staff of over 200 persons and various commissions appointed by the General Assembly. The Joint Legislative Audit and Review Commission was established to carry out continuous legislative review and evaluation of Commonwealth programs from the standpoint of cost effectiveness.

The Auditor of Public Accounts is elected by the General Assembly. The Auditor and a staff of approximately 130 persons audit the accounts of all Commonwealth offices, departments, boards, commissions, institutions and other agencies handling Commonwealth funds and report their findings to the General Assembly.

Executive Department

The Governor, Lieutenant Governor and Attorney General are constitutional officers, elected every four years. The present term of each office began January 15, 2022, and each expires January 17, 2026. The Constitution does not allow a Governor to serve successive terms.

The Governor is the Commonwealth's chief executive officer. The Governor advises the General Assembly on the condition of the Commonwealth and makes recommendations for legislation. The Governor is also charged with the responsibility for preparing and executing the Commonwealth's budget. The Governor's veto of legislation may be overridden only by a two-thirds vote of each house of the General Assembly. If deemed necessary for the welfare of the Commonwealth, the Governor may convene the General Assembly into special session at any time. With few exceptions, the Governor appoints the administrative heads and boards of all Commonwealth agencies. Commonwealth agencies report to the Governor through a cabinet of eleven Secretaries appointed by the Governor to supervise and manage the various functions of the Commonwealth's government.

The Lieutenant Governor is next in line in the event of the Governor's inability to serve. The Lieutenant Governor also serves as President of the Senate but may not vote except in the event of a tie vote of the Senate Members.

The Attorney General is the chief executive officer of the Department of Law. The Department of Law represents the Commonwealth in all civil cases to which the Commonwealth or any of its agencies is a party and in all criminal cases on appeal to the Supreme Court of Virginia. The Attorney General is also the legal advisor to the Governor, General Assembly and heads of Commonwealth agencies.

Judicial Department

The Supreme Court is the Commonwealth's highest court and consists of seven justices appointed by the General Assembly. Several agencies involved in legal administration operate under the control of the Supreme Court. These include the Judicial Inquiry and Review Commission, the Virginia State Bar and the State Board of Bar Examiners. The Commonwealth is divided into 31 Judicial Circuits over which Circuit Judges preside. The Circuit Courts are courts of record having original jurisdiction in cases involving a specified sum and felonies, and appellate jurisdiction over lower District Courts. A Court of Appeals stands between the Circuit Courts and the Supreme Court and has appellate jurisdiction in a range of cases.

FINANCIAL FACTORS

Budgetary Process

The Governor is the chief planning and budget officer of the Commonwealth. The Secretary of Finance and the Department of Planning and Budget assist the Governor in the preparation of executive budget documents. The Governor's Secretaries advise the Governor and the Department of Planning and Budget on the relative priority of the budget requests from their respective agencies.

The Governor is required by statute to present a bill detailing his proposed budget for the next biennium (the "Budget Bill") and a narrative summary of the bill to the General Assembly by December 20th in the year immediately prior to each even- year session. The Budget Bill is introduced in both the House of Delegates and the Senate. It is referred to the House Appropriations and Senate Finance Committees, which hold joint meetings to hear from citizens, from other General Assembly members and from agency representatives. The Budget Bill is then approved by each Committee in an open session and reported to the respective floors for consideration, debate, amendment and passage. After the bill has passed both houses, differences between the House and Senate versions are reconciled by a conference committee from both houses.

Under constitutional provisions, the Governor retains the right in his review of legislative action on the Budget Bill, to suggest alterations to or to veto the appropriations made by the General Assembly. After enactment, the Budget Bill becomes law (the "Appropriation Act").

In the odd-year sessions of the General Assembly, amendments are considered to the Appropriation Act enacted in the previous year. The Governor submits a bill by December 20th, which includes his proposed amendments to the current biennial budget. It is then introduced in both houses and is considered in the same manner as the regular biennial Budget Bill. The Appropriation Act enacted in the odd-year session is effective upon passage, whereas the regular biennial Appropriation Act is effective July 1, the beginning of the new biennium.

An appropriation for a project or service is initially contained in the Appropriation Act enacted by the General Assembly. An agency request for an increase or other adjustments to its legislative appropriation must be reviewed and approved by the Department of Planning and Budget. Under the Constitution, no money may be paid out of the State Treasury except pursuant to appropriations made by law. No such appropriation may be made which is payable more than two years and six months after the end of the session of the General Assembly at which the appropriation was enacted.

Implementation and administration of the provisions of the Appropriation Act are functions of the Governor, assisted by the Secretary of Finance and the Department of Planning and Budget. This process also involves constant monitoring of revenue collections and expenditures to ensure that a balanced budget is maintained. The Appropriation Act requires that if projected revenue collections fall below amounts appropriated, the Governor must reduce expenditures and withhold allotments of appropriations, with the exception of amounts needed for debt service and specified other purposes, to the extent necessary to prevent any expenditure in excess of estimated revenues. The Appropriation Act provides that up to 15 percent of a General Fund appropriation to an agency may be withheld by the Governor, if required.

Development of Revenue Estimates

The development of the General Fund revenue estimate begins with the selection of a forecast of national economic activity for the state budget period prepared by independent economic forecasting firms based on the advice of the Joint Advisory Board of Economists and the Commonwealth's own staff. The national economic forecast is used to develop a forecast of similar indicators of in-state activity. The Governor's Advisory Council on Revenue Estimates also examines the economic assumptions with respect to the general economic climate of the Commonwealth.

After the development of forecasts of major Commonwealth economic indicators, revenue estimates are generated using revenue forecasting models developed and maintained by the Department of Taxation. Adjustments are made on a revenue source-by-source basis for any legislative, judicial or administrative changes that would affect the projected level of revenues but that cannot be forecast by models constructed using historical data. Finally, adjustments are made if revenues are substantially above or below the projected level.

Financial Control Procedures

The General Assembly appropriates funds for a particular program in the Appropriation Act. These funds must then be allotted by the Governor and the Department of Planning and Budget for specific purposes. The State Comptroller accounts for certain specific personnel and non-personnel transactions. Once the appropriation, allotment and accounting procedures have been completed, funds are disbursed by the State Treasurer upon a warrant of the State Comptroller drawn at the request of the responsible agency. The Auditor of Public Accounts audits such financial transactions to assure the reporting of such transactions is in compliance with generally accepted accounting principles.

The Director of the Department of Planning and Budget is appointed by the Governor subject to confirmation by the General Assembly. The Department of Planning and Budget monitors and evaluates the use of resources to ensure that agencies are delivering effective and efficient services. The Governor is empowered to withhold appropriations to agencies in the event that expenditures are no longer warranted or are not being made for the purposes for which the funds were initially appropriated.

The State Comptroller, who is appointed by the Governor subject to confirmation by the General Assembly, is the director of the Department of Accounts, the central accounting agency of the Commonwealth. The State Comptroller maintains a complete system of general accounts of every department, division, office, board, commission, institution and agency of the Commonwealth. In order to assure uniform accounting practices among the agencies and to avoid duplication, the State Comptroller also prescribes the accounts and control records that are to be kept by each state agency. The State Treasurer, who is also appointed by the Governor subject to confirmation by the General Assembly, is the director of the Department of the Treasury. This department receives, maintains custody of and disburses all funds of the Commonwealth.

Unlike the State Comptroller and the State Treasurer, the Auditor of Public Accounts is appointed by the General Assembly for a term of four years and is, therefore, part of the Legislative Department rather than the Executive Department. The principal function of the Auditor is to audit the accounts of all state departments, offices, boards, commissions, institutions and agencies handling state funds. In the event the Auditor discovers some irregularity or misuse of funds, it is his duty to inform the Governor, the Joint Legislative Audit and Review Commission and the State Comptroller.

Investment of Public Funds

It is the policy of the State Treasurer to invest public funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands and conforming to all statutes governing the investment of public funds. The General Account of the Commonwealth, which is comprised of funds collected and held for various fund groups including the General Fund, is divided into two major portfolios. Both portfolios are managed in accordance with guidelines promulgated by the Treasury Board. The Primary Liquidity Portfolio, representing approximately 75 percent of the General Account, provides for disbursements and operational needs. Safety of principal and liquidity are the investment objectives of this portfolio. The Extended Duration and Credit Portfolio, which can be up to 25 percent of the General Account, is structured to generate investment returns over the long term higher than the return on the Primary Liquidity Portfolio, while maintaining sound credit quality and providing secondary liquidity.

Financial Statements

The Commonwealth operates on a fiscal year basis beginning on July 1 and ending on June 30. The Commonwealth's financial statements, audited by the Auditor of Public Accounts, for the fiscal year ended June 30, 2022, are contained in the Commonwealth's Annual Comprehensive Financial Report (the "Annual Comprehensive Financial Report") available at www.doa.virginia.gov. The financial statements conform to GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The financial statements include government-wide statements using full accrual accounting, fund financial statements that use different accounting approaches based on the type of fund, and a reconciliation of the two types of statements. See the section in the Annual Comprehensive Financial Report entitled "Management's Discussion and Analysis" for a more detailed explanation of the types of financial statements prepared. The Commonwealth's annual budget is prepared principally on a cash basis and represents departmental appropriations as authorized by the General Assembly. Under the cash basis of accounting, revenues and other financial resources are recognized in the accounting period in which cash is received; expenditures and other financial uses are recognized when cash is disbursed. The section of the Annual Comprehensive Financial Report entitled "Required Supplementary Information" reconciles the budgetary (*i.e.*, cash) presentation to the financial statements.

Revenue Stabilization Fund

The Constitution requires the Governor to ensure that expenses do not exceed total revenues anticipated plus fund balances during the period of two years and six months following the end of the General Assembly session in which the appropriations are made. A Revenue Stabilization Fund (the "Stabilization Fund") was established by constitutional amendment effective January 1, 1993, and is available to offset, in part, anticipated shortfalls in revenues in years when revenues are forecasted to decline by more than two percent of the certified tax revenues collected in the most recently ended fiscal year. Deposits to the Stabilization Fund are made pursuant to the provisions of Article X, Section 8 of the Constitution of Virginia based on tax revenue collections as certified by the Auditor of Public Accounts. If in any year total revenues are forecast to decline by more than two percent of the certified tax revenues collected in the most recently ended fiscal year, the General Assembly may appropriate for transfer up to one-half of the Stabilization Fund balance to the General Fund to stabilize revenues. This transfer shall not exceed one-half of the forecasted shortfall. The maximum balance in the Stabilization Fund can consist of an amount not to exceed 15 percent of the Commonwealth's average annual tax revenues derived from income and retail sales taxes for the three immediately preceding fiscal years, as certified by the Auditor of Public Accounts. If any amounts accrue to the credit of the Stabilization Fund in excess of the 15 percent limitation, such as through interest or dividends, the Treasurer shall promptly transfer any such excess amounts to the General Fund.

Section 2.2-1829(b) of the Code of Virginia requires that if certain revenue criteria are met, then an additional deposit to the Stabilization Fund equal to at least one-half the mandatory deposit must be included in the Governor's budget. The Code further requires that any such additional deposits to the Stabilization Fund shall be included in the Governor's budget recommendations only if the estimate of General Fund revenues for the fiscal year in which the deposit is to be made is at least five percent greater than the actual General Fund revenues for the immediately preceding fiscal year.

On June 30, 2022, the Stabilization Fund has principal and interest on deposit of $640.9 million restricted as a part of General Fund balance. As described above, the amount on deposit cannot exceed 15.0 percent of the Commonwealth's average annual tax revenues derived from taxes on income and retail sales for the preceding three fiscal years. As of June 30, 2022, the constitutional maximum is $3.5 billion.

See Note 5 in the "Notes to the Financial Statements" included in the Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022, for additional information about the Stabilization Fund.

Revenue Reserve Fund

Beginning in 2018, the Commonwealth established, by statute, a second reserve fund entitled the Revenue Reserve Fund (the "Reserve Fund"). The General Assembly may appropriate to the Reserve Fund any surplus revenues after making constitutionally mandated transfers. The monies in the Reserve Fund may be used to offset, in whole or in part, certain anticipated shortfalls in revenue when appropriations based on previous forecasts exceed expected revenues in subsequent forecasts. If a revenue shortfall is two percent or less of General Fund resources collected in the most recently ended fiscal year, the General Assembly may appropriate an amount for transfer from the Reserve Fund not to exceed 50 percent of the amount in the Reserve Fund.

Pursuant to Sections 2.2-1831.2 and 2.2-1831.3 of the Code of Virginia, whenever there is a fiscal year in which there is not a mandatory deposit to the Stabilization Fund (see above), a deposit is required to the Reserve Fund if the General Fund revenue exceeds the official estimate. Additionally, any required annual deposit cannot exceed 1.0 percent of the total General Fund revenues for the prior fiscal year. The total amounts on deposit in the Reserve Fund and the Stabilization Fund may not in the aggregate exceed twenty percent (20%) of the Commonwealth's average annual tax revenues derived from taxes on income and retail sales as certified by the Auditor of Public Accounts for the three fiscal years immediately preceding. This maximum aggregate amount was increased from fifteen percent (15%) to twenty percent (20%) effective July 1, 2022, through language contained in Chapter 2 of the 2022 Special Session I and is in effect through June 30, 2024. As of June 30, 2022, the calculated maximum balance for the Stabilization Fund and the Reserve Fund (taking into account the limitations described in this paragraph) is $4.0 billion.

As of June 30, 2022, the Reserve Fund has principal and interest on deposit of $1.5 billion recorded in the Commonwealth's general ledger and reported as cash on the balance sheet. As of June 30, 2022, the combined stabilization fund and reserve fund balance is $2.6 billion.

See Note 6 in the "Notes to the Financial Statements" included in the Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022, for additional information about the Reserve Fund.

General Fund Highlights for Fiscal Year 2022

The General Fund balance, as shown on page B-6, increased by $5.9 billion in fiscal year 2022, an increase of 78.2 percent from fiscal year 2021. Overall, tax revenues increased by 16.0 percent from fiscal year 2021 to fiscal year 2022 with most major categories experiencing tax revenue increases including: Individual and Fiduciary Income tax revenues increased by 18.0 percent, Corporation Income tax collections increased by 30.5 percent, State Sales and Use Tax increased by 9.9 percent, Other Taxes increased by 0.7 percent, Premiums of Insurance Companies increased by 17.6 percent and Public Service Corporations tax collections increased by 1.5 percent. Alternatively, Communications Sales and Use experienced a 4.2 percent decline in tax collections. While overall revenue increased by 16.0 percent, non-tax revenues improved by 8.7 percent for the period. Expenditures also increased overall by 9.7 percent in fiscal year 2022, compared to a 1.26 percent increase in fiscal year 2021. Categorically, increases in expenditures included: General Government, 9.9 percent, Education 13.7 percent, Capital Outlay 1,941.1 percent, and Individual and Family Services 4.5 percent.

In accordance with Item 275 of Chapter 1, of the 2022 Acts of Assembly, Special Session I, there was a voluntary deposit of $650,000,000 to the Revenue Reserve Fund during fiscal year 2022. Further, pursuant to Item 274 C. of Chapter 1, of the 2022 Acts of Assembly, Special Session I, the Comptroller deposited $498,700,000 to the Revenue Reserve Fund as an advance reservation of the required 2024 deposit to the Revenue Stabilization Fund attributable to actual tax collections for fiscal year 2022 reduced by the estimated rebate amount that will be provided to taxpayers as required by Chapter 1, 2022 Acts of Assembly Special Session I, Item 3-5.24. This amount is included as part of the 2024 restricted component of fund balance. Section 2.2-1829(b) of the Code of Virginia requires an additional deposit into the Revenue Stabilization Fund when specific criteria have been met. The specified criteria were not met for fiscal year 2022 when using the original fiscal year 2023 revenue estimate established in Chapter 2, 2022 Acts of Assembly Special Session I.

Summary of General Fund Revenues, Expenditures and Changes in Fund Balance

The following tables summarize the Commonwealth's General Fund revenues, expenditures and changes in fund balance for fiscal years 2018 through 2022. The chart below provides the information on a year-to-year comparison on a cash basis, while the chart on the next page compares the final budget numbers to actual audited numbers over the five-year period.

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SUMMARY OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CASH BASIS

(In Thousands)

	2018	2019	2020	2021	2022
Revenues:					
Taxes					
Individual and Fiduciary Income	$14,105,766	$15,226,471	$ 15,351,592	$ 17,303,666	$ 20,410,206
State Sales and Use	3,827,078	3,973,011	4,112,843	4,624,549	5,080,580
Corporation Income	861,897	943,391	1,011,650	1,515,692	1,978,697
Communications Sales and Use	384,162	361,023	347,101	314,768	301,446
Deeds, Contracts, Wills and Suits	403,236	394,062	493,389	694,822	665,602
Premiums of Insurance Companies	337,947	382,018	360,588	363,105	426,830
Alcoholic Beverage Sales	231,836	240,776	267,214	296,059	300,153
Tobacco Products	160,383	151,289	153,638	286,632	278,626
Estate	932	191	80	810	27
Public Service Corporations	98,672	98,890	97,039	101,114	102,586
Other Taxes	39,392	47,197	35,873	46,116	88,835
Total Taxes	$20,451,301	$21,818,319	$ 22,231,007	$ 25,547,333	$ 29,633,588
Rights and Privileges	90,780	93,225	94,695	95,255	113,371
Sales of Property and Commodities	62,597	25,021	39,463	19,507	20,185
Assessments and Receipts for Support of Special Services	5,230	5,808	5,813	5,960	5,897
Institutional Revenue	37,926	37,937	37,963	32,283	33,673
Interest, Dividends, Rents	72,083	103,670	136,821	94,461	82,207
Fines, Forfeitures, Court Fees, Penalties, and Escheats	209,869	224,783	214,750	225,120	220,132
Federal Grants and Contracts	6,796	10,573	8,029	9,693	11,725
Receipts from Cities, Counties, and Towns	11,084	11,216	8,469	6,597	7,122
Private Donations, Gifts and Contracts	540	965	904	481	336
Tobacco Master Settlement	58,267	56,487	54,134	100,515	62,813
Other	316,477	203,940	223,456	293,859	403,039
Total Revenues	$21,322,950	$22,591,944	$ 23,055,504	$ 26,431,064	$ 30,594,088
Expenditures:					
General Government	2,405,220	2,446,484	2,872,703	2,532,665	2,783,669
Education	8,740,117	9,109,073	9,526,097	9,968,154	11,330,277
Transportation	202	203	140	147	164
Resources and Economic Development	397,794	432,029	530,365	532,353	616,873
Individual and Family Services	6,904,011	7,208,024	6,884,183	7,051,802	7,369,472
Administration of Justice	2,848,951	2,904,663	2,983,904	3,000,321	3,142,616
Capital Outlay	4,658	2,575	4,535	2,898	59,151
Debt Service					
Principal Retirement					20,571
Interest and Charges					2,904
Total Expenditures	$21,300,953	$22,103,051	$ 22,801,927	$ 23,088,340	$ 25,325,697
Revenues Over (Under) Expenditures	$ 21,997	$ 488,893	$ 253,577	$ 3,342,724	$ 5,268,391
Other Financing Sources (Uses):					
Transfers In	869,785	938,306	911,229	1,052,608	1,172,516
Transfers Out	(444,678)	(414,827)	(439,543)	(414,818)	(570,986)
Total Other Financing Sources (Uses)	425,107	523,479	471,686	637,790	601,530
Revenues and Other Sources Over (Under) Expenditures and Other Uses	447,104	1,012,372	725,263	3,980,514	5,869,921
Fund Balance, July 1:					
Restricted	557,102	557,023	638,838	650,540	1,783,359
Committed	514,831	789,056	1,473,273	1,355,193	2,469,243
Assigned	267,927	440,885	687,225	1,518,866	3,252,511
Total Fund Balance, July 1	$ 1,339,860	$ 1,786,964	$ 2,799,336	$ 3,524,599	$ 7,505,113
Fund Balance, June 30:					
Restricted	557,023	638,838	650,540	1,783,359	2,690,501
Committed	789,056	1,473,273	1,355,193	2,469,243	5,692,557
Assigned	440,885	687,225	1,518,866	3,252,511	4,991,976
Total Fund Balance, June 30	$ 1,786,964	$ 2,799,336	$ 3,524,599	$ 7,505,113	$ 13,375,034

Source: Department of Accounts.

SUMMARY OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
VARIANCE OF ACTUAL vs BUDGETARY BASIS
(In Thousands)

	2018		2019		2020		2021		2022	
	Final Budget	Variance of Actual Favorable (Unfavorable)	Final Budget	Variance of Actual Favorable (Unfavorable)	Final Budget	Variance of Actual Favorable (Unfavorable)	Final Budget	Variance of Actual Favorable (Unfavorable)	Final Budget	Variance of Actual Favorable (Unfavorable)
Revenues:										
Taxes										
Individual and Fiduciary Income	$ 13,491,900	$ 613,866	$ 14,421,600	$ 804,871	$ 15,419,400	$ (67,808)	$ 15,446,000	$ 1,857,666	$ 18,593,100	$ 1,817,106
State Sales and Use	3,837,300	(10,222)	3,981,000	(7,989)	4,266,100	(153,257)	4,300,900	323,649	4,948,300	132,280
Corporation Income	874,000	(12,103)	1,012,200	(68,809)	1,031,500	(19,850)	1,288,700	226,992	2,009,600	(30,903)
Communications Sales and Use	396,500	(12,338)	368,000	(6,977)	350,000	(2,899)	348,000	(33,232)	335,000	(33,554)
Public Service Corporations	98,000	672	98,700	190	98,900	(1,861)	98,600	2,514	103,500	(914)
Estate										27
Premiums of Insurance Companies	362,100	(24,153)	395,300	(13,282)	394,100	(33,512)	314,900	48,205	419,300	7,530
Other [1]	851,691	(15,912)	802,329	31,186	910,841	39,353	1,195,711	128,728	1,322,801	10,415
Total Taxes	$ 19,911,491	$ 539,810	$ 21,079,129	$ 739,190	$ 22,470,841	$ (239,834)	$ 22,992,811	$ 2,554,522	$ 27,731,601	$ 1,901,987
Rights and Privileges	90,089	691	87,804	5,421	87,596	7,099	89,320	5,935	100,173	13,198
Institutional Revenue	41,278	(3,352)	43,525	(5,588)	51,454	(13,491)	55,011	(22,728)	57,824	(24,151)
Interest, Dividends, Rents and Other Investm	69,406	2,677	70,443	33,227	131,870	4,951	93,425	1,036	92,480	(10,273)
Tobacco Master Settlement	48,000	10,267	58,667	(2,180)	56,000	(1,866)	87,410	13,105	47,500	15,313
Other [2]	474,595	137,998	464,976	17,510	446,907	53,977	438,251	122,966	590,387	78,049
Total Revenues	$ 20,634,859	$ 688,091	$ 21,804,544	$ 787,580	$ 23,244,668	$ (189,164)	$ 23,756,228	$ 2,674,836	$ 28,619,965	$ 1,974,123
Expenditures:										
General Government	2,524,715	119,495	2,591,762	145,278	3,103,116	230,413	2,792,844	260,179	3,071,288	287,619
Education	8,819,740	79,623	9,212,771	103,698	9,722,175	196,078	10,427,918	459,764	11,655,965	325,688
Transportation	233	31	256	53	189	49	197	50	194,525	194,361
Resources and Economic Development	471,601	73,807	518,768	86,739	636,191	105,826	652,429	120,076	883,873	267,000
Individual and Family Services	6,988,389	84,378	7,338,134	130,110	7,345,513	461,330	7,241,258	189,456	7,623,020	253,548
Administration of Justice	2,878,675	29,724	2,938,324	33,661	3,065,651	81,747	3,127,411	127,090	3,336,965	194,349
Capital Outlay	12,429	7,771	11,127	8,552	15,814	11,279	11,239	8,341	182,664	123,513
Debt Service:										
Principal Retirement									20,571	-
Interest and Charges									2,904	-
Total Expenditures	$ 21,695,782	$ 394,829	$ 22,611,142	$ 508,091	$ 23,888,649	$ 1,086,722	$ 24,253,296	$ 1,164,956	$ 26,971,775	$ 1,646,078
Revenues Over (Under) Expenditures	$ (1,060,923)	$ 1,082,920	$ (806,598)	$ 1,295,671	$ (643,981)	$ 897,558	$ (497,068)	$ 3,839,792	$ 1,648,190	$ 3,620,201
Other Financing Sources (Uses):										
Transfers In	855,267	14,518	904,470	33,836	874,430	36,799	1,005,483	47,125	1,137,044	35,472
Transfers Out	(432,042)	(12,636)	(408,301)	(6,526)	(442,031)	2,488	(407,173)	(7,645)	(559,487)	(11,499)
Total Other Financing Sources (Uses)	$ 423,225	$ 1,882	$ 496,169	$ 27,310	$ 432,399	$ 39,287	$ 598,310	$ 39,480	$ 577,557	$ 23,973
Revenues and Other Sources Over (Under)										
Expenditures and Other Uses	(637,698)	1,084,802	(280,391)	1,292,763	(211,582)	936,845	101,242	3,879,272	2,225,747	3,644,174
Fund Balance, July 1	1,339,860	-	1,786,964	-	2,799,336	-	3,524,599	-	7,505,113	-
Fund Balance, June 30	$ 702,162	$ 1,084,802	$ 1,506,573	$ 1,292,763	$ 2,587,754	$ 936,845	$ 3,625,841	$ 3,879,272	$ 9,730,860	$ 3,644,174

[1] Note that under Taxes above, certain line items have been combined into the "Other" line item; they are: "Deeds, Contracts, Wills and Suits," "Alcoholic Beverage Sales", "Tobacco Products", "Estate" and "Other Taxes". The reason for this is consistency with the ACFR line items.

[2] Note that under Revenues above, certain line items have been combined into the "Other" line item; they are: "Sales of Property and Commodities," "Assessments and Receipt for Support Gifts, of Special Services," "Fines, Forfeitures, Court Fees, Penalties, and Escheats," "Federal Grants and Contracts," "Receipts from Cities, Counties, and Towns", "Private Donations, and Contracts" and "Other". The reason for this is consistency with the ACFR line Items.

Source: Department of Accounts.

General Fund Revenues

Of total fiscal year 2022 tax revenue, 97.3 percent was derived from six major taxes imposed by the Commonwealth: Individual and Fiduciary Income Taxes; State Sales and Use Taxes; Corporation Income Taxes; Communications Sales and Use Taxes; Taxes on Deeds, Contracts, Wills and Suits; and Taxes on Premiums of Insurance Companies.

Individual and Fiduciary Income taxes are the principal component of General Fund revenues. These revenues support a number of government functions, primarily education, individual and family services, public safety and general government. General Fund revenues are available for payment of debt service obligations of the Commonwealth.

Individual and Fiduciary Income Taxes: (68.9 percent of Total Taxes in fiscal year 2022) The individual and fiduciary income tax applies to income derived by resident and non-resident individuals and fiduciaries. The tax is based on a taxpayer's federal adjusted gross income with modifications, if applicable, and with deductions for personal exemptions and standard or itemized deductions. The following tax rates are applicable to net taxable income for the taxable year 2022:

PERSONAL TAX RATES

Taxable Income	Rate	Of Excess Over
$0-$3,000	2.00%	
$3,001-$5,000	$60 + 3.00%	$ 3,000
$5,001-$17,000	$120 + 5.00%	$ 5,000
Over $17,000	$720 + 5.75%	$17,000

Source: Department of Taxation

An individual income tax return for a taxable year must be filed by May 1 of the following year. Prepayment of the tax on most earnings is accomplished through withholdings by employers. Employers must transfer withholding taxes to the Department of Taxation quarterly, monthly or, in some cases, eight times a month. Individual income taxpayers are required to file a declaration of estimated tax for any income not subject to withholding and pay one-fourth of such estimated tax in quarterly installments.

State Sales and Use Taxes: (17.1 percent of Total Taxes in fiscal year 2022) A sales and use tax is imposed at the rate of 5.3 percent on the sale, rental, lease or storage for use or consumption of tangible personal property except food for home consumption. Food for home consumption is taxed at a rate of 2.5 percent (reduced to 1% as of January 2023). There are certain exclusions from the tax, including motor vehicles, aircraft and large watercraft, prescription medicines. One percent of the 5.3 percent sales tax revenues and the 1% percent sales tax revenues on food for home consumption is distributed to localities on the basis of school age population for use in public education.

Retail sellers collect the sales and use taxes from customers at the time of sale. Sellers are required to remit collected taxes to the Department of Taxation either monthly or quarterly.

Corporation Income Taxes: (6.7 percent of Total Taxes fiscal year 2022) The Commonwealth imposes a 6 percent income tax on the net income of all corporations organized under laws of the Commonwealth and every foreign corporation having income from sources in the Commonwealth, with the exception of insurance companies, inter-insurance exchanges, state and national banks, banking associations, companies doing business on a mutual basis, credit unions and non-profit corporations. Commonwealth taxable income is based on federal income, with modifications. If a corporation is engaged in multi-state activities, and if its income is taxable by both the Commonwealth and another state, the Commonwealth permits the corporation to apportion its taxable income (other than dividends that are allocated according to the commercial domicile of the taxpayer) according to a three-factor formula comprised of property, payroll and sales.

A corporation income tax return must be filed on or before the 15th day of the 4th month following the close of the corporation's taxable year. Corporations are required to make a declaration of estimated tax directly to the Department of Taxation and pay such estimated tax in such taxable year.

Communication Sales and Use Taxes: (1.0 percent of Total Taxes in fiscal year 2022) The Commonwealth collects communication sales and use taxes and disburses these amounts to localities.

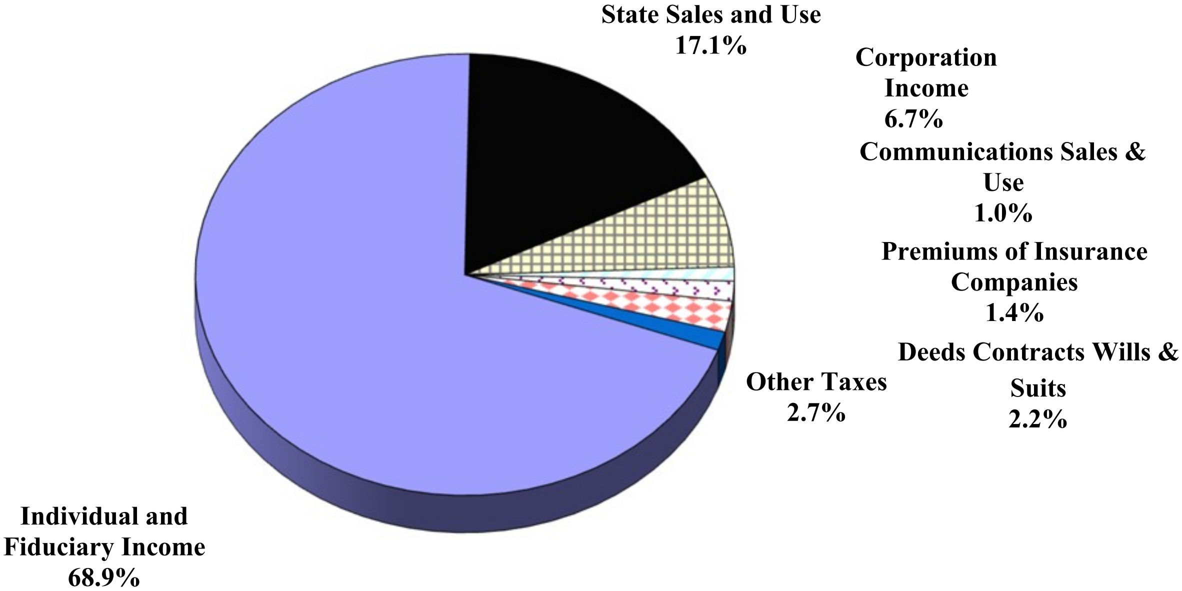
Taxes on Deeds, Contracts, Wills and Suits: (2.2 percent of Total Taxes in fiscal year 2022) The Commonwealth taxes the admission to record of deeds, deeds of trust, mortgages, leases and contracts at the rate of 25 cents per $100 of consideration or value, whichever is greater. An additional tax is imposed on deeds or conveyances of real estate at the rate of 50 cents per $500 of consideration or value, whichever is greater exclusive of the value of any lien or encumbrance. A tax is also imposed on the probate of wills and grants of administration, not exempt by law, at the rate of 10 cents per $100 of the value of the probate estate. A tax ranging from $5 to $25 is imposed on the filing of various types of legal actions.

Taxes on Premiums of Insurance Companies: (1.4 percent of Total Taxes in fiscal year 2022) Insurance companies are required to pay an annual license tax measured by the gross premium income derived from business done in the Commonwealth. The rate of tax varies according to the type of company. Insurance companies subject to this state license tax must make a declaration of estimated tax and pay one-fourth of such estimated tax in quarterly installments.

Other taxes: Other taxes consist of 2.7% of Total Taxes in fiscal year 2022).

The following pie chart summarizes General Revenue Fund tax revenues by source:

COMPOSITION OF GENERAL FUND TAX REVENUES BY SOURCE
Fiscal Year Ended June 30, 2022



Source: Department of Accounts.

Collection of Delinquent Tax

When the Department of Taxation determines that taxes are delinquent, the taxpayer is sent a billing notice. A second notice is sent 30 days later demanding immediate payment within 10 days. If payment is not received at the end of that time, the Department of Taxation may take legal action to obtain payment including the placement of a lien on the taxpayer's wages or bank account. If the delinquency exceeds $100, the Department of Taxation may issue a memorandum of lien against the taxpayer's property. If subsequent to these actions satisfactory payment arrangements are not made, the Department of Taxation may execute the memorandum of lien or initiate court proceedings against the taxpayer.

Penalties for late payment or nonpayment of most taxes are assessed at the rate of 6 percent per month, not to exceed 30 percent of the delinquent tax liability. Interest on late or under payments is charged at an annualized rate of interest established pursuant to Section 6621(a) (2) of the federal Internal Revenue Code, plus 2 percent.

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The following table presents total outstanding collectible tax receivables for all tax types at the end of fiscal years 2018 through 2022:

OUTSTANDING COLLECTIBLE TAX RECEIVABLES

Fiscal Year Ended June 30	Amount [1]
2018	656,328,796
2019	711,396,203
2020	735,765,347
2021	645,283,906
2022	743,057,340

[1] Amount does not include non-billed or uncollectible receivables.

Source: Department of Taxation.

General Fund Expenditures

General Fund expenditures relate to resources used for those services traditionally provided by a state government that are not accounted for in any other fund. These services include general government, legislative, public safety, judicial, health and mental health, human resources, licensing and regulation, and primary and secondary education (See table on page B-6).

Education: (44.7 percent of Total Expenditures in fiscal year 2022) Expenditures for education support individuals in developing knowledge, skills and cultural awareness, including elementary and secondary education instruction, supervision and assistance.

Individual and Family Services: (29.1 percent of Total Expenditures in fiscal year 2022) Expenditures for individual and family services support programs to benefit the economic, social and physical well-being of the individual and family, including disease research, control and prevention.

Administration of Justice: (12.4 percent of Total Expenditures in fiscal year 2022) Expenditures for administration of justice relate to the activities of the civil and criminal justice systems. These activities encompass the apprehension, trial, punishment and rehabilitation of law violators, and the deterrence and detection of crime.

