

# **VIRGINIA COMMUNITY COLLEGE SYSTEM**

**FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2019  
(UNAUDITED)**

Prepared by:  
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# VCCS Financial Report 2018-2019

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# VCCS Financial Report 2018-2019

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## VIRGINIA COMMUNITY COLLEGE SYSTEM

### Management's Discussion and Analysis (Unaudited)

In 1965, the Virginia General Assembly established the Virginia Community College System (VCCS) as an institution of higher education. The System includes the State Board for Community Colleges, a System Office located in Richmond, a Shared Services Center located in Daleville and twenty-three community colleges located on forty campuses throughout the Commonwealth. The VCCS' mission is to provide everyone the opportunity to obtain an education and develop the right skills to enhance lives and strengthen communities.

The following discussion and analysis provides an overview of the financial position and activities of the VCCS for the year ended June 30, 2019. Management has prepared this discussion, which should be read in conjunction with the financial statements and footnotes.

The community college foundations are included in the accompanying financial statements as a discrete component unit in a separate column. The following discussion and analysis does not include the financial condition and activities of the foundations.

#### ***Financial Highlights***

The significant financial highlights for the VCCS in fiscal year 2019 were:

- Total net position increased by 11.58% mainly due to a reduction in expenditures of \$53.2 million, an increase in investment income of \$3.2 million and the fluctuation of VCCS' proportionate share of the Optional Post Employment Benefit (OPEB) liability of the Commonwealth. The results of operations for fiscal year 2019 reflected an overall increase in net position of \$89 million.
- Total operating revenues declined by 5% largely as a result of decreased enrollment and a \$7.6 million decrease in grant revenues. Student tuition and fees, net of scholarship discounts and allowances, represented 70.24% of total operating revenues.
- Effective fall 2018, the State Board for Community Colleges approved a tuition increase of \$3.75 per credit hour for all students. Additionally, the State Board agreed to incorporate the Technology Fee of \$8.50 per credit hour into the tuition rate. These tuition rate increases accounted for additional tuition revenues of \$11.4 million in fiscal year 2019. There were no changes to tuition rate differentials at the eight community colleges that have those in effect.
- From fiscal year 2018 to 2019, student full-time equivalent (FTE) enrollment decreased 2.67% from 101,571 to 98,858 FTEs. This decrease resulted in a decline in tuition and fee collections of approximately \$22.7 million in fiscal year 2019. One FTE represents 30 credit hours of classes taken by a student over an academic year and is calculated on an annual basis by taking the total credit hours taught divided by 30.
- Total state appropriations revenue (non-capital) decreased slightly by .67%, while state capital appropriations revenue increased by 58.78% due to increased construction and renovation activity at Southside Virginia Community College (SVCC), Virginia Western Community College (VWCC), John Tyler Community College (JTCC) and Blue Ridge Community College (BRCC).
- Total operating expenses also decreased by 4.47%. Expenses for employee compensation represented 60% of the total operating costs.

## *Financial Statements*

The three financial statements presented are the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

### **Statement of Net Position**

The Statement of Net Position presents assets, deferred outflows of resources, liabilities, deferred inflows of resources and the net position of the VCCS at the end of the fiscal year. Net position is the residual amount equal to assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is presented in three categories; Net investment in capital assets, consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Restricted net position consists of restricted assets reduced by liabilities related to those assets. Restricted net position is classified as either nonexpendable or expendable. Nonexpendable balances consist of loan funds and permanent endowments (available for investment purposes only). Expendable balances are available for expenditure by the VCCS, but must be used for purposes determined by external entities. Unrestricted net position balances are not subject to externally imposed restrictions and may be internally designated for specific purposes by management of the VCCS.

A summarized Statement of Net Position is as follows:

#### **Summary of the Statement of Net Position, as of June 30:**

*(in thousands)*

	2019	2018	Increase (Decrease)	
			Amount	Percentage
<b>Assets</b>				
Current assets	\$ 307,902	\$ 297,739	\$ 10,163	3.41%
Capital assets, net	1,396,075	1,359,728	36,347	2.67%
Other non-current assets	97,524	110,100	(12,576)	(11.42%)
<b>Total Assets</b>	<b>1,801,501</b>	<b>1,767,567</b>	<b>33,934</b>	<b>1.92%</b>
<b>Deferred Outflows of Resources</b>	<b>73,403</b>	<b>74,902</b>	<b>(1,499)</b>	<b>(2.00%)</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>1,874,904</b>	<b>1,842,469</b>	<b>32,435</b>	<b>1.76%</b>
<b>Liabilities</b>				
Current liabilities	187,676	189,720	(2,044)	(1.08%)
Non-current liabilities	697,528	788,434	(90,906)	(11.53%)
<b>Total Liabilities</b>	<b>885,204</b>	<b>978,154</b>	<b>(92,950)</b>	<b>(9.50%)</b>
<b>Deferred Inflows of Resources</b>	<b>131,997</b>	<b>95,612</b>	<b>36,385</b>	<b>38.05%</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>1,017,201</b>	<b>1,073,766</b>	<b>(56,565)</b>	<b>(5.27%)</b>
<b>Net Position</b>				
Net investment in capital assets	1,297,653	1,252,678	44,975	3.59%
Restricted-nonexpendable	59	8	51	637.50%
Restricted-expendable	31,708	32,762	(1,054)	(3.22%)
Unrestricted	(471,717)	(516,745)	45,028	8.71%
<b>Total Net Position</b>	<b>\$ 857,703</b>	<b>\$ 768,703</b>	<b>\$ 89,000</b>	<b>11.58%</b>

### Current Assets

Current assets consist of \$260.5 million in cash, cash equivalents, and short-term investments, \$19.4 million in accounts, notes, and interest receivable, \$10.4 million in amounts due from the commonwealth, \$16.3 million in prepaid expenses, and \$1.3 million in inventories. The \$10.2 million increase in current assets was primarily attributable to an increase of \$13.3 million in cash, cash equivalents, and short-term investments, and an increase of \$5.1 million in accounts receivable and due from Commonwealth, offset by a decrease of \$7.7 million in prepaid expenses. The increase in cash and cash equivalents was the operational movement of funds between short-term and long-term holdings. The decrease in prepaid expenses of \$7.7 million was largely due to higher prepayments in FY18 for a major custodial contract, software subscription/hosting expenses, and worker's compensation and risk management insurance premiums.

Current assets cover current liabilities 1.64 times, an indicator of sound liquidity and the ability to weather short-term demands on working capital. Current assets also cover over 3.43 months of total operating expenses, excluding depreciation. For fiscal year 2019, one month of operating expenses (excluding depreciation) equaled \$89.8 million.

### Capital Assets, Net of Accumulated Depreciation

The overall increase of \$36.3 million in net capital assets was due to increased construction and renovations across several colleges, most of which remained in construction in progress at year-end. The following table compares fiscal year 2019 to fiscal year 2018 capital asset balances by category:

#### **Summary of Capital Assets, net**

*(in thousands)*

	2019	2018	Increase (Decrease)	
			Amount	Percentage
Land	\$ 70,341	\$ 70,515	\$ (174)	(.25%)
Construction in progress	97,205	30,514	66,691	218.56%
Land improvements	34,921	36,460	(1,539)	(4.22%)
Infrastructure	37,441	40,549	(3,108)	(7.66%)
Building	1,087,899	1,112,021	(24,122)	(2.17%)
Equipment and historical treasures	57,863	56,651	1,212	2.14%
Intangibles	2,727	3,897	(1,170)	(30.02%)
Library books	7,678	9,121	(1,443)	(15.82%)
<b>TOTAL</b>	<b>\$ 1,396,075</b>	<b>\$ 1,359,728</b>	<b>\$ 36,347</b>	<b>2.67%</b>

Construction in Progress (CIP) increased due to additional construction and renovation projects at SVCC, VWCC, JTCC and BRCC. Depreciable land improvements, buildings, infrastructure, equipment, library books and intangibles all decreased from FY18 due to current year depreciation being greater than current year additions.

### Other Non-Current Assets

The \$23.8 million increase in other non-current assets was due to the \$36.3 million increase in capital assets as described previously. There were offsetting decreases in other non-current asset categories including decreases in restricted cash and other long-term investments of \$17.9 million from the operational movement of funds between short and long-term holdings.

Cash equivalents held with trustees consists of balances in State Non-Arbitrage Program (SNAP) accounts related to pooled bond capital projects. The balance in appropriation available consists of General and

Central Capital Planning funds for capital projects. The balance consists of funds received for the renovation of the Godwin Building on the Annandale Campus of NVCC.

#### Deferred Outflows of Resources

Deferred outflows of resources category reports consumption of resources applicable to a future reporting period. The balances reported for fiscal years 2019 and 2018 include amounts for certain pension and OPEB changes and will be recognized as pension and OPEB expenses in future fiscal years. In addition, the balances for both fiscal years include deferred losses on defeasance of debt related to refinancing of certain pooled bond issuances and will be recognized as expense in future fiscal years.

#### Current Liabilities

Current liabilities consist of accounts and retainage payable of \$42.1 million, accrued payroll expense of \$50.6 million, unearned revenue of \$51.5 million, long-term obligations (current portion) of \$30.1 million, and deposits totaling \$10.4 million.

Current liabilities decreased by \$2 million in fiscal year 2019 primarily due to decreases in accounts and retainage payable, as well as unearned revenues. This was offset by small increases in the OPEB liability and other categories.

#### Non-Current Liabilities

Non-Current liabilities consist of a net pension obligation of \$434.3 million, the net OPEB obligation of \$152.2 million, pooled bonds of \$95.9 million, accrued leave of \$9.9 million, and federal loan program amounts due of \$3.2 million. The decrease of \$90.9 million in non-current liabilities was primarily due to the decrease of the VCCS' proportionate share of the Commonwealth's overall VRS pension liability of \$53 million and OPEB liability of \$27.4 million. This was coupled with decreases in pooled bond debt, and other non-current liabilities.

#### Deferred Inflows of Resources

The financial statement deferred inflows of resources category is used to report acquisition of resources applicable to a future reporting period. The balance in fiscal year 2019 reflects certain amounts related to pension and OPEB and will impact pension and OPEB expenses in future fiscal years.

#### Net Position

The increase in net investment in capital assets of \$45 million is explained by changes in capital assets, net of accumulated depreciation and in capital asset related debt as well as deferred outflow balances. The increase of \$45 million in the unrestricted net position category is the result of several factors. The fluctuation of the VCCS' proportionate share of the Commonwealth's overall OPEB liability and VCCS' proportionate share of the overall VRS pension liability. Both of these liabilities had a combined decrease of nearly \$80 million. This was offset by a \$35 million increase in overall operations. The balance in total net position is a residual amount equal to the sum of total assets and deferred outflows of resources less the sum of total liabilities and deferred inflows of resources and is considered one measure of the current financial condition of an organization.

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

The purpose of the Statement of Revenues, Expenses and Changes in Net Position is to present operating and non-operating revenues received by the institution, operating and non-operating expenses incurred and any other revenues, expenses, gains and losses. Changes in net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position.

A summarized statement of revenues, expenses and changes in net position follows:

### **Summary of the Statement of Revenues, Expenses and Changes in Net Position For the year ended June 30:**

*(in thousands)*

	2019	2018	Increase (Decrease)	
			Amount	Percentage
Operating revenue	\$ 488,236	\$ 513,958	\$ (25,722)	(5.00%)
Operating expenses	1,137,219	1,190,465	\$ (53,246)	(4.47%)
<b>Operating loss</b>	<b>(648,983)</b>	<b>(676,507)</b>	<b>27,524</b>	<b>(4.07%)</b>
Non-operating revenues and expenses	642,280	637,387	4,893	0.77%
Income (loss) before other revenues, expenses, gains or losses	(6,703)	(39,120)	32,417	82.87%
Other revenues	95,703	61,814	33,889	54.82%
<b>Increase in net position</b>	<b>89,000</b>	<b>22,694</b>	<b>66,306</b>	<b>292.17%</b>
<b>Net position, beginning of year</b>	<b>768,703</b>	<b>746,009</b>	<b>22,694</b>	<b>3.04%</b>
<b>Net position, end of year</b>	<b>\$ 857,703</b>	<b>\$ 768,703</b>	<b>\$ 89,000</b>	<b>11.58%</b>

The following table is a more detailed representation and comparison of amounts included in operating, non-operating, and other (capital) revenues during the periods ended June 30, 2019 and 2018:



## Summary Statement of Revenues

for the year ended June 30:

(in thousands)

	2019	2018	Increase (Decrease)	
			Amount	Percentage
Operating revenues				
Student tuition and fees, net	\$ 342,914	\$ 358,874	\$ (15,960)	(4.45%)
Grants and contracts	105,158	112,720	(7,562)	(6.71%)
Auxiliary enterprises, net	25,583	26,356	(773)	(2.93%)
Other operating revenue**	14,581	16,008	(1,427)	(8.91%)
Total Operating Revenues	488,236	513,958	(25,722)	(5.00%)
Non-operating activity				
State operating appropriations	435,408	438,353	(2,945)	(0.67%)
Local operating appropriations	2,792	2,722	70	2.57%
Grants and gifts	203,082	207,180	(4,098)	(1.98%)
Investment income	5,109	1,889	3,220	170.46%
Interest expense	(3,622)	(3,866)	244	(6.31%)
Other	(489)	(8,891)	8,402	94.50%
Total net non-operating revenue	642,280	637,387	4,893	0.77%
Other revenues (capital)				
Capital appropriations-state	75,636	47,637	27,999	58.78%
Capital appropriations-local	7,463	8,380	(917)	(10.94%)
Capital gifts and grants	12,604	5,797	6,807	117.42%
Total other revenues (capital)	95,703	61,814	33,889	54.82%
Total revenues	\$ 1,226,219	\$ 1,213,159	\$ 13,060	1.08%

\*\* Includes sales/services of education department and miscellaneous other revenues

### Operating Revenues

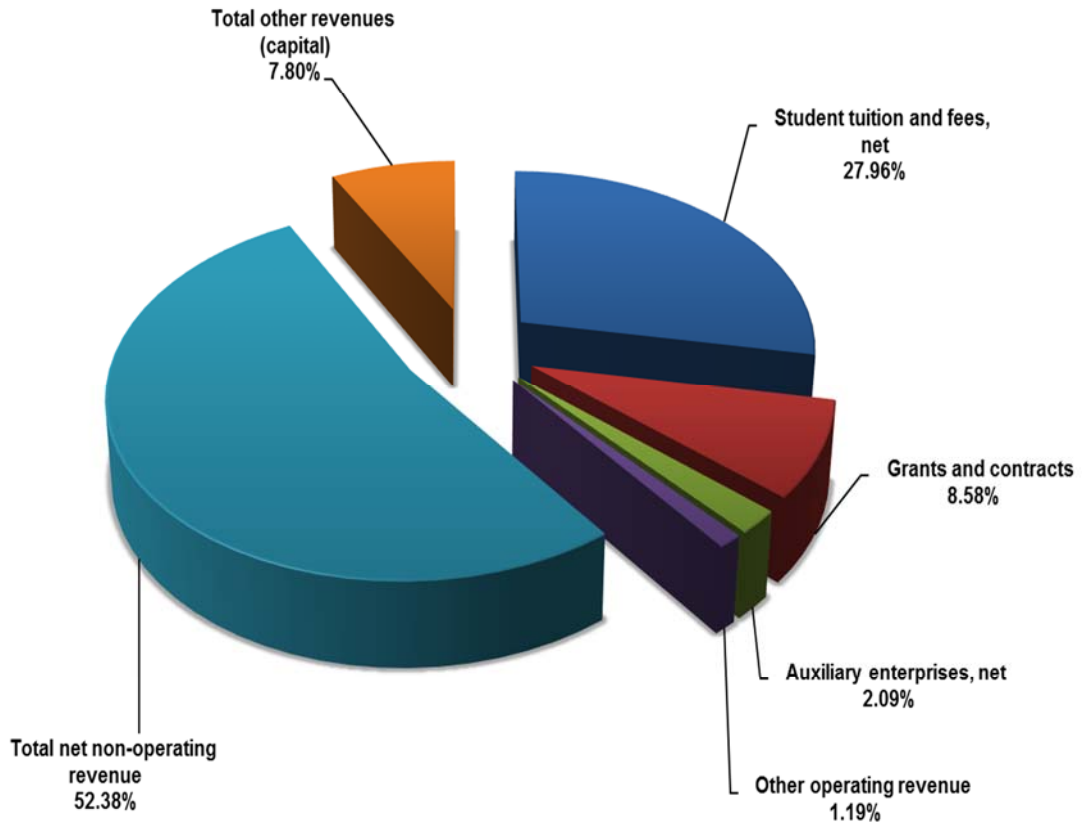
Total operating revenues decreased by 5% compared to the prior year. Gross student tuition and fee revenues (before scholarship discounts and allowances) declined by \$13.3 million. Increased revenue from higher tuition and fee rates was offset by decreased revenue due to declining enrollment. Net tuition and fees revenue decreased by \$16 million or 4.45% primarily due to an increase in scholarship discounts and allowances applied against tuition and fees in fiscal year 2019 as compared to fiscal year 2018.