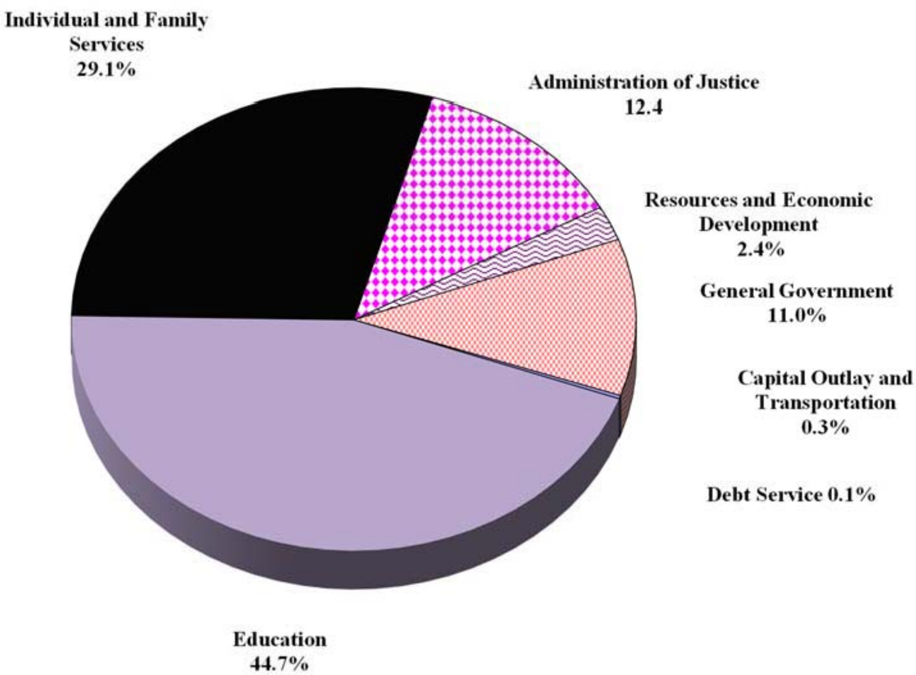
General Government: (11.0 percent of Total Expenditures in fiscal year 2022) General government expenditures support the general activities of state, regional and local levels of government. These activities include financial assistance to localities, enactment of legislative policy, intergovernmental projects, and distribution of sales and use taxes to localities, and payments to localities pursuant to the Personal Property Tax Relief Act of 1998.

Resources and Economic Development: (2.4 percent of Total Expenditures in fiscal year 2022) Resources and economic development expenditures support activities to develop the Commonwealth's economic base, including alternative natural resources, and to regulate this base with regard to the public interest of the Commonwealth.

Capital Outlay & Transportation: (0.3 percent of Total Expenditures in fiscal year 2022) Expenditures for capital outlay relate to the construction and renovation of state-owned buildings and facilities. Transportation expenditures relate to the movement by road, water or air of people, goods and services, and the regulation thereof.

Debt Service: (0.1 percent of Total Expenditures in fiscal year 2022).

DISTRIBUTION OF GENERAL FUND EXPENDITURES BY SOURCE
Fiscal Year Ended June 30, 2022



Source: Department of Accounts.

General Fund Balance

With the implementation of GASB No. 54, the fund equity classifications of Reserved and Unreserved have been changed to Restricted, Committed, Assigned, and Unassigned. Restricted fund balances are those that have a restriction imposed by the *Constitution of Virginia* or from a party external to the Commonwealth. Committed fund balances represent amounts that have been legislatively mandated for a specific purpose. Assigned fund balances represent amounts the Commonwealth has identified for a specific purpose, but for which the use is not legislatively mandated. Unassigned fund balances are those that have not been restricted, committed, or assigned to specific purposes. Due to statutory requirements, any unassigned balances in the General Fund on a cash basis are automatically committed for transfer to the Transportation Trust Fund and for nonrecurring expenditures.

2018. General Fund revenues and other sources were more than expenditures and other uses by $447.1 million in fiscal year 2018. Total revenues increased by 6.5 percent and total expenditures increased by 3.3 percent. Transfers to the General Fund decreased by 3.8 percent while transfers out increased by 0.7 percent. Transfers to and from Component Units in fiscal year 2018 are reported as expenditures and revenues in accordance with GASB Statement No. 34. The table on page B-6 reflects the Fund Balance as of June 30, 2018 in these classifications.

2019. General Fund revenues and other sources were more than expenditures and other uses by $1.0 billion in fiscal year 2019. Total revenues increased by 6.0 percent and total expenditures increased by 3.8 percent. Transfers to the General Fund increased by 7.9 percent while transfers out decreased by 6.7 percent. Transfers to and from Component Units in fiscal year 2019 are reported as expenditures and revenues in accordance with GASB Statement No. 34. The table on page B-6 reflects the Fund Balance as of June 30, 2019 in these classifications.

2020. General Fund revenues and other sources were more than expenditures and other uses by $725.3 million in fiscal year 2020. Total revenues increased by 2.1 percent and total expenditures increased by 3.2 percent. Transfers to the General Fund decreased by 2.9 percent while transfers out increased by 6.0 percent. Transfers to and from Component Units in fiscal year 2020 are reported as expenditures and revenues in accordance with GASB Statement No. 34. The table on page B-6 reflects the Fund Balance as of June 30, 2020 in these classifications.

2021. General Fund revenues and other sources were more than expenditures and other uses by $4.0 billion in fiscal year 2021. Total revenues increased by 14.6 percent and total expenditures increased by 1.3 percent. Transfers to the General Fund increased by 15.5 percent while transfers out decreased by 5.6 percent. Transfers to and from Component Units in fiscal year 2021 are reported as expenditures and revenues in accordance with GASB Statement No. 34. The table on page B-6 reflects the Fund Balance as of June 30, 2021 in these classifications.

2022. General Fund revenues and other sources were more than expenditures and other uses by $5.9 billion in fiscal year 2022. Total revenues increased by 15.8 percent and total expenditures increased by 9.7 percent. Transfers to the General Fund increased by 11.4 percent while transfers out decreased by 37.6 percent. Transfers to and from Component Units in fiscal year 2022 are reported as expenditures and revenues in accordance with GASB Statement No. 34. The table on page B-6 reflects the Fund Balance as of June 30, 2022 in these classifications.

Non-General Fund Revenues

Non-General Fund revenues consist of all revenues not accounted for in the General Fund. Included in this category are special taxes and user charges earmarked for specific purposes, the majority of institutional revenues and revenues from the sale of property and commodities, and receipts from the federal government.

Approximately 50 percent of the Non-General Fund revenues are accounted for by grants and donations from the federal government, motor vehicle taxes and institutional revenues. Institutional revenues consist primarily of fees and charges collected by institutions of higher education, medical and mental hospitals and correctional institutions. Motor vehicle related taxes include the motor vehicle fuel tax, motor vehicle sales and use tax, oil excise tax, driver's license fee, title registration fee, motor vehicle registration fee and other miscellaneous revenues.

The following chart is a summary of revenues and expenditures for the largest of the Commonwealth's Special Revenue Funds, the Commonwealth Transportation Fund, prepared according to generally accepted accounting principles.

COMMONWEALTH TRANSPORTATION FUND
(In thousands)

	2018	**2019**	**2020**	**2021**	**2022**
Total revenues	$6,287,368	$6,232,672	$6,385,623	$7,550,146	$8,348,316
Total expenditures	6,146,679	5,578,326	5,628,548	6,851,125	7,415,256
Revenues over (under) expenditures	140,689	654,346	757,075	699,021	933,060
Other sources (uses) net	287,921	-98,906	-412,740	-378,186	-29,553
Revenue and other sources (uses) over (under) expenditures	428,610	555,440	344,335	320,835	903,507
Beginning fund balance (adjusted)	1,898,668	2,327,278	2,889,679	3,244,917	3,565,752
Ending fund balance	$2,327,278	$2,882,718	$3,234,014	$3,565,752	$4,469,259

Included in the Commonwealth Transportation Fund (formerly Highway Maintenance and Construction Fund) is the activity of the Highway Maintenance and Operating Fund and the Transportation Trust Fund. The Transportation Trust Fund was created in September 1986 during a special session of the Virginia General Assembly.
Source: Department of Treasury; Department of Transportation.

Covid-19 Developments

Mitigation Measures. In response to the spread of the respiratory disease known as COVID-19, then- Governor Ralph Northam declared a state of emergency in the Commonwealth on March 12, 2020, and then- President Donald Trump declared a nationwide state of emergency on March 13, 2020. Within the United States, the federal government and various state and local governments, including the Commonwealth, as well as private entities and institutions, implemented a variety of different efforts aimed at mitigating the spread of COVID-19 including, but not limited to, travel restrictions, voluntary and mandatory quarantines, vaccine mandates, mask-wearing guidelines, testing protocols, event postponement and cancellations, voluntary and mandatory work from home arrangements, and temporary facility closures. These mitigation measures, as well as general concerns related to the global and national public health emergency and other contributing factors, resulted in dislocations in the labor market and stress on the global and national economies.

By May 2021, citing the effectiveness and wide availability of the COVID-19 vaccines, Governor Northam lifted most of the remaining public health restrictions that he had imposed to mitigate the spread of COVID-19. In addition, Governor Northam allowed his declaration of a state of emergency to expire on June 30, 2021. The current Governor, Glenn Youngkin, has not imposed any public health restrictions related to COVID-19 that limit general business activity within the Commonwealth.

COVID-19 Expenses; Federal Assistance

The Commonwealth incurred significant costs to address the COVID-19 pandemic, as well as significant federal aid to help cover such costs. In addition to federal disaster relief funds, the Commonwealth received approximately $3.1 billion in funds from the federal Coronavirus Aid, Relief, and Economic Security ("CARES") Act of 2020 to help cover costs related to the pandemic. Of that amount, Governor Northam allocated approximately $1.3 billion to the cities and counties in Virginia (excluding Fairfax County, which received approximately $200 million in CARES Act funding directly from the federal government based on the large size of the county's population) and retained approximately $1.8 billion to pay or reimburse costs incurred by the Commonwealth and its related entities to address the pandemic.

The Commonwealth received approximately $4.3 billion in May 2021 from the State and Local Recovery Fund ("SLRF") established by the federal American Rescue Plan Act of 2021 ("ARPA"), which is in addition to the CARES Act funding described above. Virginia cities and counties received separately approximately $2.3 billion in ARPA-SLRF funding directly from the federal government, and the Commonwealth received approximately $317 million in May 2021 to pass through to smaller cities and towns and received an additional approximately $317 million for the same purpose in May 2022. In total, the Commonwealth and its cities and counties received approximately $7.2 billion in ARPA-SLRF funding. The 2020-2022 biennial budget, as amended, appropriated approximately $3.3 billion of the ARPA-SLRF funds to Fiscal Year 2022 expenditures. The 2022-2024 biennium budget adopted in June 2022 appropriates approximately $900 million in ARPA-SLRF funds to Fiscal Year 2023 expenditures and approximately $100 million in ARPA-SLRF funds to Fiscal Year 2024 expenditures. The ARPA-SLRF-funded expenditures primarily serve the following needs: (1) unemployment assistance, (2) broadband expansion; (3) small business assistance; (4) food assistance; (5) drinking water, wastewater and combined sewer overflow projects; (6) improved mental health and other public health services; (7) public safety; and (8) public education.

2022 Appropriation Act

On December 16, 2021, then Governor Northam presented the introduced Budget Bill for the 2022-2024 biennium that began on July 1, 2022 (House Bill/Senate Bill 30) (the "2022 Budget Bill"). The General Assembly adjourned on March 12, 2022 without a budget agreement. The General Assembly convened a special session on April 4, 2022 and offered its recommendations for additional amendments to the bill on June 1, 2022. The current Governor Youngkin offered executive amendments that were considered and agreed upon by the General Assembly at the June 17, 2022 reconvened special session. The executive amendments were then folded into the new budget for the 2022-2024 biennium. On June 22, 2022, Governor Youngkin signed the 2022 Appropriation Act. The 2022 Appropriation Act also known as Chapter 2, 2022 Acts of Assembly, Special Session I, became effective on July 1, 2022.

A summary of the 2022 Appropriation Act follows on the next page. Some of the key features of the Act include:

- Increase Pre-K-12 funding ($3.2 billion)
- Includes $763.1 million to support 5% salary increases each year for state supported local school personnel
- $850 million for local school construction.
- Increase higher education funding ($687.8 million)
- Includes $237.4 million for higher education financial aid
- Increase Medicaid funding ($889.6 million); note: FY2022 state Medicaid funding reduced by $903 million
- Enhance mental health services and direct care salaries ($202.6 million)
- Increase children's health care funding ($73.3 million)
- Set aside funding for the upcoming Amazon custom grant payment ($85 million)
- Invest in Business Ready Sites ($109 million)
- Provide additional funding to the Housing Trust Fund ($150 million)
- Deposit one-time funding into the Water Quality Improvement Fund ($313 million)
- Support additional local School Resource Officers ($45 million)
- Increase funding to local police departments ($47 million)
- Provide 5% salary increase each year for state and state-supported local employees ($746.7 million)
- Invest one time funding into the Virginia Retirement System for unfunded other post-employment benefit (OPEB) liabilities ($80.4 million)
- Provide funding to be deposited to the Revenue Stabilization Fund ($1.2 billion)
- Authorize $2.15 billion of General Fund cash and $166 million of state-supported debt to maintain existing facilities, invest in new facilities and renovate or upgrade systems at existing facilities of the Commonwealth.
- The 2022 Appropriation Act assumes a General Fund balance at the end of the 2022-2024 biennium of $15.9 million.

2022 Appropriation Act
(Chapter 2, 2022 Acts of Assembly, Special Session I)

	FY 2023	FY 2024	Total
GENERAL FUND			
Revenue			
Unrestricted Beginning Balance	$4,733,050,478	$0	$4,733,050,478
Additions to balance	1,440,246,365	(500,000)	1,439,746,365
Official revenue estimate	24,871,345,500	27,263,014,900	52,134,360,400
Transfers	714,716,804	733,205,420	1,447,922,224
Total general fund resources available for appropriation	$31,759,359,147	$27,995,720,320	$59,755,079,467
Appropriations			
Legislative	$118,652,500	$116,716,278	$235,368,778
Judicial	582,028,077	582,580,882	1,164,608,959
Executive	28,585,054,346	27,571,344,506	56,156,398,852
Independent Agencies	6,781,138	26,781,138	33,562,276
Sub-total operating expenses	$29,292,516,061	$28,297,422,804	$57,589,938,865
Capital Outlay	1,957,779,488	191,400,000	2,149,179,488
Total appropriations	$31,250,295,549	$28,488,822,804	$59,739,118,353
NONGENERAL FUNDS			
Revenue			
Balance June 30, 2022	$8,383,240,878	$0	8,383,240,878
Official revenue estimate	45,429,302,663	45,043,705,919	90,473,008,582
Lottery Proceeds Fund	784,671,715	764,671,715	1,549,343,430
Internal Service Fund	2,404,388,342	2,413,968,065	4,818,356,407
Bond proceeds	157,296,000	0	157,296,000
Total nongeneral fund revenue available for appropriation	$57,158,899,598	$48,222,345,699	$105,381,245,297
Appropriations			
Legislative	$5,082,324	$5,082,324	$10,164,648
Judicial	37,956,799	37,956,799	75,913,598
Executive Department	50,181,139,806	49,302,221,284	99,483,361,090
Independent Agencies	1,156,667,241	1,161,752,091	2,318,419,332
Sub-total operating expenses	$51,380,846,170	$50,507,012,498	$101,887,858,668
Capital Outlay	$926,733,221	$208,250,000	1,134,983,221
Total appropriations	$52,307,579,391	$50,715,262,498	$103,022,841,889

Source: Department of Planning and Budget

2023 Appropriation Act

On December 15, 2022, Governor Youngkin announced his amendments to the 2022-2024 biennium budget. The proposed budget amendments proposed additional funding for behavioral health, law enforcement, education, economic development and conservation efforts. The Governor's plan also included $1 billion in additional tax relief on top of nearly $4 billion in tax relief passed previously. Highlights of the Governor's proposed budget amendments include:

- Providing over $230 million to jumpstart the *Right Help, Right Now Plan* to overhaul the system addressing behavioral health and substance abuse.
- Launching *Virginia's Compete to Win strategy* by investing in tax cuts, talent and workforce development and a $500 million commitments to business ready sites.
- Strengthening law enforcement and public safety by funding *Operation Bold Blue Line,* including $30 million to recruit 2,000 new law enforcement personnel, additional funding for prosecutors.
- Keeping commitments to Virginia's Children with new investments in reading and math and expanded resources for education, including $17 million for literacy and $50 million for teacher performance bonuses.
- Offering unprecedented support to 'Quiet Heroes' - teachers, nurses, and law enforcement, including $175 million for recruitment, expanded career pathways, and bonuses.
- Making an investment in conservation and preservation, including $685 million for resiliency and the Chesapeake Bay.
- Igniting the *All-American, All-of-the-Above Energy Plan* with a $10 million investment in nuclear and other zero-carbon technologies that produce reliable, affordable, and clean energy.

The General Assembly began the consideration of the Governor's proposed budget amendments during the 2023 session that convened on January 11, 2023. While budget negotiations are continuing, a scaled-down set of amendments from both the General Assembly and the Governor were adopted in an interim amended budget which was enacted on April 12, 2023. Changes included in this interim amended budget include:

- $405.9 million for a required deposit to the Revenue Stabilization Fund.
- $263.1 million to update the cost of Direct Aid to Public K-12 education for enrollment changes and other technical adjustments.
- $250 million for a deposit to the Virginia Retirement System to reduce unfunded liabilities.
- $100 million for supplemental funding for existing capital outlay projects.
- Treasury Loan authorization for up to $43.3 million in support of a high performance data facility associated with the Thomas Jefferson National Accelerator Facility (Jefferson Lab).
- $15.3 million for the Temporary Assistance for Needy Families (TANF) Unemployment Parents program.
- Technical changes to General Fund Resources to reflect legislation passed by the General Assembly and actual year-end balances from FY 2022.

2023 Appropriation Act
(Chapter 769, 2023 Acts of Assembly)

	FY 2023	FY 2024	Total
GENERAL FUND			
Revenue			
Unrestricted Beginning Balance	$10,684,532,497	$0	$10,684,532,497
Additions to balance	(3,078,628,035)	405,452,425	(2,673,175,610)
Official revenue estimate	24,871,135,500	27,286,414,900	52,157,550,400
Transfers	714,716,804	733,205,420	1,447,922,224
Total general fund resources available for appropriation	$33,191,756,766	$28,425,072,745	$61,616,829,511
Appropriations			
Legislative	$118,652,500	$116,716,278	$235,368,778
Judicial	582,028,077	582,580,882	1,164,608,959
Executive	28,976,939,473	28,109,220,016	57,086,159,489
Independent Agencies	6,781,138	26,781,138	33,562,276
Sub-total operating expenses	$29,292,516,061	$28,297,422,804	$57,589,938,865
Capital Outlay	2,057,779,488	191,400,000	2,249,179,488
Total appropriations	$31,742,180,676	$29,026,698,314	$60,768,878,990
NONGENERAL FUNDS			
Revenue			
Balance June 30, 2022	$8,383,240,878	$0	8,383,240,878
Official revenue estimate	45,429,302,663	45,043,705,919	90,473,008,582
Lottery Proceeds Fund	784,671,715	764,671,715	1,549,343,430
Internal Service Fund	2,404,388,342	2,413,968,065	4,818,356,407
Bond proceeds	157,296,000	0	157,296,000
Total nongeneral fund revenue available for appropriation	$57,158,899,598	$48,222,345,699	$105,381,245,297
Appropriations			
Legislative	$5,082,324	$5,082,324	$10,164,648
Judicial	37,956,799	37,956,799	75,913,598
Executive Department	50,181,249,806	49,306,684,114	99,487,933,920
Independent Agencies	1,156,667,241	1,161,752,091	2,318,419,332
Sub-total operating expenses	$51,380,956,170	$50,511,475,328	$101,892,431,498
Capital Outlay	926,733,221	208,250,000	1,134,983,221
Total appropriations	$52,307,689,391	$50,719,725,328	$103,027,414,719

Source: Department of Planning and Budget

INDEBTEDNESS OF THE COMMONWEALTH

Section 9 of Article X of the Constitution of Virginia provides for the issuance of debt by or on behalf of the Commonwealth. Sections 9(a), (b) and (c) provide for the issuance of debt to which the Commonwealth's full faith and credit is pledged and Section 9(d) provides for the issuance of debt not secured by the full faith and credit of the Commonwealth, but which may be supported by and paid from Commonwealth tax collections subject to appropriations by the General Assembly. The Commonwealth may also enter into leases and contracts that are classified on its financial statements as long-term indebtedness. Certain authorities and institutions of the Commonwealth may also issue debt. This section discusses the provisions for and limitations on the issuance of general obligation debt and other types of debt of the Commonwealth and its authorities and institutions.

Section 9(a) Debt

Section 9(a) of Article X provides that the General Assembly may contract general obligation debt: (1) to meet certain types of emergencies, (2) to meet casual deficits in the revenue or in anticipation of the collection of revenues of the Commonwealth and (3) to redeem a previous debt obligation of the Commonwealth. Total indebtedness issued pursuant to Section 9(a) (2) may not exceed 30 percent of an amount equal to 1.15 times the annual tax revenues derived from taxes on income and retail sales, as certified by the Auditor of Public Accounts, for the preceding fiscal year and any such indebtedness shall mature within twelve months from the date of its incurrence.

Section 9(b) Debt

Section 9(b) of Article X provides that the General Assembly may authorize the creation of general obligation debt for capital projects. Such debt is required to be authorized by an affirmative vote of a majority of the members elected to each house of the General Assembly and approved in a statewide referendum. The outstanding amount of such debt is limited in the aggregate to an amount equal to 1.15 times the average annual tax revenues derived from taxes on income and retail sales, as certified by the Auditor of Public Accounts, for the three immediately preceding fiscal years (“the 9(b) Debt Limit”). Thus, the amount of such debt that can be issued is the 9(b) Debt Limit less the total amount of such debt outstanding ("Debt Margin"). There is an additional 9(b) debt restriction on the amount of such debt that the General Assembly may authorize in any year. The additional authorization restriction is limited to 25% of the 9(b) Debt Limit less any 9(b)-debt authorized in the current and prior three fiscal years.

The phrase "taxes on income and retail sales" is not defined in the Constitution or by statute. The record made in the process of adopting the Constitution, however, suggests an intention to include only income taxes payable by individuals, fiduciaries and corporations and the state sales and use tax.

Section 9(c) Debt

Section 9(c) of Article X provides that the General Assembly may authorize the creation of general obligation debt for revenue producing capital projects for executive branch agencies and institutions of higher learning. Such debt is required to be authorized by an affirmative vote of two-thirds of the members elected to each house of the General Assembly and approved by the Governor. The Governor must certify before the enactment of the bond legislation and again before the issuance of the bonds that the net revenues pledged are expected to be sufficient to pay principal and interest on the bonds issued to finance the projects.

The outstanding amount of Section 9(c) debt is limited in the aggregate to an amount equal to 1.15 times the average annual tax revenues derived from taxes on income and retail sales, as certified by the Auditor of Public Accounts, for the three immediately preceding fiscal years (“the 9(c) Debt Limit”). While the debt limits under Sections 9(b) and 9(c) are each calculated as the same percentage of the same average tax revenues, these debt limits are separately computed and apply separately to each type of debt.

Effect of Refunding Debt

In general, when the Commonwealth issues bonds to refund outstanding bonds issued pursuant to Section 9(b) or 9(c) of Article X of the Constitution, the refunded bonds are considered paid for purposes of the constitutional limitations upon debt incurrence, and the refunding bonds are counted in the computations of such limitations. Section 9(a) (3) provides that in the case of the refunding of debt incurred in accordance with Section 9(c) of Article X, the debt evidenced by the refunding bonds will be counted against the 9(c) Debt Limit unless the Governor does not provide the net revenue sufficiency certification, in which case the debt evidenced by the refunding bonds will be counted against the 9(b) Debt Limit.

General Obligation Debt Limit and Debt Margin

Using individual and fiduciary income, corporate income and the state sales and use tax revenues as the sources of "taxes on income and retail sales", as of June 30, 2022, the debt limits pursuant to Article X, Section 9 of the Constitution of Virginia are as follows:

COMPUTATION OF LEGAL DEBT LIMIT AND DEBT MARGIN
(In Thousands)

	Fiscal Year Ended June 30, 2022		
Taxes	**2020**	**2021**	**2022**
Individual and Fiduciary Income [1]	$15,351,603	$17,304,476	$19,361,618
Corporation Income [2]	1,011,650	1,515,692	1,978,697
State Sales and Use [3]	4,112,861	4,624,545	5,080,554
Total	$20,476,114	$23,444,713	$26,420,869
Average tax revenues for the three fiscal years			$23,447,232

Section 9(a)(2) General Obligation Debt Issuance Limit and Margin [4]:		
Debt Issuance Limit:		
30% of 1.15 times annual tax revenues for fiscal year 2022		$9,115,200
Less 9(a)(2) Bonds Outstanding:		0
Debt Issuance Margin for Section 9(a)(2) General Obligation Bonds		$9,115,200
Section 9(b) General Obligation Debt Issuance Limit and Margin:		
Debt Issuance Limit:		
1.15 times the average tax revenues for three fiscal years as calculated above		$26,964,317
Less 9(b) Bonds Outstanding at June 30, 2022:		
Public Facilities Bonds [6]	$225,600	
Transportation Facilities Refunding Bonds [5][6]	0	
Bond Anticipation Notes	0	
Total 9(b) Bonds Outstanding at June 30, 2022		225,600
Debt Issuance Margin for Section 9(b) General Obligation Bonds		$26,738,717
Debt Authorization Limit:		
25% of 1.15 times average tax revenues for three fiscal years as calculated above		$6,741,079
Less 9(b) debt authorized during the three prior fiscal years		0
Maximum additional 9(b) debt that may be authorized by the General Assembly (subject to referendum):		6,741,079
Section 9(c) General Obligation Debt Issuance Limit and Margin:		
Debt Issuance Limit:		
1.15 times the average tax revenues for three fiscal years as calculated above		$26,964,317
Less 9(c) Bonds Outstanding at June 30, 2022:		
Parking Facilities [6]	$5,664	
Transportation Facilities [6]	0	
Higher Educational Institutions [6]	912,817	
Bond Anticipation Notes	0	
Total 9(c) Bonds Outstanding at June 30, 2022		918,481
Debt Issuance Margin for Section 9(c) General Obligation Bonds		$26,045,836

[1] Includes taxes imposed pursuant to Articles 2 and 9 of Chapter 3, Title 58.1 of the Code of Virginia.
[2] Includes taxes imposed pursuant to Article 10 of Chapter 3, Title 58.1 of the Code of Virginia.
[3] Includes taxes imposed pursuant to Chapter 6, Title 58.1 of the Code of Virginia, less taxes identified in Sections 58.1-605 and 58.1-638.
[4] Debt limit applies only to debt authorized pursuant to Article X, Section 9(a)(2) of the Constitution of Virginia.
[5] These bonds refunded certain Section 9(c) debt and because the Governor did not certify the feasibility of the refinanced project, it must be applied against the Section 9(b) Debt Limit.
[6] Net of unamortized discounts and premiums.
Sources: Department of Accounts and Department of the Treasury.

Tax-Supported Debt–General Obligation

Tax-supported debt of the Commonwealth includes both general obligation debt and debt of agencies, institutions, boards and authorities for which debt service is expected to be made in whole or in part from appropriations of tax revenues.

Outstanding Section 9(b) debt as of June 30, 2022 includes the unamortized portion of $225.6 million of general obligation bonds. In November 1992, $613.0 million in general obligation bonds were authorized and approved by the voters. In November 2002, $1.0 billion in general obligation bonds were authorized and approved by the voters. Various series of refunding bonds were issued to refund certain series of bonds. Outstanding Section 9(c) debt as of June 30, 2022 includes various series of Higher Educational Institutions Bonds (including refunding bonds) issued from 2005 to 2021, one series of Transportation Facilities Bonds (refunding bonds) issued in 2016, and four series of Parking Facilities Bonds (including refunding bonds) issued between 2009 and 2016. Outstanding general obligation debt does not include 9(b) and 9(c) advance refunded bonds for which funds have been deposited in irrevocable escrow accounts in amounts sufficient to meet all required future debt service.

State statutes limit the amount of debt the Commonwealth may issue for each specific type of general obligation debt. As of June 30, 2022, these statutory limits significantly exceed the Commonwealth's outstanding general obligation debt.

Other Tax-Supported Debt

Section 9(d) of Article X provides that the restrictions of Section 9 are not applicable to any obligation incurred by the Commonwealth or any of its institutions, agencies or authorities if the full faith and credit of the Commonwealth is not pledged or committed to the payment of such obligation.

There are currently outstanding various types of 9(d) revenue bonds issued by authorities, political subdivisions and agencies to which the Commonwealth's full faith and credit is not pledged. Certain of these bonds, however, are paid in part or in whole from revenues received as appropriations by the General Assembly from general tax revenues, while others are paid solely from revenues derived from enterprises related to the operation of the financed capital projects or other non-General Fund revenues.

The debt repayments of the Virginia Public Building Authority, the Virginia College Building Authority 21st Century College and Equipment Programs, the Virginia Biotechnology Research Partnership Authority and several other long-term capital leases or notes have been supported all or in large part by General Fund appropriations.

The Commonwealth Transportation Board ("CTB") has issued various series of bonds authorized under the State Revenue Bond Act. These bonds are secured by and payable from funds appropriated by the General Assembly from the Transportation Trust Fund. The Transportation Trust Fund was established by the General Assembly in 1986 as a special non-reverting fund administered and allocated by the Transportation Board for the purpose of increased funding for construction, capital and other needs of state highways, airports, mass transportation and ports. As of June 30, 2022, $2.7 billion in CTB Tax-Supported bonds were outstanding. In 2007, the CTB was authorized by the General Assembly to issue up to $3.0 billion in Capital Projects Revenue Bonds, with an additional $180 million authorized in 2008 and an additional $150 million authorized in 2018 for a total authorization of $3.33 billion. In addition, in 2013, the CTB was authorized to issue up to $595.7 million in Transportation Revenue Bonds for the U.S. Route 58 Corridor Development Program, which the CTB recently began utilizing in 2022.

The Virginia Port Authority ("VPA") issues bonds secured by its share of the Transportation Trust Fund. As of June 30, 2022, $210.2 million of Commonwealth Port Fund ("CPF") Revenue Bonds were outstanding and there was no authorized but unissued CPF debt.

Leases and Contracts

Long-Term Liabilities. The Commonwealth is involved in numerous agreements to lease buildings, energy efficiency projects and equipment. For a detailed description, see "Notes to the Financial Statements" included in the Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022. These lease agreements are for various terms, and each lease contains a non-appropriation clause indicating that continuation of the lease is subject to funding by the General Assembly. The Commonwealth implemented GASB Statement No. 87, Leases, in fiscal year 2022. This resulted in dramatic changes in categorizing leases and lease liability reporting. As a result of the changes the principal balance of all tax-supported Long-Term Liabilities outstanding as of June 30, 2022 was $555.1 million.

Installment Purchases. The Commonwealth also finances the acquisition of certain personal property and equipment through installment purchase agreements. The length of the agreements and the interest rates charged vary. In most cases, the agreements are collateralized by the personal property and equipment acquired. Installment purchase agreements contain non-appropriation clauses indicating that continuation of the installment purchase is subject to funding by the General Assembly. The principal balance of tax-supported installment purchase obligations outstanding was $339.5 million as of June 30, 2022.

Outstanding Tax-Supported Debt

The following table and chart summarize for the past five fiscal years the outstanding indebtedness of the Commonwealth, its agencies, institutions and authorities for which appropriated tax revenues are required to pay debt service. In certain instances, debt service may be paid with or payable from other non-tax sources (e.g., toll revenues, port revenues and user fees), but the underlying security remains the appropriation of tax revenues by the Commonwealth.

OUTSTANDING TAX-SUPPORTED DEBT
(In Thousands)

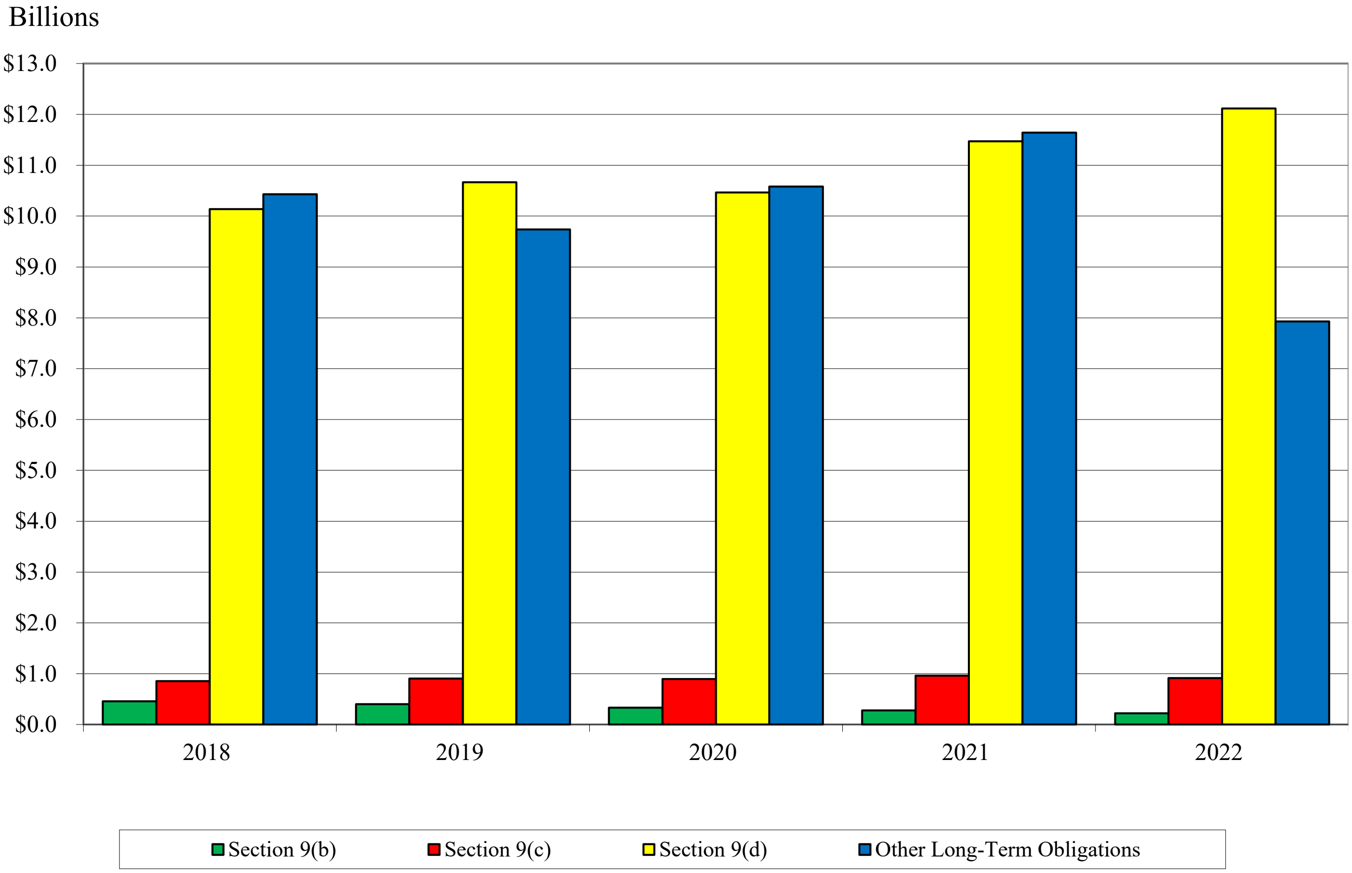
	2018	2019	2020	2021	2022
General Obligation Debt:					
Section 9(a)	-	-	-	-	-
Section 9(b) [1]	$ 457,764	$ 401,873	$ 330,934	$ 278,221	$ 225,600
Section 9(c) [1]					
Higher Educational Institutions	836,874	893,106	886,837	955,729	912,817
Transportation Facilities	8,914	6,061	3,083	-	-
Parking Facilities	9,850	8,567	7,583	$6,640	$5,664
Sub-Total 9(c) [1]	$ 855,638	$ 907,734	$ 897,503	$ 962,369	$ 918,481
Total General Obligation Debt [1]	$ 1,313,402	$ 1,309,607	$ 1,228,437	$ 1,240,590	$ 1,144,081
Section 9(d) Debt:					
Transportation [1]	$ 2,875,112	$ 2,966,581	$ 2,813,942	$ 2,661,007	$ 2,737,497
Virginia Public Building Authority [1]	2,663,808	2,863,660	3,028,198	3,472,631	3,780,877
Virginia Port Authority [1]	243,448	234,114	223,708	222,831	210,246
Virginia College Building Authority 21st Century/Equipment [1]	4,305,134	4,566,772	4,384,599	5,101,393	5,389,998
Virginia Biotechnology Research Partnership Authority [1]	18,561	14,220		4,903	-
Virginia Aviation Board [1]	-	-	-	-	-
Fairfax County Economic Development Authority [1]	30,783	23,366	15,624	7,542	-
Total Section 9(d) Debt	$ 10,136,846	$ 10,668,713	$ 10,466,071	$ 11,470,307	$ 12,118,618
Other Long-Term Obligations:					
Capital Leases (2)	$ 42,620	$ 38,392	$ 35,318	$ 42,290	
Long Term Lease Obligations(2)					555,071
Installment Purchase Obligations	166,705	170,190	216,159	224,013	339,548
Compensated Absences	631,282	666,786	687,473	737,166	713,185
Pension Liability	6,732,980	6,254,910	7,294,376	8,348,881	4,369,154
Total OPEB Liability	1,273,461	985,589	665,099	556,946	439,039
Net OPEB Liability	1,544,249	1,581,374	1,644,462	1,693,093	1,474,595
Other Liabilities and Notes Payable	37,911	40,752	38,738	41,270	37,096
Total Other Long-Term Obligations	$ 10,429,208	$ 9,737,993	$ 10,581,625	$ 11,643,659	$ 7,927,688
Total Tax-Supported Debt	$ 21,879,456	$ 21,716,313	$ 22,276,133	$ 24,354,556	$ 21,190,387

[1] Net of unamortized discounts/premiums.