### Non-operating and Other Revenues

Total net non-operating revenue increased by \$4.9 million. There were decreases in state appropriations of \$2.9 million and grants and gifts of \$4.1 million. However, these were offset by increases in investment income and other non-operating revenues.

A graphic presentation of fiscal year 2019 revenues by source (per the Statement of Revenues, Expenses and Changes in Net Position) is below.

### Total Revenue - By Source



The following table is a detailed breakdown of operating expenses by function and a comparison of changes by category for the periods ended June 30, 2019 and 2018:

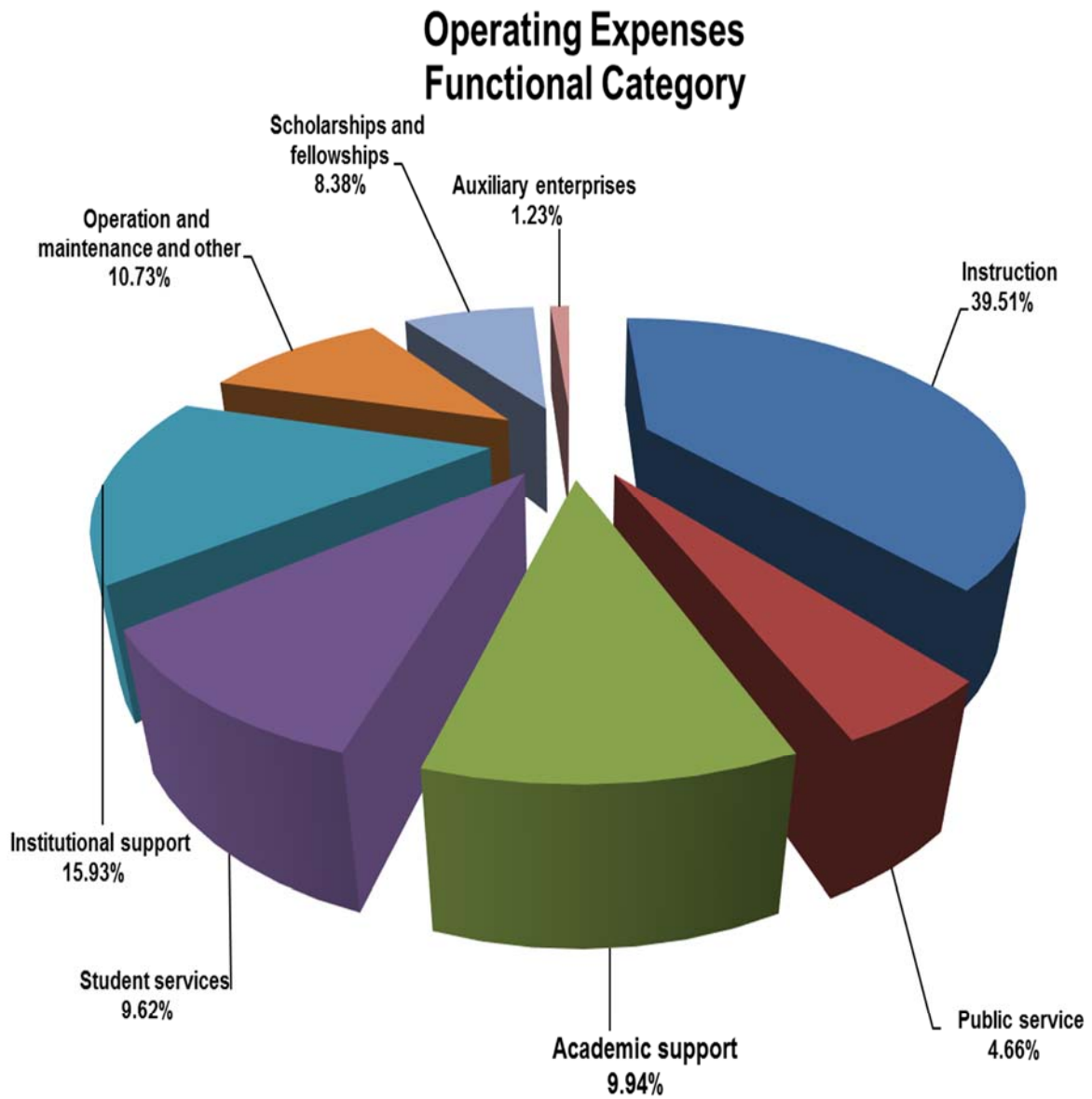
**Summary Statement of Expenses by Function  
for the year ended June 30:**  
(in thousands)

	2019	2018	Increase (Decrease)	
			Amount	Percentage
<b>Operating expenses:</b>				
Instruction	\$ 449,341	\$ 488,957	\$ (39,616)	(8.1%)
Public service	53,003	62,552	(9,549)	(15.27%)
Academic support	113,041	99,274	13,767	13.87%
Student services	109,388	108,737	651	0.60%
Institutional support	181,208	202,098	(20,890)	(10.34%)
Operation and maintenance	121,907	116,520	5,387	4.62%
Scholarships and fellowships	95,320	97,095	(1,775)	(1.83%)
Auxiliary enterprises	13,950	14,768	(818)	(5.54%)
Other expenses	61	464	(403)	(86.85%)
<b>Total operating expenses</b>	<b>\$ 1,137,219</b>	<b>\$ 1,190,465</b>	<b>\$ (53,246)</b>	<b>(4.47%)</b>

Operating Expenses

Operating expenses totaled approximately \$1.14 billion for fiscal 2019 a decrease of \$53.2 million. The natural expense category, compensation and benefits, comprised \$683.7 million of total VCCS operating expenses representing a 5.29% decline over fiscal year 2018. Scholarship expenses declined slightly by \$1.2 million as a result of decreased enrollment coupled with reduced federal grant funding. The net change across the other natural expense categories (i.e. utilities, depreciation, and supplies, services, and other expenses) was an increase of \$13.8 million.

A graphic presentation of fiscal year 2019 operating expenses by function (per the Statement of Revenues, Expenses and Changes in Net Position) is below.



## **Statement of Cash Flows**

The Statement of Cash Flows provides additional information about the financial results of the VCCS by reporting the major sources and uses of cash.

### **Summary Statement of Cash Flows for the year ended June 30:**

*(in thousands)*

	For the year ended June 30:			
	2019	2018	\$ Change	% Change
Cash received from operations	\$483,410	\$514,673	(31,263)	(6.07)%
Cash used in operations	1,111,500	1,138,235	(26,735)	(2.35)%
Net cash used in operations	<u>(\$628,090)</u>	<u>(\$623,562)</u>	<u>(4,528)</u>	<u>0.73%</u>
Net cash provided by non-capital financing activities	\$634,555	\$632,513	2,042	0.32%
Net cash used in capital and related financing activities	(16,202)	(5,569)	(10,633)	190.93%
Net cash provided by (used in) investing activities	16,187	364	15,823	4346.98%
Net increase (decrease) in cash and cash equivalents	<u>\$6,450</u>	<u>\$3,746</u>	<u>2,704</u>	<u>72.18%</u>
Cash and cash equivalents, beginning of year	<u>\$248,456</u>	<u>\$244,710</u>		
Cash and cash equivalents, end of year	<u>\$254,906</u>	<u>\$248,456</u>		

The primary sources of cash for the VCCS included tuition and fees of \$336.6 million, operating grants and contracts of \$106 million, and auxiliary revenues of \$25.7 million. The primary uses of operating cash included employee salaries, wages, fringe benefits and pension benefits of \$727.7 million, operating expenses (payments to suppliers/others and utilities) of \$285.4 million and scholarships of \$98.3 million. Net cash used in operations is significantly greater than the cash received from operations on this statement due to the required presentation of state appropriation and grants/gifts as cash flows from non-capital financing activities. Net cash flows from capital and related financing activities decreased \$10.6 million due to an increase of \$18.6 million in state and local capital appropriations and an increase of \$3.4 million in capital grants and gifts offset by an increase of \$32.6 million in cash disbursements for capital asset purchases. Net cash provided by (used in) investing activities increased \$15.8 million as investment purchases were \$9.2 million lower in fiscal year 2019 and sale of investments were \$5.2 million higher in fiscal year 2019. The overall increase in cash and cash equivalents was \$6.5 million at the end of fiscal year 2019.

## ***Economic Outlook***

In fiscal year 2019, the Commonwealth predicted a 3.3% increase in general fund revenues and actually collected at a rate that was 7.1% above fiscal year 2018. In response to revenue shortfalls in previous years, the Commonwealth permanently reduced the VCCS general fund by approximately \$75.5 million between fiscal years 2008 and 2012; however, as of the fiscal year 2020 budget, \$84.6 million has been added since that time. The fiscal year 2020 general fund budget has increased by \$6.2 million from fiscal year 2019. The net effect for fiscal year 2020 is that VCCS general funds are \$9.1 million above the level attained in fiscal year 2008.

The State Board for Community Colleges has noted its intention to keep VCCS tuition and mandatory fees at less than half the rates of public four-year institutions in Virginia. The VCCS' rate in fiscal year 2020 will be 33.7% of the average of the four-year institutions for total tuition and mandatory fees.

Effective with the fall 2019 session, the State Board for Community Colleges elected to not change tuition rates for all students. Within the VCCS, eight colleges have (unchanged) tuition differential rates ranging from \$1.00 per credit hour to \$29.05 per credit hour. The VCCS estimates that an enrollment decline of 3% along with the level tuition rate will result in an approximate \$3.4 million decrease in tuition and fees revenues for fiscal year 2020.

Chapter 854, 2019 Virginia Acts of Assembly, authorized the funding to provide the equipment purchases for two VCCS projects for which construction funding was previously provided.

The VCCS capitalized construction expenses totaling \$69.5 million during fiscal year 2019. These costs primarily included projects that are still in progress, but also included a few projects that were completed during fiscal year 2019. Construction costs for projects completed during fiscal year 2019 totaled \$3 million.

The VCCS entered into contractual commitments for capital projects totaling \$188.8 million prior to June 30, 2019. Expenses processed against these commitments during fiscal year 2019 totaled \$111.6 million, leaving an unpaid commitment balance of \$77.2 million as of June 30, 2019.

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***CONSOLIDATED  
FINANCIAL  
STATEMENTS***

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**Virginia Community College System**  
**Consolidated**  
**Statement of Net Position**  
**As of June 30, 2019**

	<u>VCCS</u>	<u>Component Units Foundations</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	251,153,997	20,756,799
Appropriation available	353	
Short term investments (Note 2)	9,313,416	8,245,452
Accounts receivable, net (Note 3)	17,872,040	685,398
Pledges receivable (Note 3)		6,223,307
Due from commonwealth (Note 4)	10,384,665	
Interest receivable	408,506	341,124
Prepaid expenses	16,338,562	278,817
Inventories	1,303,552	4,878
Notes receivable, net (Note 3)	1,127,227	199,615
<b>Total Current Assets</b>	<u>307,902,318</u>	<u>36,735,390</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)	(2,027,780)	
Cash equivalents with trustees (Note 2)	5,776,637	
Endowment cash and cash equivalents (Note 2)	36,166	8,896,053
Appropriation available	79,310	
Endowment investments (Note 2)		169,133,035
Other long-term investments (Note 2)	62,001,411	83,140,460
Accounts receivable, net (Note 3)		226,454
Investments in real estate (Note 2)		2,187,433
Pledges receivable (Note 3)		7,216,065
Due from commonwealth (Note 4)	12,606,093	
Notes receivable, net (Note 3)	1,618,696	542,436
Post employment benefit assets	17,433,000	
Non-depreciable capital assets, net (Note 5)	167,694,530	8,296,106
Depreciable capital assets, net (Note 5)	1,228,380,138	17,825,017
<b>Total Noncurrent Assets</b>	<u>1,493,598,201</u>	<u>297,463,059</u>
<b>Total Assets</b>	<u>1,801,500,519</u>	<u>334,198,449</u>
<b>Deferred Outflows of Resources</b> (Note 8)	73,402,962	
<b>Total Assets and Deferred Outflows of Resources</b>	<u>1,874,903,481</u>	<u>334,198,449</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	42,135,557	2,067,621
Accrued payroll expense	50,633,097	260,839
Unearned revenue	51,495,428	459,201
Long-term liabilities-current portion (Note 9)	30,105,442	320,665
Securities lending obligation	32,694	
Post employment benefit obligations (Note 9)	2,916,424	
Due to Commonwealth		
Deposits	10,357,022	2,530,537
<b>Total Current Liabilities</b>	<u>187,675,664</u>	<u>5,638,863</u>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	107,796,052	7,350,622
Due to federal government (Note 9)	3,210,039	
Pension and post employment benefit obligations (Note 9)	586,521,879	
<b>Total Noncurrent Liabilities</b>	<u>697,527,970</u>	<u>7,350,622</u>
<b>Total Liabilities</b>	<u>885,203,634</u>	<u>12,989,485</u>
<b>Deferred Inflows of Resources</b> (Note 17)	131,996,709	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>1,017,200,343</u>	<u>12,989,485</u>



**Virginia Community College System  
Consolidated  
Statement of Net Position  
As of June 30, 2019**

	<b>VCCS</b>	<b>Component Units Foundations</b>
<b>Net Position</b>		
Net investment in capital assets	1,297,653,372	18,825,218
Restricted for:		
Nonexpendable	59,068	105,753,355
Expendable	31,708,380	115,972,263
Unrestricted	(471,717,682)	80,658,128
<b>Total Net Position</b>	<b>857,703,138</b>	<b>321,208,964</b>

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

**Virginia Community College System  
Consolidated**

**Statement of Revenues, Expenses and Changes in Net Position  
For the Year Ended June 30, 2019**

	<b>VCCS</b>	<b>Component Units Foundations</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$174,474,342)	342,913,716	
Federal grants and contracts	89,235,704	
State and local grants	5,106,785	786,687
Nongovernmental grants	10,815,295	2,999,571
Sales/services of education department	90,628	
Auxiliary enterprises (net of scholarship allowance of \$1,280,438)	25,583,465	
Gifts and contributions		20,031,309
Endowment income		2,196,786
Other operating revenues	14,490,750	7,557,552
<b>Total Operating Revenue</b>	<b>488,236,343</b>	<b>33,571,905</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	449,341,232	1,464,906
Public service	53,003,024	878,100
Academic support	113,041,047	8,885,201
Student services	109,388,203	314,788
Institutional support	181,207,751	8,284,357
Operation and maintenance	121,907,434	1,122,042
Scholarships and fellowships	95,319,854	10,933,545
Auxiliary enterprises	13,949,579	
Fundraising		3,426,933
Other expenses	61,102	548,905
<b>Total Operating Expenses (Note 12)</b>	<b>1,137,219,226</b>	<b>35,858,777</b>
<b>Operating Income (Loss)</b>	<b>(648,982,883)</b>	<b>(2,286,872)</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	435,408,064	
Local appropriations	2,792,234	
Grants and gifts	203,082,557	
Investment income	5,109,106	1,862,207
Interest on capital asset related debt	(3,622,406)	
Other nonoperating revenue (expense)	(489,112)	
<b>Net Nonoperating Revenue</b>	<b>642,280,443</b>	<b>1,862,207</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>(6,702,440)</b>	<b>(424,665)</b>
Capital appropriations-state (Note 20)	75,636,415	
Capital appropriations-local	7,462,418	
Capital gifts, grants and contracts	12,603,985	3,720
Additions to permanent and term endowments		10,147,810
<b>Increase (Decrease) in Net Position</b>	<b>89,000,378</b>	<b>9,726,865</b>
<b>Net Position</b>		
<b>Net Position beginning of year, as restated (Note 1-R)</b>	<b>768,702,760</b>	<b>311,482,099</b>
<b>Net Position end of year</b>	<b>857,703,138</b>	<b>321,208,964</b>

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

**Virginia Community College System**  
**Consolidated**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2019**

**Cash flows from operating activities:**

Tuition and fees	336,610,425
Grants and contracts	106,020,070
Payments to suppliers and others	(266,894,378)
Payments for employee wages	(542,752,943)
Payments for employee fringes and pension benefits	(184,974,452)
Payment for scholarships	(98,297,852)
Payments for utilities	(18,525,031)
Sales and services of education department	90,628
Auxiliary	25,658,852
Loans issued to students	(55,530)
Loans collected from students	438,158
Other	14,592,111
Net cash used by operating activities	<u>(628,089,942)</u>

**Cash flows from non-capital financing activities:**

State appropriations	435,408,064
Local appropriations	2,792,234
Grants and gifts	195,231,231
Agency receipts	13,488,665
Agency disbursements	(12,858,398)
PLUS, Stafford and Direct Lending loan receipts	101,294,047
PLUS, Stafford and Direct Lending loan disbursements	(100,722,505)
Borrowings	3,400,000
Loan repayments	(4,000,000)
Other non-operating revenue(expense)	522,227
Net cash provided (used) by non-capital financing activities	<u>634,555,565</u>

**Cash flows from capital and related financing activities:**

Capital appropriations-state	69,689,285
Capital appropriations-local	7,462,418
Capital grants and gifts	8,642,258
Purchase capital assets	(89,251,256)
Proceeds from sale of capital assets	302,914
Proceeds from bond issue	-
Debt interest payments	(4,904,052)
Debt principal payments	(8,143,933)
Net cash provided (used) by capital financing activities	<u>(16,202,366)</u>

**Cash flows from investing activities:**

Purchases of investments	(31,574,477)
Sale of investments	43,856,191
Investment income	3,904,906
Net cash provided (used) by investing activities	<u>16,186,620</u>

Net incr (decr) in net position

**Net increase (decrease) in cash and cash equivalents** 6,449,877

Cash and cash equivalents, beginning of year	<u>248,456,449</u>
<b>Cash and cash equivalents, End of Year</b>	<u><u>254,906,326</u></u>

**Virginia Community College System**  
**Consolidated**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2019**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(648,982,883)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	59,515,056
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and accounts receivable, net	4,612,218
Prepaid expenses and other	7,754,046
Post employment benefits asset	(774,000)
Accrued compensation and leave	(909,767)
Accounts payable and other	(4,949,014)
Unearned revenue	(2,664,427)
Deposits pending distribution	669,508
Pension liability	(60,429,379)
Post employment benefits liability	(19,483,124)
Deferred inflows of resources related to pensions and post employment benefits	36,384,368
Deferred outflows of resources related to pensions and post employment benefits	1,167,456
<b>Net cash used in operating activities</b>	<u><u>(628,089,942)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	254,939,020
Less: Securities Lending Cash Equivalents	<u>32,694</u>
Cash and cash equivalents end of year	<u><u>254,906,326</u></u>
<b>Noncash transactions</b>	
Donated fixed assets	3,961,727
Debt principal and interest payments made by Treasury	737,147
Amortization of bond premium	1,151,132
Capitalized bond interest costs	-
Amortization of deferral on debt defeasance	(331,503)

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

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***NOTES TO THE  
FINANCIAL  
STATEMENTS***

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# VIRGINIA COMMUNITY COLLEGE SYSTEM

## NOTES TO FINANCIAL STATEMENTS

As of June 30, 2019

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

The Virginia Community College System (VCCS) was established as an institution of higher education in 1965. The System includes the State Board for Community Colleges, a System Office located in Richmond, a Shared Service Center and twenty-three community colleges located on forty campuses throughout the Commonwealth.

The Shared Service Center (SSC) was established to process administrative transactions. Located in Daleville, Virginia, the SSC supports the VCCS mission by providing customer service and administrative services to the 23 community colleges and System Office. These services include administrative functions in the areas of human resources, fiscal services, payroll, and procurement. The costs associated with the SSC are allocated to the 23 community colleges and System Office.

The State Board for Community Colleges is the governing body and is charged with the responsibility to establish, control, and administer a statewide system of publicly supported comprehensive community colleges. The System therefore functions as a statewide institution of higher learning.

The accompanying financial statements include all of the individual community colleges and the System Office under the control of the State Board for Community Colleges.

The System is a discrete component unit of the Commonwealth of Virginia and is included in the general-purpose financial statements of the Commonwealth. A separate report is prepared for the Commonwealth of Virginia that includes all agencies, boards, commissions, and authorities over which the Commonwealth exercises or has the ability to exercise oversight authority.

#### B. Community College Foundations

The community college foundations are legally separate, tax-exempt organizations formed to promote the achievements and further the aims and purposes of the colleges. The foundations accomplish their purposes through fundraising and funds management efforts that benefit the colleges and their programs. Although the colleges do not control the timing or amount of receipts from the foundations, the majority of resources or income thereon that the foundations hold and invest is restricted to the activities of the colleges by the donors. Because these restricted resources held by the foundations can only be used by, or for the benefit of the colleges, the foundations are considered discrete component units.

During the year ended June 30, 2019, the foundations distributed \$10,899,575 to the colleges for both restricted and unrestricted purposes. Complete financial statements for the foundations can be obtained by writing the VCCS Office of Fiscal Services, 300 Arboretum Place, Suite 200, Richmond, VA 23236.

C. Financial Statement Descriptions

The three financial statements presented are the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the VCCS at the end of the fiscal year and also provides the amount of net position and the availability for expenditure. The Statement of Revenues, Expenses, and Changes in Net Position presents operating and non-operating revenues received by the institution, operating and non-operating expenses incurred and any other revenues, expenses, gains and losses. The Statement of Cash Flows provides additional information about the financial results of the VCCS by reporting the major sources and uses of cash.

D. Basis of Accounting

For financial reporting purposes, the VCCS is considered a special purpose government engaged in only business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods and services. Accordingly, the financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. All material internal transactions have been eliminated.

Revenues and expenses of the summer academic term occur within two fiscal years, because the term extends from May through August and the fiscal year ends on June 30. Expenses and an equal amount of revenue have been reported in the current period for the portion of the summer academic term from May 16 through June 30, 2019.

The community college foundations are private, nonprofit organizations that report under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB.

The financial statements for the community college foundations are for the year ending June 30, 2019 except for Dabney S. Lancaster, Eastern Shore, Germanna, Lord Fairfax, Mountain Empire, New River, Piedmont, Tidewater (Educational and Real Estate Foundations), Virginia Western, and Wytheville (Educational and Scholarship Foundations) which are as of December 31, 2018.

E. Prepaid Assets

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

F. Inventories

Inventories are stated at cost (primarily first-in, first-out method) and consist mainly of goods purchased for resale and expendable supplies.

G. Cash Equivalents and Investments

Cash equivalents maintained by the VCCS are investments with original maturities of less than three months. Investments in money market accounts and in Commonwealth sponsored investment pools are reported at amortized cost. All other investments are reported at fair market value, in accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended

by GASB Statement 72, *Fair Value Measurement and Application*. GASB Statement 72 provides guidance for determining fair value measurements using the level of fair value hierarchy and valuation techniques.

H. Capital Assets

Plant assets consisting of land, buildings, infrastructure, equipment, library books, intangible assets, and construction in progress are stated at appraised historical cost or actual cost where determinable. Improvements to buildings, infrastructure and land that significantly increase the usefulness, efficiency or life of the asset are capitalized. Routine maintenance and repairs are charged to operations when incurred. Interest expense relating to construction is capitalized. Donated assets are recorded at acquisition value at the date of donation. The fixed asset values presented in these financial statements are extracted from the financial data maintained by the System's Administrative Information System (AIS). Expenses for equipment are capitalized when the unit acquisition cost is \$5,000 or greater and the estimated useful life is one year or more. Occupancy permits are used to determine when to reclassify buildings from construction-in-progress. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 20 to 25 years for infrastructure and land improvements, 3 to 25 years for equipment, 10 years for library books, and 5 to 10 years for intangible assets - computer software.

I. Accrued Compensated Absences

The amount of leave earned but not taken by all classified employees, administrative/professional faculty, teaching faculty, and presidents is recorded as a liability on the balance sheet. The amount reflects, as of June 30, all unused annual leave, compensatory leave, and the amount payable upon termination under the Commonwealth of Virginia's sick leave pay out policy. Also included in the liability is the System's share of the FICA taxes on leave balances for which employees will be compensated.

J. Unearned Revenues

Unearned revenue represents revenues collected but not earned as of June 30. This consists primarily of revenue for student tuition and certain auxiliary activities accrued in advance of the semester, and advance payments on grants and contracts.

K. Deposits

Deposits represent funds held by the VCCS on behalf of others as a result of agency relationships with various groups and organizations.

L. Pensions

The Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' System (VaLORS) Retirement Plan are single employer pension plans that are treated like cost-sharing plans. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the VRS State Employee Retirement Plan and the VaLORS Retirement Plan; and the additions to/deductions from the VRS State Employee Retirement Plan's and the VaLORS Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions)



are recognized when due and payable in accordance with the benefit terms. Investments held by VRS are reported at fair value.

M. Post-Employment Benefits

**Plans administered by the VRS**

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

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

***Group Life Insurance Program***

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

***Line of Duty Act Program***

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

***Virginia Sickness and Disability Program***

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

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

**Plan administered by the Department of Human Resource Management**

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

Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes. This program was established by Title 2.2, Chapter 28 of the *Code of Virginia* for retirees who are not yet eligible to participate in Medicare. It is the same health insurance program offered to active employees and managed by the Virginia Department of Human Resource Management. After retirement, VCCS 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.

N. Classification of Revenues and Expenses

The VCCS has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues include activities that have the characteristics of exchange transactions, such as tuition and fees, sales and services of auxiliary enterprises, most federal, state and local grants and contracts, and interest on student loans.

Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, state appropriations and investment income.

Nonoperating expenses include interest on debt related to the purchase of capital assets and losses on disposal of capital equipment. All other expenses are classified as operating expenses.

O. Scholarship Discounts and Allowances

Student tuition and fees revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the VCCS, and the amount that is paid by students and/or third parties making payments on the student's behalf. Certain governmental grants and other federal, state or nongovernmental programs are recorded as either operating or nonoperating revenues in the financial statements. To the extent that such revenues are used to satisfy tuition and fees and other student charges, the VCCS has recorded a scholarship discount and allowance.

P. Deferred Inflows and Outflows of Resources

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

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

Q. Net Position

Net position balances are classified as follows:

Net investment in capital assets: Consists of capital assets, net of accumulated depreciation reduced by outstanding debt attributable to the acquisition, construction or improvement of those assets.

Restricted-nonexpendable: Restricted nonexpendable balances consist of endowment funds in which donors have stipulated, as a condition of the gifts that the principal is to remain inviolate in perpetuity.

Restricted-expendable: Restricted expendable balances include resources in which the VCCS is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Unrestricted: Unrestricted balances represent resources that may be used at the discretion of the governing board for any lawful purpose.

When an expense is incurred that can be paid from either restricted or unrestricted resources, it is the policy of the VCCS to first apply the expense towards restricted resources and then towards unrestricted resources.

R. Restatements

Community College Foundations

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

Net Position as of June 30, 2018 - previously reported	\$311,727,384
Tidewater Community College Real Estate Foundation -	
Recognize deferred revenue and capitalized costs	<u>(245,285)</u>
Net Position as of July 1, 2018 - as restated	<u>\$311,482,099</u>

**2. CASH AND INVESTMENTS**

Cash and Cash Equivalents

Cash equivalents maintained by the VCCS are investments with original maturities of less than three months.

Pursuant to Section 2.2-1800, et seq., *Code of Virginia*, all state funds of the VCCS are maintained by the Treasurer of Virginia who is responsible for the collection, disbursement, custody, and investment of state funds.

Deposits

Local cash deposits with banks and savings institutions not with the Treasurer of Virginia are covered by federal depository insurance or collateralized in accordance with the Virginia Security of Public Deposits Act, Section 2.2-4400 et seq., *Code of Virginia*. Deposits covered by the Virginia Security of Public Deposits Act totaled \$56,163,873 at June 30, 2019.

Investments

Certain deposits and investments are held by the VCCS. Such investments are reported separately from cash and cash equivalents. Investments represent securities with original maturities of more than three months and for which management intends to hold the securities to maturity.

Investments in money market accounts, non-negotiable certificates of deposit, the Virginia State Non-Arbitrage Program (SNAP) and the Local Government Investment Pool (LGIP) are reported at amortized cost. SNAP offers a professionally-managed money market mutual fund, which provides a temporary pooled investment vehicle for proceeds pending expenditure, and with record keeping, depository and arbitrage rebate calculations. This program complies with all standards of GASB Statement 79. SNAP investments are reported using the net asset value (NAV) per share, which is calculated on an amortized cost basis that provides an NAV that approximates fair value. All other investments are reported at fair market value, in accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended by GASB Statement 72, *Fair Value Measurement and Application*. GASB Statement 72 provides guidance for determining fair value measurements using the level of fair value hierarchy and valuation techniques.

Investments of the member colleges of the VCCS are limited to those allowed under Chapter 45, Investments of Public Funds Act, Sections 2.2-4500, 2.2-4501, 2.2-4509 and 2.2-4510 of the *Code of Virginia*. Commonwealth of Virginia law limits investments in stocks, bonds, notes, and other evidences of indebtedness of the Commonwealth and those unconditionally guaranteed as to the payment of principal and interest by the Commonwealth. Investments in United States agencies all carry the explicit guarantee of the United States government. Additionally, Virginia's community colleges may participate in the Local Government Investment Pool as authorized by Chapter 46 of the *Code of Virginia* and managed by the Commonwealth of Virginia Treasury Board. Authorized investments in the Local Government Investment Pool are limited to those set forth for local officials in Chapter 45, Sections 2.2-4500 of the *Code of Virginia*. The LGIP is managed in accordance with the requirements of GASB Statement 79 and investments are reported at amortized cost.

#### Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. VCCS has no investments exposed to custodial credit risk for 2019.

#### Interest Rate Risk

Disclosure of the maturities of investments is required when the fair market value is adversely affected by changes in interest rates. Investments subject to interest rate risk are outlined in the accompanying chart.

#### Credit Risk

Disclosure of the credit quality rating is required for investments exposed to the risk that an issuer or other counterparty will not fulfill its obligations. Investments subject to credit rate risk are outlined in the accompanying chart.

#### Concentration of Credit Risk

Disclosure of any one issuer is required when it represents 5 percent or more of total investments. VCCS does not have such concentration of credit risk for 2019.

#### Foreign Currency Risk

Disclosure is required for investments exposed to changes in exchange rates that will adversely affect the fair value of an investment or a deposit. VCCS has no investments or deposits subject to Foreign Currency Risk for 2019.