(2) GASB 87 eliminated Capital Leases Beginning FY22. All leases over 12 months now considered Long-Term Lease.

Source: Department of the Treasury; Department of Accounts.

Outstanding Tax-Supported Debt
(In Thousands)



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Outstanding Tax-Supported Debt Service

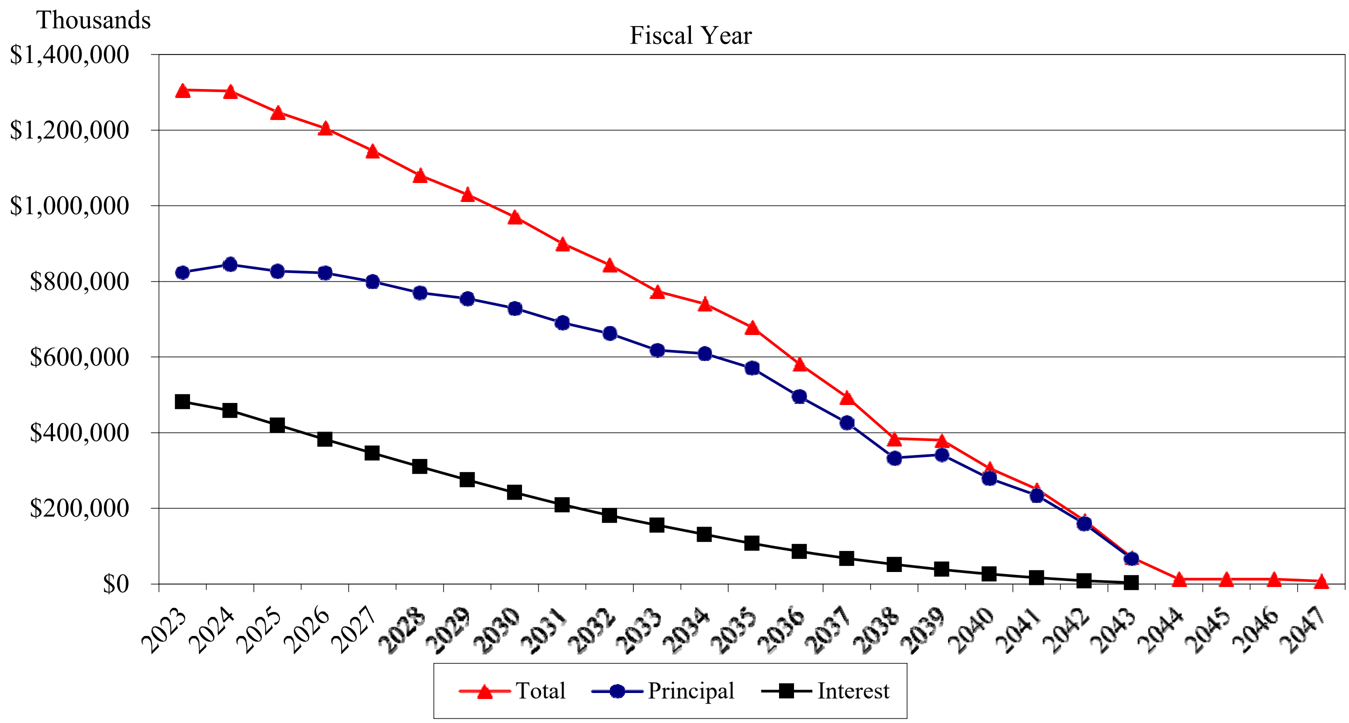
The following table summarizes annual debt service on outstanding tax-supported debt as of June 30, 2022. The table does not include debt service requirements for long-term lease liabilities and installment purchase obligations payable from the General Fund of the Commonwealth.

ANNUAL DEBT SERVICE REQUIREMENTS
Tax-Supported Debt Outstanding at June 30, 2022
(In Thousands)

Fiscal Year	General Obligation Debt Sections 9(a), 9(b) and 9c[1]			Other Tax-Supported Debt Section 9(d)			Total		
Ending June 30	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2023	$ 113,430	$ 38,593	$ 152,023	$ 710,930	$ 443,531	$ 1,154,461	$ 824,360	$ 482,124	$ 1,306,484
2024	115,385	33,753	149,138	729,511	424,981	1,154,492	844,896	458,734	1,303,629
2025	108,245	29,041	137,286	719,014	391,182	1,110,196	827,259	420,223	1,247,482
2026	103,585	24,792	128,377	719,294	357,889	1,077,183	822,879	382,681	1,205,560
2027	94,820	20,570	115,390	704,986	325,463	1,030,449	799,806	346,033	1,145,839
2028	80,445	16,623	97,068	689,825	293,967	983,792	770,270	310,590	1,080,860
2029	67,660	13,674	81,334	686,745	261,949	948,694	754,405	275,623	1,030,028
2030	60,450	11,178	71,628	668,425	230,915	899,340	728,875	242,093	970,968
2031	56,450	9,139	65,589	634,160	200,605	834,765	690,610	209,744	900,354
2032	47,045	7,339	54,384	615,480	174,007	789,487	662,525	181,345	843,870
2033	46,925	5,885	52,810	571,310	149,675	720,985	618,235	155,561	773,796
2034	41,460	4,441	45,901	568,080	126,971	695,051	609,540	131,412	740,952
2035	34,915	3,253	38,168	536,250	104,905	641,155	571,165	108,158	679,323
2036	27,185	2,268	29,453	468,635	83,835	552,470	495,820	86,102	581,922
2037	19,080	1,543	20,623	407,375	66,024	473,399	426,455	67,567	494,022
2038	16,095	1,052	17,147	317,050	50,443	367,493	333,145	51,495	384,640
2039	12,550	609	13,159	329,175	38,316	367,491	341,725	38,925	380,650
2040	10,725	301	11,026	268,990	26,187	295,177	279,715	26,488	306,203
2041	1,930	47	1,977	232,325	16,570	248,895	234,255	16,617	250,872
2042	-	-	-	159,650	8,746	168,396	159,650	8,746	168,396
2043	-	-	-	67,205	3,383	70,588	67,205	3,383	70,588
2044				11,680	1,559	13,239	11,680	1,559	13,239
2045				12,080	1,154	13,234	12,080	1,154	13,234
2046				12,505	735	13,240	12,505	735	13,240
2047				7,515	301	7,816	7,515	301	7,816
Subtotal	$ 1,058,380	$ 224,100	$ 1,282,480	$ 10,848,195	$ 3,783,293	$ 14,631,488	$ 11,906,575	$ 4,007,393	$ 15,913,968
Add Unamortized Premium	85,701	-	85,701	1,248,373	-	1,248,373	1,334,074	-	1,334,074
Accretion on Capital Appreciation Bonds				22,112		22,112	22,112		22,112
Less Unamortized Discount				62		62	62		62
TOTAL	$ 1,144,081	$ 224,100	$ 1,368,181	$ 12,118,618	$ 3,783,293	$ 15,901,911	$ 13,262,699	$ 4,007,393	$ 17,270,092

[1] Net of unamortized discounts/premiums.
Source: Department of the Treasury.

ANNUAL DEBT SERVICE REQUIREMENTS
TAX-SUPPORTED DEBT OUTSTANDING AT JUNE 30, 2022
(In Thousands)



Source: Department of Treasury.

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RATIOS OF OUTSTANDING TAX-SUPPORTED DEBT TO POPULATION AND PERSONAL INCOME AT JUNE 30, 2022

Fiscal Year	Population	Personal Income	Outstanding Debt	Tax-Supported Debt/Capita	Debt/Income (%)
2015	8,366,767	$ 436,655,248	$ 19,750,033	$ 2,361	4.5
2016	8,414,380	445,461,657	20,877,208	2,481	4.7
2017	8,470,020	459,448,879	21,400,790	2,527	4.7
2018	8,517,685	485,098,429	21,879,456	2,569	4.5
2019	8,556,642	502,600,783	21,716,313	2,538	4.3
2020	8,590,563	532,256,216	22,285,802	2,594	4.2
2021	8,642,274	550,910,497	24,354,556	2,818	4.4
2022	8,683,619	583,240,000	21,190,387	2,437	3.6

Bureau of Economic Analysis SA1-3 Personal Income Summary, 2015-2022 revised population estimates as of September 2022. BEA State Personal Income for 2015-2022 updated as September 2022, SA05N Personal Income by Major Source and Earnings by NAICS Industry. BEA State Personal Income updated as of 2022

Source: Population Division, US Census, Data Release Date: December, 2022

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Authorized and Unissued Tax-Supported Debt

As of June 30, 2022, the following tax-supported debt had been authorized by the General Assembly and remained unissued:

Authorized and Unissued Tax-Supported Debt
as of June 30, 2022
(In Thousands)

	As of June 30, 2022
Section 9(b) Debt (Primary Government):	
Higher Educational Institution Bonds	$ -
Park and Recreational Facilities	-
Subtotal Section 9(b) Debt	-
Section 9(c) Debt (Primary Government):	
Higher Educational Institution Bonds	718,011
Parking Facilities Bonds	226
Subtotal Section 9(c) Debt	718,237
Section 9(d) Debt:	
Primary Government:	
Transportation Contract Revenue Bonds	
(Northern Virginia Transportation District Fund Program)	24,700
U.S. Route 58 Corridor Development Program	462,700
Transportation Capital Projects Revenue Bonds	146,634
Component Units:	
Virginia Public Building Authority (Projects)	1,325,556
Virginia Public Building Authority (Jails)	56,442
Virginia College Building Authority (21st Century)	1,610,009
Virginia College Building Authority (Equipment Program)	183,300
Virginia Port Authority	166,000
Subtotal Section 9(d) Debt	3,975,341
Total Authorized and Unissued Tax-Supported Debt	$ 4,693,577

Source: Department of Accounts and Department of Treasury.

Moral Obligation Debt

The Virginia Housing Development Authority, the Virginia Resources Authority and the Virginia Public School Authority are authorized to issue bonds secured in part by a moral obligation pledge of the Commonwealth. All three are designed to be self-supporting from their individual loan programs. The Commonwealth may fund deficiencies that may occur in debt service reserves for moral obligation debt. By the terms of the applicable statutes, the Governor is obligated to include in his annual budget submitted to the General Assembly the amount necessary to restore any such reported deficiency, but the General Assembly is not legally required to make any appropriation for such purpose. Neither the Virginia Housing Development Authority nor the Virginia Public School Authority have bonds outstanding that are secured by the moral obligation pledge. To date, the Virginia Resources Authority has not reported to the Commonwealth that any such reserve deficiencies exist. The table below summarizes the Commonwealth's outstanding moral obligation indebtedness for the past five fiscal years.

OUTSTANDING MORAL OBLIGATION DEBT
(In Thousands)

	Fiscal Year Ended June 30, 2022				
	2018	**2019**	**2020**	**2021**	**2022**
Virginia Resources Authority [1]	$927,834	$926,540	$933,279	$914,377	$929,911
Total	$927,834	$926,540	$933,279	$914,377	$929,911

[1] Net of unamortized discounts and premiums costs.

Source: Virginia Resource Authority

Other Commonwealth Related Debt

There are several authorities and institutions of the Commonwealth that issue debt for which debt service is not paid through appropriations of state tax revenues and for which there is no moral obligation pledge to consider funding debt service or reserve fund deficiencies. A portion of the debt shown is additionally secured by a biennial contingent appropriation in the event available funds are less than the amount required to pay debt service. The following table summarizes for the past five fiscal years outstanding indebtedness of authorities and institutions whose debt falls into these categories.

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OUTSTANDING OTHER DEBT
COMMONWEALTH RELATED ENTITIES
(In Thousands)

	2018	2019	2020	2021	2022
Institutions of Higher Education [1]	$ 2,817,992	$ 2,884,656	$ 3,240,479	$ 4,106,374	$ 4,449,563
Virginia College Building Authority Public Higher Education Financing Program	1,579,275	1,674,580	1,522,505	1,442,450	1,403,940
Virginia College Building Authority Private College Program	700,260	697,525	563,777	525,865	532,025
Virginia Housing Development Authority [1]	3,301,380	3,042,060	3,997,125	4,358,584	4,679,799
Virginia Public School Authority [1]	3,641,402	3,554,603	3,563,368	3,604,298	3,993,860
Virginia Port Authority	291,985	285,782	279,396	272,815	266,025
Commonwealth Transportation Board					
Federal Highway Reimbursement Anticipation Notes [1]	-	-	-	-	-
Grant Anticipation Notes (GARVEES) [1]	1,153,617	1,151,850	1,059,387	1,086,897	979,791
Hampton Roads Sanitation District	891,442	891,629	835,479	835,006	868,472
Total	$14,377,353	$14,182,685	$15,061,516	$16,232,289	$17,173,475

[1] Net of unamortized discounts and premium costs.
Source: Department of the Treasury.

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Commonwealth Debt Management

Debt Capacity Advisory Committee

The Debt Capacity Advisory Committee (the "Committee") is charged by statute with annually estimating the amount of tax-supported debt of the Commonwealth that may prudently be authorized for the next biennium, consistent with the financial goals, capital needs and policies of the Commonwealth. Such estimate is provided to the Governor and General Assembly. The Committee is also required to review annually the amount and condition of bonds, notes and other security obligations of the Commonwealth's agencies, institutions, boards and authorities that are either secured by a moral obligation pledge to replenish reserve fund deficiencies or for which the Commonwealth has a contingent or limited liability. The Committee provides its recommendations on the prudent use of such obligations to the Governor and the General Assembly.

The Committee also reviews the amounts and condition of bonds, notes and other security obligations of the Commonwealth's agencies, institutions, boards and authorities that are neither tax-supported debt nor obligations secured by a moral obligation pledge to replenish reserve fund deficiencies. The Committee may recommend limits, when appropriate, on these other obligations. The Committee's latest report can be found at http://www.trs.virginia.gov/debt/dcac.aspx.

Capital Outlay Plan

The Department of Planning and Budget has prepared a Six-Year Capital Outlay Plan (the "Plan") for the Commonwealth. The Plan lists proposed capital projects, and it recommends how the proposed projects should be financed. More specifically, the Plan distinguishes between immediate demands and longer-term needs, assesses the state's ability to meet its highest priority needs, and outlines an approach for addressing priorities in terms of costs, benefits and financing mechanisms. The General Assembly has set out requirements for the funding of capital projects at a level not less than two percent of the General Fund revenues for the biennium, and the portion of that amount that may be recommended for bonded indebtedness.

RETIREMENT PLANS

The Commonwealth contributes to four pension plans each of which is administered by the Virginia Retirement System ("System"). The System acts as a common investment and administrative agent for the Commonwealth, local school boards and political subdivisions in Virginia. The plans administered by the System consist of the Virginia Retirement System ("VRS"), the State Police Officers Retirement System ("SPORS"), the Virginia Law Officers' Retirement System ("VaLORS") and the Judicial Retirement System ("JRS"). Membership in the VRS consists of Commonwealth employees, public school teachers and employees of political subdivisions that have voluntarily joined the system. Membership in SPORS consists of Commonwealth state police officers. Membership in VaLORS consists of law enforcement and corrections officers of the Commonwealth other than state police officers, and membership in JRS consists of judges in the Commonwealth's Circuit Courts, General District Courts, Court of Appeals and Supreme Court. Membership in the applicable retirement plans is mandatory for all eligible employees. VRS is the largest of four systems covering 340,035 active Commonwealth employees, school teachers and covered employees of local governments as of June 30, 2022, as compared with 9,676 active members of SPORS, VaLORS, and JRS combined. In addition, the four plans combined had approximately 60,856 inactive vested members who are no longer contributing but have not withdrawn previous contributions and may be eligible for a retirement benefit in the future.

ACTIVE MEMBER DISTRIBUTION OF RETIREMENT PLANS

Fiscal Year Ended June 30, 2022

	Revised 2021	**2022**
State Employees (VRS)……………………....	76,108	76,156
Teachers (VRS)……………………………....	149,853	153,204
Employees of Political Subdivisions (VRS)...	108,712	110,675
State Police Officers (SPORS)……………...	1,939	1,875
Virginia Law Officers (VaLORS)………….	7,812	7,342
Judges (JRS)………………………………....	453	459
Total	344,877	349,711

Source: Virginia Retirement System.

The System's Board of Trustees administers all four plans pursuant to statute. Each plan provides retirement, disability and death benefits. In addition, most members of all four plans are covered by group term life insurance.

The General Assembly established a new retirement plan (Hybrid Retirement Plan) for all new members hired on or after January 1, 2014 who are not in SPORS, VaLORS or VRS as a hazardous duty employee of a political subdivision. All new members hired on or after July 1, 2010 and before January 1, 2014 are in Plan 2. Vested members on January 1, 2013 with service before July 1, 2010 are in Plan 1. Non-vested members on January 1, 2013 with service before July 1, 2010 are in Plan 2. The different provisions for the retirement plans are set forth in the following table:

Retirement Benefit Plan Provisions

AS ESTABLISHED BY TITLE 51.1 OF THE *CODE OF VIRGINIA* (1950), AS AMENDED

All full-time, salaried permanent (professional) employees of state agencies, public school divisions and employees of participating employers are automatically covered by a pension plan upon employment. Members qualify for retirement when they become vested and meet the age and service requirements for their plan, as shown in the following table.

The System administers three different benefit structures for government employees: Plan 1, Plan 2 and the Hybrid Retirement Plan. Each of these is called a plan in statute and each has different provisions with a specific eligibility and benefit structure. These different benefit structures are set out in the following table:

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	**About Plan 2** Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer • Contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses and any required fees.
Eligible Members Members are covered under Plan 1 if their membership date is prior to July 1, 2010, they were vested before January 1, 2013 and they have not taken a refund. **Hybrid Opt-In Election** VRS non-hazardous duty-covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.	**Eligible Members** Members are eligible for Plan 2 if their membership date is from Jul 1, 2010 to December 31, 2013, and they have not taken a refund. Additionally, members are covered under Plan 2 if they have a membership date prior to July 1, 2010, but were not vested before January 1, 2013. Members covered under VaLORS, SPORS or VRS with enhanced hazardous duty benefits or the hazardous duty alternate option, and whose membership dates are on or after July 1, 2010, are in Plan 2 even if their membership dates are after December 31, 2013.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • State employees • School division employees • Political subdivision employees • Judges appointed or elected to an original term on or after January 1, 2014, regardless if vested to VRS Plan 1 or VRS Plan 2. • 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.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan1 or ORP.	**Hybrid Opt-In Election** Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	**Non-Eligible Members** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Members of the State Police Officers' Retirement System (SPORS) • Members of the Virginia Law Officers' Retirement System (VaLORS) • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Retirement Contributions State employees, excluding state elected officials, judges in Plan 1 or Plan 2 and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a pre-tax 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 payment.	**Retirement Contributions** Same as Plan 1.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages. Mandatory member contributions and the employer match on the mandatory and voluntary member contributions are recorded in a 401(a) account, along with the accrued net investment income. The voluntary member contributions and accrued net investment income are recorded in a 457(b) account. Members are responsible for investing their accounts using the various investment options that are available.
Service Credit 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 service credit the member was granted. A member's total service credit is one of the factors used to determine eligibility for retirement and to calculate the retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	**Service Credit** Same as Plan 1.	**Service Credit** *Defined Benefit Component*: 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 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 eligibility for retirement and to calculate the retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. *Defined Contribution Component:* Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.

Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. 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. Members are always 100% vested in the contributions that they make.	**Vesting** Same as Plan 1.	**Vesting** *Defined Benefit Component:* Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. *Defined Contribution Component:* Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** *Defined Benefit Component:* See definition under Plan 1. *Defined Contribution Component:* The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest creditable compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of the 60 consecutive months of highest creditable compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

Service Retirement Multiplier VRS Plan 1: 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%. SPORS, sheriffs and regional jail superintendents: The retirement multiplier is 1.85%. VaLORS: The retirement multiplier is 1.70% or 2.00%. • Members hired before July 1, 2001, have a 1.70% multiplier and are eligible for a hazardous duty supplement. They also had the option to elect the 2.00% multiplier and no supplement. • Members hired on or after July 1, 2001, have a 2.00% multiplier and no supplement. Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer. JRS Plan 1: If appointed or elected to an original term prior to January 1, 2013, the retirement multiplier is 1.70%. If appointed or elected to an original term between January 1, 2013, and December 31, 2013, the retirement multiplier is 1.70% on non-JRS service earned, purchased or granted before the date of appointment or election to an original term, and 1.65% on JRS service earned, purchased or granted on or after the date of appointment or election to an original term.	**Service Retirement Multiplier** VRS Plan 2: 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 creditable service earned, purchased or granted on or after January 1, 2013. SPORS, sheriffs and regional jail superintendents: Same as Plan 1. VaLORS: The retirement multiplier is 2.00%. Political subdivision hazardous duty employees: Same as Plan 1. JRS Plan 2: Same as Plan 1.	**Service Retirement Multiplier** *Defined Benefit Component:* VRS: The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. SPORS, sheriffs and regional jail superintendents: Not applicable. VaLORS: Not applicable. Political subdivision hazardous duty employees: Not applicable. JRS: The retirement multiplier for the defined benefit component is 1.00%. The member will retain the applicable multiplier on any covered service outside JRS. *Defined Contribution Component:* Not applicable.
Normal Retirement Age VRS: Age 65. SPORS, VaLORS and political subdivision hazardous duty employees: Age 60. JRS: Age 65; mandatory retirement age is 73.	**Normal Retirement Age** VRS: Normal Social Security retirement age. SPORS, VaLORS and political subdivision hazardous duty employees: Same as Plan 1. JRS: Same as Plan 1.	**Normal Retirement Age** *Defined Benefit Component:* VRS: Same as Plan 2. SPORS, VaLORS and political subdivision hazardous duty employees: Not applicable. JRS: Same as Plan 1. *Defined Contribution Component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.

<table>
<tr>
<td>Earliest Unreduced Retirement Eligibility
VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

SPORS, VaLORS and political subdivision hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

JRS: Age 65 with at least five years of creditable service or at age 60 with at least 30 years of creditable service.

Service earned under JRS is weighted. The weighting factors for a judge appointed prior to July 1, 2010, are as follows:
• 3.5 for JRS members appointed or elected to an original term before January 1, 1995.
• 2.5 for JRS members appointed or elected to an original term on or after January 1, 1995, but before July 1, 2010.

For members appointed or elected to an original term between July 1, 2010, and December 31, 2013, the weighting factors are:
• 1.5 if appointed or elected to an original term before age 45
• 2.0 if appointed or elected to an original term between ages 45 and 54.
• 2.5 if appointed or elected to an original term at age 55 or older.</td>
<td>Earliest Unreduced Retirement Eligibility
VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.

SPORS, VaLORS and political subdivision hazardous duty employees: Same as Plan 1.

JRS: Same as Plan 1. Service earned under JRS is weighted. The weighting factors under Plan 2 are:
• 1.5 for JRS members appointed or elected to an original term before age 45.
• 2.0 for JRS members appointed or elected to an original term between ages 45 and 54.
• 2.5 for JRS members appointed or elected to an original term at age 55 or older.</td>
<td>Earliest Unreduced Retirement Eligibility
Defined Benefit Component:
VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

SPORS, VaLORS and political subdivision hazardous duty employees: Not applicable.

JRS: Same as Plan 2.

Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</td>
</tr>
<tr>
<td>Earliest Reduced Retirement Eligibility
VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

SPORS, VaLORS and political subdivision hazardous duty employees: Age 50 with at least five years of creditable service.

JRS: Age 55, with at least five years of creditable service.</td>
<td>Earliest Reduced Retirement Eligibility
VRS: Age 60 with at least five years (60 months) of creditable service.

SPORS, VaLORS and political subdivision hazardous duty employees: Same as Plan 1.

JRS: Same as Plan 1.</td>
<td>Earliest Reduced Retirement Eligibility
Defined Benefit Component:
VRS: Age 60 with at least five years (60 months) of creditable service.

SPORS, VaLORS and political subdivision hazardous duty employees: Not applicable.

JRS: Same as Plan 1.

Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</td>
</tr>
</table>

Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. *Eligibility*: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have fewer than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date. *Exceptions to COLA Effective Dates:* The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires directly from short-term or long-term disability under the Virginia Local Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.	**Cost-of-Living Adjustment (COLA) in Retirement** The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. *Eligibility*: Same as Plan 1. *Exceptions to COLA Effective Dates:* Same as Plan 1.	**Cost-of-Living Adjustment (COLA) in Retirement** *Defined Benefit Component:* Same as Plan 2. *Defined Contribution Component:* Not applicable. *Eligibility*: Same as Plan 1 and Plan 2. *Exceptions to COLA Effective Dates:* The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires directly from short- term or long-term disability under the Virginia Local Disability Program (VLDP) or employer opt-out plan. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.
Disability Coverage 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. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP) and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	**Disability Coverage** 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. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP) and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non- work-related disability benefits.	**Disability Coverage** Employees of political subdivisions and school divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. 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. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit, if offered by the employer. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** Defined Benefit Component: Same as Plan 1, with the following exception: Hybrid Retirement Plan members are ineligible for ported service. Defined Contribution Component: Not applicable.

Following is a summary of additions and deductions of the four retirement plans, including additions and deductions attributable to VRS members who are employees of local school boards and political subdivisions. **The political subdivisions have voluntarily joined the VRS, and the Commonwealth is responsible only for administration of the programs and not for contribution.**

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PENSION TRUST FUNDS ADDITIONS AND DEDUCTIONS
(In Thousands)

PENSION TRUST FUNDS
ADDITIONS AND DEDUCTIONS
Expressed in Thousands

	Fiscal Years Ended June 30				
	2022	**2021**	**2020**	**2019**	**2018**
Additions:					
Member Contributions	$ 959,874	$ 910,989	$ 916,961	$ 981,624	$ 938,128
Employer Contributions	2,862,394	2,738,973	2,562,990	2,529,719	2,527,786
Employer Special Contributions	256,251	-	-	-	-
Non-Employer Contributing Entity	442,371	61,344	-	-	-
Net Investment Income (net of investment expenses)	619,362	689,297	802,405	967,119	894,097
Other	2,073	1,860	1,723	2,299	1,076
Total Additions	5,142,325	4,402,463	4,284,079	4,480,761	4,361,087
Deductions:					
Benefits	5,729,308	5,522,199	5,262,256	4,990,124	4,752,889
Refunds	130,117	116,186	107,418	117,907	122,968
Administrative Expenses	60,765	53,676	51,309	50,220	47,334
Other	687	1,604	3,858	9,490	9,105
Total Deductions	5,920,877	5,693,665	5,424,841	5,167,741	4,932,296
Excess of Additions over Deductions [before net appreciation (depreciation) in fair value of investments]	(778,552)	(1,291,202)	(1,140,762)	(686,980)	(571,209)
Net appreciation (depreciation) in fair value of investments	(736,839)	20,813,997	708,120	4,115,572	4,459,899
Net adjustment to FY 2020 opening balance	-	-	(526,859)	-	-
Net Position - Restricted for Benefits at the End of the Year	$ 97,365,477	$ 98,880,868	$ 79,358,073	$ 80,317,574	$ 76,888,982

Opening balance adjustment for FY 2020 represented the removal of the Defined Contribution plan assets of the Hybrid Retirement Plan from the System's Pension Plan Assets as a result of implementing GASB Statement No. 84.

Each employer contributes an amount for any period equal to the sum of the normal cost and amortization of the unfunded actuarial accrued liability, if any. The Commonwealth's liability is determined, at a minimum, every two years by the System's Board of Trustees on the basis of studies by the consulting actuary. With respect to teachers, the Commonwealth pays a share of the employer contributions on the compensation of teachers who are employees of local school boards with the Commonwealth's portion determined by a formula that uses the student/teacher ratio, average teachers' salaries and the source of revenue used for salary. Employees contribute 5 percent of their creditable compensation unless the contribution is assumed by the employer as in the case of judges. Effective July 1, 2011, Commonwealth employees (except elected officials), state police officers, and state law enforcement and correctional officers other than state police officers began paying the 5% employee contribution. This contribution is handled as a pre-tax payroll deduction. Effective July 1, 2012, teacher and political subdivision employers were required to begin requiring their members to pay the 5% member contribution that was previously paid by the employer. The phase-in required the shift of a minimum of 1% each year with full implementation of the shift to member-paid for all employers by July 1, 2016.

Employer contributions are calculated under an entry age normal cost method, and the unfunded actuarial accrued liability is amortized as a level percentage of payroll within 30 years or less. The entry age normal cost method is designed to produce level normal costs over the working lifetime of the participating employees and to permit the amortization of any unfunded liability over a period of years. The unfunded liability arises because normal costs based on the current benefit provisions have not been in effect throughout the working lifetime of current employees and because of actuarial losses. Post- retirement benefit adjustments are pre-funded during the employees' working lifetime.

The Commonwealth's contribution rates for the 2022 fiscal year were determined in accordance with the actuarial valuation as of June 30, 2019. In calculating the Commonwealth's contribution rates during the June 30, 2019 actuarial valuation, the actuary assumed a 6.75 percent net investment yield compounded annually, a 2.50 percent inflation allowance in the salary scale, a 30-year closed amortization period for the legacy June 30, 2013 Unfunded Actuarial Accrued Liability (UAAL), a 20- year closed amortization period for the actuarial gains and losses and other changes in the UAAL due to benefit and actuarial assumption and method changes for each valuation subsequent to the June 30, 2013 valuation, and assets valued using a modified market basis.

For fiscal year 2022 the employer contribution rates for most employers remained unchanged from the prior fiscal year. Some political subdivision employers may have elected coverage changes that altered their rates; however, all employers contributed at least 100% of the actuarially determined rate. The member contribution rate remained at 5.00%.

The normal contribution and accrued liability cost rates (expressed as percentages of covered compensation) recommended by the actuaries are as follows:

RETIREMENT SYSTEMS CONTRIBUTIONS, ACCRUED LIABILITY AND SUPPLEMENTARY COSTS
(1997-1998 biennium through 2022 fiscal year) (1)

		State Employees	School Teachers	State Police	Law Officers (2)	Judges
Normal Contribution						
	1997-1998	2.73	3.51	9.39	-	15.12
	1998-1999	3.56	4.54	8.72	-	17.34
	1999-2000	4.18	5.09	10.52	4.18	18.74
	2000-2001	4.24	5.83	8.92	8.92	27.85
	2001-2002	4.00	6.03	7.45	7.91	26.11
	2002-2003	4.00	6.03	7.99	8.51	22.27
	2003-2004	4.00	6.03	7.99	8.51	22.27
	2004-2005	4.00	6.03	7.99	8.51	22.19
	2005-2006	4.00	6.03	7.99	8.51	22.19
	2006-2007	2.80	4.45	7.47	8.06	24.49
	2007-2008	2.80	4.45	8.35	8.06	24.49
	2008-2009	2.93	4.71	8.84	8.24	25.13
	2009-2010	2.93	4.71	8.84	8.24	25.13
	2010-2011	2.67	4.68	8.81	5.81	30.15
	2011-2012	2.67	4.68	8.81	5.81	30.15
	2012-2013	3.55	5.93	10.49	6.80	33.69
	2013-2014	3.55	5.93	10.49	6.80	33.69
	2014-2015	4.28	5.77	10.72	7.70	34.31
	2015-2016	4.28	5.77	10.72	7.70	34.31
	2017-2018	4.18	5.61	11.11	8.15	28.95
	2018-2020	5.48	6.66	12.64	10.53	25.09
	2020-2022	5.87	7.16	12.57	10.17	22.91

Accrued Liability Rate:

1997-1998	2.08	3.77	3.99	-	13.98
1998-1999	2.28	3.95	8.12	-	14.34
1999-2000	1.85	3.95	8.68	1.85	15.51
2000-2001	0.98	1.71	16.08	7.23	17.15
2001-2002	0.24	-1.79	17.55	17.09	18.89
2002-2003	0.24	-1.79	17.01	16.49	22.73
2003-2004	0.24	-1.79	17.01	16.49	22.73
2004-2005	-0.11	2.07	17.01	16.49	22.81
2005-2006	-0.11	2.07	17.01	16.49	22.81
2006-2007	4.53	6.73	12.35	9.33	15.59
2007-2008	4.53	6.73	14.34	9.33	15.59
2008-2009	5.09	7.13	15.25	8.54	12.91
2009-2010	5.09	7.13	15.25	8.54	12.91
2010-2011	5.79	8.23	16.75	10.12	16.64
2011-2012	5.79	8.23	16.75	10.12	16.64
2012-2013	9.52	10.84	22.13	12.72	20.42
2013-2014	9.52	10.84	22.13	12.72	20.42
2014-2015	11.52	12.43	20.06	13.36	23.53
2015-2016	11.52	11.87	20.06	13.36	21.24
2017-2018	9.31	10.71	17.43	12.9	13.02
2018-2020	8.04	9.02	12.24	11.08	9.3
2020-2022	8.59	9.46	13.76	11.73	6.93

Total Contribution Rate:

1997-1998	4.81	7.28	13.38	-	29.10
1998-1999	5.84	8.49	16.84	-	31.68
1999-2000	6.03	9.04	19.20	6.03	34.25
2000-2001	5.22	7.54	25.00	16.15	45.00
2001-2002 [(3)]	4.24	4.24	25.00	25.00	45.00
2002-2003[(4)]	4.24	4.24	25.00	25.00	45.00
2003-2004 [(5)]	4.24	4.24	25.00	25.00	45.00
2004-2005 [(6)]	3.89	8.10	25.00	25.00	45.00
2005-2006 [(7)]	3.89	8.10	25.00	25.00	45.00
2006-2007 [(8)]	7.33	11.18	19.82	17.39	40.08
2007-2008 [(9)]	7.33	11.18	22.69	17.39	40.08
2008-2009 [(10)]	8.02	11.84	24.09	16.78	38.04
2009-2010 [(11)]	8.02	11.84	24.09	16.78	38.04
2010-2011 [(12)]	8.46	12.91	25.56	15.93	46.79
2011-2012 [(13)]	8.46	12.91	25.56	15.93	46.79
2012-2013 [(14)]	13.07	16.77	32.62	19.52	54.11
2013-2014 [(14)]	13.07	16.77	32.62	19.52	54.11
2014-2015 [(15)]	15.80	18.20	30.78	21.06	57.84
2015-2016 [(16)]	15.80	17.64	30.78	21.06	55.55
2017-2018 ([17)]	13.49	16.32	28.54	21.05	41.97
2018-2020 [(18)]	13.52	15.68	24.88	21.61	34.39
2020-2022 [(19)]	14.46	16.62	26.33	21.90	29.84

(1) Rates for FY 2000 reflect "carve-out" of a portion of the retirement rate for the Virginia Sickness and Disability Program.
(2) The Virginia Law Officers' Retirement System was established October 1, 1999.
(3) Contributions actually paid in FY 2002 were 2.12%, 3.60%, 12.50%, 8.07% and 22.50% for State, School Teachers, State Police, VaLORS, and Judges, respectively.
(4) Contributions actually paid in FY 2003 were 0.00%, 3.77%, 11.05%, 12.00% and 29.00% for State, School Teachers, State Police, VaLORS, and Judges, respectively.
(5) Contributions actually paid in FY 2004 were 3.77%, 3.77%, 12.79%, 13.95% and 32.03% for State, School Teachers, State Police, VaLORS, and Judges, respectively.
(6) Contributions actually paid in FY 2005 were 3.91%, 6.03%, 16.49%, 16.99% and 30.55% for State, School Teachers, State Police, VaLORS, and Judges, respectively.
(7) Contributions actually paid in FY 2006 were 3.91%, 6.62%, 16.49%, 16.99% and 30.55% for State, School Teachers, State Police, VaLORS, and Judges, respectively.
(8) Contributions actually paid in FY 2007 were 5.74%, 9.20%, 16.71%, 14.96% and 36.47% for State, School Teachers, State Police, VaLORS, and Judges, respectively.
(9) Contributions actually paid in FY 2008 were 6.15%, 10.30%, 20.76%, 15.86% and 38.01% for State, School Teachers, State Police, VaLORS, and Judges, respectively.
(10) State Police computed and paid rates reflect an increase of 2.87% resulting from an increase in the multiplier from 1.70% to 1.85% effective July 1, 2007.
(11) Contributions actually paid in FY 2009 were 6.23%, 8.81%, 20.05%, 14.23% and 34.51% for State, School Teachers, State Police, VaLORS, and Judges, respectively.
(12) Contributions actually paid in FY 2010 were 6.26%, 8.81%, 20.05%, 14.23% and 34.51% for State, School Teachers, State Police, VaLORS, and Judges, respectively. In addition, these contributions were suspended for state employee groups for April, May and the first half of June 2010, and for school teachers for the entire fourth quarter of FY 2010.
(13) Contributions actually paid in FY 2011 were 2.13%, 3.93%, 7.76%, 5.12% and 28.81% for State, School Teachers, State Police, VaLORS, and Judges, respectively.
(14) Contributions actually paid in FY 2012 are 6.33% for School Teachers and 2.08%, 7.73%, 5.07% and 28.65% for State, State Police, VaLORS, and Judges, respectively for the period July 2011 through March 2012 and 6.58%, 21.16%, 13.09%, and 42.58% for State, State Police, VaLORS, and Judges, respectively for April, May and June 2012.
(15) Contributions actually paid in FY 2013 and FY 2014 were 8.76%, 11.66%, 24.74%, 14.80% and 45.44% for State, School Teachers, State Police, VaLORS, and Judges, respectively.
(16) Contributions actually paid in FY 2015 were 12.33%, 14.50%, 25.82%, 17.67% and 51.66% for State, School Teachers, State Police, VaLORS, and Judges, respectively.
(17) Contributions actually paid in July 2015 were 12.33%, 14.06%, 25.82%, 17.67% and 49.62% for State, School Teachers, State Police, VaLORS, and Judges, respectively. Contributions actually paid in August 2015 were 13.28%, 14.06%, 26.83%, 18.34% and 49.82% for State, School Teachers, State Police, VaLORS, and Judges, respectively. Contributions actually paid in September 2015 through June 2016 were 14.22%, 14.06%, 27.83%, 19.00% and 50.02%, for State, School Teachers, State Police, VaLORS, and Judges, respectively.
(18) Contributions actually paid in FY 2017 were 14.66% for School Teachers. For FY 2018, Teacher contributions were paid at 100% of the actuarial requirements 16.32%. Other groups paid employer contributions at 100% of actuarial requirements for both FY 2017 and FY 2018.
(19) Contributions for all employer groups were 100% of the actuarially determined rate from the June 30, 2017 actuarial valuation.
(20) Contribution for all employer groups were 100% of the actuarially determined rate from the June 30, 2019 actuarial valuation.

Source: Virginia Retirement System.

Effective October 1, 1983, the Commonwealth assumed the 5 percent employee contribution previously paid by its employees who are members of the VRS, SPORS, VaLORS and JRS. The total contribution rate actually being paid by the Commonwealth for Commonwealth employees, state police officers, state law enforcement and correctional officers other than state police officers, and judges through the 2010 fiscal year is, therefore, higher by that amount than what is shown in the summary. Effective July 1, 2011, Commonwealth employees (except elected officials), state police officers, and state law enforcement and correctional officers other than state police officers began paying the 5% employee contribution through payroll deduction.

The latest valuations of the pension plans were performed by Gabriel, Roeder, Smith & Company under the provisions of the new Government Accounting Standards Board (GASB) Statement No. 67 using June 30, 2021 data, rolled forward to June 30, 2022. The plan fiduciary net position as a percentage of the total pension liability was 86.44% for the VRS state plan, 85.46% for the VRS teacher plan, 97.25% for the aggregate total of the VRS political subdivision plans, 81.27% for SPORS, 78.18% for VaLORS and 90.17% for JRS. The calculations reflect an assumed rate of return on investments of 6.75%. For further discussion of the funding of the pension programs, see “Retirement and Pension Systems” in the Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022.

Investments Allocations and Returns. The target asset allocation is set by the Board of Trustees, with no legal limit imposed by the General Assembly. The actual allocation takes into account that private market investments are made gradually in order to prudently reach the target level over multiple years. Amounts not yet invested in private markets are currently allocated to public equity and fixed income.

Asset Allocation for FY 2022

	Actual allocation as of 06/30/2021	Target allocation range
Public Equity	37.0%	–32% - 42%
Credit Strategies	14.0%	9 %- 19%
Fixed Income	16.0%	13% - 21%
Real Assets	14.0%	9% - 19%
Private Equity	14.0%	8% - 18%
MAPS – Multi-Asset Public Strategies	13.0%	2% - 4%
PIP – Private Investment Partnership	2.0%	1% - 4%
Cash	1.0%	0%-5%
Total	100.0%	

Source: Virginia Retirement System.

As of June 30, 2022, the historical rates of return (on an unaudited basis, expressed in percentages and net of fees) on the System's investments are as follows:

	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Total VRS Fund	0.6%	9.2%	8.3%	8.7%

Source: Virginia Retirement System.

The System's rate of return on investments during the fiscal year ended June 30, 2022, was 0.6% compared to a return of 27.5% for the fiscal year ending June 30, 2021. The decrease was due primarily to the performance of the public and private equity fixed income investments in the portfolio.

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SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY BY SYSTEM AND PLAN

AS OF JUNE 30, 2022

(DOLLARS IN THOUSANDS)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Employers' Net Position Liability/(Asset) (a-b)	Plan Fiduciary Net Pension as a % of the Total Pension Liability (b/a)	Covered Payroll (c)	Net Pension Liability/(Asset) as a % of the Covered Payroll (a-b)/(c)
Virginia Retirement System:						
State	$ 27,117,746	$ 22,579,326	$ 4,538,420	83.26 %	$ 4,661,991	97.35%
Teacher	54,732,329	45,211,731	9,520,598	82.61	9,319,260	102.16
Political Subdivision *	28,149,356	26,045,031	2,104,325	92.52	5,699,596	36.92
Total Virginia Retirement System	**109,999,431**	**93,836,088**	**16,163,343**		**19,680,847**	
State Police Officers' Retirement System	1,355,956	1,031,383	324,573	76.06	138,644	234.11
Virginia Law Officers' Retirement System	2,474,069	1,841,041	633,028	74.41	338,768	186.86
Judicial Retirement System	760,193	656,965	103,228	86.42	79,540	129.78
Grand Total	**$ 114,589,649**	**$ 97,365,477**	**$ 17,224,172**		**$ 20,237,797**	

* Political subdivision data is from the consolidated report provided by Gabriel, Roeder, Smith and Company.

In addition to the defined benefit programs described above, the Commonwealth also makes contributions to a defined contribution retirement plan for political appointees. Contributions for this plan are based on 12.3% of each appointee's salary. At June 30, 2022, this plan had 459 accounts and total assets of approximately $22,224,713.

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REQUIRED SUPPLEMENTARY SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY

(DOLLARS IN THOUSANDS)

	VRS State				
	2022	**2021**	**2020**	**2019**	**2018**
Total pension liability:					
Service cost	$ 413,902	$ 404,703	$ 406,776	$ 379,359	$ 375,965
Interest	1,779,933	1,704,842	1,666,047	1,627,637	1,606,772
Benefit changes	—	—	—	—	—
Difference between actual and expected experience	(247,391)	(281,382)	(12,440)	181,189	(327,289)
Assumption changes	—	412,575	—	663,566	—
Benefit payments	(1,536,665)	(1,486,951)	(1,427,873)	(1,360,833)	(1,296,803)
Refunds of contributions	(31,680)	(29,065)	(27,427)	(26,897)	(30,236)
Net change in total pension liability	378,098.492	724,721.652	605,083	1,464,021	328,409
Total pension liability – beginning	**26,739,647**	**26,014,925**	**25,409,842**	**23,945,821**	**23,617,412**
Total pension liability – ending (a)	**$ 27,117,745**	**$ 26,739,647**	**$ 26,014,925**	**$ 25,409,842**	**$ 23,945,821**
Plan fiduciary net position:					
Contributions – employer	$ 633,738	$ 609,778	$ 576,443	$ 545,584	$ 548,158
Contributions – member	217,945	207,065	210,896	201,481	201,920
Contributions – non-employer	219,156	—	—	—	—
Net investment income	(21,579)	5,055,163	361,061	1,211,722	1,302,241
Benefit payments	(1,536,665)	(1,486,951)	(1,427,873)	(1,360,833)	(1,296,803)
Refunds of contributions	(31,680)	(29,065)	(27,427)	(26,897)	(30,236)
Administrative expense	(14,302)	(12,904)	(12,603)	(12,374)	(11,481)
Other	296	(737)	(539)	(762)	28,502
Net change in plan fiduciary net position	(533,091)	4,342,349	(320,042)	557,921	742,301
Plan fiduciary net position – beginning	**23,112,417**	**18,770,068**	**19,090,110**	**18,532,189**	**17,789,888**
Plan fiduciary net position – ending (b)	**$ 22,579,326**	**$ 23,112,417**	**$ 18,770,068**	**$ 19,090,110**	**$ 18,532,189**
Net pension liability – ending (a-b)	**$ 4,538,419**	**$ 3,627,230**	**$ 7,244,857**	**$ 6,319,732**	**$ 5,413,632**
Plan fiduciary net position as a percentage of the total pension liability (b/a)	83.26 %	86.44 %	72.15 %	75.13 %	77.39 %
Covered payroll (c)	$ 4,661,991	$ 4,399,969	$ 4,440,135	$ 4,197,484	$ 4,152,368
Net pension liability as a percentage of covered payroll ((a-b)/c)	97.35 %	82.44 %	163.17 %	150.56 %	130.37 %

Note: This schedule should present 10 years of data, however, the information prior to FY 2014 is not available.

REQUIRED SUPPLEMENTARY SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY

(DOLLARS IN THOUSANDS)

VRS State			
2017	**2016**	**2015**	**2014**
$ 370,235	$ 369,779	$ 375,149	$ 369,120
1,562,819	1,533,764	1,482,951	1,436,064
—	—	—	—
(85,975)	(245,642)	59,923	—
76,965	—	—	—
(1,234,388)	(1,195,198)	(1,136,102)	(1,081,866)
(30,837)	(25,240)	(27,724)	(25,036)
658,819	437,463	754,197	698,282
22,958,593	**22,521,130**	**21,766,933**	**21,068,651**
$ 23,617,412	**$ 22,958,593**	**$ 22,521,130**	**$ 21,766,933**
$ 535,424	$ 560,211	$ 480,657	$ 343,259
201,391	200,184	195,582	198,035
—	162,406	—	—
1,963,811	277,166	728,083	2,243,999
(1,234,388)	(1,195,198)	(1,136,102)	(1,081,866)
(30,837)	(25,240)	(27,724)	(25,036)
(11,612)	(10,140)	(10,302)	(12,341)
(1,743)	(122)	(154)	123
1,422,046	(30,733)	230,040	1,666,173
16,367,842	**16,398,575**	**16,168,535**	**14,502,362**
$ 17,789,888	**$ 16,367,842**	**$ 16,398,575**	**$ 16,168,535**
$ 5,827,524	**$ 6,590,751**	**$ 6,122,555**	**$ 5,598,398**
75.33 %	71.29 %	72.81 %	74.28 %
$ 4,020,893	$ 3,977,759	$ 3,878,632	$ 3,861,712
144.93 %	165.69 %	157.85 %	144.97 %

REQUIRED SUPPLEMENTARY SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY

	VRS Teacher				
	2022	**2021**	**2020**	**2019**	**2018**
Total pension liability:					
Service cost	$ 823,885	$ 948,915	$ 938,143	$ 889,003	$ 885,510
Interest	3,568,410	3,355,158	3,269,776	3,184,697	3,099,338
Benefit changes	—	—	—	—	—
Difference between actual and expected experience	(361,725)	(178,349)	(404,985)	(174,815)	(440,308)
Assumption changes	—	845,179	—	1,472,649	—
Benefit payments	(2,635,945)	(2,553,153)	(2,448,204)	(2,331,038)	(2,241,927)
Refunds of contributions	(43,437)	(38,464)	(36,211)	(36,715)	(40,578)
Net change in total pension liability	1,351,188.958	2,379,286.572	1,318,519	3,003,781	1,262,035
Total pension liability – beginning	**53,381,142**	**51,001,855**	**49,683,336**	**46,679,555**	**45,417,520**
Total pension liability – ending (a)	**$ 54,732,331**	**$ 53,381,142**	**$ 51,001,855**	**$ 49,683,336**	**$ 46,679,555**
Plan fiduciary net position:					
Contributions – employer	$ 1,485,307	$ 1,416,135	$ 1,327,774	$ 1,280,964	$ 1,292,988
Contributions – member	439,139	419,415	418,909	403,258	391,490
Contributions - non-employer	442,371	61,344	—	—	—
Net investment income	(66,609)	9,887,249	689,010	2,311,028	2,421,157
Benefit payments	(2,635,945)	(2,553,153)	(2,448,204)	(2,331,038)	(2,241,927)
Refunds of contributions	(43,437)	(38,464)	(36,211)	(36,715)	(40,578)
Administrative expense	(27,876)	(24,543)	(23,649)	(22,843)	(20,945)
Other	737	832	(1,169)	(1,448)	(2,167)
Net change in plan fiduciary net position	(406,312.328)	9,168,815.312	(73,540)	1,603,206	1,800,018
Plan fiduciary net position – beginning	**45,618,044**	**36,449,229**	**36,522,769**	**34,919,563**	**33,119,545**
Plan fiduciary net position – ending (b)	**$ 45,211,732**	**$ 45,618,044**	**$ 36,449,229**	**$ 36,522,769**	**$ 34,919,563**
Net pension liability – ending (a-b)	**$ 9,520,599**	**$ 7,763,097**	**$ 14,552,626**	**$ 13,160,567**	**$ 11,759,992**
Plan fiduciary net position as a percentage of the total pension liability (b/a)	82.61 %	85.46 %	71.47 %	73.51 %	74.81 %
Covered payroll (c)	$ 9,319,260	$ 8,843,887	$ 8,766,667	$ 8,387,503	$ 8,086,986
Net pension liability as a percentage of covered payroll ((a-b)/c)	102.16 %	87.78 %	166.00 %	156.91 %	145.42 %

Note: This schedule should present 10 years of data, however, the information prior to FY 2014 is not available.

REQUIRED SUPPLEMENTARY SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY

VRS Teacher

2017		**2016**		**2015**		**2014**	
$	830,475	$	828,856	$	828,901	$	831,501
	3,016,207		2,931,065		2,834,138		2,722,788
	—		—		—		—
	(642,745)		(391,881)		(212,089)		—
	218,559		—		—		—
	(2,147,781)		(2,081,069)		(1,980,353)		(1,874,636)
	(39,521)		(35,067)		(36,058)		(36,103)
	1,235,194		1,251,904		1,434,539		1,643,550
	44,182,326		**42,930,422**		**41,495,883**		**39,852,333**
$	**45,417,520**	**$**	**44,182,326**	**$**	**42,930,422**	**$**	**41,495,883**
$	1,137,976	$	1,062,338	$	1,074,366	$	853,634
	392,730		380,314		373,525		371,241
	—		—		192,884		—
	3,632,291		516,704		1,327,047		4,042,441
	(2,147,781)		(2,081,069)		(1,980,353)		(1,874,636)
	(39,521)		(35,067)		(36,058)		(36,103)
	(21,123)		(18,859)		(18,238)		(22,036)
	(3,238)		(222)		(284)		217
	2,951,334		(175,861)		932,889		3,334,758
	30,168,211		**30,344,072**		**29,411,183**		**26,076,425**
$	**33,119,545**	**$**	**30,168,211**	**$**	**30,344,072**	**$**	**29,411,183**
$	**12,297,975**	**$**	**14,014,115**	**$**	**12,586,350**	**$**	**12,084,700**
	72.92 %		68.28 %		70.68 %		70.88 %
$	7,891,783	$	7,624,612	$	7,434,932	$	7,313,025
	155.83 %		183.8 %		169.29 %		165.25 %

REQUIRED SUPPLEMENTARY SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY

(DOLLARS IN THOUSANDS)

	VRS Political Subdivisions				
	2022	2021	2020	2019	2018
Total pension liability:					
Service cost	$ 640,327	$ 613,227	$ 603,766	$ 556,149	$ 544,762
Interest	1,840,834	1,674,640	1,593,594	1,535,532	1,472,680
Benefit changes	9,042	13,157	19,657	3,948	10,811
Difference between actual and expected experience	(294,247)	(164,895)	221,364	45,032	(43,177)
Assumption changes	(15)	1,003,382	—	691,407	—
Benefit payments	(1,307,581)	(1,237,074)	(1,157,505)	(1,082,791)	(1,010,021)
Refunds of contributions	(48,297)	(42,460)	(38,323)	(40,249)	(41,324)
Net change in total pension liability	840,062.983	1,859,976.813	1,242,553	1,709,028	933,731
Total pension liability – beginning	**27,309,293**	**25,449,316**	**24,206,763**	**22,497,735**	**21,564,004**
Total pension liability – ending (a)	**$ 28,149,356**	**$ 27,309,293**	**$ 25,449,316**	**$ 24,206,763**	**$ 22,497,735**
Plan fiduciary net position:					
Contributions – employer	$ 608,879	$ 579,989	$ 521,543	$ 499,293	$ 490,286
Contributions – member	276,350	258,562	258,408	248,421	241,339
Net investment income	(26,243)	5,779,327	405,051	1,345,759	1,415,454
Benefit payments	(1,307,581)	(1,237,074)	(1,157,505)	(1,082,791)	(1,010,021)
Refunds of contributions	(48,297)	(42,460)	(38,323)	(40,249)	(41,324)
Administrative expense	(16,525)	(14,411)	(13,842)	(13,369)	(12,236)
Other	264	161	(274)	(853)	(30,924)
Net change in plan fiduciary net position	(513,154.189)	5,324,093.955	(24,942)	956,211	1,052,574
Plan fiduciary net position – beginning	**26,558,184**	**21,234,090**	**21,259,032**	**20,302,821**	**19,250,247**
Plan fiduciary net position – ending (b)	**$ 26,045,030**	**$ 26,558,184**	**$ 21,234,090**	**$ 21,259,032**	**$ 20,302,821**
Net pension liability – ending (a-b)	**$ 2,104,326**	**$ 751,109**	**$ 4,215,226**	**$ 2,947,731**	**$ 2,194,914**
Plan fiduciary net position as a percentage of the total pension liability (b/a)	92.52 %	97.25 %	83.44 %	87.82 %	90.24 %
Covered payroll (c)	$ 5,699,596	$ 5,403,267	$ 5,368,250	$ 5,118,622	$ 4,932,344
Net pension liability as a percentage of covered payroll ((a-b)/c)	36.92 %	13.90 %	78.52 %	57.59 %	44.5 %

Note: Information prior to FY 2014 is not available, for purposes of providing a full 10-year comparison.

REQUIRED SUPPLEMENTARY SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY

(DOLLARS IN THOUSANDS)

VRS Political Subdivisions

2017	**2016**	**2015**	**2014**
$ 541,594	$ 535,322	$ 530,945	$ 524,758
1,422,753	1,362,892	1,309,484	1,243,386
36,652	2,053	1,135	—
(205,649)	(87,268)	(185,419)	—
(64,510)	—	—	—
(941,856)	(893,585)	(819,201)	(754,706)
(42,068)	(37,380)	(36,898)	(36,876)
746,916	882,034	800,046	976,562
20,817,088	**19,935,054**	**19,135,008**	**18,158,446**
$ 21,564,004	**$ 20,817,088**	**$ 19,935,054**	**$ 19,135,008**
$ 477,563	$ 543,947	$ 533,877	$ 539,366
238,636	231,934	227,060	225,555
2,113,973	300,995	761,164	2,272,284
(941,856)	(893,585)	(819,201)	(754,706)
(42,068)	(37,380)	(36,898)	(36,876)
(12,220)	(10,696)	(10,358)	(12,153)
(1,887)	(130)	(162)	120
1,832,141	135,085	655,482	2,233,590
17,418,106	**17,283,021**	**16,627,539**	**14,393,949**
$ 19,250,247	**$ 17,418,106**	**$ 17,283,021**	**$ 16,627,539**
$ 2,313,757	**$ 3,398,982**	**$ 2,652,033**	**$ 2,507,469**
89.27 %	83.67 %	86.7 %	86.9 %
$ 4,765,842	$ 4,628,806	$ 4,513,335	$ 4,434,764
48.55 %	73.43 %	58.76 %	56.54 %

Note: Information prior to FY 2014 is not available, for purposes of providing a full 10-year comparison.

REQUIRED SUPPLEMENTARY SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY

(DOLLARS IN THOUSANDS)

	SPORS				
	2022	2021	2020	2019	2018
Total pension liability:					
Service cost	$ 23,688	$ 22,042	$ 22,167	$ 20,079	$ 18,187
Interest	86,396	79,549	77,231	72,715	71,251
Benefit changes	—	—	—	—	—
Difference between actual and expected experience	25,538	(9,431)	4,466	45,330	(7,248)
Assumption changes	—	58,257	—	31,773	—
Benefit payments	(71,466)	(73,227)	(64,991)	(62,683)	(58,197)
Refunds of contributions	(378)	(271)	(552)	(805)	(867)
Net change in total pension liability	63,778	76,919,000	38,321	106,409	23,126
Total pension liability – beginning	**1,292,177**	**1,215,258**	**1,176,937**	**1,070,528**	**1,047,402**
Total pension liability – ending (a)	**$ 1,355,955**	**$ 1,292,177**	**$ 1,215,258**	**$ 1,176,937**	**$ 1,070,528**
Plan fiduciary net position:					
Contributions – employer	$ 36,494	$ 33,788	$ 32,497	$ 31,437	$ 35,806
Contributions – member	7,131	6,489	6,600	6,379	6,311
Contributions – special	10,958	—	—	—	—
Net investment income	(902)	229,138	16,333	54,792	58,148
Benefit payments	(71,466)	(73,227)	(64,991)	(62,683)	(58,197)
Refunds of contributions	(378)	(271)	(552)	(805)	(867)
Administrative expense	(602)	(531)	(360)	(488)	(509)
Other	$ —	—	(38)	(61)	(63)
Net change in plan fiduciary net position	(18,765)	195,386	(10,511)	28,571	40,629
Plan fiduciary net position – beginning	**1,050,148**	**854,762**	**865,273**	**836,702**	**796,073**
Plan fiduciary net position – ending (b)	**$ 1,031,383**	**$ 1,050,148**	**$ 854,762**	**$ 865,273**	**$ 836,702**
Net pension liability – ending (a-b)	**$ 324,572**	**$ 242,029**	**$ 360,496**	**$ 311,664**	**$ 233,826**
Plan fiduciary net position as a percentage of the total pension liability (b/a)	76.06 %	81.27 %	70.34 %	73.52 %	78.16 %
Covered payroll (c)	$ 138,644	$ 128,252	$ 130.759	$ 126,483	$ 124,003
Net pension liability as a percentage of covered payroll ((a-b)/c)	234.11 %	188.71 %	275.69 %	246.41 %	188.56 %

Note: This schedule should present 10 years of data, however, the information prior to FY 2014 is not available.

REQUIRED SUPPLEMENTARY SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY

(DOLLARS IN THOUSANDS)

SPORS			
2017	**2016**	**2015**	**2014**
$ 18,880	$ 18,700	$ 18,847	$ 18,341
74,042	72,618	70,350	67,978
—	—	—	—
(5,327)	(14,711)	(2,890)	—
(68,707)	—	—	—
(57,814)	(53,515)	(53,338)	(50,467)
(630)	(584)	(375)	(685)
(39,556)	22,508	32,594	35,167
1,086,958	**1,064,450**	**1,031,856**	**996,689**
$ 1,047,402	**$ 1,086,958**	**$ 1,064,450**	**$ 1,031,856**
$ 31,888	$ 31,536	$ 28,427	$ 27,683
5,701	5,759	5,680	5,646
—	2,119	—	15,000
87,265	12,634	32,466	98,682
(57,814)	(53,515)	(53,338)	(50,467)
(630)	(584)	(375)	(685)
(926)	(590)	(471)	(431)
(99)	(23)	(27)	—
65,385	(2,664)	12,362	95,428
730,688	**733,352**	**720,990**	**625,562**
$ 796,073	**$ 730,688**	**$ 733,352**	**$ 720,990**
$ 251,329	**$ 356,270**	**$ 331,098**	**$ 310,866**
76. %	67.22 %	68.89 %	69.87 %
$ 111,395	$ 114,395	$ 110,059	$ 112,010
225.62 %	311.44 %	300.84 %	277.53 %

Note: Information prior to FY 2014 is not available, for purposes of providing a full 10-year comparison.

REQUIRED SUPPLEMENTARY SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY

(DOLLARS IN THOUSANDS)

	VaLORS				
	2022	2021	2020	2019	2018
Total pension liability:					
Service cost	$ 44,326	$ 47,606	$ 48,003	$ 44,526	$ 45,179
Interest	159,759	149,677	143,708	139,307	136,289
Benefit changes	—	—	—	—	—
Difference between actual and expected experience	15,632	(25,405)	22,645	11,067	(26,111)
Assumption changes	—	66,216	—	62,090	—
Benefit payments	(129,974)	(124,045)	(117,137)	(109,193)	(104,776)
Refunds of contributions	(6,284)	(5,791)	(4,893)	(4,933)	(5,604)
Net change in total pension liability	83,460	108,258	92,326	142,864	44,977
Total pension liability – beginning	**2,390,609**	**2,282,351**	**2,190,025**	**2,047,161**	**2,002,184**
Total pension liability – ending (a)	**$ 2,474,069**	**$ 2,390,609**	**$ 2,282,351**	**$ 2,190,025**	**$ 2,047,161**
Plan fiduciary net position:					
Contributions – employer	$ 73,960	$ 76,415	$ 79,914	$ 75,327	$ 73,793
Contributions – member	17,276	17,602	18,712	17,871	17,496
Contributions – special	19,887	—	—	—	—
Net investment income	(1,666)	405,217	28,579	93,872	98,292
Benefit payments	(129,974)	(124,045)	(117,137)	(109,193)	(104,776)
Refunds of contributions	(6,284)	(5,791)	(4,893)	(4,933)	(5,604)
Administrative expense	(1,074)	(943)	(623)	(831)	(861)
Other	(8)	(0)	(73)	(103)	(247)
Net change in plan fiduciary net position	(27,881)	368,455	4,479	72,010	78,093
Plan fiduciary net position – beginning	**1,868,924**	**1,500,469**	**1,495,990**	**1,423,980**	**1,345,887**
Plan fiduciary net position – ending (b)	**$ 1,841,043**	**$ 1,868,924**	**$ 1,500,469**	**$ 1,495,990**	**$ 1,423,980**
Net pension liability – ending (a-b)	**$ 633,026**	**$ 521,685**	**$ 781,882**	**$ 694,035**	**$ 623,181**
Plan fiduciary net position as a percentage of the total pension liability (b/a)	74.41 %	78.18 %	65.74 %	68.31 %	69.56 %
Covered payroll (c)	$ 338,768	$ 348,650	$ 369,996	$ 349,998	$ 345,531
Net pension liability as a percentage of covered payroll ((a-b)/c)	186.86 %	149.63 %	211.32 %	198.3 %	180.35 %

Note: This schedule should present 10 years of data, however, the information prior to FY 2014 is not available.

REQUIRED SUPPLEMENTARY SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY

(DOLLARS IN THOUSANDS)

VaLORS

2017	2016	2015	2014
$ 47,189	$ 45,608	$ 47,531	$ 46,504
135,453	129,756	124,579	119,040
—	—	—	—
(1,457)	4,997	(4,849)	—
(63,457)	—	—	—
(96,224)	(92,270)	(84,990)	(78,412)
(4,938)	(4,524)	(4,797)	(4,665)
16,566	83,567	77,474	82,467
1,985,618	**1,902,051**	**1,824,577**	**1,742,110**
$ 2,002,184	**$ 1,985,618**	**$ 1,902,051**	**$ 1,824,577**
$ 73,816	$ 62,900	$ 62,084	$ 52,483
17,598	17,574	17,081	17,908
—	16,492	—	15,000
146,039	20,899	52,312	156,786
(96,224)	(92,270)	(84,990)	(78,412)
(4,938)	(4,524)	(4,797)	(4,665)
(1,540)	(940)	(743)	(681)
(310)	(38)	(44)	—
134,441	20,093	40,903	158,419
1,211,446	**1,191,353**	**1,150,450**	**992,031**
$ 1,345,887	**$ 1,211,446**	**$ 1,191,353**	**$ 1,150,450**
$ 656,297	**$ 774,172**	**$ 710,698**	**$ 674,127**
67.22 %	61.01 %	62.64 %	63.05 %
$ 344,468	$ 345,504	$ 338,562	$ 352,492
190.52 %	224.07 %	209.92 %	191.25 %

Note: Information prior to FY 2014 is not available, for purposes of providing a full 10-year comparison.

REQUIRED SUPPLEMENTARY SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY

(DOLLARS IN THOUSANDS)

	JRS				
	2022	**2021**	**2020**	**2019**	**2018**
Total pension liability:					
Service cost	$ 18,630	$ 19,335	$ 20,650	$ 18,767	$ 19,228
Interest	50,036	44,788	44,234	44,139	43,799
Benefit changes	—	—	—	—	—
Difference between actual and expected experience	(7,256)	(10,245)	(9,446)	(7,158)	(15,786)
Assumption changes	—	53,040	—	14,077	—
Benefit payments	(47,679)	(47,750)	(46,546)	(43,587)	(41,165)
Refunds of contributions	(41)	(135)	(12)	—	—
Net change in total pension liability	13,690	59,033	8,880	26,238	6,076
Total pension liability – beginning	**746,502**	**687,469**	**678,589**	**652,351**	**646,275**
Total pension liability – ending (a)	**$ 760,192**	**$ 746,502**	**$ 687,469**	**$ 678,589**	**$ 652,351**
Plan fiduciary net position:					
Contributions – employer	$ 24,016	$ 22,856	$ 24,819	$ 22,893	$ 28,096
Contributions – member	2,033	1,868	3,436	3,208	3,231
Contributions – special	6,250	—	—	—	—
Net investment income	(477)	147,200	10,491	35,372	37,466
Benefit payments	(47,678)	(47,750)	(46,546)	(43,587)	(41,165)
Refunds of contributions	(41)	(135)	(12)	—	—
Administrative expense	(386)	(343)	(232)	(315)	(326)
Other	97	—	(42)	(39)	(42)
Net change in plan fiduciary net position	(16,185)	123,697	(8,086)	17,532	27,260
Plan fiduciary net position – beginning	**673,152**	**549,455**	**557,541**	**540,009**	**512,749**
Plan fiduciary net position – ending (b)	**$ 656,967**	**$ 673,152**	**$ 549,455**	**$ 557,541**	**$ 540,009**
Net pension liability – ending (a-b)	**$ 103,226**	**$ 73,350**	**$ 138,014**	**$ 121,048**	**$ 112,342**
Plan fiduciary net position as a percentage of the total pension liability (b/a)	86.42 %	90.17 %	79.92 %	82.16 %	82.78 %
Covered payroll (c)	$ 79,540	$ 74,594	$ 74,769	$ 68,330	$ 68,245
Net pension liability as a percentage of covered payroll ((a-b)/c)	129.78 %	98.33 %	184.59 %	177.15 %	164.62 %

Note: This schedule should present 10 years of data, however, the information prior to FY 2014 is not available.

REQUIRED SUPPLEMENTARY SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY

(DOLLARS IN THOUSANDS)

JRS

	2017	**2016**	**2015**	**2014**
	$ 22,144	$ 21,978	$ 23,254	$ 24,024
	42,081	42,820	41,759	40,013
	—	(15,552)	—	—
	(14,774)	(18,681)	(9,107)	—
	16,114	0	—	—
	(40,895)	(41,341)	(40,205)	(37,984)
	—	—	—	—
	24,670	(10,776)	15,701	26,053
	621,605	**632,381**	**616,680**	**590,627**
	$ 646,275	**$ 621,605**	**$ 632,381**	**$ 616,680**
	$ 27,612	$ 33,036	$ 31,503	$ 27,727
	3,272	3,236	3,015	3,051
	—	8,466	—	—
	56,029	8,112	20,051	60,833
	(40,895)	(41,341)	(40,205)	(37,984)
	—	—	—	—
	(594)	(363)	(283)	(268)
	(64)	(15)	(17)	—
	45,360	11,131	14,064	53,359
	467,389	**456,258**	**442,194**	**388,835**
	$ 512,749	**$ 467,389**	**$ 456,258**	**$ 442,194**
	$ 133,526	**$ 154,216**	**$ 176,123**	**$ 174,486**
	79.34 %	75.19 %	72.15 %	71.71 %
	$ 66,826	$ 66,621	$ 61,092	$ 61,020
	199.81 %	231.48 %	288.29 %	285.95 %

Note: Information prior to FY 2014 is not available, for purposes of providing a full 10-year comparison.

OTHER LONG-TERM LIABILITIES

Employee Benefits Other than Pension Benefits

Employees of the Commonwealth accrue annual leave at a rate of four to nine hours semi-monthly, depending on their length of service. The maximum accumulation is dependent on years of service, but in no case may it exceed 54 days. All employees hired after January 1, 1999, are required to enroll in the Virginia Sickness and Disability Program ("VSDP"). Under the VSDP, employees receive a specified number of sick and personal leave hours, depending on their length of service, and any balances at the end of the calendar year revert. Individuals employed at January 1, 1999, had the option of converting to the VSDP or remaining in the original sick leave plan. If converting, the employee's sick leave balance could be used to purchase retirement credits or be converted to disability credits. If an employee opted to remain in the original sick leave program, sick leave accrues at a rate of five hours semimonthly. Employees who leave State service after a minimum of five years employment receive the lesser of 25 percent of the value of their disability credits or accumulated sick leave at the current earnings rate or $5,000. All employees leaving State service are paid for accrued annual leave up to the lessor of the maximum calendar year limit or 42 days at their current earnings rate.