<u>Cash Equivalents</u>	<u>Value</u>	<u>Credit Rating</u>
Local Govt. Investment Pool	\$42,166,884	AAA
Repurchase Agreements	15,013,758	Not Rated
Mutual and Money Market Funds	15,851,883	Not Rated
State Non-arbitrage Program	5,776,637	AAAm
Total	<u>\$78,809,162</u>	

<u>Investment Type</u>	<u>Less than 1 year</u>	<u>1 - 5 Years</u>	<u>6 -10 Years</u>	<u>6/30/2019</u>	<u>S&amp;P Credit Rating</u>
Agency Mortgage Backed Securities	\$2,183,085	\$6,921,244	\$208,156	\$9,312,485	AA+
Corporate Bonds	-	1,328,886	-	1,328,886	AAA+
Corporate Bonds	-	-	21,055	21,055	AAA
Corporate Bonds	24,970	1,237,412	-	1,262,382	AA+
Corporate Bonds	25,023	2,420,438	1,260,488	3,705,949	AA
Corporate Bonds	2,450,161	1,213,542	20,372	3,684,075	AA-
Corporate Bonds	697,366	1,498,619	-	2,195,985	A+
Corporate Bonds	-	95,868	-	95,868	A
Corporate Bonds	325,026	4,792,512	30,524	5,148,062	A-
Corporate Bonds	-	603,198	-	603,198	BBB+
Corporate Bonds	75,292	454,733	-	530,025	BBB
Corporate Bonds	-	64,545	-	64,545	BBB-
Negotiable CDs	15,136,566	2,699,408	-	17,835,974	Not Rated
Municipal Securities	-	50,199	-	50,199	AAA
Municipal Securities	-	-	5,120	5,120	AA+
Municipal Securities	50,000	25,169	-	75,169	AA
Municipal Securities	40,000	-	-	40,000	AA-
Mutual Funds	1,460,485	704,342	-	2,164,827	Not Rated
U.S. Treasury and Agency Securities	5,817,565	10,459,287	414,465	16,691,317	Not Rated
Non-Negotiable CDs	6,499,706	-	-	6,499,706	Not Rated
Total	<u>\$34,785,245</u>	<u>\$34,569,402</u>	<u>\$1,960,180</u>	<u>\$71,314,827</u>	

#### Fair Value Measurement

The following disclosures are made in accordance with GASB Statement 72 Fair Value Measurement and Application. This standard sets forth the framework for measuring fair value and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of fair value hierarchy under GASB 72 are described as follows:

Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

Fair Value Measurement Using:

	Quoted Prices In Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Other Unobservable Inputs Level 3
Agency Mortgage Backed Securities	\$ -	\$ 9,312,485	-
Corporate Bonds	-	18,640,030	-
Negotiable Certificates of Deposit	-	17,835,974	-
Municipal Securities	-	170,488	-
Mutual and Money Market Funds	15,851,883	2,164,827	-
U.S. Treasury and Agency Securities	16,691,317	-	-
Repurchase Agreements	-	15,013,758	-
Total Investments measured at Fair Value	<u>\$32,543,200</u>	<u>\$63,137,562</u>	<u>-</u>

#### Community College Foundations

The Foundations had the following cash, cash equivalents and investments as of June 30, 2019:

Cash and cash equivalents \$ 29,652,852

Investments:

Mutual funds and money markets	\$112,606,644
Stocks	87,330,581
Corporate bonds	30,204,085
U.S. government securities & bonds	11,050,105
UVA investment fund	9,368,592
Certificates of deposits	2,451,860
Investment in real estate	2,342,415
Mortgage-backed securities	2,283,024
Municipal bonds	1,777,205
Partnership investments	1,052,041
Split interest agreements	975,107
Alternative investments	438,886
Assets held for resale	416,220
Cash surrender value of life insurance	409,615
Total investments	<u>\$262,706,380</u>

Some VCCS foundations had balances in bank and savings institutions that exceeded federally-insured limits. However, the foundations do not believe this poses any significant credit risk.

### **3. RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS**

The following receivables included an allowance for doubtful accounts at June 30, 2019:

Gross accounts receivable:

Tuition and fees	\$ 14,841,459
Auxiliary enterprises	570,779
Federal, state, local and nongovernmental grants, gifts, contracts	2,265,276
Other activities	1,455,556
Total gross accounts receivable	<u>\$19,133,070</u>
Less: Allowance for doubtful accounts	<u>(1,261,030)</u>
Net accounts receivable	<u>\$17,872,040</u>
Gross Loans and notes receivable	\$ 2,964,517
Less: Allowance for doubtful accounts	<u>(218,594)</u>
Net loans and notes receivable	<u>\$ 2,745,923</u>

Receivables not expected to be collected within one year are \$1,618,696 in accounts, notes, and loans receivable.

#### Community College Foundations

The foundations have the following receivables as of June 30, 2019:

Gross accounts receivable	\$911,852
Less: Allowance for doubtful accounts	-
Net accounts receivable	<u>\$911,852</u>
Pledges receivable:	
Due in one year	\$6,562,561
Due in 1-5 years	7,409,294
Due in more than 5 years	735,131
Less: Allowance for doubtful accounts	(418,177)
Present value discount	<u>(849,437)</u>
Net pledges receivable	<u>\$13,439,372</u>
Gross loans and notes receivable	\$742,051
Less: Allowance for doubtful accounts	-
Net loans and notes receivable	<u>\$742,051</u>

Receivables not expected to be collected within one year are \$768,890 in accounts, notes, and loans receivable and \$7,216,065 in pledges receivable.

#### **4. COMMONWEALTH EQUIPMENT AND CAPITAL PROJECT REIMBURSEMENT PROGRAMS**

The Commonwealth has established several programs to provide state-supported institutions of higher education with bond proceeds for financing the acquisition and replacement of instructional equipment and facilities. During fiscal year 2019, funding has been provided to the VCCS from three programs: general obligation bonds 9(b), 21<sup>st</sup> Century, and Equipment Trust Fund managed by the Virginia College Building Authority (VCBA). The VCBA issues bonds and uses the proceeds to reimburse the VCCS and other institutions of higher education for expenses incurred in the acquisition of equipment and facilities.

The line items, Due from Commonwealth, Current and Noncurrent, on the Statement of Net Position, for the year ended June 30, 2019, represent pending reimbursements from the following programs:

Due from Commonwealth, Current	
VCBA Equipment Trust Fund program	\$6,955,496
General Obligation Bonds 9(b)	9,967
VCBA 21 <sup>st</sup> Century program	3,419,202
Total Due from Commonwealth, Current	<u>\$10,384,665</u>
Due from Commonwealth, Noncurrent	
VCBA 21 <sup>st</sup> Century program	<u>\$12,606,093</u>
Total Due from Commonwealth, Noncurrent	<u>\$12,606,093</u>

## 5. CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2019 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable capital assets:				
Land / Land Improvements	\$70,515,430	\$441,843	\$(616,022)	\$70,341,251
Inexhaustible Works of Art	148,174	-	-	148,174
Construction in Progress	30,513,501	69,079,455	(2,387,851)	97,205,105
Total capital assets not being depreciated	<u>\$101,177,105</u>	<u>\$69,521,298</u>	<u>\$(3,003,873)</u>	<u>\$167,694,530</u>
Depreciable capital assets:				
Buildings	\$1,520,214,619	\$9,601,443		\$1,529,816,062
Infrastructure	78,055,626	380,008		78,435,634
Equipment	215,621,147	17,071,693	(10,408,678)	222,284,162
Land Improvements	96,360,630	1,905,459	-	98,266,089
Library Books	47,001,996	1,083,304	(1,980,444)	46,104,856
Intangible	46,630,784	7,262		46,638,046
Total other capital assets	<u>\$2,003,884,802</u>	<u>\$30,049,169</u>	<u>\$(12,389,122)</u>	<u>\$2,021,544,849</u>
Less accumulated depreciation for				
Buildings	\$(408,193,379)	\$(33,724,149)		\$(441,917,528)
Infrastructure	(37,506,942)	(3,487,601)	-	(40,994,543)
Equipment	(159,117,829)	(15,139,314)	9,688,082	(164,569,061)
Land Improvements	(59,900,531)	(3,445,008)	-	(63,345,539)
Library Books	(37,881,361)	(2,526,166)	1,980,444	(38,427,083)
Intangible	(42,733,880)	(1,192,818)	15,741	(43,910,957)
Total accumulated depreciation	<u>\$(745,333,922)</u>	<u>\$(59,515,056)</u>	<u>\$11,684,267</u>	<u>\$(793,164,711)</u>
Other capital assets, net	<u>\$1,258,550,880</u>	<u>\$(29,465,887)</u>	<u>\$(704,855)</u>	<u>\$1,228,380,138</u>
Total capital assets, net	<u>\$1,359,727,985</u>	<u>\$40,055,411</u>	<u>\$(3,708,728)</u>	<u>\$1,396,074,668</u>



## Community College Foundations

The foundations had the following capital assets as of June 30, 2019:

Non-depreciable capital assets:	
Land	\$5,842,852
Construction in Process	2,329,627
Works of art	<u>123,627</u>
Total nondepreciable capital assets	<u>\$8,296,106</u>
Depreciable capital assets:	
Buildings	\$20,558,203
Equipment	1,628,951
Site improvement	<u>1,889,017</u>
Total depreciable capital assets	<u>\$24,076,171</u>
Less: Accumulated depreciation	<u>(6,251,154)</u>
Depreciable capital assets, net	<u>\$17,825,017</u>
Total capital assets, net	<u><u>\$26,161,123</u></u>

### 6. ACCOUNTS AND RETAINAGE PAYABLE

Accounts and retainage payable consisted of the following as of June 30, 2019:

	<u>VCCS</u>	<u>Foundations</u>
Vendors payable	\$37,270,026	\$2,067,621
Students payable	624,294	-
Retainage payable	4,226,720	-
Taxes payable	14,517	-
Total	<u>\$42,135,557</u>	<u>\$2,067,621</u>

### 7. COMMITMENTS

At June 30, 2019, the VCCS had future contractual commitments totaling \$77,151,942. The System held \$4,226,720 as retainage payable on construction and architectural/engineering contracts for work performed. The retainage payable will be remitted to the various contractors upon satisfactory completion of the construction projects.

### 8. DEFERRED OUTFLOWS OF RESOURCES

The composition of deferred outflows of resources on June 30, 2019, is summarized as follows:

Deferred Loss on Debt Defeasance	\$ 2,709,126
Pension	53,248,942
Post Employment Benefit	<u>17,444,894</u>
Total Deferred Outflows of Resources	<u><u>\$73,402,962</u></u>

### 9. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2019 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Debt:					
Capital leases	\$2,397,758	-	\$992,427	\$1,405,331	\$1,052,172
Notes payable:					
Installment purchases	2,341,133	-	346,506	1,994,627	354,870
Pooled bonds	110,928,499	-	7,956,132	102,972,367	7,095,000
Other notes payable	4,000,000	3,400,000	4,000,000	3,400,000	3,400,000
Total bonds, notes and capital leases	\$119,667,390	\$3,400,000	\$13,295,065	\$109,772,325	\$11,902,042
Other liabilities:					
Compensated absences	28,314,033	23,368,823	23,553,687	28,129,169	18,203,400
Pension Obligations	487,295,000	-	53,001,000	434,294,000	-
Postemployment Benefits	182,055,806	-	26,911,503	155,144,303	2,916,424
Federal loan program contributions	3,306,681	-	96,642	3,210,039	-
Total other liabilities	\$700,971,520	\$23,368,823	\$103,562,832	\$620,777,511	\$21,119,824
Total long-term liabilities	\$820,638,910	\$26,768,823	\$116,857,897	\$730,549,836	\$33,021,866

#### Defeasance of Debt

In prior fiscal years, a portion of the VCBA Pooled Bonds, of which the VCCS has a share, has been defeased. Details relating to the current and prior years' defeasances are reported in the Comprehensive Annual Financial Report of the Commonwealth. As of June 30, 2019 \$24,515,000 of VCCS defeased bonds is outstanding.

#### **10. NOTES PAYABLE**

Notes payable represent agreements with the Virginia College Building Authority (VCBA) to finance the following projects:

Parking garage for the Medical Education campus of Northern Virginia Community College - The balance is to be repaid in annual installments ranging from \$340,000 to \$530,000 with coupon rates ranging from 3% to 5% payable semiannually. The final installment of \$530,000 is due September 1, 2021. The outstanding balance at June 30, 2019 is \$1,623,100.

Parking deck for the Annandale Campus of Northern Virginia Community College - The balance is to be repaid in annual installments ranging from \$355,000 to \$400,000 with a coupon rate of 5% payable semiannually. The final installment of \$360,000 is due September 1, 2023. The outstanding balance at June 30, 2019 is \$2,026,830.

Parking garage for J. Sargeant Reynolds Community College - The balance is to be repaid in annual installments ranging from \$200,000 to \$325,000 with coupon rates ranging from 3% to 5% payable semiannually. The final installment of \$325,000 is due September 1, 2022. The outstanding balance at June 30, 2019 is \$1,255,197.

Student Center for Tidewater Community College Norfolk Campus - The balance is to be repaid in annual installments ranging from \$580,000 to \$1,095,000 with coupon rates ranging from 3% to 5% payable semiannually. The final installment of \$1,095,000 is due September 1, 2028. The outstanding balance at June 30, 2019 is \$9,976,687.

Workforce Training and Technology Center for J. Sargeant Reynolds Community College - The balance is to be repaid in annual installments ranging from \$30,000 to \$75,000 with an average coupon rate of 4.914% payable semiannually. The final installment of \$70,000 is due September 1, 2029. The outstanding balance at June 30, 2019 is \$706,729.

Student Center for Tidewater Community College Virginia Beach Campus – The balance is to be repaid in annual installments ranging from \$285,000 to \$1,035,000 with coupon rates ranging from 3% to 5% payable semiannually. The final installment of \$585,000 is due September 1, 2030. The outstanding balance at June 30, 2019 is \$16,473,077.

Student Center for Tidewater Community College Chesapeake Campus - The balance is to be repaid in annual installments ranging from \$345,000 to \$725,000 with coupon rates ranging from 3% to 5% payable semiannually. The final installment of \$415,000 is due September 1, 2030. The outstanding balance at June 30, 2019 is \$11,562,168.

Academic Building for Tidewater Community College Chesapeake Campus - The balance is to be repaid in annual installments ranging from \$170,000 to \$325,000 with an average coupon rate of 4.969% payable semiannually. The final installment of \$325,000 is due September 1, 2024. The outstanding balance at June 30, 2019 is \$1,931,808.

Student Center for Blue Ridge Community College Weyers Cave Campus - The balance is to be repaid in annual installments ranging from \$335,000 to \$660,000 with a coupon rate of 3.12% payable semiannually. The final installment of \$660,000 is due September 1, 2030. The outstanding balance at June 30, 2019 is \$6,854,299.

Student Center for Tidewater Community College Portsmouth Campus - The balance is to be repaid in annual installments ranging from \$520,000 to \$1,065,000 with a coupon rate of 3.12% payable semiannually. The final installment of \$1,065,000 is due September 1, 2030. The outstanding balance at June 30, 2019 is \$11,085,255.

Student Center for Virginia Western Community College - The balance is to be repaid in annual installments ranging from \$200,000 to \$465,000 with an average coupon rate of 4.23% payable semiannually. The final installment of \$465,000 is due September 1, 2031. The outstanding balance at June 30, 2019 is \$5,077,284.

Parking garage for Germanna Community College - The balance is to be repaid in annual installments ranging from \$175,000 to \$405,000 with an average coupon rate of 4.23% payable semiannually. The final installment of \$405,000 is due September 1, 2031. The outstanding balance at June 30, 2019 is \$4,411,628.

Parking garage for John Tyler Community College Midlothian Campus - The balance is to be repaid in annual installments ranging from \$210,000 to \$440,000 with an average coupon rate of 3.6% payable semiannually. The final installment of \$440,000 is due September 1, 2032. The outstanding balance at June 30, 2019 is \$5,486,742.