The VSDP was established for all full-time, classified state employees, including state police officers, and other state law enforcement and correctional officers. Part-time, classified state employees who work at least 20 hours per week on a salaried basis and who accrue leave are also covered. After a seven calendar-day waiting period following the first incident of disability, the VSDP provides short-term disability benefits from 60% to 100% of compensation up to a maximum of 125 work days. After a 180 calendar day waiting period, eligible employees receive long-term disability benefits equal to 60% of compensation until they return to work, until age 65 (age 60 for state police officers and other state law enforcement and correctional officers), or until death. Eligibility periods for non-work related disability coverage and certain income replacement levels apply for employees hired on or after July 1, 2009.

In addition to providing pension benefits, the Commonwealth provides life insurance for active and retired employees and a retiree health insurance credit to offset a portion of the cost of health insurance premiums for qualifying state retirees under VRS, SPORS, JRS and VaLORS. The estimated costs of these benefits are funded over the working lives of the employees through employer contributions and investment income.

Self-Insurance

The Commonwealth provides several types of self-insurance for the benefit of state agencies and institutions. The Department of the Treasury, Division of Risk Management, administers self-insurance programs for general (tort) liability, medical malpractice and automobile liability. The Department of Human Resource Management administers the state employee health care self-insurance fund. At June 30, 2022, $568.8 million was reported as the combined estimated claims payable for self- insurance.

Medicaid Payable

The Department of Medical Assistance Services estimates, based on past experience, the total amount of claims that will be paid from the Medicaid program in the future that relate to services provided before year end. At June 30, 2022, the estimated liability related to normal operations totaled $2.3 billion. Of this amount, $479.8 million is reflected in the General Fund, $1.6 billion in the Federal Trust Special Revenue Fund and $1,890 million in the Health and Social Services Fund (nonmajor special revenue).

For a more detailed explanation of Other Long-Term Liabilities, see "Notes to the Financial Statements" in The Commonwealth Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022.

Other Post-Employment Benefits (OPEB) – Financial Statement Reporting

The Commonwealth currently has five postemployment benefit programs other than the retirement plans described above ("OPEB Programs"). They are: Retiree Health Insurance Credit, Group Life Insurance, Virginia Sickness and Disability Program, Pre-Medicare Retiree Health Insurance Program and Line of Duty Death and Health Insurance Benefit.

The Governmental Accounting Standards Board (GASB) issued accounting and reporting standards for other postemployment benefits. The VRS implemented GASB Statement No. 74, *Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans*, in their published financial statements for the fiscal year ended June 30, 2017. The Commonwealth, as an employer, implemented GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions* for the fiscal year ended June 30, 2018. Updated data has been included by VRS and the Commonwealth in their reports for subsequent fiscal years.

SCHEDULE OF EMPLOYERS' NET OPEB LIABILITY BY PROGRAM AND PLAN

AS OF JUNE 30, 2022

(EXPRESSED IN THOUSANDS)

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Employers' Net OPEB Liability/ (Asset) (a-b)	Plan Fiduciary Net OPEB as a % of the Total OPEB Liability (b/a)	Covered Payroll (c)	Net OPEB Liability/(Asset) as a % of the Covered Payroll (a-b)/(c)
Group Life Insurance Fund	**$ 3,672,085**	**$ 2,467,989**	**$ 1,204,096**	67.21%	**$ 21,787,891**	5.53%
Health Insurance Credit Fund:						
State	1,043,748	224,575	819,173	21.52%	7,612,495	10.76%
Teacher	1,470,891	221,845	1,249,046	15.08%	9,320,159	13.40%
Political Subdivisions*	89,673	35,540	54,133	39.63%	$ 1,574,328	3.44%
Constitutional Officers	33,889	7,604	26,285	22.44%	774,013	3.40%
Social Services Employees	14,899	2,558	12,341	17.17%	314,734	3.92%
Registrars	556	203	353	36.51%	17,043	2.07%
Total Health Insurance Credit	**$ 2,653,656**	**$ 492,325**	**$ 2,161,331**		**$ 19,612,772**	
Disability Insurance Trust Fund	**$ 307,764**	**$ 602,916**	**$ (295,152)**	195.90%	**$ 4,637,755**	(6.36%)
Virginia Local Disability Program:						
Teacher	7,207	7,320	(113)	101.57%	$ 804,858	(0.01%)
Political Subdivisions	7,360	7,948	(588)	107.99%	468,489	(0.13%)
Total Virginia Local Disability Program	**$ 14,567**	**$ 15,268**	**$ (701)**		**$ 1,273,347**	
Line of Duty Act Trust Fund	**$ 385,669**	**$ 7,214**	**$ 378,455**	1.87%	**	N/A
Grand Total	**$ 7,033,741**	**$ 3,585,712**	**$ 3,448,029**		**$ 47,311,765**	

** Political subdivision data is from the consolidated report provided by Gabriel, Roeder, Smith & Company.*

*** Contributions into the Line of Duty Act Trust Fund are based on the number of participants in the program using a per capita-based contribution versus a payroll-based contribution.*

Source: VRS ACFR Statement of Changes in Fiduciary Net Position: Defined Benefit Pension Trust Funds and Other Employee Benefits Trust Funds VRSACFR Schedule of Employers' Net OPEB Liabilities by Program and Plan.

REQUIRED SUPPLEMENTARY SCHEDULE OF CHANGES IN EMPLOYERS' NET OPEB LIABILITY AND RELATED RATIOS

(DOLLARS IN THOUSANDS)

Change in the Net OPEB Liability	Group Life Insurance Fund 2022	Group Life Insurance Fund 2021	Group Life Insurance Fund 2020	Group Life Insurance Fund 2019	Group Life Insurance Fund 2018
Total OBEB liability:					
Service cost	$ 79,890	$ 96,894	$ 98,367	$ 86,912	$ 84,355
Interest	241,074	232,052	221,684	210,950	198,960
Changes in benefit terms	—	—	—	—	—
Difference between actual and expected experience	(54,700)	63,189	25,709	56,736	88,052
Changes of assumptions	—	(166,464)	—	122,011	—
Benefit payments	(171,525)	(172,263)	(212,060)	(199,879)	(200,285)
Net change in total OPEB liability	94,739	53,407	133,700	276,730	171,082
Total OPEB liability - beginning	3,577,345	3,523,938	3,390,238	3,113,508	2,942,426
Total OPEB liability - ending (a)	$ 3,672,084	$ 3,577,345	$ 3,523,938	$ 3,390,238	$ 3,113,508
Plan fiduciary net position:					
Contributions - employer	$ 117,664	$ 111,797	$ 107,252	$ 102,175	$ 98,530
Contributions - member	86,846	86,509	162,925	155,153	150,402
Contributions – special employer	9,154	—	—	—	—
Contributions – non-employer contributing entity	21,284	—	—	—	—
Net investment income	(5,235)	534,709	36,276	113,440	110,917
Benefit payments	(171,525)	(172,263)	(212,060)	(199,879)	(200,285)
Third Party Administrator charges	—	—	—	—	—
Administrative expense	(1,184)	(862)	(824)	(709)	(664)
Other	(2,089)	(1,918)	(1,439)	(1,981)	(1,713)
Net change in plan fiduciary net position	54,915	557,971	92,130	168,199	157,187
Plan fiduciary net position - beginning	2,413,073	1,855,102	1,762,972	1,594,773	1,437,586
Plan fiduciary net position - ending (b)	$ 2,467,987	$ 2,413,073	$ 1,855,102	$ 1,762,972	$ 1,594,773
Net OPEB liability - ending (a-b)	$ 1,204,096	$ 1,164,272	$ 1,668,836	$ 1,627,266	$ 1,518,735
Plan fiduciary net position as a percentage of the total OPEB liability (b/a)	67.21 %	67.45 %	52.64 %	52. %	51.22 %
Covered payroll (c)	$ 21,787,891	$ 20,679,890	$ 20,612,888	$ 19,633,771	$ 19,044,361
Net OPEB liability as a percentage of covered payroll ((a-b)/c)	5.53 %	5.63 %	8.1 %	8.29 %	7.97 %

REQUIRED SUPPLEMENTARY SCHEDULE OF CHANGES IN EMPLOYERS' NET OPEB LIABILITY AND RELATED RATIOS

(DOLLARS IN THOUSANDS)

Change in the Net OPEB Liability	Group Life Insurance Fund 2022	Group Life Insurance Fund 2021	Group Life Insurance Fund 2020	Group Life Insurance Fund 2019	Group Life Insurance Fund 2018
Total OBEB liability:					
Service cost	$ 79,890	$ 96,894	$ 98,367	$ 86,912	$ 84,355
Interest	241,074	232,052	221,684	210,950	198,960
Changes in benefit terms	—	—	—	—	—
Difference between actual and expected experience	(54,700)	63,189	25,709	56,736	88,052
Changes of assumptions	—	(166,464)	—	122,011	—
Benefit payments	(171,525)	(172,263)	(212,060)	(199,879)	(200,285)
Net change in total OPEB liability	94,739	53,407	133,700	276,730	171,082
Total OPEB liability - beginning	3,577,345	3,523,938	3,390,238	3,113,508	2,942,426
Total OPEB liability - ending (a)	$ 3,672,084	$ 3,577,345	$ 3,523,938	$ 3,390,238	$ 3,113,508
Plan fiduciary net position:					
Contributions - employer	$ 117,664	$ 111,797	$ 107,252	$ 102,175	$ 98,530
Contributions - member	86,846	86,509	162,925	155,153	150,402
Contributions – special employer	9,154	—	—	—	—
Contributions – non-employer contributing entity	21,284	—	—	—	—
Net investment income	(5,235)	534,709	36,276	113,440	110,917
Benefit payments	(171,525)	(172,263)	(212,060)	(199,879)	(200,285)
Third Party Administrator charges	—	—	—	—	—
Administrative expense	(1,184)	(862)	(824)	(709)	(664)
Other	(2,089)	(1,918)	(1,439)	(1,981)	(1,713)
Net change in plan fiduciary net position	54,915	557,971	92,130	168,199	157,187
Plan fiduciary net position - beginning	2,413,073	1,855,102	1,762,972	1,594,773	1,437,586
Plan fiduciary net position - ending (b)	$ 2,467,987	$ 2,413,073	$ 1,855,102	$ 1,762,972	$ 1,594,773
Net OPEB liability - ending (a-b)	$ 1,204,096	$ 1,164,272	$ 1,668,836	$ 1,627,266	$ 1,518,735
Plan fiduciary net position as a percentage of the total OPEB liability (b/a)	67.21 %	67.45 %	52.64 %	52. %	51.22 %
Covered payroll (c)	$ 21,787,891	$ 20,679,890	$ 20,612,888	$ 19,633,771	$ 19,044,361
Net OPEB liability as a percentage of covered payroll ((a-b)/c)	5.53 %	5.63 %	8.1 %	8.29 %	7.97 %

REQUIRED SUPPLEMENTARY SCHEDULE OF CHANGES IN EMPLOYERS' NET OPEB LIABILITY AND RELATED RATIOS

(DOLLARS IN THOUSANDS)

Change in the Net OPEB Liability	Disability Insurance Trust Fund 2022	Disability Insurance Trust Fund 2021	Disability Insurance Trust Fund 2020	Disability Insurance Trust Fund 2019	Disability Insurance Trust Fund 2018
Total OBEB liability:					
Service cost	$ 30,802	$ 32,679	$ 32,988	$ 29,232	$ 27,527
Interest	19,115	17,222	18,774	15,788	15,503
Changes in benefit terms	—	—	—	—	—
Difference between actual and expected experience	20,274	(22,057)	(46,473)	29,489	(11,237)
Changes of assumptions	—	(1,387)	—	4,180	—
Benefit payments	(29,625)	(28,790)	(27,804)	(24,376)	(31,073)
Net change in total OPEB liability	40,565	(2,333)	(22,515)	54,313	720
Total OPEB liability - beginning	267,198	269,531	292,046	237,733	237,013
Total OPEB liability - ending (a)	$ 307,763	$ 267,198	$ 269,531	$ 292,046	$ 237,733
Plan fiduciary net position:					
Contributions - employer	$ 28,249	$ 26,542	$ 26,994	$ 25,263	$ 27,260
Contributions - member	—	—	—	—	—
Contributions – special employer	—	—	—	—	—
Contributions – non-employer contributing entity	—	—	—	—	—
Net investment income	(507)	131,373	9,445	30,494	32,073
Benefit payments	(29,625)	(28,790)	(27,804)	(24,376)	(31,073)
Third Party Administrator charges	(7,247)	(7,137)	(6,611)	(6,431)	(6,637)
Administrative expense	(483)	(600)	(631)	(787)	(961)
Other	610	311	586	1,117	(35)
Net change in plan fiduciary net position	(9,004)	121,699	1,979	25,280	20,627
Plan fiduciary net position - beginning	611,919	490,220	488,241	462,961	442,334
Plan fiduciary net position - ending (b)	$ 602,915	$ 611,919	$ 490,220	$ 488,241	$ 462,961
Net OPEB liability - ending (a-b)	$ (295,152)	$ (344,721)	$ (220,689)	$ (196,195)	$ (225,228)
Plan fiduciary net position as a percentage of the total OPEB liability (b/a)	195.90 %	229.01 %	181.88 %	167.18 %	194.74 %
Covered payroll (c)	$ 4,637,755	4,355,154	$ 4,365,296	$ 4,077,627	$ 3,972,637
Net OPEB liability as a percentage of covered payroll ((a-b)/c)	(6.36)%	(7.92)%	(5.06)%	(4.81)%	(5.67)%

REQUIRED SUPPLEMENTARY SCHEDULE OF CHANGES IN EMPLOYERS' NET OPEB LIABILITY AND RELATED RATIOS

(DOLLARS IN THOUSANDS)

	Virginia Local Disability Program				
	Teachers	Teachers	Teachers	Teachers	Teachers
Change in the Net OPEB Liability	**2022**	**2021**	**2020**	**2019**	**2018**
Total OBEB liability:					
Service cost	$ 1,598	$ 1,366	$ 1,109	$ 871	$ 668
Interest	411	237	144	92	57
Changes in benefit terms	—	—	—	—	—
Difference between actual and expected experience	1,102	(379)	406	(19)	(66)
Changes of assumptions	—	339	—	63	—
Benefit payments	(788)	(366)	(213)	(167)	(131)
Net change in total OPEB liability	2,323	1,196	1,446	840	528
Total OPEB liability - beginning	4,883	3,687	2,241	1,401	873
Total OPEB liability - ending (a)	$ 7,206	$ 4,883	$ 3,687	$ 2,241	$ 1,401
Plan fiduciary net position:					
Contributions - employer	$ 3,783	$ 3,166	$ 2,426	$ 1,966	$ 1,160
Contributions - member	—	—	—	—	—
Contributions – special employer	—	—	—	—	—
Contributions – non-employer contributing entity	—	—	—	—	—
Net investment income	(56)	1,031	45	83	29
Benefit payments	(788)	(366)	(213)	(167)	(131)
Third Party Administrator charges	(1,116)	(988)	(935)	(829)	(794)
Administrative expense	(93)	(140)	(97)	(39)	(76)
Other	—	—	—	—	180
Net change in plan fiduciary net position	1,730	2,703	1,226	1,014	368
Plan fiduciary net position - beginning	5,590	2,887	1,661	647	279
Plan fiduciary net position - ending (b)	$ 7,319	$ 5,590	$ 2,887	$ 1,661	$ 647
Net OPEB liability - ending (a-b)	$ (113)	$ (706)	$ 800	$ 580	$ 754
Plan fiduciary net position as a percentage of the total OPEB liability (b/a)	101.56 %	114.46 %	78.3 %	74.12 %	46.18 %
Covered payroll (c)	$ 804,858	$ 672,908	$ 591,499	$ 479,535	$ 372,869
Net OPEB liability as a percentage of covered payroll ((a-b)/c)	(0.01)%	(0.10)%	0.14 %	0.12 %	0.2 %

REQUIRED SUPPLEMENTARY SCHEDULE OF CHANGES IN EMPLOYERS' NET OPEB LIABILITY AND RELATED RATIOS

(DOLLARS IN THOUSANDS)

	Virginia Local Disability Program				
Change in the Net OPEB Liability	**Political Subdivisions 2022**	**Political Subdivisions 2021**	**Political Subdivisions 2020**	**Political Subdivisions 2019**	**Political Subdivisions 2018**
Total OBEB liability:					
Service cost	$ 2,039	$ 1,820	$ 1,553	$ 1,191	$ 876
Interest	458	278	261	105	58
Changes in benefit terms	—	—	—	—	—
Difference between actual and expected experience	517	(603)	(1,250)	1,224	(95)
Changes of assumptions	—	(271)	—	69	—
Benefit payments	(810)	(385)	(236)	(188)	(165)
Net change in total OPEB liability	2,204	839	328	2,401	674
Total OPEB liability - beginning	5,156	4,317	3,989	1,588	914
Total OPEB liability - ending (a)	$ 7,360	$ 5,156	$ 4,317	$ 3,989	$ 1,588
Plan fiduciary net position:					
Contributions - employer	$ 3,888	$ 3,338	$ 2,684	$ 2,226	$ 1,463
Contributions - member	—	—	—	—	—
Contributions – special employer	—	—	—	—	—
Contributions – non-employer contributing entity	—	—	—	—	—
Net investment income	(56)	1,086	48	93	36
Benefit payments	(811)	(385)	(236)	(188)	(165)
Third Party Administrator charges	(1,146)	(1,042)	(1,034)	(940)	(1,000)
Administrative expense	(93)	(148)	(107)	(45)	(96)
Other	—	—	—	—	227
Net change in plan fiduciary net position	1,781	2,849	1,355	1,146	465
Plan fiduciary net position - beginning	6,166	3,317	1,962	816	351
Plan fiduciary net position - ending (b)	$ 7,947	$ 6,166	$ 3,317	$ 1,962	$ 816
Net OPEB liability - ending (a-b)	$ (587)	$ (1,011)	$ 1,000	$ 2,027	$ 772
Plan fiduciary net position as a percentage of the total OPEB liability (b/a)	107.98 %	119.6 %	76.84 %	49.19 %	51.39 %
Covered payroll (c)	$ 468,489	401,715	$ 372,635	$ 309,020	$ 242,807
Net OPEB liability as a percentage of covered payroll ((a-b)/c)	(0.13)%	(0.25)%	0.27 %	0.66 %	0.32 %

REQUIRED SUPPLEMENTARY SCHEDULE OF CHANGES IN EMPLOYERS' NET OPEB LIABILITY AND RELATED RATIOS

(DOLLARS IN THOUSANDS)

	Health Insurance Credit				
Change in the Net OPEB Liability	**State 2022**	**State 2021**	**State 2020**	**State 2019**	**State 2018**
Total OPEB liability:					
Service cost	$ 18,311	$ 20,432	$ 20,143	$ 19,446	$ 19,645
Interest	69,707	68,014	67,289	68,023	66,883
Changes in benefit terms	—	—	—	—	—
Difference between actual and expected experience	(34,169)	(20,219)	(5,703)	(13,402)	745
Changes of assumptions	13,522	12,326	—	22,700	—
Benefit payments	(76,023)	(71,536)	(70,440)	(72,857)	(69,117)
Net change in total OPEB liability	(8,652)	9,017	11,289	23,910	18,156
Total OPEB liability - beginning	1,052,400	1,043,383	1,032,094	1,008,184	990,028
Total OPEB liability - ending (a)	$ 1,043,748	$ 1,052,400	$ 1,043,383	$ 1,032,094	$ 1,008,184
Plan fiduciary net position:					
Contributions – employer	$ 85,324	$ 81,191	$ 84,849	$ 79,926	$ 79,416
Contributions – special employer	8,523	38,656	—	—	—
Contributions – non-employer contributing entity	—	—	—	—	—
Net investment income	(358)	34,790	2,185	6,189	5,706
Benefit payments	(76,023)	(71,536)	(70,440)	(72,857)	(69,117)
Administrative expense	(357)	(589)	(230)	(135)	(149)
Transfers	(387)	—	—	—	—
Other	(7)	(30)	(9)	(8)	536
Net change in plan fiduciary net position	16,714	82,482	16,355	13,115	16,392
Plan fiduciary net position - beginning	207,860	125,378	109,023	95,908	79,516
Plan fiduciary net position - ending (b)	$ 224,574	$ 207,860	$ 125,378	$ 109,023	$ 95,908
Net OPEB liability - ending (a-b)	$ 819,174	$ 844,540	$ 918,005	$ 923,071	$ 912,276
Plan fiduciary net position as a percentage of the total OPEB liability (b/a)	21.52 %	19.75 %	12.02 %	10.56 %	9.51 %
Covered payroll (c)	$ 7,612,495	$ 7,239,781	$ 7,237,090	$ 6,844,807	$ 6,764,917
Net OPEB liability as a percentage of covered payroll ((a-b)/c)	10.76 %	11.67 %	12.68 %	13.49 %	13.49 %

REQUIRED SUPPLEMENTARY SCHEDULE OF CHANGES IN EMPLOYERS' NET OPEB LIABILITY AND RELATED RATIOS

(DOLLARS IN THOUSANDS)

	Health Insurance Credit				
	Teacher	Teacher	Teacher	Teacher	Teacher
Change in the Net OPEB Liability	**2022**	**2021**	**2020**	**2019**	**2018**
Total OPEB liability:					
Service cost	$ 18,621	$ 21,713	$ 21,738	$ 20,979	$ 20,887
Interest	97,797	94,626	93,964	93,526	92,399
Changes in benefit terms	—	—	—	—	—
Difference between actual and expected experience	(38,198)	(9,325)	(13,054)	(2,398)	(7,255)
Changes of assumptions	10,085	15,792	—	35,149	—
Benefit payments	(95,288)	(93,607)	(92,086)	(90,456)	(89,420)
Net change in total OPEB liability	(6,982)	29,199	10,562	56,800	16,611
Total OPEB liability - beginning	1,477,874	1,448,675	1,438,113	1,381,313	1,364,702
Total OPEB liability - ending (a)	$ 1,470,892	$ 1,477,874	$ 1,448,675	$ 1,438,113	$ 1,381,313
Plan fiduciary net position:					
Contributions – employer	$ 112,832	$ 107,172	$ 105,210	$ 100,643	$ 99,469
Contributions – special employer	—	—	—	—	—
Contributions – non-employer contributing entity	12,013	—	—	—	—
Net investment income	(919)	37,093	2,291	7,350	6,097
Benefit payments	(95,289)	(93,607)	(92,086)	(90,455)	(89,420)
Administrative expense	(334)	(501)	(258)	(152)	(152)
Transfers	(755)	—	—	—	—
Other	(8)	(13)	(12)	(9)	(446)
Net change in plan fiduciary net position	27,540	50,144	15,145	17,377	15,548
Plan fiduciary net position - beginning	194,305	144,161	129,016	111,639	96,091
Plan fiduciary net position - ending (b)	$ 221,845	$ 194,305	$ 144,161	$ 129,016	$ 111,639
Net OPEB liability - ending (a-b)	$ 1,249,046	$ 1,283,569	$ 1,304,514	$ 1,309,097	$ 1,269,674
Plan fiduciary net position as a percentage of the total OPEB liability (b/a)	15.08 %	13.15 %	9.95 %	8.97 %	8.08 %
Covered payroll (c)	$ 9,320,159	$ 8,843,941	$ 8,766,759	$ 8,387,684	$ 8,087,389
Net OPEB liability as a percentage of covered payroll ((a-b)/c)	13.40 %	14.51 %	14.88 %	15.61 %	15.7 %

REQUIRED SUPPLEMENTARY SCHEDULE OF CHANGES IN EMPLOYERS' NET OPEB LIABILITY AND RELATED RATIOS

(DOLLARS IN THOUSANDS)

	Health Insurance Credit				
Change in the Net OPEB Liability	**Political Subdivisions 2022**	**Political Subdivisions 2021**	**Political Subdivisions 2020**	**Political Subdivisions 2019**	**Political Subdivisions 2018**
Total OPEB liability:					
Service cost	$ 1,545	$ 1,532	$ 1,063	$ 997	$ 960
Interest	5,468	5,113	2,797	2,721	2,644
Changes in benefit terms	1,513	—	32,238	—	—
Difference between actual and expected experience	(2,642)	(669)	624	964	339
Changes of assumptions	6,225	1,656	220	1,066	—
Benefit payments	(4,460)	(3,098)	(2,996)	(2,564)	(2,707)
Net change in total OPEB liability	7,649	4,533	33,946	3,184	1,236
Total OPEB liability - beginning	82,023	77,490	43,544	40,360	39,124
Total OPEB liability - ending (a)	$ 89,672	$ 82,023	$ 77,490	$ 43,544	$ 40,360
Plan fiduciary net position:					
Contributions – employer	$ 5,683	$ 5,239	$ 2,553	$ 2,406	$ 2,291
Contributions – special employer	—	—	—	—	—
Contributions – non-employer contributing entity	—	—	—	—	—
Net investment income	3	6,711	490	1,490	1,570
Benefit payments	(4,460)	(3,098)	(2,996)	(2,564)	(2,707)
Administrative expense	(62)	(86)	(47)	(32)	(37)
Transfers		—	—	—	—
Other	1,142	2	(2)	(2)	(103)
Net change in plan fiduciary net position	2,306	8,769	(2)	1,298	1,014
Plan fiduciary net position - beginning	33,235	24,466	24,468	23,170	22,156
Plan fiduciary net position - ending (b)	$ 35,540	$ 33,235	$ 24,466	$ 24,468	$ 23,170
Net OPEB liability - ending (a-b)	$ 54,132	$ 48,789	$ 53,024	$ 19,076	$ 17,190
Plan fiduciary net position as a percentage of the total OPEB liability (b/a)	39.63 %	40.52 %	31.57 %	56.19 %	57.41 %
Covered payroll (c)	$ 1,574,328	$ 1,489,771	$ 1,477,727	$ 1,081,702	$ 1,022,007
Net OPEB liability as a percentage of covered payroll ((a-b)/c)	3.44 %	3.27 %	3.59 %	1.76 %	1.68 %

REQUIRED SUPPLEMENTARY SCHEDULE OF CHANGES IN EMPLOYERS' NET OPEB LIABILITY AND RELATED RATIOS

(DOLLARS IN THOUSANDS)

	Health Insurance Credit				
Change in the Net OPEB Liability	**Constitutional Officers 2022**	**Constitutional Officers 2021**	**Constitutional Officers 2020**	**Constitutional Officers 2019**	**Constitutional Officers 2018**
Total OPEB liability:					
Service cost	$ 920	$ 776	$ 746	$ 687	$ 677
Interest	2,257	2,118	2,050	2,010	1,913
Changes in benefit terms	—	—	—	—	—
Difference between actual and expected experience	(1,240)	(241)	223	97	569
Changes of assumptions	492	567	—	759	—
Benefit payments	(2,121)	(2,047)	(1,969)	(1,824)	(1,723)
Net change in total OPEB liability	309	1,174	1,050	1,729	1,436
Total OPEB liability - beginning	33,582	32,408	31,358	29,629	28,193
Total OPEB liability - ending (a)	$ 33,891	$ 33,582	$ 32,408	$ 31,358	$ 29,629
Plan fiduciary net position:					
Contributions – employer	$ 2,836	$ 2,666	$ 2,526	$ 2,794	$ 2,378
Contributions – special employer	276	—	—	—	—
Contributions – non-employer contributing entity	—	—	—	—	—
Net investment income	(27)	954	87	238	183
Benefit payments	(2,121)	(2,047)	(1,970)	(1,825)	(1,723)
Administrative expense	(27)	(16)	(9)	(6)	(4)
Transfers	—	—	—	—	—
Other	(1)	(1)	—	—	17
Net change in plan fiduciary net position	936	1,555	634	1,201	851
Plan fiduciary net position - beginning	6,667	5,112	4,479	3,278	2,427
Plan fiduciary net position - ending (b)	$ 7,603	$ 6,667	$ 5,113	$ 4,479	$ 3,278
Net OPEB liability - ending (a-b)	$ 26,288	$ 26,915	$ 27,295	$ 26,879	$ 26,351
Plan fiduciary net position as a percentage of the total OPEB liability (b/a)	22.43 %	19.85 %	15.78 %	14.28 %	11.06 %
Covered payroll (c)	$ 774,013	$ 733,933	$ 719,390	$ 682,376	$ 655,995
Net OPEB liability as a percentage of covered payroll ((a-b)/c)	3.40 %	3.67 %	3.79 %	3.94 %	4.02 %

REQUIRED SUPPLEMENTARY SCHEDULE OF CHANGES IN EMPLOYERS' NET OPEB LIABILITY AND RELATED RATIOS

(DOLLARS IN THOUSANDS)

	Health Insurance Credit				
	Social Services Employees	Social Services Employees	Social Services Employees	Social Services Employees	Social Services Employees
Change in the Net OPEB Liability	**2022**	**2021**	**2020**	**2019**	**2018**
Total OPEB liability:					
Service cost	$ 290	$ 301	$ 291	$ 260	$ 257
Interest	993	964	958	960	933
Changes in benefit terms	—	—	—	—	—
Difference between actual and expected experience	(524)	(254)	(106)	(27)	186
Changes of assumptions	276	229	—	327	—
Benefit payments	(1,113)	(1,078)	(1,058)	(1,012)	(970)
Net change in total OPEB liability	(78)	161	85	508	406
Total OPEB liability - beginning	14,976	14,815	14,730	14,222	13,816
Total OPEB liability - ending (a)	$ 14,898	$ 14,976	$ 14,815	$ 14,730	$ 14,222
Plan fiduciary net position:					
Contributions – employer	$ 1,212	$ 1,160	$ 689	$ 1,847	$ 1,120
Contributions – special employer	122	—	—	—	—
Contributions – non-employer contributing entity	—	—	—	—	—
Net investment income	(4)	335	34	122	72
Benefit payments	(1,113)	(1,078)	(1,058)	(1,012)	(970)
Administrative expense	(5)	(6)	(3)	(3)	(1)
Transfers	—	—	—	—	—
Other	0	(0)	—	—	7
Net change in plan fiduciary net position	212	411	(338)	954	228
Plan fiduciary net position - beginning	2,346	1,935	2,273	1,319	1,091
Plan fiduciary net position - ending (b)	$ 2,558	$ 2,346	$ 1,935	$ 2,273	$ 1,319
Net OPEB liability - ending (a-b)	$ 12,340	$ 12,631	$ 12,880	$ 12,457	$ 12,903
Plan fiduciary net position as a percentage of the total OPEB liability (b/a)	17.17 %	15.66 %	13.06 %	15.43 %	9.27 %
Covered payroll (c)	$ 314,734	$ 300,727	$ 298,257	$ 279,503	$ 263,298
Net OPEB liability as a percentage of covered payroll ((a-b)/c)	3.92 %	4.20 %	4.32 %	4.46 %	4.9 %

REQUIRED SUPPLEMENTARY SCHEDULE OF CHANGES IN EMPLOYERS' NET OPEB LIABILITY AND RELATED RATIOS

(DOLLARS IN THOUSANDS)

	Health Insurance Credit				
	Political Subdivisions	Political Subdivisions	Political Subdivisions	Political Subdivisions	Political Subdivisions
Change in the Net OPEB Liability	**2022**	**2021**	**2020**	**2019**	**2018**
Total OPEB liability:					
Service cost	$ 1,545	$ 1,532	$ 1,063	$ 997	$ 960
Interest	5,468	5,113	2,797	2,721	2,644
Changes in benefit terms	1,513	—	32,238	—	—
Difference between actual and expected experience	(2,642)	(669)	624	964	339
Changes of assumptions	6,225	1,656	220	1,066	—
Benefit payments	(4,460)	(3,098)	(2,996)	(2,564)	(2,707)
Net change in total OPEB liability	7,649	4,533	33,946	3,184	1,236
Total OPEB liability - beginning	82,023	77,490	43,544	40,360	39,124
Total OPEB liability - ending (a)	$ 89,672	$ 82,023	$ 77,490	$ 43,544	$ 40,360
Plan fiduciary net position:					
Contributions – employer	$ 5,683	$ 5,239	$ 2,553	$ 2,406	$ 2,291
Contributions – special employer	—	—	—	—	—
Contributions – non-employer contributing entity	—	—	—	—	—
Net investment income	3	6,711	490	1,490	1,570
Benefit payments	(4,460)	(3,098)	(2,996)	(2,564)	(2,707)
Administrative expense	(62)	(86)	(47)	(32)	(37)
Transfers		—	—	—	—
Other	1,142	2	(2)	(2)	(103)
Net change in plan fiduciary net position	2,306	8,769	(2)	1,298	1,014
Plan fiduciary net position - beginning	33,235	24,466	24,468	23,170	22,156
Plan fiduciary net position - ending (b)	$ 35,540	$ 33,235	$ 24,466	$ 24,468	$ 23,170
Net OPEB liability - ending (a-b)	$ 54,132	$ 48,789	$ 53,024	$ 19,076	$ 17,190
Plan fiduciary net position as a percentage of the total OPEB liability (b/a)	39.63 %	40.52 %	31.57 %	56.19 %	57.41 %
Covered payroll (c)	$ 1,574,328	$ 1,489,771	$ 1,477,727	$ 1,081,702	$ 1,022,007
Net OPEB liability as a percentage of covered payroll ((a-b)/c)	3.44 %	3.27 %	3.59 %	1.76 %	1.68 %

The Commonwealth’s OPEB programs promise benefits to individuals who perform services for government today to be paid following the conclusion of their service. Historically, the Commonwealth and most other government employers financed other post-employment benefit programs on a pay-as-you-go basis. The new reporting standards require expenses associated with these programs to be calculated and reported on an actuarial basis even though payment is deferred until after an individuals’ service ends. As of June 30, 2022, the Commonwealth’s estimated annual required OPEB contribution was $560.2 million and the estimated Net OPEB liabilities were $3.5 billion.

For a more detailed explanation of Other Post-Employment Benefits (OPEB), see "Notes to the Financial Statements" in Commonwealth Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022.

LABOR RELATIONS

It is against public policy for Commonwealth or local officials to recognize any labor union as a representative of public employees or to engage in collective bargaining with any labor union. Public employee of the Commonwealth do not have a legal right to strike, and no strike by employees of the Commonwealth has ever taken place. Any such employee who engages in any organized strike or willfully refuses to perform his duties shall, according to state law, be deemed to have terminated his employment. However, the General Assembly in the 2020 session, passed a bill permitting counties, cities, towns, and local school boards to adopt a local ordinance to permit collective bargaining by employees of those governing bodies. The bill was signed into law by the Governor with an effective date of May 1, 2021.

LITIGATION

The Commonwealth, its officials and employees are named as defendants in legal proceedings that occur in the normal course of governmental operations, some of which involve claims for substantial amounts. It is not possible at the present time to estimate the ultimate outcome or liability, if any, of the Commonwealth with respect to these lawsuits. However, any ultimate liability resulting from these suits is not expected to have a material adverse effect on the financial condition of the Commonwealth.

APPENDIX C

COMMONWEALTH OF VIRGINIA

DEMOGRAPHIC AND ECONOMIC INFORMATION

Report Date: January 30, 2023

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APPENDIX C
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INTRODUCTION

The following demographic and economic information is provided by the Commonwealth of Virginia, its agencies, institutions and authorities (the "Commonwealth"). The data were compiled by the Department of the Treasury and were not independently verified; however, the Department of the Treasury has no reason to believe that such data are not true and correct in all material respects.

DEMOGRAPHIC CHARACTERISTICS

General

The Commonwealth is divided into five distinct geographic regions. The Tidewater region is a coastal plain cut into peninsulas by four large tidal rivers. It includes the Eastern Shore and estuaries of the Chesapeake Bay. The Piedmont Plateau is the largest geographical land of the state, and is characterized by low, rolling hills. The Blue Ridge Mountains, which lie to the west of the Piedmont region, are the main eastern mountain range of the Appalachian Mountains. The Appalachian Ridge and Valley Region stretch from southwest to northeast along Virginia's western border and include the Shenandoah Valley. The Appalachian Plateau region lies in the far southwestern portion of Virginia. In Kentucky it is called the Cumberland Plateau. The topography of this region is characterized by rivers, streams, and forests. Approximately one-third of all land in Virginia is used for farming and other agricultural services. This variety of terrain, the location of the Commonwealth on the Atlantic Seaboard at the southern extremity of the northeast population corridor, and its close proximity to the nation's capital have had a significant influence on the development of the present economic structure of the Commonwealth.

According to the U.S. Census Bureau, the Commonwealth's 2022 estimated population was 8,683,619, which was 2.61 percent of the United States total population. Among the 50 states, it ranked twelfth in population size. With 39,490 square miles of land area, its 2022 population density was 220 persons per square mile, compared with 94.34 persons per square mile for the United States generally.

Population Trends

From 2013 to 2022, Virginia's population increased 5.1 percent versus 5.4 percent for the nation. Population trends since 2013 for the Commonwealth and the United States are shown in the following table:

POPULATION TRENDS

	Virginia		United States	
Year	Population	Increase Over Preceding Year	Population	Increase Over Preceding Year
2013	8,260,405	0.9	316,234,505	0.7
2014	8,326,289	0.8	318,622,525	0.8
2015	8,382,993	0.7	321,039,839	0.8
2016	8,414,380	0.4	323,405,935	0.7
2017	8,463,587	0.6	324,985,539	0.5
2018	8,501,286	0.4	326,687,501	0.5
2019	8,556,642	0.7	328,239,523	0.5
2020*	8,636,471	0.9	331,511,512	1.0
2021*	8,657,365	0.2	332,031,554	0.2
2022*	8,683,619	0.3	333,287,557	0.4

Source: U.S. Census Bureau.
**2020 - 2022 estimates through July 1, 2022, Data Release Date: December 2022.*

Age Distribution of Population

Compared to the national average, a higher proportion of the Commonwealth's population is in the adult/working ages of 20 through 64. Similarly, a lower proportion of Virginia's population is comprised of persons ages 65 and older and of persons ages 5 through 19. In 2021, the population of the Commonwealth and of the United States was distributed by age as follows:

AGE DISTRIBUTION
2021

Age	Virginia		United States	
Under 5 years	5.68	%	5.62	%
5 through 19 years	18.76		19.18	
20 through 44 years	33.69		33.20	
45 through 64 years	25.63		25.16	
65 years and older	16.24		16.84	
	100.0	%	100.0	%

Source: Virginia 2021 Data: UVA Weldon Cooper U.S., Data Release Date: July 2021;
United States 2021 Data: U.S. Census Bureau, 2022 Not Yet Available.

Geographic Distribution of Population

The Commonwealth has a high percentage of its citizens living in urban areas. Virtually all the Commonwealth's population growth between 1950 and 1970 occurred in urban areas. During the 1970s, however, non-metropolitan areas grew at a slightly faster rate than metropolitan areas. Since 1980, this trend has reversed with the metropolitan areas growing at three times the rate of the rest of the Commonwealth. Of the Commonwealth's total population, 78 percent resides in eleven metropolitan statistical areas (MSAs).

The largest and fastest growing metropolitan area in the Commonwealth is the Northern Virginia portion of the Washington-Arlington-Alexandria MSA. In 2021 the entire metropolitan area had an estimated population of 6,356,434, of which, approximately 68% lived in the Northern Virginia portion. Northern Virginia has long been characterized by the large number of people employed in both civilian and military work with the federal government. It is also one of the nation's leading high-technology centers for computer software and telecommunications. This region is also the home of George Mason University, Virginia's largest university and the Commonwealth's largest public research university by student population.

Spanning Hampton Roads is the Virginia Beach-Norfolk-Newport News MSA, which has large military installations and major port facilities. It had an estimated 2021 population of 1,803,328 and is an important center of manufacturing and tourism. The Richmond MSA is the third largest metropolitan area with an estimated 2021 population of 1,324,062. The Richmond MSA is a leading center of diversified manufacturing activity including chemicals, tobacco, printing, paper, metals and machinery. Richmond is also the capital of the Commonwealth and its financial center, which includes the Fifth District Federal Reserve Bank. The Roanoke MSA is the manufacturing, trade and transportation center for the western part of the Commonwealth. It had an estimated 2021 population of 314,496. Also in the western part of the Commonwealth are the Lynchburg and Kingsport-Bristol-Bristol MSAs, which are both manufacturing centers, and had estimated 2021 populations of 262,258 and 308,661, respectively. The Kingsport-Bristol-Bristol population includes Tennessee portions of the MSA. Located at the foot of the Blue Ridge Mountains is the Charlottesville MSA, a community with an estimated 2021 population of 222,688 and home of the University of Virginia and significant manufacturing industries. Just west of the Charlottesville MSA is the Staunton-Waynesboro MSA with an estimated 2021 population of 125,774.

The Winchester MSA is located at the northernmost tip of Virginia and had an estimated 2021 population of 145,155. The Harrisonburg MSA, a community with an estimated 2021 population of 135,824, is located in western central Virginia. It is a major retail, service and manufacturing center in the Shenandoah Valley. With an estimated 2021 population of 165,293, the Blacksburg-Christiansburg-Radford MSA is located in the New River Valley in southwestern Virginia. The town of Blacksburg is the home of

Virginia Polytechnic Institute & State University, Virginia's second largest university and ranked as one of the nation's leading research institutions. The 2021 population figures for all eleven Commonwealth MSAs are shown below:

Distributed throughout Virginia are smaller urban areas, most of which historically have been trade centers for the surrounding areas and continue to be so today. These communities have attracted many of the new manufacturing facilities located in the Commonwealth in recent years. The remainder of the Commonwealth's population lives in rural areas, including most of the towns and the remaining smaller cities.

POPULATION AND PER CAPITA INCOME
2021

MSA	Population	Per Capita Income
Blacksburg-Christiansburg-Radford	165,293	$44,904
Charlottesville	222,688	77,070
Harrisonburg	135,824	47,217
Kingsport-Bristol-Bristol	308,661	47,287
Lynchburg	262,258	47,374
Richmond	1,324,062	65,834
Roanoke	314,496	53,939
Staunton - Waynesboro	125,774	51,965
Virginia Beach-Norfolk-Newport News	1,803,328	56,716
Washington-Arlington-Alexandria	6,356,434	80,822
Winchester	145,155	56,544
MSA Total	11,163,973	
Commonwealth of Virginia	8,657,365	$66,305

Kingsport-Bristol-Bristol MSA includes Tennessee.

Washington-Arlington-Alexandria MSA includes Washington and Maryland.

Virginia 2021 Population Data Release Date: March 2022, Source: U.S. Census Bureau;

Data for 2021 Total Virginia Per Capita Income as of November 2022.

Source: U.S. Bureau of Economic Analysis.

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ECONOMIC FACTORS

Taxable Retail Sales

Over the past ten years, taxable retail sales in Virginia increased by $25.3 billion, or 27.1 percent. This growth is greater than the cumulative rate of inflation for this same period, which was 18.2 percent. The following table illustrates the changes in taxable retail sales for calendar years 2012 through 2021.

Taxable Retail Sales
2012-2021

Calendar Year	Taxable Retail Sales	% Change
2012	93,335,660,137	4.8
2013	94,597,893,918	1.4
2014	96,243,826,673	1.7
2015	100,219,956,703	4.1
2016	101,740,768,841	1.5
2017	103,741,107,029	2.0
2018	106,075,146,508	2.2
2019	107,779,678,044	1.6
2020	104,358,304,833	(3.2)
2021	118,655,571,778	13.7

Source: Virginia Department of Taxation as of January 2022.

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Personal Income

According to the U.S. Bureau of Economic Analysis, estimated personal income for all Virginians in 2021 was over $573 billion. This results in a Commonwealth per capita income of $66,305, ranking twelfth among all fifty states and greater than the national average of $64,143.

From 2012 to 2021, the Commonwealth averaged an annual rate of growth of 3.4 percent in per capita income, which was lower than the national average annual rate of growth of 4.2 percent. Virginia and United States per capita personal income data are shown in the following table and graph:

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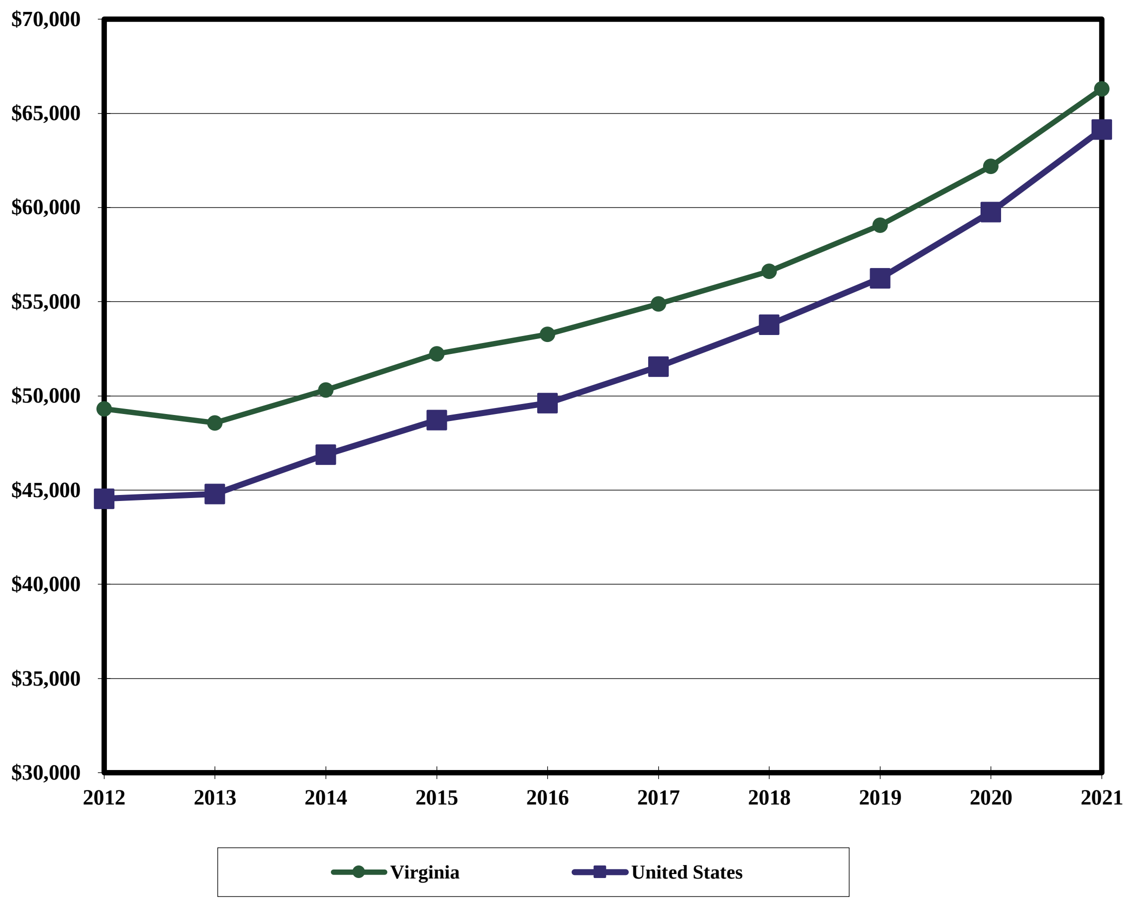
PERSONAL INCOME TRENDS
2012 - 2021

	Virginia		United States	
Year	Per Capita Personal Income	Change Over Preceding Year (%)	Per Capita Personal Income	Change Over Preceding Year(%)
2012	$49,309	3.6	$44,548	4.2
2013	48,573	(1.5)	44,798	0.6
2014	50,318	3.6	46,887	4.7
2015	52,238	3.8	48,725	3.9
2016	53,268	2.0	49,613	1.8
2017	54,879	3.0	51,550	3.9
2018	56,619	3.2	53,786	4.3
2019	59,073	4.3	56,250	4.6
2020	62,189	5.3	59,765	6.2
2021	66,305	6.6	64,143	7.3

Source: Bureau of Economic Analysis revised estimates for 2012-2021 Data Release Date: October 2022.



The sources of personal income in the Commonwealth and the comparable sources of personal income for the United States for 2021 are shown in the following table. The pie chart is the nonagricultural personal income by major industry.

SOURCES OF PERSONAL INCOME
2021

	Virginia (In Millions)	Percentage of Personal Income Before Residence Adjustment: Virginia	Percentage of Personal Income Before Residence Adjustment: United States
Forestry, fisheries, related activities and other	$ 421	0.1 %	0.3 %
Construction	21,801	5.7	6.1
Farming	605	0.2	0.7
Finance and insurance	22,117	5.8	7.5
Government:			
State and local	40,408	10.6	11.5
Federal, civilian	30,245	7.9	2.7
Federal, military	14,127	3.7	1.1
Manufacturing	20,520	5.4	8.7
Mining	543	0.1	0.9
Services	185,278	48.5	45.2
Transportation, warehousing & utilities	13,499	3.6	4.8
Wholesale and retail trade	32,125	8.4	10.5
Subtotal	$ 381,689	100.0 %	100.0 %
Less:			
Contributions for government social insurance	(43,248)		
Plus:			
Dividends, interest and rent	108,891		
Transfer payments	106,387		
Personal income before residence adjustment	$ 553,719		
Residence adjustment [1]	19,307		
Total Personal Income	$ 573,026		

[1] Total personal income is reported by place of residence. However, income by industry is shown by place of work. Thus, this adjustment was necessary to account for income earned by Virginia residents who worked outside the Commonwealth. These were primarily federal government employees who lived in Northern Virginia but worked in Washington, D.C.

Source: Bureau of Economic Analysis estimates for 2021 Data Release Date, September 2022.

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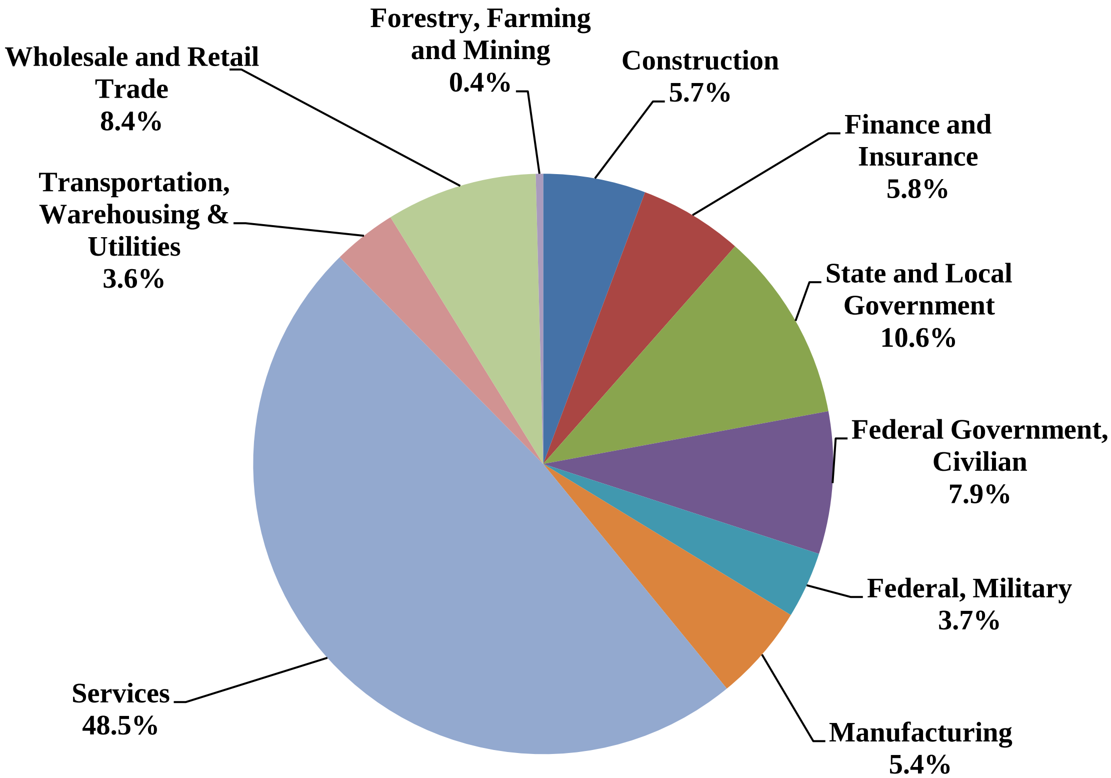
DISTRIBUTION OF VIRGINIA NONAGRICULTURAL SOURCES OF GROSS PERSONAL INCOME BY MAJOR INDUSTRY
2021



Source: Bureau of Economic Analysis esimates for 2021, Data Release Date, September 2022.

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Residential Construction

The majority of residential construction has typically been concentrated in three of the state's eleven MSAs. The Virginia portions of the Washington-Arlington-Alexandria MSA, the Virginia Beach-Norfolk-Newport News MSA, and the Richmond MSA accounted for approximately 86 percent of the state's total residential construction on average over the last ten years.

AGGREGATE VALUE OF AND BUILDING PERMITS ISSUED FOR RESIDENTIAL CONSTRUCTION IN VIRGINIA [1]

Year	Value of Construction in Current Dollars (in millions)	Percent Change from Preceding Year	Number of Permits Issued	Percent Change from Preceding Year
2012	$4,027	18.4%	27,275	17.2%
2013	5,112	0.2	32,777	20.2
2014	4,564	(10.7)	28,673	(12.5)
2015	4,529	(0.8)	28,704	0.1
2016	5,473	20.8	31,132	8.5
2017	5,747	5.0	33,760	8.4
2018	5,831	1.5	31,977	(0.1)
2019	5,793	(0.6)	32,418	1.4
2020	5,385	(7.0)	33,443	3.2
2021	7,060	31.1	35,765	6.9

[1] Excludes mobile homes.

Source: Weldon Cooper Center Annual Report.

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Assessed Value of Locally Taxed Property

The Constitution of Virginia provides that real estate, coal and other mineral lands and tangible personal property, except the rolling stock of public service corporations, are reserved for taxation by cities, counties, towns, and other local government entities. Shown below is the assessed value of real estate and personal property as determined by the various taxing jurisdictions and the combined value of real estate and personal property for public service corporations as determined by the State Corporation Commission. Cities and counties are required by law to assess real estate at 100 percent of market value.

ASSESSED VALUES OF REAL ESTATE AND TANGIBLE PERSONAL PROPERTY

Tax Year Ended 31-Dec	Real Estate	Public Service Corporations	Personal Property	Total
2011	$949,019,441,456	$38,455,832,384	$71,600,491,421	$1,059,075,765,261
2012	954,082,225,088	40,142,313,094	76,551,011,940	1,070,775,550,122
2013	968,744,700,482	41,415,115,231	73,286,019,303	1,083,445,835,016
2014	1,001,173,297,581	42,105,842,848	81,234,501,278	1,124,513,641,707
2015	1,031,975,708,795	44,154,961,529	84,093,951,056	1,160,224,621,380
2016	1,060,436,113,127	46,266,995,318	88,866,533,959	1,195,569,642,404
2017	1,091,729,146,412	48,006,343,392	92,876,379,259	1,232,611,868,863
2018	1,130,944,150,752	50,028,306,681	97,202,215,738	1,278,174,673,171
2019	1,172,449,791,555	49,209,543,843	98,726,651,736	1,320,385,987,134
2020	1,218,079,093,525	51,149,852,247	100,052,236,313	1,369,281,182,085

Source: Department of Taxation's 2021 Annual Report.

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Employment

As of December 2022, 4.1 million residents of the Commonwealth were estimated to be in the civilian labor force, which includes agricultural and nonagricultural employment, the unemployed, the self-employed and residents who commute to jobs in other states.

Virginia is a "right-to-work" state with diverse sources of income. In part because of its proximity to Washington DC, Virginia has a larger share of federal and military employees than most states. More than ten percent of Virginia's workers are federal employees or active military. The following table and chart indicates the distribution by category of nonagricultural employment in the Commonwealth and the table shows comparative information to the United States.

DISTRIBUTION OF NONAGRICULTURAL EMPLOYMENT
2022

	Virginia		United States	
Natural Resource & Mining	0.2%	%	0.3	%
Construction	5.1		4.2	
Manufacturing	5.9		7.0	
Wholesale Trade	3.8		3.2	
Retail Trade	9.9		8.6	
Transportation, Warehousing & Utilities	2.7		5.5	
Information Services	1.7		1.6	
Financial Activities	5.0		21.4	
Professional & Business Activities	19.4		11.6	
Education & Health	13.9		12.9	
Leisure & Hospitality	10.0		8.5	
Other Services	4.7		3.2	
Public Administration				
Federal Government	4.7		1.6	
State Government	3.8		2.7	
Local Government	9.2		7.6	
	100.0%	%	100.0	%

Source: Bureau of Labor Statistics. 2022 Data as of December 2022. Data Release Date: January 2023.

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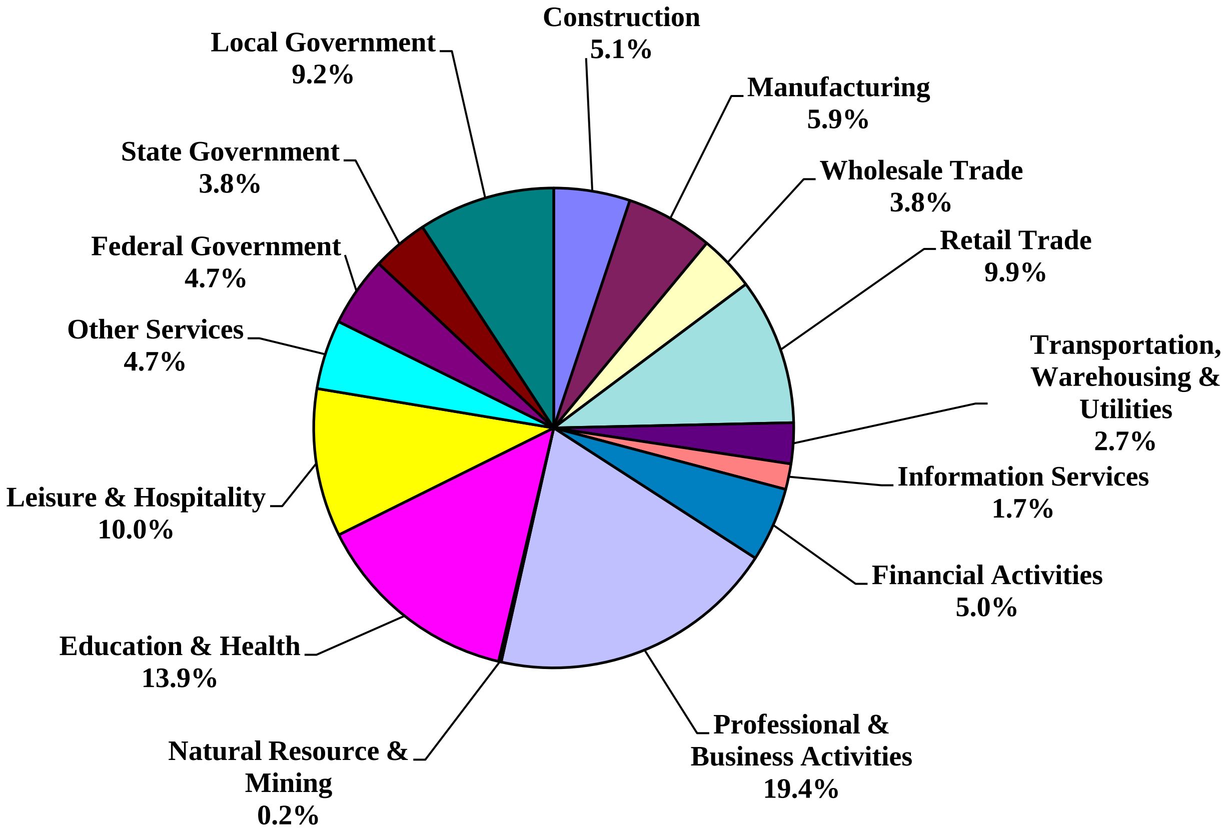
DISTRIBUTION OF VIRGINIA NONAGRICULTURE EMPLOYMENT

2022



Source: Bureau of Labor Statistics. 2022 Data as of December 2022. Data Release Date: January 2023.

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The table below shows employment trends in the Commonwealth during the five years from 2018 to 2022. The most significant growth has occurred in the Information Services and Federal Government sectors, while the largest declines were in the Natural Resource & Mining and Other Services sectors.

DISTRIBUTION OF VIRGINIA NONAGRICULTURAL EMPLOYMENT BY MAJOR INDUSTRY

	2018	2019	2020	2021	2022	% Change 2018-2022	
Natural Resource & Mining	8,400	8,200	6,800	7,900	7,400	**(11.9)**	**%**
Construction	203,600	199,200	201,200	205,200	210,500	**3.4**	
Manufacturing	244,600	248,800	233,000	237,300	240,200	**(1.8)**	
Wholesale Trade	154,859	150,558	147,890	150,305	154,307	**(0.4)**	
Retail Trade	405,663	394,397	387,408	393,734	404,217	**(0.4)**	
Transportation & Warehousing, Utilities	112,778	109,646	107,703	150,305	112,376	**(0.4)**	
Information Services	65,200	63,100	65,900	67,700	70,600	**8.3**	
Financial Activities	211,100	211,200	208,900	204,200	205,000	**(2.9)**	
Professional & Business Activities	753,900	761,300	757,200	785,400	793,500	**5.3**	
Education & Health	548,300	555,700	524,700	540,600	571,300	**4.2**	
Leisure & Hospitality	416,000	427,000	325,600	361,000	408,500	**(1.8)**	
Other Services	207,100	202,100	180,400	183,000	191,500	**(7.5)**	
Public Administration							
Federal Government	173,700	183,059	192,000	186,100	189,138	**8.9**	
State Government	159,500	165,240	153,800	157,100	159,664	**0.1**	
Local Government	364,000	377,100	363,500	373,600	379,698	**4.3**	
Total	**4,028,700**	**4,056,599**	**3,856,000**	**4,003,444**	**4,097,900**	**1.7**	**%**

2022 Data as of January 2023. U.S. Bureau of Labor Statistics.

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Largest Employers

The ten largest private and public sector employers in the Commonwealth, each of which employed 1,000 or more persons, are shown below.

TOP TEN PRIVATE SECTOR EMPLOYERS
2022

Rank	Name	Industry
1	Walmart	General Merchandise Stores
2	Sentara Healthcare	Hospitals
3	Huntington Ingalls/Newport News Shipbuilding	Transportation Equipment Manufacturing
4	Inova Health System	Hospitals
5	Capital One Bank	Credit Intermediation and Related Activities
6	Food Lion	Food and Beverage Stores
7	Amazon Fulfillment Services Inc	General Merchandise E-commerce
8	HCA Virginia Health System	Hospitals
9	Bon Secours Health System Inc	Hospitals
10	Target Corp	General Merchandise Stores

Source: Virginia Employment Commission Community Profile, Data Release Date: January 2023.

TOP TEN PUBLIC SECTOR EMPLOYERS
2022

Rank	Name	Industry
1	U.S. Department of Defense	National Security and International Affairs
2	Fairfax County Public Schools	Educational Services
3	University of Virginia /Blue Ridge Hospital	Hospitals
4	U.S. Department of Homeland Defense	Administration of Security
5	County of Fairfax	Executive, Legislative and other General Gov't Support
6	Postal Service	Postal Service
7	Loudoun County Schools	Educational Services
8	Prince William County School Board	Educational Services
9	VCU Health System	Hospitals
10	City of Virginia Beach Schools	Educational Services

Source: Virginia Employment Commission Community Profile, Data Release Date: January 2023.

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Unemployment

The Commonwealth is one of 26 states with a Right-to-Work Law and has a record of good labor-management relations. The Commonwealth's favorable business climate is reflected in the relatively small number of strikes and other work stoppages it experiences.

The Commonwealth is one of the least unionized of the more industrialized states. Three major reasons for this situation are: the Right-to-Work Law; the importance of manufacturing industries such as textiles, apparel, electric and electronic equipment and lumber, which are not highly unionized in the Commonwealth; and the importance of federal civilian and military employment. Typically, the percentage of nonagricultural employees belonging to unions in the Commonwealth has been approximately half the U.S. average.

During 2022, Virginia experienced job growth in ten metropolitan statistical areas (MSAs) reported on by the Virginia Employment Commission, including in Charlottesville, Blacksburg-Christiansburg-Radford, Lynchburg, Roanoke Winchester, Harrisonburg, Staunton and Richmond. The largest increase of the ten MSAs occurred in Northern Virginia up 30,700 jobs, followed by Virginia Beach-Norfolk-Newport News up 20,200 jobs.

The following table shows the size of the Commonwealth's total civilian labor force from 2013 through 2022, the percentage unemployed during this period and the comparable national unemployment rate.

UNEMPLOYMENT TRENDS

Year	Virginia's Civilian Labor Force (1)	Unemployment in Virginia (2)	Unemployment in United States (3)
2013	4,240,111	5.5%	7.4%
2014	4,238,540	4.5	5.6
2015	4,222,819	4.2	5.0
2016	4,261,091	4.2	4.6
2017	4,308,950	3.7	4.1
2018	4,359,062	2.8	3.7
2019	4,441,018	2.6	3.5
2020	4,286,658	4.9	6.7
2021	4,259,504	3.4	4.2
2022	4,357,319	3.0	3.5

(1) 2022 Virginia's Civilian Labor Force data as of December 2022, Virginia Employment Commission, Data Report Release Date, January 6, 2023
(2) 2022 Virginia's Unemployment Rate as of December 2022, Virginia Employment Commission, Data Report Release Date, January 6, 2023.
(3) 2022 Unemployment in United States as of December 2022, Virginia Employment Commission, Data Report Release Date, January 6, 2023

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MAJOR ECONOMIC SECTORS

2022 Energy Plan

As directed by the Virginia General Assembly, every four years the Virginia Department of Energy develops a comprehensive energy plan. On behalf of the Department, Governor Youngkin released in October 2022 the new "Commonwealth of Virginia's 2022 Energy Plan" (the "Plan"). The Plan describes its purpose as providing (i) an analytical assessment of the current state of the Commonwealth's energy economy, (ii) a practical approach for Virginia to base future policy decisions, and (iii) a series of commonsense recommendations for policymakers and industry participants. The Plan recommends that the Commonwealth pursue an "all of the above" approach to energy production with the intent of providing a flexible path to respond to the changing and growing needs of customers. The Plan describes its guiding principles as reliability, affordability, innovation, competition, and environmental stewardship. The Plan recommends requiring periodic reassessments of Virginia's energy portfolio to remain current with the evolution of energy production and transmission. Further, the Plan recommends that the Commonwealth make strategic investments in innovative, emerging technologies, including hydrogen, carbon capture, storage and utilization, and small modular nuclear reactors ("SNRs"). In particular, the Plan supports the goal of deploying a commercial SNR in southwestern Virginia within ten years. The Plan also supports leveraging Virginia's planned offshore wind project to add additional offshore wind generation. The Plan advocates that the Commonwealth encourage competition within the current regulatory structure to provide customers flexibility while considering the cumulative impacts of energy generation on land, air, and water.

Utilities: Over the last decade, Virginia opened the door to electric utility deregulation; however, the competition has not materialized as anticipated. Therefore, the Virginia General Assembly enacted "re-regulation legislation," which has re-established retail rate regulation. The legislation permits provider choice for large commercial and industrial customers with demands exceeding five megawatts (MW). The measure provides flexible and innovative forms of ratemaking that could provide incentives for utility operational efficiencies and for generation plant construction. The legislation also creates incentives for the development of renewable energy resources and for energy efficiency and conservation programs.

Virginia's electric rates remain competitive in relation to neighboring states. In September 2022, the average cost per unit of electricity for the industrial sector was 8.92 cents in Virginia, compared to 9.34 cents for the national average. More than 4,300 megawatts of additional electric generating power is planned or under construction statewide. All transmission-owning utilities in Virginia have taken the important step of joining PJM, North America's largest regional transmission manager, which oversees the grid across a vast area from Illinois to North Carolina.

Electric power is available throughout the Commonwealth through the investor-owned utilities of Dominion Virginia Power (Dominion) and Appalachian Power (APCO), 13 electric cooperatives that distribute power in rural districts, and 16 municipalities that have their own distribution systems with power purchased primarily from the previously mentioned companies. The electric utilities serving the Commonwealth are interconnected with neighboring utilities, both within and outside of the Commonwealth, for reliability of service.

Virginia is served by eight regulated natural gas utility companies that provide an extensive network of underground pipes and other gas facilities. In 2014, Virginia's industrial sector accounted for nearly 20 percent of natural gas consumption in the state. Virginia's natural gas suppliers specialize in serving industrial customers and provide expert advice in engineering, construction and inspection.

With few exceptions, municipalities and several highly urbanized counties own their own waterworks systems. In some instances, the municipality's system also serves nearby communities and suburban areas. Most subdivision systems are privately owned and operated. Some federal installations and many industrial plants have their own water supplies. Larger municipalities usually depend on surface water or surface water supplemented by groundwater. There are approximately 2,700 public community water supplies in Virginia, serving approximately 87 percent of the state's population. Virginia has more than 50,000 miles of freshwater streams producing greater than 25 billion gallons per day of freshwater flow.

All cities, many towns, and some counties have their own sewage collection systems. Existing or planned facilities provide wastewater treatment that meets or will meet established water quality standards.

Transportation

Strategically located on the U.S. East Coast and adjacent to Washington, D.C., Virginia's integrated transportation system of highways, railroads, airports, and seaports provide logistical advantages for companies in every industry. As a result of the Commonwealth having the second densest interstate system Southeast, one of the deepest, widest and most active of the East Coast ports, more than 3,000 miles of railway with two Class 1 Railroads, and nonstop connections to more than 150 destinations by air daily, the Commonwealth is recognized annually for its favorable business climate and its quality-of-life opportunities.

Rail: In January 2022, the Commonwealth announced the finalized definitive agreement with Norfolk Southern Corporation to expand passenger rail services to the New River Valley area of southwestern Virginia for the first time since 1979. The investment of Southwest Virginia's rail network, called the "Western Rail Initiative", will add a second state-supported round-trip train between Roanoke and Boston later in 2022, which will be extended to the New River Valley upon completion of a new station, track and signal improvements. The expanded intercity rail service, which will create significant economic benefits and provide additional multimodal options for travelers along the Interstate 81 and Route 29 corridors, is expected to allow a third train to operate in the future and add approximately 80,000 new passengers in the first year after service is extended to the New River Valley. Norfolk Southern Corporation's Heartland Corridor double-stack rail project is a $290 million public private partnership that offers efficient routing between the Port of Virginia and the Midwest markets. In a major engineering feat, clearances were raised in 29 tunnels to make way for double stacked intermodal trains. Cargo can now be transported via double-stack rail with next morning service to Columbus, Ohio and second-morning service to Chicago, Illinois while existing rail lines can handle increasing container volumes.

Norfolk Southern's Crescent Corridor Project, a $2.5 billion infrastructure project, expanded the existing 2,500-mile rail network with thirty new lanes to enhance the Company's high-capacity intermodal system. The Crescent Corridor traverses 11 states from Louisiana to New Jersey and touches 26 percent of the nation's population and 26 percent of the nation's manufacturing output. To increase rail capacity on the Crescent's route through Virginia, Norfolk Southern spent $47.1 million to upgrade track and signals.

In December 2019, the Commonwealth and CSX signed an agreement to expand reliability and service on Virginia's rail lines, creating a pathway to separate passenger and freight operations along the Richmond to Washington D.C. corridor. The agreement between the Commonwealth and CSX outlines a $3.7 billion investment that includes building a new Virginia-owned Long Bridge across the Potomac River with tracks dedicated exclusively to passenger and commuter rail; the acquisition of more than 350 miles of railroad right-of-way and 225 miles of track; and 37 miles of new track improvements, including a Franconia-Springfield bypass. Two of the nation's largest Class I railroads operate in Virginia: CSX Corporation Railroad has offices in Richmond, and Norfolk Southern Corporation is headquartered in Norfolk. Both have extensive infrastructure throughout the Commonwealth. Eight shortline railroads also provide freight rail service. Nearly 3,400 miles of railway (excluding trackage rights) traverse the state.