Parking garage for Tidewater Community College Chesapeake Campus - The balance is to be repaid in annual installments ranging from \$740,000 to \$1,620,000 with an average coupon rate of 3.6% payable semiannually. The final installment of \$1,620,000 is due September 1, 2032. The outstanding balance at June 30, 2019 is \$20,230,007.

Parking garage for Blue Ridge Community College Weyers Cave Campus - The balance is to be repaid in annual installments ranging from \$135,000 to \$325,000 with coupon rates ranging from 4% to 5% payable semiannually. The final installment of \$325,000 is due September 1, 2034. The outstanding balance at June 30, 2019 is \$4,271,556.

The Virginia Community College System's general revenues, not otherwise obligated, secure these notes.

Other notes payable of \$4,000,000 represents advances received from the Commonwealth of Virginia in anticipation of federal grant funding.

Scheduled maturities of notes payable are as follows:

Year Ending June 30	Principal	Interest	Total Payments
2019	\$7,095,000	\$4,037,885	\$11,132,885
2020	7,390,000	3,703,672	11,093,672
2021	7,690,000	3,345,425	11,035,425
2022	7,450,000	2,985,338	10,435,338
2023	7,430,000	2,634,109	10,064,109
2024-2028	38,105,000	8,406,975	46,511,975
2029-2033	18,925,000	1,240,137	20,165,137
2034-2038	325,000	8,125	333,125
Sub Totals	\$94,410,000	\$26,361,666	\$120,771,666
Plus Bond Premium	8,562,367	-	8,562,367
Totals	<u>\$102,972,367</u>	<u>\$26,361,666</u>	<u>\$129,334,033</u>

## 11. LEASE COMMITMENTS AND INSTALLMENT PURCHASES

The System is committed under various capital lease, operating lease, and installment purchase agreements. The cost of assets capitalized under capital lease and installment purchase agreements total \$32,021,622 and \$4,267,506, respectively. Rent expense under operating lease agreements amounted to \$12,552,822 for the year. A summary of future obligations under lease agreements as of June 30, 2018 follows:

Year Ending June 30	Capital Lease Obligations	Installment Purchase Obligations	Operating Lease Obligations
2020	\$1,109,179	\$406,980	\$6,072,346
2021	369,194	406,982	11,262,902
2022	-	406,980	10,545,654
2023	-	406,978	8,787,040
2024	-	300,460	8,073,193
2025-2029	-	251,916	20,162,995
2030-2034	-	-	2,231,591

Total obligation and gross minimum lease payments	\$1,478,373	\$2,180,296	\$67,135,721
Less: Interest	(73,042)	(185,669)	-
Present value of minimum lease payments	\$1,405,331	\$1,994,627	\$67,135,721

Capital leases represent the remaining obligation for two capital lease agreements. Tidewater Community College entered into an agreement in 1997 to purchase several buildings on the Norfolk Campus. The gross amount of the buildings related to this lease agreement is \$27,838,922. Thomas Nelson Community College entered into an agreement in 2002 for the Peninsula Workforce Development Center. The gross amount of the Peninsula Workforce Development Center is broken down as follows: \$3,502,251 for Building, \$492,904 for Land Improvements, and \$187,545 for Infrastructure.

## 12. OPERATING EXPENSES BY NATURAL AND FUNCTIONAL CLASSIFICATIONS

VCCS operating expenses for the year ended June 30, 2019 were as follows:

### Natural Classification

Functional Classification	Salaries & Benefits	Utilities	Scholarships	Depreciation	Supplies Services & Other	Total
Instruction	\$ 345,473,349	\$ 266,998	\$ 620,810	\$ 42,553,249	\$ 60,426,826	\$ 449,341,232
Public Service	8,932,071	19,062	432,184	227,951	43,391,756	53,003,024
Academic Support	80,998,406	247,045	282,107	5,654,535	25,858,954	113,041,047
Student Services	92,790,966	1,772	624,577	2,589,476	13,381,412	109,388,203
Institutional Support	112,919,888	316,281	1,707,868	5,578,218	60,685,496	181,207,751
Operation & Maintenance	37,440,016	17,137,063	43,825	2,798,763	64,487,767	121,907,434
Scholarships and Fellowships	-	-	94,641,990	-	677,864	95,319,854
Auxiliary Enterprises	5,153,293	428,846	2,135	112,864	8,252,441	13,949,579
Other Expenses	-	-	-	-	61,102	61,102
Total Expenses	\$ 683,707,989	\$ 18,417,067	\$ 98,355,496	\$ 59,515,056	\$ 277,223,618	\$ 1,137,219,226

## 13. STATE APPROPRIATIONS

All Commonwealth unrestricted revenues must be appropriated by the Legislature and are provided on an annual basis. Unspent balances of these appropriations at the close of the fiscal year revert to the Commonwealth's General Fund. These reverted funds are eligible for re-appropriation in fiscal year 2019-20 provided that the VCCS meets financial and administrative standards outlined in the *Code of Virginia*.

During the year ended June 30, 2019, the Virginia Community College System received the following general fund appropriations in accordance with Chapter 854, 2019 Virginia Acts of Assembly.

Appropriated – Chapter 854 – approved May 2, 2019

\$395,100,968

Additions:

Net central accounts distribution	2,336,857
Other:	
Transfer from SCHEV – VIVA	39,246
Online Virginia Network Authority Initiative	605,000
Interest earnings and credit card rebates	1,842,157
Carryover fiscal year 2018 year-end balances	21,822,845
Shared position with Secretary of Education	(12,613)
Equipment Trust Fund lease payment	(633,657)
Philpott manufacturing	(1,093,862)
Capital fee transfers	(3,139,785)
Reversion	(32,943,758)
	<hr/>
Adjusted Unrestricted Appropriations	<u>\$383,923,398</u>

Other restricted appropriations were \$51,484,666 for a total of \$435,408,064.

#### 14. EQUIPMENT TRUST FUND

The System participates in the Higher Education Equipment Trust Fund (HEETF) of the Virginia College Building Authority (VCBA). The HEETF provides funds to public colleges and universities for equipment acquisitions using proceeds from revenue bonds issued for this purpose.

#### 15. DONOR-RESTRICTED ENDOWMENTS

VCCS has two donor-restricted endowments. The net appreciation on investments of donor-restricted endowments that is available for expenditure by the governing board did not change for the year ended June 30, 2019. These amounts are reported as restricted expendable net position. Total-return policy is followed for authorizing and spending investment income.

#### 16. CONTINGENCIES ON GRANTS

The VCCS receives assistance from non-state grantor agencies in the form of grants. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements. Substantially all grants are subject to financial and compliance audits by the grantors. All disallowances as a result of these audits become a liability of the VCCS. As of June 30, 2019, the VCCS estimates that no material liabilities will result from such audits.

#### 17. RETIREMENT PLANS

##### Virginia Retirement System – General Information about the Pension Plans

##### ***Plan Description***

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

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

## Retirement Plan Provisions By Plan Structure

Plan 1	Plan 2	Hybrid
<p><b>About Plan 1</b></p> <hr/> <p>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.</p>	<p><b>About Plan 2</b></p> <hr/> <p>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.</p>	<p><b>About the Hybrid Retirement Plan</b></p> <hr/> <p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <p>The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</p> <p>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.</p> <p>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.</p>



## Retirement Plan Provisions By Plan Structure

<b>Eligible Members</b>	<b>Eligible Members</b>	<b>Eligible Members</b>
<p>Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p><b>Hybrid Opt-In Election</b> 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.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>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 Plan 1 or ORP.</p>	<p>Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b> VRS non-hazardous duty covered 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.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>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.</p>	<p>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• State employees*</li> <li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.</li> </ul> <p><b>*Non-Eligible Members</b> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <p>Members of the Virginia Law Officers' Retirement System (VaLORS).</p> <p>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.</p>

## Retirement Plan Provisions By Plan Structure

Retirement Plan Provisions By Plan Structure		
<p><b>Retirement Contributions</b></p> <hr/> <p>State employees, excluding state elected officials and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a 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.</p>	<p><b>Retirement Contributions</b></p> <hr/> <p>State employees 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.</p>	<p><b>Retirement Contributions</b></p> <hr/> <p>A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p><b>Creditable Service</b></p> <hr/> <p>Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p><b>Creditable Service</b></p> <hr/> <p>Same as Plan 1.</p>	<p><b>Creditable Service</b></p> <hr/> <p><b>Defined Benefit Component:</b> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><b>Defined Contribution Component:</b> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

## Retirement Plan Provisions By Plan Structure

Vesting	Vesting	Vesting
<p>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.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Same as Plan 1.</p>	<p><b>Defined Benefit Component:</b> 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.</p> <p><b>Defined Contributions Component:</b> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <p>After two years, a member is 50% vested and may withdraw 50% of employer contributions.</p> <p>After three years, a member is 75% vested and may withdraw 75% of employer contributions.</p> <p>After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</p> <p>Distribution is not required by law until age 70½.</p>

## Retirement Plan Provisions By Plan Structure

Retirement Plan Provisions By Plan Structure		
<p><b>Calculating the Benefit</b></p> <p>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.</p> <p>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.</p>	<p><b>Calculating the Benefit</b></p> <p>See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b></p> <p><b>Defined Benefit Component:</b> See definition under Plan 1</p> <p><b>Defined Contribution Component:</b> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p><b>Average Final Compensation</b></p> <p>A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b></p> <p>A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b></p> <p>Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b>Service Retirement Multiplier</b></p> <p><b>VRS:</b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p><b>VaLORS:</b> The retirement multiplier for VaLORS employees is 1.70% or 2.00%.</p>	<p><b>Service Retirement Multiplier</b></p> <p><b>VRS:</b> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p><b>VaLORS:</b> The retirement multiplier for VaLORS employees is 2.00%.</p>	<p><b>Service Retirement Multiplier</b></p> <p><b>Defined Benefit Component:</b> <b>VRS:</b> The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p><b>VaLORS:</b> Not applicable.</p> <p><b>Defined Contribution Component:</b> Not applicable.</p>

## Retirement Plan Provisions By Plan Structure

<u>Normal Retirement Age</u>	<u>Normal Retirement Age</u>	<u>Normal Retirement Age</u>
<p><b>VRS:</b> Age 65.</p> <p><b>VaLORS:</b> Age 60.</p>	<p><b>VRS:</b> Normal Social Security retirement age.</p> <p><b>VaLORS:</b> Same as Plan 1.</p>	<p><b>Defined Benefit Component:</b> <b>VRS:</b> Same as Plan 2.</p> <p><b>VaLORS:</b> Not applicable.</p> <p><b>Defined Contribution Component:</b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<u>Earliest Unreduced Retirement Eligibility</u>	<u>Earliest Unreduced Retirement Eligibility</u>	<u>Earliest Unreduced Retirement Eligibility</u>
<p><b>VRS:</b> Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p><b>VaLORS:</b> Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p><b>VRS:</b> Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><b>VaLORS:</b> Same as Plan 1.</p>	<p><b>Defined Benefit Component:</b> <b>VRS:</b> Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><b>VaLORS:</b> Not applicable.</p> <p><b>Defined Contribution Component:</b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<u>Earliest Reduced Retirement Eligibility</u>	<u>Earliest Reduced Retirement Eligibility</u>	<u>Earliest Reduced Retirement Eligibility</u>
<p><b>VRS:</b> Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p> <p><b>VaLORS:</b> 50 with at least five years of creditable service.</p>	<p><b>VRS:</b> Age 60 with at least five years (60 months) of creditable service.</p> <p><b>VaLORS:</b> Same as Plan 1.</p>	<p><b>Defined Benefit Component:</b> <b>VRS:</b> Age 60 with at least five years (60 months) of creditable service.</p> <p><b>VaLORS:</b> Not applicable.</p> <p><b>Defined Contribution Component:</b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

## Retirement Plan Provisions By Plan Structure

<b>Cost-of-Living Adjustment (COLA) in Retirement</b>	<b>Cost-of-Living Adjustment (COLA) in Retirement</b>	<b>Cost-of-Living Adjustment (COLA) in Retirement</b>
<p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><b>Eligibility:</b> 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.</p> <p>For members who retire with a reduced benefit and who have less 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.</p> <p><b>Exceptions to COLA Effective Dates:</b> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul>	<p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the (CPI-U) and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><b>Eligibility:</b> Same as Plan 1</p> <p><b>Exceptions to COLA Effective Dates:</b> Same as Plan 1</p>	<p><b>Defined Benefit Component:</b> Same as Plan 2.</p> <p><b>Defined Contribution Component:</b> Not applicable.</p> <p><b>Eligibility:</b> Same as Plan 1 and Plan 2.</p> <p><b>Exceptions to COLA Effective Dates:</b> Same as Plan 1 and Plan 2.</p>

## Retirement Plan Provisions By Plan Structure

<b>Disability Coverage</b>	<b>Disability Coverage</b>	<b>Disability Coverage</b>
<p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>State employees (including Plan 1 and Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<b>Purchase of Prior Service</b>	<b>Purchase of Prior Service</b>	<b>Purchase of Prior Service</b>
<p>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. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Same as Plan 1.</p>	<p><b>Defined Benefit Component:</b> Same as Plan 1, with the following exceptions:</p> <p>Hybrid Retirement Plan members are ineligible for ported service.</p> <p><b>Defined Contribution Component:</b> Not applicable.</p>

## ***Contributions***

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, the 5.00% member contribution was paid by the employer. Each state agency's contractually required contribution rate for the year ended June 30, 2019 was 13.52% of covered employee compensation for employees in the VRS State Employee Retirement Plan. For employees in the VaLORS Retirement Plan, the contribution rate was 24.88% of covered employee compensation. These rates were based on an actuarially determined rate(s) from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the VCCS to the VRS State Employee Retirement Plan were \$41.8 million and \$42.3 million for the years ended June 30, 2019 and June 30, 2018, respectively. Contributions from the VCCS to the VaLORS Retirement Plan were \$1.1 million and \$1.1 million for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the VCCS reported a liability of \$424.7 million for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of \$9.6 million for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. At June 30, 2018, The VCCS' proportion of the Net Pension Liability was based on the VCCS' actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the VCCS' proportion of the VRS State Employee Retirement Plan was 7.84% as compared to 8.19% at June 30, 2017. At June 30, 2018, the VCCS' proportion of the VaLORS Retirement Plan was 1.55% as compared to 1.55% at June 30, 2017.

For the year ended June 30, 2019, the VCCS recognized pension expense of \$5.9 million for the VRS State Employee Retirement Plan and \$972 thousand for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2017 and June 30, 2018, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2019, the VCCS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



<b>VRS State Employee Retirement Plan</b> (\$ Thousands)	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 25,672
Change in assumptions	2,841	-
Net difference between projected and actual earnings on pension plan investments	-	11,089
Changes in proportion and differences between Employer contributions and proportionate share of contributions	7,089	31,353
Employer contributions subsequent to the measurement date	41,787	-
<b>Total</b>	<b>\$ 51,717</b>	<b>\$ 68,114</b>

<b>VRS VaLORS Retirement Plan</b> (\$ Thousands)	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 4	\$ 271
Change in assumptions	-	337
Net difference between projected and actual earnings on pension plan investments	-	159
Changes in proportion and differences between Employer contributions and proportionate share of contributions	383	212
Employer contributions subsequent to the measurement date	1,145	-
<b>Total</b>	<b>\$ 1,532</b>	<b>\$ 979</b>

\$42.9 million reported as deferred outflows of resources related to pensions resulting from the VCCS' contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2020. Other amounts reported as

deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30 (\$ thousands)	<u>VRS Retirement Plan</u>	<u>VaLORS Retirement Plan</u>
2020	\$(16,031)	\$(215)
2021	(17,370)	(156)
2022	(23,597)	(204)
2023	(1,186)	(17)

**Actuarial Assumptions**

The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 5.35 percent
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Life Mortality Table Projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 25%

The total pension liability for the VaLORS Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 4.75 percent
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 1 year.