Air: Virginia is served by 16 commercial airports (including those just across the state line at Bluefield, West Virginia; Blountville, Tennessee; Greensboro and Raleigh-Durham, North Carolina; and Baltimore, Maryland). Scheduled commercial airline service is provided to over 100 domestic destinations around the world. Two of the nation's largest airports, Dulles International and Ronald Reagan Washington National offer fights to more than 50 destinations on a daily basis. The commercial airports are supplemented by 57 general aviation airports licensed for public use throughout the Commonwealth. Washington Dulles International has been one of the fastest growing airports in the country.

Location: The state's location in the Eastern Time Zone puts Virginia within one day's travel of 47% of the entire U.S. population. As the nation's third largest state-maintained transportation network, Virginia's highway system includes more than 70,000 miles of primary and secondary roads and six major north-south and east-west interstate routes. The Commonwealth is within easy reach of the nation's leading industrial and distribution centers. For example, Richmond is only 338 miles from New York City to the north, 623 miles from Detroit to the west, and 521 miles from Atlanta to the south.

Port Facilities

The Port of Virginia is largely responsible for the Commonwealth's strong ties with international commerce. After completion of a $1.4 billion modernization and expansion project, the Port of Virginia will be the deepest port on the East Coast and one of the most advanced in the world. The Port is serviced by more than 30 international steamship lines with connections to more than 200 Countries around the world. In addition to having the distinction of being a Hub Port, the Port of Virginia is also the largest intermodal Rail Port on the East Coast. Since 2017 more than 34% of the cargo arriving and departing the Port do so by rail. Class 1 rail partners, Norfolk

Southern and CSX offer double stack intermodal service on almost 7 miles of on dock track to key inland markets in the Midwest, Ohio Valley and Southeast.

Craney Island. In 2012, the Port of Virginia and the U.S. Army Corps of Engineers signed a partnership agreement for the Craney Island Eastward Expansion project in Portsmouth, Virginia. The future Craney Island Marine Terminal is the largest fully permitted port expansion project on the East Coast. The need for additional container terminal capacity in Virginia is necessitated by global growth, the arrival of larger vessels and expansion in international trade. Widening of the Panama Canal and the potential future influx of cargo to the East Coast means that the Port of Virginia will work to position itself with additional capacity to be the front-runner, among competing ports, to take advantage of these new opportunities. The future Craney Island Marine Terminal is expected to maximize the natural advantages the port has with its deep water, absence of overhead restrictions and prime distribution position along the Mid-Atlantic Coast. This multi-phase project is expected to result in the newest, most modern marine terminal in the United States. The terminal will be built in four phases with Phase One completion scheduled in 2040.

Norfolk International Terminals (NIT). Located in Hampton Roads Harbor on 567 acres along the Elizabeth and Lafayette Rivers, NIT is the Port of Virginia's largest terminal and has fourteen of the biggest, most efficient cranes in the world. The General Assembly in 2016 authorized the financing of a $350 million expansion of the cargo capacity at NIT. The money will be used to reconfigure the South Berth, increasing the cargo capacity at NIT by 46% to approximately two million twenty-foot equivalent units (TEU). With the purchase of additional rail mounted gantry cranes, capacity and efficiency increased. The main channel leading to the terminal is 50 feet deep and the Virginia Port Authority (VPA) has the authorization to dredge to 55 feet when needed. Slightly down the river from NIT is VPA’s second largest terminal.

Portsmouth Marine Terminal (PMT). PMT has 3,540 feet of wharf, three berths, and six cranes, direct access to both CSX and Norfolk Southern railways, and will soon connect to the Commonwealth Railway, a 19-mile short line. Located in Newport News, Virginia, the Newport News Marine Terminal provides 42,720 feet of direct cargo loading on and off ships to and from the CSX break-bulk rail service, and 3,480 feet of total pier space serviced by four cranes, covered storage, container storage, and accessibility from three major Virginia roadways.

Virginia International Gateway (VIG). In 2019, the VPA completed a $320 million 800-foot berth extension at VIG container terminal in Portsmouth, Virginia. This project included a 20-year lease with VIG, formerly APM Terminals North America, which was executed in 2010. In late 2016, the VPA amended its lease with VIG extending the term to 2065 and allowing VPA to assume operations at the VIG facility. The 576-acre terminal is recognized as the most technologically advanced marine cargo facility in the Americas and provides on-site rail with links to Norfolk Southern and CSX. VIG has a current capacity of over one million TEUs annually. The project also includes 26 new rail-mounted gantry cranes, which support 13 new container stacks, increasing cargo and container capacity at its two major terminals. In January 2018, four new 170-foot-tall ship-to-shore cranes arrived at the Port, which are the largest on the U.S. East Coast and will be able to service container vessels, regardless of their size, for decades to come. The VPA generates an estimated $92 billion of economic impact annually throughout the Commonwealth of Virginia.

The Virginia Inland Port (VIP). In Front Royal is an intermodal container transfer facility that complements the Port of Virginia’s marine terminal services. VIP occupies 161 acres of land and is approximately 60 miles west of Washington, D.C. The terminal brings the Port of Virginia 220 miles closer to inland markets by providing rail service to the terminals in Hampton Roads. It also consolidates and containerizes local cargo for export. VIP serves markets in northern Virginia, West Virginia, Maryland, Pennsylvania and Eastern Ohio. The facility also contains 17,820 feet of on-site rail served by Norfolk Southern and is located within one mile of I-66 and five miles of I-81. The VIP is a U.S. Customs-designated port of entry and provides the full range of customs functions to customers.

Ports of Entry: Virginia also has five Port of Entry facilities and one Service Port facility to serve businesses: Front Royal, New River Valley Airport in Dublin, Norfolk-Newport News (Service Port), Richmond-Petersburg, Tri-Cities near Bristol in northeastern Tennessee and Washington-Dulles in Northern Virginia.

*Virginia Commercial Space Flight Authority***.** The Virginia Commercial Space Flight Authority (VCSFA), also known as ‘Virginia Space,’ was created by the General Assembly of the Commonwealth of Virginia in 1995, with the legislated mission of promoting commercial space activity, economic development and aerospace research within the Commonwealth. Virginia Space began its lease at Wallops Island in 1997 and continually expanded the Mid-Atlantic Regional Spaceport (MARS) facilities to its present-day level of capabilities, with two launch facilities (one mid-class and one small class launch facility), as well as access to support infrastructure facilities through agreements with NASA, such as vehicle and payload processing integration facilities, support instrumentation and emergency facilities. MARS is licensed by the FAA Office of Commercial Space Transportation for launches to orbital trajectories. MARS is only one of four spaceports in the U.S. that is currently licensed to launch to orbit and is only one of two on the East Coast. Building upon a 55-year legacy of experience gained during over 16,000 rockets launched from NASA Wallops Flight Facility (WFF), MARS provides a competitive alternative for responsive, cost effective, reliable, and mission capable Space Access.

Virginia Space and other organizations that operate in the WFF contribute $820 million each year to the Virginia and Maryland counties surrounding the WFF and around 6,000 direct and indirect jobs. The total economic impact of the activity in and around the WFF is about $1.37 billion. Virginia Space highlights include the following events:

In August 2021, Northrup Grumman launched the NG-16 Cygnus Cargo Vehicle, the S.S Ellison Onizuka, on a mission from WFF's Mid-Atlantic Regional Spaceport Pad OA to the International Space Station (ISS). The mission was the 16th resupply mission to the ISS from the facility. The vehicle was named in honor of Onizuka, NASA's first Asian-American Astronaut. Onizuka and six crewmates were lost in the 1986 Space Shuttle Challenger mission. The activation of Rocket Lab's first launch facility in the United States, located at Wallops Island, was announced in December 2019. Rocket Lab is a global leader in small satellite launch. The company began construction on the launch pad, known as Launch Complex 2 (LC-2) in February 2019, together with the (VCSFA). The LC-2 consists of a pad made from more than 1,400 cubic yards of concrete, a 66-ton launch platform, and a 44-foot, 7.6-ton "strongback," which lifts the rocket into a launch position. The site is used to launch Rocket Lab's 57-foot-tall Electron rocket capable of carrying up to 500 pounds of satellite payload to orbit. An Integration and Control Facility located at Wallops Research Park is also under construction. The facility will be able to accommodate the simultaneous integration of multiple Electron launch vehicles containing an operations control center connected to LC-2. In July 2018, the Commonwealth opened the Mid Atlantic Regional Spaceport Payload Processing Facility (MARS PPF) at WFF. The Commonwealth, through the VCSFA and in partnership with NASA, has invested heavily in the development of the MARS PFF. The MARS PFF will provide government and commercial business with secure mission processing for multiple payloads in one facility from arrival to encapsulation. The Commonwealth has invested over $80 million in state funds that were used for the construction of the new Pad 0A to support Orbital Science Corporation's contract with NASA for eight resupply missions to the International Space Station. With NASA turning to the commercial aerospace industry to conduct many of its mission critical activities, the Commonwealth believes that it is well situated to serve a vital role in the future of the nation's space program. MARS PFF, with its strategic location, serves not only as a valuable asset to the U.S. space program, but also as a crucial link in Virginia's job creation and economic development efforts.

Telecommunications/Broadband

Virginia is reported to be one of the most "connected" states in the nation with access to a robust fiber network that matches or exceeds virtually every domestic market and most major financial centers around the world. The Commonwealth hosts prominent commercial internet exchange points, and 70 percent of the world's internet traffic passes through the Metropolitan Area Exchange East located in Ashburn, Virginia. The Richmond area has been connected to Ashburn with "dark fiber," opening opportunities along the I-95 corridor. In Southern and Southwest Virginia, the benefits of a 1,500+ mile advanced fiber-optic broadband network connects more than 100 certified GigaParks.

Customers in the Commonwealth have access to a full range of high quality, technologically advanced communication services. Virtually all major cities and towns are linked by fiber-optic lines crisscrossing the Commonwealth, which, in turn, are tied into recently constructed national fiber optic networks. In the 2018 Digital States Survey, the latest biennial survey, Virginia received a ranking of "A-".

Since 2006, the Mid-Atlantic Broadband Cooperative (MBC), nationally renowned as a model for rural economic development, has provided world-class fiber-optic backbone network infrastructure to Southern Virginia. This cable network provides opportunities for the region to connect directly with major Tier 1 peering and carrier collocation centers. MBC owns and operates more than 1,800 miles of advanced, open-access fiber network in 31 counties in Southern Virginia that reaches 100% of the business, industrial, and technology parks in the region. Backed by grants from the U.S. Department of Commerce and the Virginia Tobacco Commission, MBC continues to grow and expand.

Efforts are underway to further expand and enhance Southwest Virginia's technological capabilities. Grants from the Virginia Tobacco Commission and the Virginia Coalfield Economic Development Authority are expected to enable electronic upgrades as well as "last mile" connections.

The Bristol Virginia Utilities (BVU) Authority is a public utility company in Southwest Virginia that expanded its broadband infrastructure 900 miles into eight neighboring counties. That network – called OptiNet and CPC OptiNet in four of the counties – now provides fiber-optic speeds of up to 1 Gbps (gigabit per second) to customers in the city of Bristol and the counties of Bland, Buchanan, Dickenson, Russell, Smyth, Tazewell, Washington and Wythe, positioning Southwest Virginia for economic growth. Monetary grant awards of nearly $40 million from the Virginia Tobacco Commission since 2003 have helped to fund the existing 900-mile OptiNet infrastructure. In July 2010, the Virginia Tobacco Commission continued its support of OptiNet by providing another $5 million, facilitating acquisition of a Recovery Act grant of $22 million from the National Telecommunications and Information Administration. The monies have been applied toward construction of 388 miles of middle-mile fiber into seven of OptiNet's rural counties. This project paves the way for eventual fiber-to-the-home connectivity across Southwest Virginia. In August 2018, Sunset Digital Communications completed the $50 million acquisition of all of BVU Authority's OptiNet and CPC OptiNet assets, which are now owned and operated by the private Duffield, Virginia-based firm and ITC Capital Partners of Georgia. Sunset Digital Communications has reported plans to add more than 30,000 customers within the next five years.

Citizens is a regional full-service communications provider offering land-line telephone, VoIP, IPTV Video, web and e-mail hosting, DSL, and FTTP (Fiber to the Premises: Business Ethernet and FTTH, Fiber to the Home), serving seven counties in Southwest Virginia. In addition, Citizens operates a 248-mile regional open access fiber network in six Virginia counties including eight industrial parks. Citizens provides wholesale transport and internet bandwidth to a variety of service providers and partners with other open access networks, like MBC and BVU, to provide high-capacity optical transport services that are necessary to assist in the economic revitalization efforts of Southwest and Southside Virginia.

Research and Development

The Commonwealth is home to many internationally recognized research and development (R&D) facilities. Federally funded R&D facilities, coupled with the research from Virginia universities, provide Virginia businesses access to leading researchers and technologies. Virginia is home to hundreds of private sector R&D operations, 11 federally funded R&D Centers, and 23 Federal Laboratory Consortium Laboratories such as the Homeland Security Institute, NASA Langley Research Center, and the Thomas Jefferson National Accelerator Facility. Unique university research parks across the state offer private companies' opportunities for co-location and cooperative relationships with Virginia universities, federal labs and other research consortia.

The Virginia BioTechnology (Bio+Tech) Park in downtown Richmond is home to nearly 70 life science companies, research institutes and state/federal labs, employing over 2,400 scientists, engineers and researchers. The Park features nine buildings on a 34-acre campus adjacent to the medical campus of Virginia Commonwealth University, a "Top 100" life sciences research center. Members include early and mid-stage companies; multinational pharmaceutical, environmental and consumer product companies; national healthcare organizations, such as the Altria Center for Research and Technology and the United Network for Organ Sharing, as well as a number of international companies. The Bio+Tech Park is the hub of Activation Capital; a political subdivision of the Commonwealth originally named the Virginia Biotechnology Research Partnership Authority when it was established in 1993. Activation Capital's mission is to grow life sciences and other advanced technology innovations by promoting scientific research and economic development that attracts and creates new jobs and companies.

The National Institute of Aerospace (NIA) is a non-profit research and graduate education institute headquartered in Hampton, Virginia, near NASA's Langley Research Center. NIA's mission is to conduct leading-edge aerospace and atmospheric research, develop new technologies for the nation and help inspire the next generation of scientists and engineers. NIA was formed in 2002 by a consortium of research universities to ensure a national capability to support NASA's mission by expanding collaboration with academia

and leveraging expertise inside and outside of NASA. NIA performs research in a broad range of disciplines including space exploration, systems engineering, nanoscale materials science, flight systems, aerodynamics, air traffic management, aviation safety, planetary and space science, and global climate change.

SRI Shenandoah Valley in Harrisonburg, Virginia focuses on health and biomedical research and drug discovery and development with the ultimate goal of bringing new therapies and diagnostics to market. As part of SRI Biosciences, the research complements capabilities at other SRI locations, including SRI's Menlo Park, California headquarters. SRI's state-of-the-art 40,000-

square-foot research facility is located on a 25-acre campus in the Innovation Village at Rockingham. The facility provides a convenient base for collaboration with academia, entrepreneurs, government, industry, and investors in Virginia and the greater Washington, D.C. area. SRI moved into its Shenandoah Valley laboratory facility in 2009 and further expanded in 2011 and 2013 to accommodate growth in its R&D programs. Scientific research at SRI Shenandoah Valley focuses on prevention, detection and treatment of diseases. Activities span basic research in emerging infectious disease, metabolic disease and proteomics; applied research in therapeutics including drugs, biologics, and vaccines; and personalized medicine through the development of companion diagnostics and biomarkers.

The Commonwealth Center for Advanced Manufacturing (CCAM) located in a state-of-the-art research facility in Prince George County, Virginia, is an applied research center that bridges the gap between fundamental research typically performed at universities and product development routinely performed by companies. CCAM provides production-ready advanced manufacturing solutions to member companies across the globe. Members guide the research, leveraging talent and resources within CCAM and at Virginia's top universities, through a collaborative model that enables them to pool R&D efforts to increase efficiencies.

Following the model of CCAM, the Commonwealth Center for Advanced Logistics Systems was established in 2013 in Prince George County, Virginia. This public-private alliance focuses on solving logistics challenges and bringing solutions to market more quickly by partnering Virginia's leading universities and logistics companies. Founding members include Longwood University, the University of Virginia, Virginia Commonwealth University, Virginia State University, Logistics Management Resources, and LMI.

Business Climate

As of July 2022, Virginia is headquarters to 22 Fortune 500 companies and 34 Fortune 1000 companies and is ranked highly in two of the most comprehensive and impartial independent studies evaluating America's top states for business: Forbes.com and CNBC.

According to CNBC, Virginia is one of "America's Top States for Business" ranking #3 in 2022 and #1 in 2021. The Commonwealth has now earned the top spot five times in 2007, 2009, 2011, 2019, and 2021, more than any other state. For the second straight year the 2022 study also ranked the Commonwealth # 2 for Education. All 50 states are ranked on 60 measures of competitiveness, using input from business groups, economic development experts, companies, and the states themselves. The network separates those measures into 10 broad categories: cost of doing business, workforce, quality of life, economy, infrastructure, technology and innovation, education, business friendliness, access to capital, and cost of living.

Forbes.com released the "2019 Best States for Business Study" and ranked Virginia fourth in the nation, unchanged from 2018 and up from fifth in the 2017 study. In the 2019 study, Forbes ranked Virginia first in the Quality of Life and third in Labor Supply and Regulatory Environment in these categories. Virginia received the 2018 top ranking for Regulatory Environment and Quality of Life, up from the No. 2 and No. 8 ranking in these categories, respectively. The review examines multiple objective measurements, including business cost, regulatory climate, quality of the workforce, and economic growth. Forbes.com is the official Internet site of the Forbes family of business publications.

In August 2022, Business Facilities Magazine (BFM) ranked the Commonwealth of Virginia second in State rankings for "Overall Business Climate". In December 2021, Virginia had been ranked first for Overall Business Climate. In 2022, The Commonwealth retained its No. 1 ranking in two other categories, Tech Talent Pipeline and Cybersecurity. Additionally, Virginia was ranked in the Top Ten in Installed Solar Capacity (M/W) for 2022. These results were founded on the work done by the local and statewide economic development councils as part of the Virginia Tech Talent Accelerator Program, launched in 2019, by the Virginia Economic Development Partnership (VEDP). Coupled with Virginia's quality higher education institutions as well as proximity to federal government agencies and resources, the Tech Talent Investment Program has become a powerful strategic initiative for the Commonwealth. BFM cited Virginia's coordinated focus in the cybersecurity sector and the fact that nearly 50 Virginia colleges and universities have established cyber degrees, as an example of the Commonwealth's focus on expanding tech talent to meet a specific need.

In 2022, Site Selection Magazine awarded the Commonwealth first place for the "Best State Business Climate" and for the second year in a row the Commonwealth ranked No. 1 for "Regional Workforce Development, South Atlantic Region". In a March 2022 summary of Cushman & Wakefield's "Global Data Center Market Comparison" release in January 2022, the Magazine noted that Virginia had finished first in overall ranking for the third year in a row.

U.S. News has completed its Best States survey and ranked Virginia seventh in 2021 and 2019, a thirteenth spot jump from twentieth in 2018. The calculation rankings are of eight categories assigned weightings based on the average of three years of data from an annual national survey that asked a total of more than 50,000 people to prioritize each subject in their state. In addition to healthcare and education, the metrics consider a state's economy, infrastructure, fiscal stability, public safety, natural environment, and the opportunity it affords its residents. Virginia experienced the most significant improvements in its rankings from 2018 to 2019 in the categories of healthcare (from 29th to 18th), education (from 12th to 7th), economy (from 30th to 25th), and fiscal stability (from 14th to 8th).

Education/Information Technology

Virginia has been "Top Ranked" in CNBC's Annual State Competitiveness Rankings more than any other state since the study began in 2007. One of the state's greatest strengths has been the ability to nurture and retain workforce talent. Virginia offers employers one of the best-educated workforces in the country with 39% of workers holding a bachelor's degree or higher. The Commonwealth also boasts the nation's third -highest concentration of science, technology, engineering and math (STEM) workers, according to the U.S. Bureau of Labor Statistics.

Working in coordination with the Virginia Economic Development Partnership, the Virginia Department of Labor and the Virginia Department of Education as well as many others, the Virginia Office of Education Economics (VOEE) leverages data to inform educational programming, policy and workforce partnerships across the Commonwealth. Products such as the "High Demand Occupations Dashboard" provide a unified, consistent source of data analysis for policy development and implementation which allows for a better understanding of education and labor markets, and their alignment as it relate to talent development.

Virginia is committed to technology and innovation and is already at the forefront of emerging sectors like cloud computing and cybersecurity. Virginia is the leading data center market in the U.S. and is home to more than 20% of all known hyperscale data centers worldwide. With its proximity to the federal government, it is no surprise Virginia has emerged as a leader in areas such a cybersecurity and has amassed the highest concentration of tech workers in the nation. The Commonwealth is preparing for future growth in "next generation" IT through its top-ranked higher education system's ability to continue to recruit and develop a pipeline of technology talent.

The Constitution of Virginia vests the supervision of public elementary and secondary schools in local school boards. The State Board of Education is, however, required to prescribe standards of quality and has prescribed minimum competency tests for high school graduation. Virginia's public schools are financed through a combination of state, local and federal funds. The private sector also contributes through partnerships with schools and school divisions. The apportionment of the state funds for public education is the responsibility of the General Assembly, through the Appropriations Act. General fund appropriations serve as the mainstay of state support for the commonwealth's public schools, augmented by retail sales and use tax revenues, state lottery proceeds, and other sources. Historically, state funding for public education represents about one-third of the state general fund budget.

Counties, cities and towns comprising school divisions also support public education by providing the locality's share to maintain an educational program meeting the commonwealth's Standards of Quality. While public education is primarily a state and local responsibility, the federal government provides assistance to state and local education agencies in support of specific federal initiatives and mandates.

In the 2022-23 academic year, an estimated 370,838 students were enrolled in the Commonwealth's 39 public colleges, community colleges and universities. Of these students, an estimated 198,351 attended 23 community colleges on 40 campuses within the Virginia Community College System. A total of 1,251,970 students attended public elementary and secondary schools. The following table illustrates enrollment levels for all educational levels for the last 10 academic years.

ENROLLMENT FOR PUBLIC AND PRIVATE INSTITUTIONS OF HIGHER EDUCATION AND PUBLIC PRIMARY AND SECONDARY SCHOOLS

Academic	Higher Education [1]			Public [2] Primary and
Year	Public	Private	Total	Secondary
2012-13	409,069	123,144	532,213	1,264,880
2013-14	403,975	125,343	529,318	1,273,211
2014-15	398,689	135,591	534,280	1,279,773
2015-16	393,545	135,121	528,666	1,284,680
2016-17	388,749	132,144	520,893	1,288,481
2017-18	388,334	133,110	521,444	1,293,049
2018-19	384,200	137,271	521,471	1,290,513
2019-20	383,865	141,470	525,335	1,298,083
2020-21	224,551	145,628	370,179	1,252,752
2021-22	221,121	149,717	370,838	1,251,970

Source: [1] State Council for Higher Education in Virginia; [2] Virginia Department of Education

In 2022, Smart Asset ranked Virginia No. 2 in its best states for Higher Education after being ranked No. 1 in 2021. This makes eight years in a row in which Virginia was ranked the best or second-best state for higher education. The study compares four-year public colleges and universities in each state using multiple metrics, including the undergraduate graduation rate, the average net price, the 20-year return on investment and the student-faculty ratio. Of these metrics Virginia had the highest graduation rate in the study at 73%.

Natural Resources

Virginia's geologic resources provide a wealth of opportunities for mineral and energy development. The historic contributions of these resources to economic growth is measured not only in the dollar value of the minerals produced each year, but also in the direct and indirect benefits of jobs created, support industries, new business opportunities, and revenues for local governments that provide community services. The total value of energy and mineral resources produced in 2021 was estimated to be $3.3 billion. The value of mined coal was estimated to be $1.3 billion, while oil and natural gas production was valued at $403 million. The US Geological Survey estimated the value of non-fuel mineral production in 2021 to be about $1.6 billion. Non-fuel minerals include crushed stone, sand and gravel aggregate, clays and shale, and a diverse range of industrial minerals such as kyanite, vermiculite, dimension stone, titanium and zirconium sands, among others. Energy markets continue to evolve with greater utilization of renewable sources. Natural gas and coal will remain important fuels for electricity generation in the near future.

For 2021 the total economic impact, direct and indirect, of Virginia Forestry was valued at $106 billion with approximately 490,000 Virginians employed in the sector. Total direct economic benefit for the year was valued at $55 billion and 185,000 employed. In addition, the nearly 16 million acres of forestland provide citizens environmental benefits, such as water quality and air quality, habitat for wildlife and plants, recreational opportunities, aesthetic beauty and long-term carbon sequestration through forest management.

The Virginia seafood industry is one of the oldest industries in the United States and Virginia is one of the largest seafood production states on the East Coast. According to the most recent economic impact study by the Virginia Seafood Agricultural Research and Extension Center (VSAREC), the Seafood Industry provided a $1.1 billion boost to the Virginia Economy in 2019. According to the U.S Department of Commerce and the National Marine Fisheries Service, in 2020, the Port of Reedville, Virginia was ranked 4th nationally for Port Volume and 10th for value of seafood landed at $64 million. Overall, Virginia ports are rarely closed in the winter. Virginia's catch is widely diversified, preventing dependence on any one species. Among the 50 commercially valuable seafood species harvested from some 620,000 acres of water in or around Virginia are sea scallops, eastern oysters, blue crabs, menhaden, northern quahog clam, summer flounder, striped bass and Atlantic croaker. Also, in 2020 the Commonwealth was ranked 6th nationally for Recreational Trips with nearly 8.2 million angler trips.

***Agriculture*:** The agricultural industry is Virginia's largest private industry, with an has an economic impact of $82.3 billion annually and provides nearly 382,000 jobs in the Commonwealth. The industries of agriculture and forestry together have a total economic impact of almost $106 billion. Every job in agriculture and forestry supports 1.6 jobs elsewhere in the Virginia economy.

Production agriculture employs nearly 55,000 farmers and workers in Virginia and generates approximately $3.8 billion in total output. Value-added industries, those that depend on farm commodities, employ an additional 69,000 workers. When the employment and value-added impact of agriculture and forestry are considered together, they make up 9.3 percent of the state's total gross domestic product.

Wine and Craft Beer: A 2022 National Economic Impact Study of the Wine Industry commissioned by Wine America: the National Association of Wineries, showed that a burgeoning wine industry is proving to be increasingly important to Virginia's economy. The study reported that close to $6.4 billion in total economic activity could be attributed to the Virginia Wine Industry. The study reported that industries as varied as farming, banking, accounting, manufacturing, packaging, transportation and tourism all depend on the wine industry as part of their livelihoods. Virginia's wine industry is comprised of 274 wine producers operating on 578 acres of vineyards. The industry directly employs as many as 25,961 people with an additional 8,716 jobs involved in supplier and ancillary industries. Virginia's wine country generated 1.45 million tourist visits in 2022 with an estimated $492.7 million in tourist expenditures.

Another burgeoning industry in the Commonwealth is the Craft Beer Industry. With 314 licensed craft breweries, the industry generated $1.7 billion in total economic impact and employs over 14,000 Virginians. Virginia is ranked No. 1 in the South for breweries per capita and ranks 17th on the national scale.

***Tourism*:** Another of Virginia's most important economic assets is the travel and tourism industry. In the 2021 Economic Impact Study commissioned by the Virginia Tourism Corporation, tourism's total economic impact in Virginia in 2021 was valued at $39.4 billion with employment estimated at nearly 275,000 jobs, including employment in such travel-related businesses as lodging establishments, restaurants, museums, amusement parks, retail stores and gasoline service stations. In direct expenditures, the state's visitors spent more than $25 billion across the Virginia economy, a 44% increase from 2020, with overnight visitation up 31% vs 2020. Travelers spent $69 million per day in Virginia in 2021, up from $48 million per day in 2020. Tourism is also a significant source of government revenues and was responsible for $1.8 billion in combined state and local tax revenues in 2021, a 28% increase over 2020.

ECONOMIC DEVELOPMENT ANNOUNCEMENTS

In January 2022, Kamine Development Corporation and Nicollet Industries, LLC, green infrastructure and sustainable development leaders, announced the investment of $267 million to establish a joint venture paperboard recycling and production facility, Celadon Development Corporation, at the Chesapeake Deepwater Terminal site in the City of Chesapeake, Virginia. The capital investment is expected to create 210 new jobs and environmental stewardship opportunities, while building a cleaner economy. Celadon Development Corporation's state-of-the-art operation will produce in-demand fibers from recycled paper products, benefitting the environment and positioning Chesapeake and the Commonwealth's recycling technology in the U.S. Celadon's 335,000 square-foot facility will utilize the most efficient processes, creating a closed loop, waste-free industry. At the facility's peak, the operations may use up to 300 rail cars per month and export 80,000 TEUs, or twenty-foot equivalent units, per year, equivalent to 10 cargo ships, through The Port of Virginia. At full capacity, Celadon would represent one of the largest exporters in Virginia, with approximately $200 million in export value annually.

CoStar Group, Inc., (NASDAQ: CSGP) a leading provider of real estate information and analytics, and an online marketplace, announced in December 2021 its investment of $460 million to expand its operations, including a research and technology center expansion, in Richmond, Virginia. The Company broke ground on the project in November 2022. CoStar plans to establish a Corporate Campus that will include sales, marketing, software development, customer service and support functions on four acres adjacent to its current facility, which serves as the company's headquarters for research and data analytics. The new campus will represent approximately 750,000 square feet of new office and retail space and is expected to include a 26-story, LEED-certified office building and a six-story, multipurpose building for a central location for employee amenities. The expansion project is expected to create 2,000 new jobs in the Commonwealth.

In October 2021, Siemens Gamesa Renewable Energy signed an agreement to establish the first offshore wind turbine blade facility in the United States, propelling construction of the county's largest new renewable energy project. The project represents an estimated total cost of $200 million, including over $80 million in investments for buildings and equipment. The Virginia-based

Dominion Energy had previously selected the company as its partner for the energy generation project more than 27 miles off the coast of Virginia Beach. The company will lease more than 80 acres of the Commonwealth's Portsmouth Marine Terminal and will build a facility to produce turbine blades supplying offshore wind projects in North America. The facility will create an estimated total of 310 new jobs, of which roughly 50 will be service jobs to support the Coastal Virginia Offshore Wind Project. The project is expected to be completed by the year 2026.

Nestle Purina Pet Care Company, a leading manufacturer of pet care products, announced in June 2021 that it will invest $182 million to expand its manufacturing operation in King William County. Purina is expected to add 138,000 square feet to increase capacity and enhance business operations in the U.S. and Canada for its Tidy Cats litter products, including the LightWeight formulas such as Free & Clean Unscented. The project will also include an additional 100,000 square feet of warehouse space leading to more efficient logistics management and expedited delivery products. The factory expansion is expected to be completed by late 2023.

In May 2021, Breeze Airways, a new U.S. based airline providing low-cost, nonstop service to midsize markets, invested $5.2 million to establish an operations center in the City of Norfolk and created an estimated 116 new jobs. By March 2022 the airline had nine routes out of Norfolk flying to 13 cities. Norfolk serves as one of Breeze Airways' four operations based in the United States. The airline also serves four destinations out of Richmond International Airport with plans to add new destinations in 2023. Breeze Airlines is based out of Salt Lake City, Utah.

In January 2021, the nonprofit pharmaceutical manufacturer, Civica, announced that it will invest $124.5 million to establish its first in-house pharmaceutical manufacturing operation in the City of Petersburg, creating approximately 186 new jobs. Civica was launched in 2018 to address the problem of chronic generic drug shortages and high drug prices and is a key partner for the new U.S. government-funded partnership with Phlow Corporation, Medicines for All Institute, and AMPAC Fine Chemicals. Civica has announced plans to construct a 120,000 square-foot state-of-the-art manufacturing facility adjacent to Phlow's future operation and AMPAC's existing facility. In September 2022 the Company announced plans to invest $27.8 million to establish a new laboratory testing facility in Chesterfield County. The 55,000 square foot facility will create approximately 51 new jobs and support the Company's Petersburg operation.

Total Fiber Recovery (TFR) first announced in February 2020 its intent to establish its first recycled pulp production facility in the City of Chesapeake. In July 2020, Total Fiber Recovery of Chesapeake (TFRC) started construction of an $80 million facility in the City. The Virginia Small Business Financing Authority authorized the issuance of $65 million of Green Bonds to finance the construction. TFRC is a joint venture of TFR and Cellmark Inc, a privately-owned, Swedish supply chain services company with business in more than 30 countries. TFRC is expected to begin operations in fourth quarter, 2023 and annually process 300,000 tons of mixed paper and other recycled fiber from the region's materials recovery facilities (MRF). The company is expected to increase the region's capacity to process recycled fiber.

In January 2023, Amazon Web Service (AWS), Amazon Inc's cloud services division, announced plans to invest $35 billion by 2040 to expand data centers in Virginia. AWS reports that the investment will create 1,000 new jobs. The new investment is expected to add to the $35 billion investment and 3,500 jobs AWS reports to have created in Virginia between 2011-2021. In 2018, Amazon had announced its intention to house the Company's second headquarters (HQ2) in Virginia, with eventual employment of up to 25,000. As of April 2022, employment at the site was approaching 5,000. HQ2 construction began in 2020 with completion still slated for 2023. With the announcement to establish the second Amazon headquarters, the cities of Alexandria, Fairfax, Falls Church, Manassas, Manassas Park and the counties of Arlington, Fairfax, Fauquier, Loudoun, and Prince William announced in September 2019 the formation of the Northern Virginia Economic Development Alliance. Arlington County is working diligently with officials from Amazon both on permitting and inspecting building renovation work for its initial occupancy in Crystal City, as well as the planning and entitlement of its new construction projects in Pentagon City (commonly known as the Metropolitan Park site). Current plans for the first phase of the new headquarters include two new LEED-Platinum certified buildings, new retail space for area businesses, and open, community space, transforming the site from a block of vacant warehouses into a mixed-use neighborhood. The Commonwealth is committing up to $1.1 billion to more than double the annual number of graduates with bachelor's and master's degrees in computer science and closely related fields, estimated to create an additional 31,000 graduates in excess of current levels over the next 20 years. The Commonwealth of Virginia, Arlington County, and the City of Alexandria have committed funding for transportation investments to support mobility in the region, and several transportation improvements are already underway. The Washington Metropolitan Area Transit Authority and Arlington County completed the development and analysis of alternative site locations for the Crystal City Metrorail station's new east entrance and are now finalizing the concept design plan. This new Metro entrance is expected to help alleviate crowding and streamline pedestrian traffic through the station.

The announcement was made in February 2022, Rocket Lab USA selected Wallops Island as the location for its launch site and extensive manufacturing and operations facilities for its Neutron rocket, creating up to 250 jobs.

Thermo Fisher Scientific announced in March 2022, plans to expand its existing bioanalytical laboratory operations into three new locations in the greater Richmond region. The $97 million project is expected to create more than 500 new jobs.

In June 2022, the LEGO Group announced plans to invest $1 billion to establish first U.S. manufacturing plant in Chesterfield County, including new 1.7 million-square-foot precision manufacturing facility creating over 1,760 new jobs.

Aerospace leaders Boeing and Raytheon Technologies announced in June 2022 plans to move their global headquarters to Arlington, VA from Chicago and Boston respectively. The new office will be located in Arlington's Rossyln neighborhood alongside the existing Intelligence and Space business.

In August 2022, Hilton Worldwide Holdings Inc. announced it plans to expand its Fairfax County Corporate Headquarters, creating 350 new jobs over the next five years.