Post-Disablement:

RP-2014 Disability Life Mortality Table Projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages

Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

**Net Pension Liability**

The net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB Statement No. 67, less that system’s fiduciary net position. As of June 30, 2018, NPL amounts for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan are as follows (amounts expressed in thousands):

	<b>Employee Retirement Plan</b>	<b>State VaLORS Retirement Plan</b>
Total Pension Liability	\$ 23,945,821	\$ 2,047,161
Plan Fiduciary Net Position	<u>18,532,189</u>	<u>1,423,980</u>
Employers’ Net Pension Liability (Asset)	<u>\$ 5,413,632</u>	<u>\$ 623,181</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.39%	69.56%

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

**Long-Term Expected Rate of Return**

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

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
	Inflation		<u>2.50%</u>
	* Expected arithmetic nominal return		<u>7.30%</u>

\* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the VCCS for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the State VCCS' Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the VCCS' proportionate share of the VRS State Employee Retirement Plan net pension liability using the discount rate of 7.00%, as well as what the VCCS' proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate (amounts expressed in thousands):

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
VCCS' proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	\$642,941	\$424,652	\$240,896

The following presents the VCCS' proportionate share of the VaLORS Retirement Plan net pension liability using the discount rate of 7.00%, as well as what the VCCS' proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate (amounts expressed in thousands):

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
VCCS' proportionate share of the VaLORS Retirement Plan Net Pension Liability	\$13,682	\$9,642	\$6,296

### ***Pension Plan Fiduciary Net Position***

Detailed information about the VRS State Employee Retirement Plan's Fiduciary Net Position or the VaLORS Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

### ***Payables to the Pension Plan***

The VCCS recognized \$50,633,097 as Accrued Payroll Expenses as of June 30, 2019 which represents hours worked before June 30 but paid after July 1. The portion payable to the VRS for pension contributions is estimated at \$1.8 million.

### **Optional Retirement Plans**

All qualified salaried employees of the VCCS are required to participate in a retirement benefit plan administered by the Virginia Retirement System (VRS) or in an Optional Retirement Plan (ORP). Classified employees are eligible to participate in the VRS only, while faculty rank employees are eligible to participate in either the VRS or the ORP.

Faculty rank employees can participate in a defined contribution plan administered by two providers other than the VRS. The two different providers are TIAA/CREF Insurance Companies and Fidelity Investments Tax-Exempt Services Company. This is a fixed-contribution plan where the retirement benefits received are based on the employer's (10.4%) contributions, plus interest and dividends for those employees who became a member prior to July 1, 2010. For those employees who became a member on or after July 1, 2010, the employer's contributions are 8.5% and the employee's contributions are 5%.

Individual contracts issued under the ORP plan provide for full and immediate vesting of the VCCS contributions. Total pension costs under this plan were \$5,696,027 and \$5,978,642 for years ended June 30, 2019 and 2018, respectively. Contributions to the ORP plan were calculated using the base salary amount of \$58,548,458 and \$61,205,629 for fiscal years 2019 and 2018. The VCCS total payroll for fiscal years 2019 and 2018 was \$536,729,586 and \$547,250,954 respectively.

### ***Payables to the Optional Retirement Plan***

The VCCS recognized \$50,633,097 as Accrued Payroll Expenses as of June 30, 2019 which represents hours worked before June 30 but paid after July 1 or after. The portion payable for contributions to the optional retirement plans is estimated at \$497 thousand.

### **Deferred Compensation Plan**

Employees of the VCCS are employees of the Commonwealth of Virginia. State employees may participate in the Commonwealth's Deferred Compensation Plan. Participating employees can contribute to the plan each pay period with the Commonwealth matching up to \$20 per pay period. The dollar amount match can change depending on the funding available in the Commonwealth's budget. The Deferred Compensation Plan is a qualified defined contribution plan under Section 401(a) of the Internal Revenue Code. Employer contributions under the Deferred Compensation Plan were approximately \$1,700,576 for fiscal year 2019.

## **18. POST-EMPLOYMENT BENEFITS**

## **Plans administered by VRS**

### **General Information about the State Employee Health Insurance Credit Program**

#### ***Plan Description***

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

### **General Information about the Group Life Insurance Program**

#### ***Plan Description***

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

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

### **General Information about the VRS Disability Insurance Program**

#### ***Plan Description***

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

### **General Information about the Line of Duty Act Program**

#### ***Plan Description***

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

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

STATE EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS	GROUP LIFE INSURANCE PROGRAM (GLI) PLAN PROVISIONS	LINE OF DUTY ACT PROGRAM (LODA) PLAN PROVISIONS	DISABILITY INSURANCE PROGRAM (VSDP) PLAN PROVISIONS
<p><b>Eligible Employees</b></p> <p>The State Employee Retiree Health Insurance Credit Program was established January 1, 1990 for retired state employees covered under VRS, SPORS, VaLORS and JRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> <li>• Full-time and part-time permanent salaried state employees covered under VRS, SPORS, VaLORS and JRS.</li> </ul>	<p><b>Eligible Employees</b></p> <p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"> <li>• City of Richmond</li> <li>• City of Portsmouth</li> <li>• City of Roanoke</li> <li>• City of Norfolk</li> <li>• Roanoke City Schools Board</li> </ul> <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>	<p><b>Eligible Employees</b></p> <p>The eligible employees of the Line of Duty Act Program (LODA) are paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS).</p>	<p><b>Eligible Employees</b></p> <p>The Virginia Sickness and Disability Program (VSDP), also known as the Disability Insurance Trust Fund was established January 1, 1999 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> <li>• Full-time and part-time permanent salaried state employees covered under VRS, SPORS and VaLORS (members new to VaLORS following its creation on October 1, 1999, have been enrolled since the inception of VSDP).</li> <li>• State employees hired before January 1, 1999, who elected to transfer to VSDP rather than retain their eligibility to be considered for VRS disability retirement.</li> <li>• Public college and university faculty members who elect the VRS defined benefit plan. They may participate in VSDP or their institution's disability program, if offered. If the institution does not offer the program or the faculty member does not make an election, he or she is enrolled in VSDP.</li> </ul>



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<p><b>Benefit Amounts</b></p> <p>The State Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> <li>• <b>At Retirement</b> – For State employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.</li> <li>• <b>Disability Retirement</b> – For State employees, other than state police officers, who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP), the monthly benefit is \$120.00 or \$4.00 per year of service, whichever is higher.</li> </ul> <p>For State police officers employees with a non-work-related disability who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP) the monthly benefit is \$120.00 or \$4.00 per year of service, whichever is higher.</p> <p>For State police officers employees with a work-related disability, there is no benefit provided under the State Employee Retiree Health Insurance Credit Program if the premiums are being paid under the Virginia Line of Duty Act. However, they may receive the credit for premiums paid for other qualified health plans.</p>	<p><b>Benefit Amounts</b></p> <p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"> <li>• <b>Natural Death Benefit</b> – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</li> <li>• <b>Accidental Death Benefit</b> – The accidental death benefit is double the natural death benefit.</li> <li>• <b>Other Benefit Provisions</b> – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> <li>o Accidental dismemberment benefit</li> <li>o Safety belt benefit</li> <li>o Repatriation benefit</li> <li>o Felonious assault benefit</li> <li>o Accelerated death benefit option</li> </ul> </li> </ul> <p><b>Reduction in benefit Amounts</b></p> <p>The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>	<p><b>Benefit Amounts</b></p> <p>The Line of Duty Act Program (LODA) provides death and health insurance benefits for eligible individuals:</p> <ul style="list-style-type: none"> <li>• <b>Death</b> – The Line of Duty Act program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: <ul style="list-style-type: none"> <li>o \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after.</li> <li>o \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date.</li> <li>o An additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.</li> </ul> </li> <li>• <b>Health Insurance</b> – The Line of Duty Act program provides health insurance benefits. <ul style="list-style-type: none"> <li>o Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program.</li> <li>o Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by the Line of Duty Act.</li> </ul> </li> </ul>	<p><b>Benefit Amounts</b></p> <p>The Virginia Sickness and Disability Program (VSDP) provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> <li>• <b>Leave</b> – Sick, family and personal leave. Eligible leave benefits are paid by the employer.</li> <li>• <b>Short-Term Disability</b> – The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. The benefit provides income replacement beginning at 100% of the employee's pre-disability income, reducing to 80% and then 60% based on the period of the disability and the length of service of the employee. Short-term disability benefits are paid by the employer.</li> <li>• <b>Long-Term Disability</b> – The program provides a long-term disability benefit beginning after 125 workdays of short-term disability and continuing until the employee reaches his or her normal retirement age. The benefit provides income replacement of 60% of the employee's pre-disability income. If an employee becomes disabled within five years of his or her normal retirement age, the employee will receive up to five years of VSDP benefits, provided he or she remains medically eligible. Long-term disability benefits are paid for by the Virginia Disability Insurance Program (VSDP) OPEB Plan.</li> <li>• <b>Income Replacement Adjustment</b> – The program provides for an income replacement adjustment to 80% for catastrophic conditions.</li> <li>• <b>VSDP Long-Term Care Plan</b> – The program also includes a self-funded long-term care plan that assists with the cost of covered long-term care services.</li> </ul>

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<p><b>Plan Notes</b></p> <ul style="list-style-type: none"> <li>• The monthly Health Insurance Credit benefit cannot exceed the individual premium amount.</li> <li>• Employees who retire after being on long-term disability under VSDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.</li> </ul>			<p><b>Plan Notes</b></p> <ul style="list-style-type: none"> <li>• Employees hired or rehired on or after July 1, 2009, must satisfy eligibility periods before becoming eligible for non-work-related short-term disability benefits and certain income-replacement levels.</li> <li>• A state employee who is approved for VSDP benefits on or after the date that is five years prior to his or her normal retirement date is eligible for up to five years of VSDP benefits.</li> <li>• Employees on work-related short-term disability receiving only a workers' compensation payment may be eligible to purchase service credit for this period if retirement contributions are not being withheld from the workers' compensation payment. The rate will be based on 5.00% of the employee's compensation.</li> </ul>
	<p><b>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</b></p> <p>For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,279 effective July 1, 2018.</p>		<p><b>Cost-of-Living Adjustment (COLA)</b></p> <ul style="list-style-type: none"> <li>• During periods an employee receives long-term disability benefits, the LTD benefit may be increased annually by an amount recommended by the actuary and approved by the Board. <ul style="list-style-type: none"> <li>○ Plan 1 employees vested as of 1/1/2013 – 100% of the VRS Plan 1 COLA (The first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%).</li> <li>○ Plan 1 employee non-vested as of 1/1/2013, Plan 2 and Hybrid Plan employees – 100% of the VRS Plan 2 and Hybrid COLA (The first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%).</li> </ul> </li> <li>• For participating full-time employees taking service retirement, the creditable compensation may be increased annually by an</li> </ul>

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			<p>amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement.</p> <ul style="list-style-type: none"> <li>o 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4.00%</li> <li>• For participating full-time employees receiving supplemental (work-related) disability benefits, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement</li> <li>o 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4.00%.</li> </ul>

**Contributions**

The contribution requirement for active employees in the VRS State Employee Health Insurance Credit Program is governed by §51.1-1400(D) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each state agency’s contractually required employer contribution rate for the year ended June 30, 2019 was 1.17% of covered employee compensation for employees in the VRS State Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the VCCS to the VRS State Employee Health Insurance Credit Program were \$4.5 million and \$4.6 million for the years ended June 30, 2019 and June 30, 2018, respectively.

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution; however the employer must pay all of the employer contribution. Each employer’s contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any

unfunded accrued liability. Contributions to the Group Life Insurance Program from the VCCS were \$2.0 million and \$2.0 million for the years ended June 30, 2019 and June 30, 2018, respectively.

The contribution requirements for the Line of Duty Act Program (LODA) are governed by §9.1-400.1 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the Line of Duty Act Program (LODA) for the year ended June 30, 2019 was \$705.77 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the Line of Duty Act Program (LODA) from the VCCS were \$69 thousand and \$37 thousand for the years ended June 30, 2019 and June 30, 2018, respectively.

The contribution requirements for the Disability Insurance Program (VSDP) are governed by §51.1-1140 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the Disability Insurance Program (VSDP) for the year ended June 30, 2019 was 0.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits payable during the year, with an adjustment to amortize the accrued OPEB assets. Contributions to the Disability Insurance Program (VSDP) from the VCCS were \$1.9 million and \$2.0 million for the years ended June 30, 2019 and June 30, 2018, respectively.

***State Employee Health Insurance Credit Program OPEB Liabilities, State Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to State Employee Health Insurance Credit Program OPEB***

At June 30, 2019, the VCCS reported a liability of \$52.7 million for its proportionate share of the VRS State Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS State Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2018 and the total VRS State Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS State Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation as of that date. The VCCS' proportion of the Net VRS State Employee Health Insurance Credit Program OPEB Liability was based on the VCCS' actuarially determined employer contributions to the VRS State Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the VCCS' proportion of the VRS State Employee Health Insurance Credit Program was 5.78% as compared to 6.10% at June 30, 2017.

For the year ended June 30, 2019, the VCCS recognized VRS State Employee Health Insurance Credit Program OPEB expense of \$3.6 million. Since there was a change in proportionate share between measurement dates, a portion of the VRS State Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

***Group Life Insurance Program OPEB Liabilities, Group Life Insurance Program Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Group Life Insurance Program OPEB***

At June 30, 2019, the VCCS reported a liability of \$31.3 million for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The VCCS' proportion of the Net GLI OPEB Liability was based on the VCCS' actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was 2.06% as compared to 2.14% at June 30, 2017.

For the year ended June 30, 2019, the VCCS recognized GLI OPEB expense of (\$293) thousand. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

***Line of Duty Act Program OPEB Liabilities, Line of Duty Act Program Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Line of Duty Act Program OPEB***

At June 30, 2019, the VCCS reported a liability of \$1.7 million for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2018 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of that date. The VCCS' proportion of the Net LODA OPEB Liability was based on the VCCS' actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2018, the VCCS' proportion was 0.53% as compared 0.55% at June 30, 2017.

For the year ended June 30, 2019, the VCCS recognized LODA OPEB expense of \$143 thousand. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

***Virginia Disability Insurance Program OPEB Liabilities, Virginia Disability Insurance Program Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Virginia Disability Insurance Program OPEB***

At June 30, 2019, the VCCS reported an (asset) of (\$17.4) million for its proportionate share of the Net VSDP OPEB Liability (Asset). The Net VSDP OPEB Liability (Asset) was measured as of June 30, 2018 and the total VSDP OPEB liability used to calculate the Net VSDP OPEB Liability (Asset) was determined by an actuarial valuation as of that date. The VCCS' proportion of the Net VSDP OPEB Liability (Asset) was based on the VCCS' actuarially determined employer contributions to the VSDP OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the VCCS' proportion was 7.74% as compared to 8.11% at June 30, 2017.

For the year ended June 30, 2019, the VCCS recognized VSDP OPEB expense of \$1.1 million. Since there was a change in proportionate share between measurement dates, a portion of the VSDP OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the VCCS reported deferred outflows of resources and deferred inflows of resources related to the VRS OPEB plans from the following sources:

<b>VRS Health Insurance Credit Program (\$ Thousands)</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 36	\$ -
Net difference between projected and actual earnings on State HIC OPEB plan investments	-	87
Change in assumptions	-	478
Changes in proportionate share	592	4,974
Employer contributions subsequent to the measurement date	4,459	-
Total	<u>\$ 5,087</u>	<u>\$ 5,539</u>

<b>VRS Group Life Insurance Program (\$ Thousands)</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,527	\$ 560
Net difference between projected and actual earnings on State GLI OPEB plan investments	-	1,014
Change in assumptions	-	1,306
Changes in proportionate share	403	2,871
Employer contributions subsequent to the measurement date	2,005	-
Total	<u>\$ 3,935</u>	<u>\$ 5,751</u>

<b>VRS Line of Duty Act Program (\$ Thousands)</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 239	\$ 3
Net difference between projected and actual earnings on State LODA OPEB plan investments	-	2
Change in assumptions	-	193
Changes in proportionate share	110	96
Employer contributions subsequent to the measurement date	69	-
<b>Total</b>	<b>\$ 418</b>	<b>\$ 294</b>

<b>VRS Virginia Sickness and Disability Plan (\$ Thousands)</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 733
Net difference between projected and actual earnings on State VSDP OPEB plan investments	-	1,032
Change in assumptions	-	1,031
Changes in proportionate share	1,143	221
Employer contributions subsequent to the measurement date	1,883	-
<b>Total</b>	<b>\$ 3,026</b>	<b>\$ 3,017</b>

\$4.5 million reported as deferred outflows of resources related to the State Employee HIC OPEB resulting from the VCCS' contributions subsequent to the measurement date will be recognized as a reduction of the Net State Employee HIC OPEB Liability in the Fiscal Year ending June 30, 2020.

\$2.0 million reported as deferred outflows of resources related to the GLI OPEB resulting from the VCCS' contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2020.

\$69 thousand reported as deferred outflows of resources related to the LODA OPEB resulting from the VCCS' contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the Fiscal Year ending June 30, 2020.

\$1.9 million reported as deferred outflows of resources related to the VSDP OPEB resulting from the VCCS' contributions subsequent to the measurement date will be recognized as an adjustment of the Net VSDP OPEB Liability (Asset) in the Fiscal Year ending June 30, 2020.

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

Year Ended June 30 (\$ Thousands)	<u>HIC</u>	<u>GLI</u>	<u>LODA</u>	<u>VSDP</u>
2020	(1,071)	(969)	6	(475)
2021	(1,070)	(966)	6	(467)
2022	(1,070)	(966)	6	(470)
2023	(1,038)	(673)	7	(158)
2024	(587)	(263)	8	(137)
Thereafter	(75)	16	22	(165)

**Actuarial Assumptions**

The total State Employee HIC OPEB liability for the VRS State Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5 percent
Salary increases, including inflation – General state employees	3.5 percent – 5.35 percent
SPORS employees	3.5 percent – 4.75 percent
VaLORS employees	3.5 percent – 4.75 percent
JRS employees	4.5 percent
Investment rate of return	7.0 percent, net of plan investment expenses, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-



term expected rate of return on investments was assumed to be 7.0% to simplify preparation of the OPEB liabilities.

### **Mortality rates – General State Employees**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

**Post-Disablement:**

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

### **Mortality rates – SPORS Employees**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

### **Mortality rates – VaLORS Employees**

#### **Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

#### **Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

#### **Post-Disablement:**

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

### **Mortality rates – JRS Employees**

#### **Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

#### **Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% compounding increase from ages 70 to 85.

#### **Post-Disablement:**

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

### **Actuarial Assumptions**

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5 percent
Salary increases, including inflation – General state employees	3.5 percent – 5.35 percent
Teachers	3.5 percent – 5.95 percent
SPORS employees	3.5 percent – 4.75 percent
VaLORS employees	3.5 percent – 4.75 percent
JRS employees	4.5 percent
Locality – General employees	3.5 percent – 5.35 percent
Locality – Hazardous Duty employees	3.5 percent – 4.75 percent
Investment rate of return	7.0 Percent, net of pension plan investment expenses, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of the OPEB liabilities.

### **Mortality rates – General State Employees**

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

**Post-Disablement:**

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

**Mortality rates – Teachers**

**Pre-Retirement:**

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

**Post-Retirement:**

RP-2014 White Collar Employee Rates to age 49, White Collar Health Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

### Mortality rates – SPORS Employees

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

### Mortality rates – VaLORS Employees

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service

Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

### **Mortality rates – JRS Employees**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% compounding increase from ages 70 to 85.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

### **Mortality rates – Largest Ten Locality Employers - General Employees**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

**Post-Disablement:**

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75

Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

**Mortality rates – Non-Largest Ten Locality Employers - General Employees**

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75.
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14 to 15%

**Mortality rates – Largest Ten Locality Employers – Hazardous Duty Employees**

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

**Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees**

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

**Actuarial Assumptions**

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.50 percent
Salary increases, including Inflation –	
General state employees	3.50 percent – 5.35 percent
SPORS employees	3.50 percent – 4.75 percent
VaLORS employees	3.50 percent – 4.75 percent
Locality employees	3.50 percent – 4.75 percent
Medical cost trend rates assumption –	
Under age 65	7.75 percent – 5.00 percent
Ages 65 and older	5.75 percent – 5.00 percent



Year of ultimate trend rate

Fiscal year ended 2024

Investment rate of return

3.89 Percent, net of OPEB plan investment expenses, including inflation\*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 3.89%. However, since the difference was minimal, a more conservative 3.89% investment return assumption has been used. Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.89% was used since it approximates the risk-free rate of return.

**Mortality rates – General State Employees**

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

**Mortality rates – SPORS Employees**

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

**Mortality rates – VaLORS Employees**

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

**Mortality rates – Largest Ten Locality Employers With Public Safety Employees**

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each year age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

**Mortality rates – Non- Largest Ten Locality Employers With Public Safety Employees**

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60 to 45%

**Actuarial Assumptions**

The total VSDP OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5 percent
Salary increases, including Inflation –	
General state employees	3.5 percent – 5.35 percent
SPORS employees	3.5 percent – 4.75 percent
VaLORS employees	3.5 percent – 4.75 percent
Investment rate of return	7.0 Percent, net of OPEB plan investment expenses, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of OPEB liabilities.

**Mortality rates – General State Employees**

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

### Mortality rates – SPORS Employees

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

### Mortality rates – VaLORS Employees

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience

Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

**Net OPEB Liability (Asset)**

The net OPEB liability (asset) represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, Net OPEB liability (asset) amounts for VRS administered programs are as follows (amounts expressed in thousands):

	HIC	GLI	LODA	VSDP
Total OPEB Liability	\$1,008,184	\$3,113,508	\$315,395	\$237,733
Plan Fiduciary Net Position	<u>95,908</u>	<u>1,594,773</u>	<u>1,889</u>	<u>462,961</u>
Employers' Net OPEB Liability (Asset)	<u>\$912,276</u>	<u>\$1,518,735</u>	<u>\$313,506</u>	<u>(\$225,228)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	9.51%	51.22%	0.60%	194.74%

The total OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net OPEB liability (asset) is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

**Long-Term Expected Rate of Return for the HIC, GLI, & VSDP programs**

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
	Inflation		<u>2.50%</u>
	* Expected arithmetic nominal return		<u>7.30%</u>

\* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

#### ***Long-Term Expected Rate of Return***

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.89% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 7.00% assumption. Instead, the assumed annual rate of return of 3.89% 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 the measurement date of June 30, 2018.

#### ***Discount Rate***

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the VCCS for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

The discount rate used to measure the total State Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2020, the rate contributed by the VCCS for the VRS State Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the State Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total State Employee HIC OPEB liability.

The discount rate used to measure the total LODA OPEB liability was 3.89%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2020, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

The discount rate used to measure the total VSDP OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2020, the rate contributed by participating employers to the VSDP OPEB Program will be subject to the portion of the VRS

Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VSDP OPEB Program's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total VSDP OPEB liability.

***Sensitivity of the VCCS' Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the VCCS' proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, as well as what the VCCS' proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<u>1.00% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1.00% Increase (8.00%)</u>
VCCS' proportionate share of the Group Life Insurance Program Net OPEB Liability	\$40,870	\$31,274	\$23,478

The following presents the VCCS' proportionate share of the VRS State Employee Health Insurance Credit Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the VCCS' proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<u>1.00% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1.00% Increase (8.00%)</u>
VCCS' proportionate share of the VRS State Employee HIC OPEB Plan Net OPEB Liability	\$58,332	\$52,749	\$47,940

The following presents the VCCS' proportionate share of the net LODA OPEB liability using the discount rate of 3.89%, as well as what the VCCS' proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.89%) or one percentage point higher (4.89%) than the current rate:

	<u>1.00% Decrease (2.89%)</u>	<u>Current Discount Rate (3.89%)</u>	<u>1.00% Increase (4.89%)</u>
VCCS' proportionate share of the total LODA Net OPEB Liability	\$1,914	\$1,670	\$1,476

Because the Line of Duty Act Program (LODA) contains a provisions for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the VCCS' proportionate share of the net LODA OPEB liability using health care trend rate of 7.75% decreasing to 5.00%, as well as what the VCCS' proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.75% decreasing to 4.00%) or one percentage point higher (8.75% decreasing to 6.00%) than the current rate:



	<b>1.00% Decrease (6.75% decreasing to 4.00%)</b>	<b>Health Care Trend Rates (7.75% decreasing to 5.00%)</b>	<b>1.00% Increase (8.75% decreasing to 6.00%)</b>
VCCS' proportionate share of the total LODA Net OPEB Liability	\$1,423	\$1,670	\$1,981

The following presents the VCCS' proportionate share of the net VSDP OPEB liability (asset) using the discount rate of 7.00%, as well as what the VCCS' proportionate share of the net VSDP OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
VCCS' proportionate share of the total VSDP Net OPEB Liability (Asset)	(\$16,801)	(\$17,433)	(\$17,968)

***VRS OPEB Program Fiduciary Net Position***

Detailed information about the VRS OPEB Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

***Payables to the VRS Group Life Insurance OPEB Plan***

The VCCS recognized \$50,633,097 as Accrued Payroll Expenses as of June 30, 2019 which represents hours worked before June 30 but paid after July 1. The portion payable for contributions to the Group Life Insurance Plan is estimated at \$101 thousand.

***Payables to the State Employee Health Insurance Credit Program OPEB Plan***

The VCCS recognized \$50,633,097 as Accrued Payroll Expenses as of June 30, 2019 which represents hours worked before June 30 but paid after July 1. The portion payable for contributions to the Health Insurance Credit Program is estimated at \$173 thousand.

***Payables to the Disability Insurance Program (VSDP) OPEB Plan***

The VCCS recognized \$50,633,097 as Accrued Payroll Expenses as of June 30, 2019 which represents hours worked before June 30 but paid after July 1. The portion payable for contributions to the Disability Insurance Plan is estimated at \$79 thousand.

**Plans administered by the DHRM**

**Pre-Medicare Retiree Healthcare**

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

Following are eligibility requirements for Virginia Retirement System retirees:

- You are a retiring state employee who is eligible for a monthly retirement benefit from the Virginia Retirement System (VRS), and
- You start receiving (do not defer) your retirement benefit immediately upon retirement\*, and
- Your last employer before retirement was the Commonwealth of Virginia, and

- You were eligible for (even if you were not enrolled) coverage as an active employee in the State Health Benefits Program until your retirement date (not including Extended Coverage/COBRA), and
- You enroll no later than 31 days from your retirement date.

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

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

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

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

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

This fund is reported as part of the Commonwealth's Healthcare Internal Service Fund. Benefit payments are recognized when due and payable in accordance with the benefit terms. Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes, and is administered by the Department of Human Resource Management. There were approximately 5,200 retirees and 91,800 active employees in the program in fiscal year 2018. 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.

**Pre-Medicare Retiree Healthcare OPEB Liabilities, OPEB Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources**

At June 30, 2019, the VCCS reported a liability of \$69.5 million for its proportionate share of the collective total Pre-Medicare Retiree Healthcare OPEB liability of \$1.0 billion. The Pre-Medicare Retiree Healthcare OPEB liability was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2018. The VCCS' proportion of the Pre-Medicare Retiree Healthcare OPEB liability was based on each employer's healthcare premium contributions as a percentage of the total employer's healthcare premium

contributions for all participating employers. At June 30, 2018, the VCCS' proportion was 6.91% as compared to 7.14% at June 30, 2017. For the year ended June 30, 2019, the VCCS recognized Pre-Medicare Retiree Healthcare OPEB expense of \$394 thousand.

At June 30, 2019, the VCCS reported deferred outflows or resources and deferred inflows of resources related to Pre-Medicare Retiree Healthcare from the following sources:

<b>Pre-Medicare Retiree Healthcare (\$ Thousands)</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 14,004
Change in assumptions	-	27,777
Changes in proportionate share	2,124	6,522
Amounts associated with transactions subsequent to the measurement date	2,855	-
<b>Total</b>	<b>\$ 4,979</b>	<b>\$ 48,303</b>

\$2.9 million reported as deferred outflows of resources related to the Pre-Medicare Retiree Healthcare OPEB resulting from amounts associated with transactions subsequent to the measurement date will be recognized as a reduction of the total OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pre-Medicare Retiree Healthcare OPEB will be recognized in the Pre-Medicare Retiree Healthcare OPEB expense as follows:

**Year End June 30  
(\$ thousands):**

2020	(\$9,547)
2021	(\$9,547)
2022	(\$9,547)
2023	(\$9,547)
2024	(\$7,018)
Total Thereafter	(\$971)

**Actuarial Assumptions and Methods**

The total Pre-Medicare Retiree Healthcare OPEB liability was based on an actuarial valuation with a valuation date of June 30, 2018. 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 8.21 percent for medical and pharmacy and 4.0 percent for dental. The ultimate trend rates used were 5.0 percent for medical and pharmacy and 4.0 percent for dental.

Valuation Date	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.
Measurement Date	June 30, 2018 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed
Effective Amortization Period	6.19 years
Discount Rate	3.87%
Projected Salary Increases	4.0%
Medical Trend Under 65	Medical & Rx: 8.21% to 5.00% Dental: 4.00% Before reflecting Excise tax
Year of Ultimate Trend	2025
Mortality	Mortality rates vary by participant status
Pre-Retirement:	RP-2014 Employee Rates projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year
Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males and females setback 1 year.
Post-Disablement:	RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates

The discount rate was based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date which is June 30, 2018.

### ***Changes of Assumptions***

The following assumptions were updated since the July 1, 2017 valuation based on recent experience:

- Spousal Coverage – reduced the rate from 50% to 35%
- Retirement participation – reduced the rate from 70% to 60%

Spousal coverage and retiree participation were both reduced based on a blend of recent experience and the prior year assumptions. The mortality assumption was modified slightly to reflect mortality improvement projection scale BB to 2020. Additionally, the discount rate was increased from 3.58% to 3.87% based on the Bond Buyers GO 20 Municipal Bond Index.

***Sensitivity of the VCCS' Proportionate Share of the OPEB Liability to Changes in the Discount Rate***

The following presents the VCCS' proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability using the discount rate of 3.87%, as well as what the VCCS' proportionate share of the Pre- Medicare Retiree Healthcare OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.87%) or one percentage point higher (4.87%) than the current rate:

(in \$ thousands)	<u>1% Decrease (2.87%)</u>	<u>Current Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
OPEB Liability	\$74,311	\$69,451	\$64,830

***Sensitivity of the VCCS' Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the VCCS' proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability using healthcare cost trend rate of 8.21% decreasing to 5%, as well as what the VCCS' proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (7.21% decreasing to 4.0%) or one percentage point higher (9.21% decreasing to 6.0%) than the current rate:

(in \$ thousands)	<u>1% Decrease (7.21% decreasing to 4.00%)</u>	<u>Trend Rate (8.21% decreasing to 5.00%)</u>	<u>1% Increase (9.21% decreasing to 6.00%)</u>
OPEB Liability	\$61,946	\$69,451	\$78,273

**19. RISK MANAGEMENT**

The System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. The System participates in insurance plans maintained by the Commonwealth of Virginia. The state employee health care and worker's compensation plan are administered by the Department of Human Resource Management, and the risk management insurance plans are administered by the Department of Treasury, Division of Risk Management. Risk management insurance includes property, general liability, faithful performance of duty bonds, automobile, and air and watercraft plans. The System pays premiums to each of these Departments for its insurance coverage. Information relating to the Commonwealth's insurance plans is available at the statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.

A Faithful Performance Duty Bond administered by the Commonwealth of Virginia's Department of Treasury, Division of Risk Management, covers the employees of the VCCS. The Faithful Performance Duty Bond provides coverage with liability limits of \$500,000 for each occurrence.