DroneUp LLC, announced in August 2022, plans to expand its Virginia Beach Headquarters and establish a testing, training, and R&D center at Richard Bland College in Dinwiddie County (VA), representing an investment of $27.2 million and 655 total new jobs.

Demonstrating Virginia's emerging position as a leader in a growing controlled environment agriculture industry, Plenty Unlimited Inc., announced plans in September 2022, to build world's largest indoor vertical farming campus Virginia, a $300 million investment that will create 300 jobs in Chesterfield County.

In September 2022, Beanstalk Farms Inc. announced the recent opening of the company's new indoor farm and distribution facility in Herndon, Virginia, and AeroFarms officially began operations in a state-of-the-art, 140,000 square-foot indoor farming facility in Danville-Pittsylvania County.

DISCLOSURE STATEMENTS

Cyber Security Risk

Computer networks and data transmission and collection are vital to the efficient operation of the Commonwealth and the provision of government services. The Virginia Information Technologies Agency (VITA) is charged with the development, delivery and maintenance of information technology, security, policy and governance, and procurement services for Virginia's executive branch. VITA develops and manages a portfolio of tools and processes designed to secure Commonwealth data and systems against unauthorized use, disclosure, modification, damage or loss.

Despite the implementation of various security measures across the networks used by the Commonwealth and its agencies, the Commonwealth's computer and information technology systems may be vulnerable to deliberate attacks by hackers, malware, ransomware or computer viruses, or may otherwise be breached due to employee error, malfeasance or other disruptions. Any such attack or breach could compromise the networks used by the Commonwealth and its agencies, and the information stored thereon could be disrupted, accessed, publicly disclosed, lost or stolen. Further, a successful cyberattack or an unintentional breach may require the Commonwealth to expend an unpredictable amount of money and time to resolve, substantially interrupting operations of the Commonwealth and its agencies and subjecting the Commonwealth to legal action.

As cybersecurity threats continue to evolve, the Commonwealth anticipates a continuing need to provide additional resources to modify and strengthen security measures, investigate and remediate potential vulnerabilities, and invest in new technology designed to mitigate security risks.

Environmental and Severe Weather Risks

The natural resources of the Commonwealth are integral to the agricultural, industrial and commercial sectors of the Virginia economy, as well as necessary to the promotion of continued economic development. To ensure the continued vitality of these valuable resources, the Virginia Department of Environmental Quality administers state and federal laws and regulations to promote and improve air quality, water quality, water supply, renewable energy and land protection, as well as to mitigate various environmental risks.

Certain geographic areas of the Commonwealth are susceptible from time to time to the effects of coastal and inland flooding, wind damage, widespread power outages and other damaging effects resulting from severe weather events such as tornadoes, winter storms and hurricanes. The coastal areas of the Commonwealth may also experience increased mitigation costs and declining real property values as a result of rising sea levels over the long-term. The Commonwealth has been able to respond effectively to prior weather events through a combination of its emergency response systems, existing programs to address weather and environmental risks, and state-level financial resources, supported as well as by federal disaster relief programs.

There is no basis to predict the frequency or scope of future severe weather events and the effect on the Commonwealth's economy, finances and operations. Further, there is no basis to estimate the direct and indirect costs to be incurred by the Commonwealth from its ongoing efforts to mitigate other known and unknown risks to the environment.

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FORM OF BOND COUNSEL OPINION

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June __, 2023

Virginia College Building Authority
Richmond, Virginia

The Bank of New York Mellon Trust
Company, N.A., as Trustee
Pittsburgh, Pennsylvania

Virginia College Building Authority

$618,815,000 Educational Facilities Revenue Bonds
(21st Century College and Equipment Programs), Series 2023A

$341,810,000 Educational Facilities Revenue Refunding Bonds
(21st Century College and Equipment Programs), Series 2023B

Ladies and Gentlemen:

We have served as Bond Counsel to the Virginia College Building Authority (the "Authority") in connection with its issuance on the date hereof of its $618,815,000 Educational Facilities Revenue Bonds (21st Century College and Equipment Programs), Series 2023A (the "2023A Bonds"), $341,810,000 Educational Facilities Revenue Refunding Bonds (21st Century College and Equipment Programs), Series 2023B (the "2023B Bonds" and together with the 2023A Bonds, the "Bonds"). The Bonds are issued under a Master Indenture of Trust dated as of December 1, 1996, as amended (the "Master Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"), and as supplemented by a Fifty-Third Supplemental Indenture of Trust with respect to the 2023A Bonds, dated as of June 1, 2023, and a Fifty-Fourth Supplemental Indenture of Trust with respect to the 2023B Bonds, dated as of June 1, 2023, (collectively, the "Supplemental Indentures"), all between the Authority and the Trustee. The proceeds of the Bonds will be used to finance or refinance capital projects and equipment for certain public institutions of higher education (the "Participating Institutions") in the Commonwealth of Virginia (the "Commonwealth").

In connection with our opinions as set forth below, we have examined Chapter 12, Title 23.1 of the Code of Virginia of 1950, as amended (the "Virginia Code"), successor to the Virginia College Building Authority Act of 1966, Chapter 3.2, Title 23, Virginia Code (the "Act"), legislation authorizing the 21st Century College Program and the Equipment Program (each as defined in the Master Indenture) and the related projects, and copies of the proceedings and other papers relating to the issuance and sale of the Bonds by the Authority. Reference is made to the Bonds for a description of the purposes for which the Bonds are issued, their terms, including payment and redemption provisions, and the security therefor.

Without undertaking to verify the same by independent verification, we have relied on (a) computations provided by Public Resources Advisory Group., as financial advisor to the Authority, the mathematical accuracy of which has been verified by Bingham Arbitrage Rebate Services as verification agent, relating to the yield of investments in the escrow fund established in connection with the refunding and defeasance as applicable of the Refunded Bonds (as defined in the related Supplemental Indenture), the sufficiency of such investments to pay when due the principal of and interest on the Refunded Bonds and the yield on the Bonds, and (b) representations by or on behalf of the Authority, the Participating Institutions and the Commonwealth as to questions of fact material to this opinion, including, without limitation, representations as to the use of proceeds of the Bonds and Refunded Bonds, and certifications and representations contained in certificates of the Authority, the Commonwealth and other public officials furnished to us. We have assumed that all signatures on documents, certificates and instruments examined by us are genuine, all documents, certificates and instruments submitted to us as originals are authentic, and all documents, certificates and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates and instruments relating to the issuance of the Bonds have been duly authorized, executed and delivered by all parties other than the Authority, and we have further assumed the due organization, existence and powers of such other parties.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Authority is a public body corporate and a political subdivision of the Commonwealth duly created by the Act and vested with all of the rights and powers conferred by the Act.

2. The Authority has the requisite authority and power under the Act, and legislation authorizing the 21st Century College Program, the Equipment Program and the related projects, to enter into the Master Indenture and the Supplemental Indentures, to issue and sell the Bonds, and to apply proceeds from the issuance and sale of the Bonds as set forth in the Master Indenture and the Supplemental Indentures.

3. The Bonds have been duly authorized, executed and delivered in accordance with the Act, legislation authorizing the 21st Century College Program, the Equipment Program and the related projects, the Master Indenture and the Supplemental Indentures and constitute valid and binding limited obligations of the Authority, enforceable against the Authority in accordance with their terms. The Bonds are payable solely from Revenues (as defined in the Master Indenture) and other property of the Authority specifically pledged for such purpose under the Master Indenture. The principal of and interest on the Bonds will not be deemed to constitute a debt of the Commonwealth. Neither the faith and credit nor the taxing power of the Commonwealth or any of its political subdivisions is pledged, nor is the Commonwealth or any of its political subdivisions otherwise obligated, to pay the principal of or interest on the Bonds.

4. The Master Indenture and the Supplemental Indentures have been duly authorized, executed and delivered by the Authority, constitute the valid and binding limited obligations of the Authority, assign and pledge the Revenues to the Trustee as security for the Bonds, and are enforceable against the Authority in accordance with their respective terms, subject to the provisions of paragraph 5. The Supplemental Indentures are authorized or permitted by the Master Indenture and comply with the requirements and terms of the Master Indenture. The execution and delivery of the Supplemental Indentures will not cause interest on any bonds previously issued under the Master Indenture as tax-exempt obligations to become includable in the gross income of the holders thereof for federal income tax purposes; provided that this opinion is not meant to bring-down or otherwise update the bond counsel opinions as to tax-exemption delivered in connection with the issuance of any such bonds.

5. The obligations of the Authority under the Bonds, the Master Indenture and the Supplemental Indentures are subject to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium and similar laws, now or hereafter in effect, relating to or affecting the enforcement of creditors' rights generally. Such obligations also are subject to usual equitable principles, which may limit the specific enforcement of certain remedies but which do not affect the validity of such obligations.

6. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax for individuals. For tax years beginning after December 31, 2022, interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations. The opinion set forth above is subject to the condition that the Authority and the Participating Institutions comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds for interest on the Bonds to continue to be excluded from gross income for federal income tax purposes. The Authority and the Participating Institutions have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

7. In accordance with Section 23.1-1214 of Virginia Code, the Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, are free and exempt from taxation by the Commonwealth and any of its political subdivisions.

Our services as Bond Counsel to the Authority have been limited to delivering the foregoing opinions based on our review of such legal proceedings as we deem necessary to approve the validity of the Bonds and the tax status of the interest thereon. The foregoing opinions are in no respect opinions as to the business or financial resources of the Authority or as to the accuracy, adequacy or completeness of any information, including the Authority's Preliminary Official Statement, dated April 28, 2023 and its Official Statement, dated May 16, 2023, relating to the Bonds that may have been relied upon by anyone in making a decision to purchase Bonds.

The opinions expressed herein are given as of the date hereof only, and we assume no obligation to update, revise or supplement such opinions to reflect any facts or circumstances that hereafter may come to our attention or any changes in law that hereafter may occur or become effective. We have not been asked to, and we do not, express any opinion as to any matter except as specifically set forth herein.

Very truly yours,

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APPENDIX E

FORMS OF CONTINUING DISCLOSURE AGREEMENTS

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CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated as of June 1, 2023 (the "Disclosure Agreement"), is executed and delivered by the Virginia College Building Authority (the "Authority") of the Commonwealth of Virginia (the "Commonwealth") in connection with the issuance by the Authority of its $618,815,000 Educational Facilities Revenue Bonds (21st Century College and Equipment Programs) Series 2023A (the "2023A Bonds") and its $341,810,000 Educational Facilities Revenue Refunding Bonds (21st Century College and Equipment Programs) Series 2023B (the "2023B Bonds" and together with the 2023A Bonds, the "2023 Bonds"). The 2023 Bonds are being issued pursuant to the provisions of the Master Indenture of Trust, dated as of December 1, 1996 (the "Original Master Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"), as amended and supplemented from time to time, including as supplemented by the Fifty-Third Supplemental Indenture of Trust relating to the 2023A Bonds and the Fifty-Fourth Supplemental Indenture of Trust relating to the 2023B Bonds, each dated the date hereof (the "Supplemental Indentures," and the Original Master Indenture as so amended and supplemented from time to time, the "Indenture"), between the Authority and the Trustee. The proceeds of the 2023 Bonds are being used by the Authority to finance or refinance the costs of capital projects and acquire equipment at public institutions of higher education in the Commonwealth. The Authority hereby covenants and agrees as follows:

Section 1. <u>Purpose of the Disclosure Agreement</u>. This Disclosure Agreement is being executed and delivered by the Authority for the benefit of the Holders and in order to assist the Participating Underwriters in complying with the Rule. The Authority acknowledges that it is undertaking primary responsibility for any reports, notices or disclosures that may be required under this Disclosure Agreement.

Section 2. <u>Definitions</u>. In addition to the definitions used for purposes of the Indenture which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

> **"Annual Report"** shall mean any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.
>
> **"Dissemination Agent"** shall mean the Authority, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Authority a written acceptance of such designation.
>
> **"EMMA"** shall mean the MSRB's Electronic Municipal Market Access system, the internet address of which is http://emma.msrb.org/, and any successor thereto.
>
> **"Financial Obligation"** means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation does not include municipal securities as to which a final official statement has been otherwise provided to the MSRB under the Rule.
>
> **"Fiscal Year"** shall mean the twelve-month period, at the end of which the financial position of the Authority and results of its operations for such period are determined. Currently, the Authority's Fiscal Year begins July 1 and continues through June 30 of the next year.
>
> **"Holder"** shall mean, for purposes of this Disclosure Agreement, any person who is a record owner or beneficial owner of a 2023 Bond.
>
> **"MSRB"** shall mean the Municipal Securities Rulemaking Board.
>
> **"Participating Underwriters"** shall mean any of the original underwriters of the 2023 Bonds required to comply with the Rule in connection with the offering of the 2023 Bonds.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. <u>Provision of Annual Reports: Audited Financial Statements</u>.

(a) Not later than the May 1 following the end of each Fiscal Year of the Authority, commencing with the Fiscal Year ending June 30, 2023, the Authority shall, or shall cause the Dissemination Agent (if different from the Authority) to, provide to EMMA an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than 10 days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent (if applicable). In each case, the Annual Report (i) may be submitted as a single document or as separate documents comprising a package, (ii) may cross-reference other information as provided in Section 4 of this Disclosure Agreement, and (iii) shall include such financial statements as may be required by the Rule.

(b) The annual financial statements of the Authority shall be prepared on the basis of generally accepted accounting principles and will be audited by either the Auditor of Public Accounts or a firm of independent certified public accountants. Copies of the audited annual financial statements, which may be filed separately from the Annual Report, will be submitted to EMMA when they become publicly available.

(c) If the Authority fails to provide an Annual Report by the date required in subsection (a) hereof, or to file its audited annual financial statements when available as described in (b), the Authority shall send in a timely fashion an appropriate notice to the Municipal Securities Rulemaking Board via EMMA in substantially the form attached hereto as Exhibit A or in such form as may be provided by the MSRB as the applicable form for filing such notice via EMMA.

Section 4. <u>Content of Annual Reports</u>. Each Annual Report required to be filed hereunder shall contain or incorporate by reference, at a minimum, the following information, all with a view toward assisting the Participating Underwriters in complying with the Rule:

(a) a summary of information regarding appropriations made by the General Assembly for payments under the Payment Agreement between the Authority and the Treasury Board relating to the 2023 Bonds, and

(b) updated information regarding the balance of the payments due under the Payment Agreement as of the end of the preceding Fiscal Year.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Authority, which have been filed with each of the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Authority shall clearly identify each such other document so incorporated by reference.

Section 5. <u>Event Notices</u>. The Authority will provide, or cause the Dissemination Agent (if different from the Authority) to provide, in a timely manner not in excess of 10 business days after the occurrence thereof, to the Municipal Securities Rulemaking Board via EMMA, notice of the occurrence of any of the following events (listed in subsection (b)(5)(i)(c) of the Rule) with respect to the 2023 Bonds:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the 2023 Bonds or other material events affecting the tax status of the 2023 Bonds;

(7) Modifications to rights of holders of the 2023 Bonds, if material;

(8) 2023 Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the 2023 Bonds, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event with respect to the Authority;

(13) The consummation of a merger, consolidation or acquisition involving the Authority or sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee under the Indenture or the change of name of a trustee under the Indenture, if material;

(15) incurrence of a Financial Obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect Holders of the 2023 Bonds, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

The Authority does not undertake to provide the above-described notice in the event of a mandatory, scheduled redemption, not otherwise contingent upon the occurrence of an event, if (i) the terms, dates and amounts of redemption are set forth in detail in the official statement for the 2023 Bonds, (ii) the only open issue is when 2023 Bonds will be redeemed in the case of a partial redemption, (iii) notice of redemption is given to the bondholders under the terms of the Indenture, and (iv) public notice of the redemption is given pursuant to 1934 Act Release No. 23856 of the Securities and Exchange Commission, even if the originally scheduled amounts may be reduced by prior optional redemption or 2023 Bond purchases.

Section 6. Termination of Reporting Obligation. The obligations of the Authority under this Disclosure Agreement shall terminate upon the earlier to occur of the legal defeasance or final retirement of the 2023 Bonds.

Section 7. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Authority shall be the Dissemination Agent.

Section 8. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the Authority may amend this Disclosure Agreement, if such amendment is supported by an opinion of independent counsel with expertise in federal securities laws to the effect that such amendment is permitted or required by the Rule.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice described in Section 5 above, in addition to that which is required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual Report or notice described in Section 5 above, in addition to that which is specifically required by this Disclosure Agreement, the Authority shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice.

Section 10. Default. Any person referred to in Section 11 (other than the Authority) may take such action as may be permitted by law against the appropriate public official to secure compliance with the obligation of the Authority to file its Annual Report or to give notice as described in Section 5 hereinabove. In addition, the holders of not less than a majority in aggregate principal amount of 2023 Bonds outstanding may take such actions as may be permitted by law to challenge the adequacy of any information provided pursuant to this Disclosure Agreement, or to enforce any other obligation of the Authority hereunder. A default under this Disclosure Agreement shall not be deemed an event of default under the Indenture or the 2023 Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Authority to comply herewith shall be an action to compel performance.

Nothing in this provision shall be deemed to restrict the rights or remedies of any holder pursuant to the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder, or other applicable laws.

Section 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Participating Underwriters, and holders from time to time of the 2023 Bonds, and shall create no rights in any other person or entity.

Section 12. Obligated Person. The Authority has determined that the Commonwealth is an "obligated person", within the meaning of the Rule, that is or may be material to the 2023 Bonds. The Commonwealth has concurred in such determination and has covenanted and agreed to provide its Annual Reports, annual financial statements and notice of any Listed Events as required by the Rule.

Section 13. EMMA. All filings made pursuant to the Rule under this Disclosure Agreement shall be made solely by transmitting such filings to the MSRB via EMMA, as described in 1934 Act Release No. 59062 and as required by the Rule. Should the Securities and Exchange Commission approve any additional or subsequent internet-based electronic filing system for satisfying the continuing disclosure filing requirements of the Rule, any filings required under this Disclosure Agreement may be made by transmitting such filing to such system, as described in the applicable Securities and Exchange Commission regulation or release approving such filing system.

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IN WITNESS WHEREOF, the Authority has caused this Continuing Disclosure Agreement to be executed in its corporate name by its duly authorized officer, all as of the date first written above.

VIRGINIA COLLEGE BUILDING AUTHORITY

By:____
Treasurer

Attachments:

Exhibit A - Notice of Failure to File Annual Report [Audited Annual Financial Statements]

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT
[AUDITED ANNUAL FINANCIAL STATEMENTS]

Virginia College Building Authority

Educational Facilities Revenue Bonds
(21st Century College and Equipment Programs), Series 2023A
CUSIP NOS. 92778V MG0 to NB0

Educational Facilities Revenue Refunding Bonds
(21st Century College and Equipment Programs), Series 2023B
CUSIP NOS. 92778V NC8 to NJ3

Dated Date: June 6, 2023
Issue Date: June 6, 2023

NOTICE IS HEREBY GIVEN that the Virginia College Building Authority (the "Authority") has not provided an Annual Report [Audited Annual Financial Statements] for the fiscal year ended ____________ as required by the Continuing Disclosure Agreement dated as of June 1, 2023 (the "Disclosure Agreement") as executed and delivered by the Authority.

The Authority anticipates that the Annual Report [Audited Annual Financial Statements] will be filed by ____________________.

Dated: ________, 20__.

VIRGINIA COLLEGE BUILDING AUTHORITY

By:____
Name:
Title:

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement, dated as of June 1, 2023 (this "Disclosure Agreement"), is executed and delivered by the Commonwealth of Virginia (the "Commonwealth") in connection with the issuance by the Virginia College Building Authority (the "Authority") of its $618,815,000 Educational Facilities Revenue Bonds (21st Century College and Equipment Programs), Series 2023A (the "2023A Bonds") and its $341,810,000 Educational Facilities Revenue Refunding Bonds (21st Century College and Equipment Programs) Series 2023B (the "2023B Bonds" and together with the 2023A Bonds, the "2023 Bonds"). The 2023 Bonds are being issued pursuant to the provisions of the Master Indenture of Trust, dated as of December 1, 1996 (the "Original Master Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"), as amended and supplemented from time to time, including as supplemented by the Fifty-Third Supplemental Indenture of Trust, with respect to the 2023A Bonds and the Fifty-Fourth Supplemental Indenture of Trust with respect to the 2023B Bonds, each dated the date hereof (the "Supplemental Indenture", and the Original Master Indenture as so amended and supplemented from time to time, the "Indenture"), between the Authority and the Trustee. The proceeds of the 2023 Bonds are being used by the Authority to finance and refinance the costs of capital projects and acquire equipment at public institutions of higher education in the Commonwealth of Virginia. The Authority has advised the Commonwealth that it has determined that the Commonwealth constitutes an "obligated person" within the meaning of the Rule (herein defined) in respect of the 2023 Bonds and the Commonwealth concurs in such determination. The Commonwealth hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Commonwealth for the benefit of the Holders and in order to assist the Participating Underwriters in complying with the Rule. The Commonwealth acknowledges that it is undertaking primary responsibility for any reports, notices or disclosures that may be required under this Agreement.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Commonwealth pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Dissemination Agent" shall mean the Commonwealth, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Commonwealth and which has filed with the Commonwealth a written acceptance of such designation.

"EMMA" shall mean the MSRB's Electronic Municipal Market Access System, the internet address of which is http://emma.msrb.org/, and any successor thereto.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation does not include municipal securities as to which a final official statement has been otherwise provided to the MSRB under the Rule.

"Fiscal Year" shall mean the twelve-month period, at the end of which the financial position of the Commonwealth and results of its operations for such period are determined. Currently, the Commonwealth's Fiscal Year begins July 1 and continues through June 30 of the next year.

"Holder" shall mean, for purposes of this Disclosure Agreement, any person who is a record owner or beneficial owner of a 2023 Bond.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Participating Underwriter" shall mean any of the original underwriters of the 2023 Bonds required to comply with the Rule in connection with the offering of such 2023Bonds.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports; Audited Financial Statements.

(a) Not later than seven months following the end of each Fiscal Year of the Commonwealth, commencing with the Fiscal Year ending June 30, 2023, the Commonwealth shall, or shall cause the Dissemination Agent (if different from the Commonwealth) to, submit to EMMA an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than 10 days prior to said date, the Commonwealth shall provide the Annual Report to the Dissemination Agent (if applicable). In each case, the Annual Report (i) may be submitted as a single document or as separate documents comprising a package, (ii) may cross-reference other information as provided in Section 4 of this Disclosure Agreement, and (iii) shall include such financial statements as may be required by the Rule.

(b) The annual financial statements of the Commonwealth shall be prepared on the basis of generally accepted accounting principles and will be audited. Copies of the audited annual financial statements, which may be filed separately from the Annual Report, will be submitted to EMMA when they become publicly available.

(c) If the Commonwealth fails to submit an Annual Report to EMMA by the date required in subsection (a) hereof, or to submit its audited annual financial statements to EMMA when they become publicly available, the Commonwealth shall send in a timely fashion an appropriate notice to the MSRB in substantially the form attached hereto as Exhibit A.

SECTION 4. Content of Annual Reports. Each Annual Report required to be filed hereunder shall include, at a minimum, the information referred to in Exhibit B as it relates to the Commonwealth, all with a view toward assisting Participating Underwriters in complying with the Rule. Any or all of such information may be incorporated by reference from other documents, including official statements containing information with respect to the Commonwealth, which have been filed with the MSRB, or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Commonwealth shall clearly identify each such other document so incorporated by reference.

SECTION 5. Notice of Rating Changes. The Commonwealth will provide in a timely manner not in excess of ten business days after the occurrence of the event to the Authority and to EMMA notice of any changes in the ratings of the Commonwealth's general obligation bonds by the rating agencies requested by the Commonwealth to rate such bonds.

SECTION 6. Notice of Bankruptcy, Insolvency, Receivership or Similar Event. The Commonwealth will provide in a timely manner not in excess of ten business days after the occurrence of the event, to the Authority and to EMMA notice of any bankruptcy, insolvency, receivership or similar event of the Commonwealth. For purposes of this Section, a bankruptcy, insolvency, receivership or similar event of the Commonwealth is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Commonwealth in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Commonwealth, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan or reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Commonwealth.

SECTION 7. Notice of Merger, Consolidation, Acquisition or Similar Event. The Commonwealth will provide in a timely manner not in excess of ten business days after the occurrence of the event to the Authority and to EMMA notice of any consummation of a merger, consolidation, or acquisition involving the Commonwealth or the sale of all or substantially all of the assets of the Commonwealth, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

SECTION 8. Notice of Incurrence of Financial Obligation. The Commonwealth will provide in a timely manner not in excess of ten business days after the occurrence of the event to the Authority and to EMMA notice of any incurrence of a Financial Obligation of the Commonwealth, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Commonwealth, any of which affect Holders of the Bonds, if material.

SECTION 9. Notice of Financial Difficulties with respect to a Financing Obligation. The Commonwealth will provide in a timely manner not in excess of ten business days after the occurrence of the event to the Authority and to EMMA notice of any default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Commonwealth, any of which reflect financial difficulties.

SECTION 10. Termination of Reporting Obligation. The obligations of the Commonwealth under this Disclosure Agreement shall terminate upon the earlier to occur of the legal defeasance or final retirement of the 2023 Bonds, and the Authority shall notify the Commonwealth promptly upon the occurrence of either such event.

SECTION 11. Dissemination Agent. The Commonwealth may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Commonwealth shall be the Dissemination Agent.

SECTION 12. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the Commonwealth may amend this Disclosure Agreement, if such amendment is supported by an opinion of independent counsel with expertise in federal securities laws to the effect that such amendment is permitted or required by the Rule.

SECTION 13. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Commonwealth from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notices described in Sections 5 through 9 above, in addition to that which is required by this Disclosure Agreement. If the Commonwealth chooses to include any information in any Annual Report or notice described in Sections 5 through 9 above, in addition to that which is specifically required by this Disclosure Agreement, the Commonwealth shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice.

SECTION 14. Default. Any person referred to in Section 15 (other than the Commonwealth) may take such action as may be permitted by law against the appropriate public official to secure compliance with the obligation of the Commonwealth to file its Annual Report or to give notices as described in Sections 5 through 9 above. In addition, Holders of not less than a majority in aggregate principal amount of 2023 Bonds outstanding may take such actions as may be permitted by law to challenge the adequacy of any information provided pursuant to this Disclosure Agreement, or to enforce any other obligation of the Commonwealth hereunder. A default under this Disclosure Agreement shall not be deemed an event of default under any applicable resolution or other debt authorization of the Commonwealth, and the sole remedy under this Disclosure Agreement in the event of any failure of the Commonwealth to comply herewith shall be an action to compel performance. Nothing in this provision shall be deemed to restrict the rights or remedies of any Holder pursuant to the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder, or other applicable laws.

SECTION 15. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Commonwealth, the Authority, the Participating Underwriters, and Holders from time to time of the 2023 Bonds, and shall create no rights in any other person or entity.

SECTION 16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 17. EMMA. All filings under this Disclosure Agreement shall be made solely by transmitting such filings to the Municipal Securities Rulemaking Board via EMMA, as described in 1934 Act Release No. 59062 and as required by the Rule. Should the Securities and Exchange Commission approve any additional or subsequent internet-based electronic filing system for satisfying the continuing disclosure filing requirements of the Rule, any filings required under this Disclosure Agreement may be made by transmitting such filing to such system, as described in the applicable Securities and Exchange Commission regulation or release approving such filing system.

Date: __________

COMMONWEALTH OF VIRGINIA

By: ________________________________
State Treasurer

AGREED TO & ACKNOWLEDGED:

VIRGINIA COLLEGE BUILDING AUTHORITY

By: ________________________________
Chairman

Attachments:

Exhibit A - Notice of Failure to File Annual Report [Audited Annual Financial Statements]
Exhibit B - Content of Annual Report

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT
[AUDITED ANNUAL FINANCIAL STATEMENT]

COMMONWEALTH OF VIRGINIA

Virginia College Building Authority

Educational Facilities Revenue Bonds
(21st Century College and Equipment Programs), Series 2023A
CUSIP Numbers: 92778V MG0 to NB0

Educational Facilities Revenue Refunding Bonds
(21st Century College and Equipment Programs), Series 2023B
CUSIP NOS. 92778V NC8 to NJ3

Dated Date: June 6, 2023
Issue Date: June 6, 2023

NOTICE IS HEREBY GIVEN that the Commonwealth of Virginia (the "Commonwealth") has not provided an Annual Report [Audited Annual Financial Statements] as required by Section 3 of the Continuing Disclosure Agreement, which was entered into in connection with the above-named bonds issued pursuant to those certain supplemental indentures approved on _________, 2023, by the Board Members of the Virginia College Building Authority. The Commonwealth anticipates that the Annual Report [Audited Annual Financial Statements] will be filed by ____________________.

Dated: __________

COMMONWEALTH OF VIRGINIA

By: ______________________________
State Treasurer

EXHIBIT B

CONTENT OF ANNUAL REPORT

General Fund. Information concerning revenues, sources of revenues, expenditures, categories of expenditures and balances of the General Fund of the Commonwealth for the preceding fiscal year.

Appropriation Act. A summary of the material budgetary aspects of the Appropriation Act for the current biennium.

Debt. Updated information respecting tax-supported and other outstanding debt of the Commonwealth including a historical summary of outstanding tax-supported debt; a summary of authorized but unissued tax-supported debt and a summary of annual debt service on outstanding tax-supported debt.

Retirement Plans. Updated information (to the extent not shown in the latest audited annual financial statements) respecting pension and retirement plans administered by the Commonwealth including a summary of membership, revenues, expenses and actuarial valuation(s) of such plans.

Litigation. A summary of material litigation pending against the Commonwealth.

Demographic Information. Updated demographic information respecting the Commonwealth such as its population and tax base.

Economic Information. Updated economic information respecting the Commonwealth such as income, employment, industry and infrastructure data.

In general, the foregoing will include information as of the end of the most recent fiscal year or as of the most recent practicable date. Where information for the fiscal year just ended is provided, it may be preliminary and unaudited. Where information has historically been provided for more than a single period, comparable information will in general be provided for the same number of periods where valid and available. Where comparative demographic or economic information for the Commonwealth and the United States as a whole is contemporaneously available and, in the judgment of the Commonwealth, informative, such information may be included. Where, in the judgment of the Commonwealth, an accompanying narrative is required to make data presented not misleading, such narrative will be provided.

APPENDIX F

THE 2023 EQUIPMENT PROGRAM ALLOCATION

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THE 2023 EQUIPMENT PROGRAM ALLOCATION

Participating Institution	FY 2023 Instructional Allocation	FY 2023 Research Allocation
George Mason University	$ 3,947,024	$ 474,407
Old Dominion University	5,016,192	329,078
University of Virginia	10,458,476	12,689,341
Virginia Commonwealth University	6,853,430	2,995,552
Virginia Polytechnic Institute and State University	10,331,639	5,240,458
College of William and Mary	2,300,493	595,857
Christopher Newport University	754,464	0
University of Virginia's College at Wise	250,681	0
James Madison University	2,309,646	0
Longwood University	743,433	0
University of Mary Washington	655,746	0
Norfolk State University	2,350,108	0
Radford University	1,744,993	0
Virginia Military Institute	886,084	0
Virginia State University	1,342,189	0
Richard Bland College	160,149	0
Virginia Community College System	17,596,542	0
Virginia Institute of Marine Science	362,100	175,307
Virginia Cooperative Extension and Agricultural Experiment Station	0	0
Southwest Virginia Higher Education Center	80,111	0
Roanoke Higher Education Authority	77,623	0
Institute for Advanced Learning and Research	274,172	0
Southern Virginia Higher Education Center	95,790	0
New College Institute	34,486	0
Eastern Virginia Medical School	524,429	0
TOTAL	**$69,150,000**	**$22,500,000**

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APPENDIX G

DESCRIPTION OF
PURCHASED REFUNDED BONDS AND 2020B REFUNDED BONDS

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DESCRIPTION OF PURCHASED REFUNDED BONDS AND 2020B REFUNDED BONDS

Series	Dated Date	Principal / Sinking Fund Amount	Interest Rate	Maturity / Sinking Fund Date	CUSIP[(a)(b)]	Purchase or Maturity Date	Purchase or Maturity Price
Purchased Refunded Bonds							
2010B-2	10/26/2010	$16,760,000	4.830%	2/1/2030	927781VE1	6/6/2023	103.024
2014A	5/15/2014	16,065,000	4.000	2/1/2030	9277815E0	6/6/2023	102.000
2014A	5/15/2014	16,710,000	4.000	2/1/2031	9277815F7	6/6/2023	101.999
2014A	5/15/2014	17,375,000	4.000	2/1/2032	9277815G5	6/6/2023	101.994
2014A	5/15/2014	10,995,000	4.000	2/1/2033	92778FFK4	6/6/2023	101.702
2015A	4/15/2015	28,215,000	4.000	2/1/2032	92778VAW8	6/6/2023	103.802
2015A	4/15/2015	33,565,000	4.000	2/1/2034	92778VAX6	6/6/2023	103.278
2015A	4/15/2015	35,430,000	4.000	2/1/2035	92778VBC1	6/6/2023	103.242
2015D	8/13/2015	11,715,000	4.000	2/1/2033	92778VCE6	6/6/2023	103.639
2016A	6/1/2016	13,790,000	5.000	2/1/2029	92778VCV8	6/6/2023	107.809
2016A	6/1/2016	900,000	4.000	2/1/2030	92778VCW6	6/6/2023	105.423
2016A	6/1/2016	7,570,000	4.000	2/1/2031	92778VCX4	6/6/2023	105.418
2016A	6/1/2016	20,225,000	4.000	2/1/2032	92778VCY2	6/6/2023	105.374
2016A	6/1/2016	21,035,000	4.000	2/1/2033	92778VCZ9	6/6/2023	105.150
2020B	8/6/2020	1,125,000	0.775	2/1/2024	92778VJY5	6/6/2023	97.928
2020B	8/6/2020	95,000	0.875	2/1/2025	92778VJZ2	6/6/2023	95.291
2020B	8/6/2020	1,370,000	1.177	2/1/2026	92778VKA5	6/6/2023	93.932
2020B	8/6/2020	2,645,000	1.227	2/1/2027	92778VKB3	6/6/2023	92.167
2020B	8/6/2020	625,000	1.485	2/1/2028	92778VKC1	6/6/2023	91.173
2020B	8/6/2020	13,990,000	1.635	2/1/2029	92778VKD9	6/6/2023	89.851
2020B	8/6/2020	16,730,000	1.735	2/1/2030	92778VKE7	6/6/2023	88.596
2020B	8/6/2020	25,085,000	1.865	2/1/2031	92778VKF4	6/6/2023	87.350
2020B	8/6/2020	22,420,000	1.965	2/1/2032	92778VKG2	6/6/2023	86.466
2020B	8/6/2020	11,030,000	2.065	2/1/2033	92778VKH0	6/6/2023	85.617
2020B	8/6/2020	6,585,000	2.165	2/1/2034	92778VKJ6	6/6/2023	85.046
2020B Refunded Bonds							
2020B	8/6/2020	1,315,000	1.485	2/1/2028	92778VKC1	2/1/2028	100.000
2020B	8/6/2020	7,840,000	1.635	2/1/2029	92778VKD9	2/1/2029	100.000
2020B	8/6/2020	5,455,000	1.735	2/1/2030	92778VKE7	2/1/2030	100.000
2020B	8/6/2020	35,270,000	2.065	2/1/2033	92778VKH0	2/1/2033	100.000

[(a)] The Refunded Bonds maturing on each maturity date reflect only a portion of the total amount of the bonds of the applicable series maturity on that maturity date. The CUSIP numbers shown is the CUSIP number currently assigned.
[(b)] CUSIP numbers have been assigned by an organization not affiliated with the Authority and are included solely for the convenience of the holders of the 2023 Bonds. The Authority is not responsible for the selection or use of these CUSIP numbers, nor is any representation made as to their correctness on the 2023 Bonds or as indicated above. CUSIP numbers are subject to change after the issuance of the Refunded Bonds.

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