**20. CAPITAL APPROPRIATIONS-STATE**

Capital appropriations-state is comprised of the following:	
General Fund appropriation revenue	\$ -
General Fund Reversion	-
Virginia College Building Authority appropriation revenue	74,889,301
General Obligation Bond appropriation revenue	9,967
Tidewater Community College capital lease agreement	<u>737,147</u>
Total	<u>\$75,636,415</u>

**21. COMPONENT UNIT FINANCIAL INFORMATION**

Below is a summary of the foundations.

VCCS has five major component units—Mountain Empire Community College Foundation, Northern Virginia Community College Educational Foundation, Patrick Henry Community College Foundation, Southwest Virginia Community College Educational Foundation and Virginia Western Community College Educational Foundation. Additionally, the System has twenty-two non-major component units—Blue Ridge Community College Educational Foundation, Central Virginia Community College Educational Foundation, Dabney S. Lancaster Community College Educational Foundation, Danville Community College Educational Foundation, Eastern Shore Community College Foundation, Germanna Community College Educational Foundation, J. Sargeant Reynolds Community College Educational and Real Estate Foundations, John Tyler Community College Foundation, John Tyler Community College Real Estate Foundation, Lord Fairfax Community College Educational Foundation, New River Community College Educational Foundation, Paul D. Camp Community College Foundation, Piedmont Community College Educational Foundation, Rappahannock Community College Educational Foundation, Southside Virginia Community College Foundation, Thomas Nelson Community College Educational Foundation, Tidewater Community College Educational Foundation, Tidewater Community College Real Estate Foundation, Virginia Highlands Community College Educational Foundation, Wytheville Community College Educational Foundation, Wytheville Community College Scholarship Foundation, and the Virginia Foundation for Community College Education. These organizations are separately incorporated entities and other auditors examine the related financial statements.

Virginia Community College System Foundations  
Statement of Net Position  
As of June 30, 2019

	Southwest Virginia Community College Educational Foundation	Mountain Empire Community College Educational Foundation	Northern Virginia Community College Educational Foundation	Patrick Henry Community College Educational Foundation	Virginia Western Community College Educational Foundation	Combined Non- Major Component Units	Total Component Units
<b>ASSETS</b>							
Total current assets	\$ 1,070,354	\$ 392,829	\$ 6,769,987	\$ 3,103,422	\$ 1,021,743	\$ 24,377,055	\$ 36,735,390
Noncurrent assets:							
Other noncurrent assets	24,473,351	23,534,460	17,395,686	17,635,296	18,570,859	169,732,284	271,341,936
Capital assets, net	3,742,284	-	-	1,299,483	14,082	21,065,274	26,121,123
Total noncurrent assets	28,215,635	23,534,460	17,395,686	18,934,779	18,584,941	190,797,558	297,463,059
Total assets	29,285,989	23,927,289	24,165,673	22,038,201	19,606,684	215,174,613	334,198,449
<b>LIABILITIES</b>							
Total current liabilities	202,724	265,238	1,204,484	1,607,656	128,167	2,230,594	5,638,863
Noncurrent liabilities:							
Long-term liabilities	-	-	-	-	-	7,350,622	7,350,622
Other noncurrent liabilities	-	-	-	-	-	-	-
Total noncurrent liabilities	-	-	-	-	-	7,350,622	7,350,622
Total liabilities	202,724	265,238	1,204,484	1,607,656	128,167	9,581,216	12,989,485
<b>NET POSITION</b>							
Net investment in capital assets	3,742,284	-	-	1,299,483	14,082	13,769,369	18,825,218
Restricted for:							
Nonexpendable	-	10,028,162	6,073,793	7,288,848	6,784,434	75,578,118	105,753,355
Expendable	6,835,673	9,242,656	5,854,978	3,715,736	11,494,870	78,828,350	115,972,263
Unrestricted	18,505,308	4,391,233	11,032,418	8,126,478	1,185,131	37,417,560	80,658,128
Total Net Position	\$ 29,083,265	\$ 23,662,051	\$ 22,961,189	\$ 20,430,545	\$ 19,478,517	\$ 205,593,397	\$ 321,208,964

Virginia Community College System Foundations  
Statement of Revenues, Expenses, and Changes in Net Position  
As of June 30, 2019

	Southwest Virginia Community College Educational Foundation	Mountain Empire Community College Educational Foundation	Northern Virginia Community College Educational Foundation	Patrick Henry Community College Educational Foundation	Virginia Western Community College Educational Foundation	Combined Non- Major Component Units	Total Component Units
Total operating revenues	\$ 2,081,645	\$ (1,731,814)	\$ 1,359,649	\$ 3,677,000	\$ 1,373,821	\$ 26,811,604	\$ 33,571,905
Total operating expenses	1,614,541	1,153,933	2,027,688	2,687,015	2,622,725	25,752,875	35,858,777
Operating income (loss)	467,104	(2,885,747)	(668,039)	989,985	(1,248,904)	1,058,729	(2,286,872)
Nonoperating revenues (expenses):							
Investment Income	1,970,069	-	605,010	16,640	(165,082)	(564,430)	1,862,207
Other nonoperating revenues (expenses)	-	-	-	-	-	-	-
Net nonoperating revenue	1,970,069	-	605,010	16,640	(165,082)	(564,430)	1,862,207
Income before other revenues, expenses gains and losses	2,437,173	(2,885,747)	(63,029)	1,006,625	(1,413,986)	494,299	(424,665)
Capital gifts, grants and contracts	3,720	-	-	-	-	-	3,720
Additions to permanent and term endowments	-	593,402	690,569	59,750	1,628,811	7,175,278	10,147,810
Increase (decrease) in net position	2,440,893	(2,292,345)	627,540	1,066,375	214,825	7,669,577	9,726,865
Net Position - beginning of year	26,642,372	25,954,396	22,333,649	19,364,170	19,263,692	197,923,820	311,482,099
Net Position - end of year	\$ 29,083,265	\$ 23,662,051	\$ 22,961,189	\$ 20,430,545	\$ 19,478,517	\$ 205,593,397	\$ 321,208,964



## **22. LITIGATION**

A few community colleges have been named as defendants in lawsuits. The final outcome of these lawsuits cannot be determined at this time. However, management is of the opinion that any ultimate liability to which the colleges may be exposed will not have a material effect upon the Virginia Community College System's financial position.

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***REQUIRED  
SUPPLEMENTARY  
INFORMATION***

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**REQUIRED SUPPLEMENTARY INFORMATION**

**As of June 30, 2019**

**Schedule of Employer's Share of Net Pension Liability**

**VRS State Employee Retirement Plan  
For the Years Ended June 30**

	<b>2019*</b>	<b>2018*</b>	<b>2017*</b>	<b>2016*</b>	<b>2015*</b>
VCCS' Proportion of the Net Pension Liability (Asset)	7.63%	8.19%	8.48%	8.48%	8.43%
VCCS' Proportionate Share of the Net Pension Liability (Asset)	\$424,652,000	\$477,103,000	\$559,144,000	\$518,887,000	\$471,710,000
VCCS' Covered Payroll	\$322,386,829	\$326,278,349	\$328,281,989	\$326,582,151	\$325,381,501
VCCS' Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	131.72%	146.22%	170.32%	158.88%	144.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.39%	75.33%	71.29%	72.81%	74.28%

**VaLORS Retirement Plan  
For the Years Ended June 30**

	<b>2019*</b>	<b>2018*</b>	<b>2017*</b>	<b>2016*</b>	<b>2015*</b>
VCCS' Proportion of the Net Pension Liability (Asset)	1.52%	1.55%	1.50%	1.38%	1.26%
VCCS' Proportionate Share of the Net Pension Liability (Asset)	\$9,642,000	\$10,192,000	\$11,618,000	\$9,786,000	\$8,509,000
VCCS' Covered Payroll	\$5,346,521	\$5,349,651	\$5,187,256	\$4,662,097	\$4,449,485
VCCS' Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	180.34%	190.52%	223.97%	209.91%	191.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.56%	67.22%	61.01%	62.64%	63.05%

*Schedules are intended to show information for 10 years. Since 2019 is the fifth year for this presentation, only five years of data is available. However, additional years will be included as they become available.*

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

**Schedule of Employer Contributions**

**VRS State Employee Retirement Plan  
For the 10 Years Ending June 30**

<b>Date</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
2019	\$43,013,155	\$43,013,155		\$318,144,635	13.52%
2018	43,489,983	43,489,983		322,386,829	13.49%
2017	44,014,949	44,014,949		326,278,349	13.49%
2016	46,152,519	46,152,519		328,281,989	14.06%
2015	40,267,580	40,267,580		326,582,151	12.33%
2014	28,503,419	28,503,419		325,381,501	8.76%
2013	26,909,705	26,909,705		307,188,417	8.76%
2012	9,189,092	9,189,092		285,725,680	3.22%
2011	5,655,059	5,655,059		265,495,721	2.13%
2010	12,950,917	12,950,917		259,932,640	4.98%

**VaLORS Retirement Plan  
For the 10 Years Ending June 30**

<b>Date</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
2019	\$1,152,413	\$1,152,413		\$5,332,773	21.61%
2018	1,125,443	1,125,443		5,346,521	21.05%
2017	1,126,102	1,126,102		5,349,651	21.05%
2016	977,198	977,198		5,187,256	18.84%
2015	823,793	823,793		4,662,097	17.67%
2014	658,524	658,524		4,449,485	14.80%
2013	611,019	611,019		4,128,506	14.80%
2012	270,231	270,231		3,805,675	7.10%
2011	167,323	167,323		3,268,032	5.12%
2010	357,887	357,887		3,155,689	11.34%

**Notes to Required Supplementary Information  
For the Year Ended June 30, 2019**

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

**Changes of assumptions** – The following changes in actuarial assumptions were made for the VRS - State Employee Retirement Plan effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 25%

The following changes in actuarial assumptions were made for the VaLORS Retirement Plan effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decrease rate from 50% to 35%

**Schedule of VCCS' Share of Net OPEB Liability  
Group Life Insurance Program (GLI)  
For the Years Ended June 30**

	<b>2019</b>	<b>2018</b>
VCCS' Proportion of the Net GLI OPEB Liability (Asset)	2.06%	2.14%
VCCS' Proportionate Share of the Net GLI OPEB Liability (Asset)	\$31,274,000	\$32,268,000
VCCS' Covered Payroll	\$391,539,930	\$395,579,732
VCCS' Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%	48.86%

*Schedule is intended to show information for 10 years. Since 2019 is the second year for this presentation, only two years of data is available. However, additional years will be included as they become available.*

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

**Schedule of Employer Contributions  
Group Life Insurance Program**

<b>For the Years Ended June 30</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
2019	\$1,995,018	\$1,995,018		\$383,653,769	0.52%
2018	2,036,008	2,036,008		391,539,930	0.52%

**Schedule of VCCS' Share of Net OPEB Liability**

**Health Insurance Credit Program (HIC)**

**For the Year Ended June 30**

	<b>2019</b>	<b>2018</b>
VCCS' Proportion of the Net HIC OPEB Liability (Asset)	5.78%	6.10%
VCCS' Proportionate Share of the Net HIC OPEB Liability (Asset)	\$52,749,000	\$55,585,000
VCCS' Covered Payroll	\$389,321,850	\$394,447,967
VCCS' Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of its Covered Payroll	13.55%	14.09%
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	9.51%	8.03%

*Schedule is intended to show information for 10 years. Since 2019 is the second year for this presentation, only two years of data is available. However, additional years will be included as they become available.*

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

**Schedule of Employer Contributions**

**Health Insurance Credit Program**

<b>For the Years Ended June 30</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
2019	\$4,468,478	\$4,468,478		\$381,875,067	1.17%
2018	4,593,998	4,593,998		389,321,850	1.18%

## Schedule of VCCS' Share of Net OPEB Liability

### Line of Duty Act (LODA)

For the Years Ended June 30

	2019	2018
VCCS' Proportion of the Net LODA OPEB Liability (Asset)	0.53%	0.55%
VCCS' Proportionate Share of the Net LODA OPEB Liability (Asset)	\$1,670,000	\$1,449,000
VCCS' Covered Employee Payroll**	\$5,346,521	\$5,349,651
VCCS' Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered Employee Payroll	31.24%	27.09%
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	0.60%	1.30%

*Schedule is intended to show information for 10 years. Since 2019 is the second year for this presentation, only two years of data is available. However, additional years will be included as they become available.*

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

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

## Schedule of Employer Contributions

### Line of Duty Act

For the Years Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Payroll
2019	\$69,165	\$69,165		\$5,697,818	1.21%
2018	68,000	68,000		5,346,521	1.27%



**Schedule of VCCS' Share of Net OPEB Liability  
Disability Insurance Program (VSDP)  
For the Years Ended June 30**

	<b>2019</b>	<b>2018</b>
VCCS' Proportion of the Net VSDP OPEB Liability (Asset)	(7.74%)	(8.11%)
VCCS' Proportionate Share of the Net VSDP OPEB Liability (Asset)	(\$17,433,000)	(\$16,659,000)
VCCS' Covered Payroll	\$305,233,995	\$306,049,960
VCCS' Proportionate Share of the Net VSDP OPEB Liability (Asset) as a Percentage of its Covered Payroll	(5.71%)	(5.44%)
Plan Fiduciary Net Position as a Percentage of the Total VSDP OPEB Liability	194.74%	186.63%

*Schedule is intended to show information for 10 years. Since 2019 is the second year for this presentation, only two years of data is available. However, additional years will be included as they become available.*

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

**Schedule of Employer Contributions  
Disability Insurance Program**

<b>For the Years Ended June 30</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
2019	\$1,885,999	\$1,885,999		\$304,193,586	0.62%
2018	2,014,544	2,014,544		305,233,995	0.66%

**Notes to Required Supplementary Information  
Plans Administered by VRS**

**Health Insurance Credit Program (HIC)**

**Group Life Insurance Program (GLI)**

**Line of Duty Act (LODA)**

**Disability Insurance Program (VSDP)**

**For the Year Ended June 30, 2019**

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

**Changes of assumptions** – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

**General State Employees**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

**Teachers**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

### SPORS Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

### VaLORS Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

### JRS Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

### Largest Ten Locality Employers - General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

### Non-Largest Ten Locality Employers - General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75.
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14 to 15%

### Largest Ten Locality Employers – Hazardous Duty Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

### Non-Largest Ten Locality Employers – Hazardous Duty Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

### **Largest Ten Locality Employers – Public Safety Employees**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

### **Non-Largest Ten Locality Employers – Public Safety Employees**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

**Required Supplementary Information**

**Commonwealth of Virginia State Health Plans  
Program for Pre-Medicare Retirees  
For the Fiscal Year Ended June 30, 2019**

**Schedule of VCCS' Share of Total OPEB Liability**

**Pre-Medicare Retiree Program**

**For the Years Ended June 30**

	<b>2019</b>	<b>2018</b>
VCCS' Proportion of the Pre-Medicare Retiree OPEB Liability	6.91%	7.14%
VCCS' Proportionate Share of the Pre-Medicare Retiree OPEB Liability	\$69,451,303	\$92,753,806
VCCS' Covered Employee Payroll	\$348,687,142	\$356,495,630
VCCS' Proportionate Share of the Pre-Medicare Retiree OPEB Liability as a Percentage of its Covered Employee Payroll	19.92%	26.02%

*Schedule is intended to show information for 10 years. Since 2019 is the second year for this presentation, only two years of data is available. However, additional years will be included as they become available.*

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

**Notes to Required Supplementary Information  
For the Fiscal Year Ended June 30, 2019**

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, 2017 valuation based on recent experience:

- Spousal Coverage – reduced the rate from 50% to 35%
- Retiree Participation - reduced the rate from 70% to 60%

Spousal coverage and retiree participation were both reduced based on a blend of recent experience and the prior year assumptions. The mortality assumption was modified slightly to reflect mortality improvement projection scale BB to 2020. Additionally, the discount rate was increased from 3.58% to 3.87% based on the Bond Buyers GO 20 Municipal Bond Index.

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*INDIVIDUAL  
COLLEGE  
FINANCIAL  
STATEMENTS*

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**Virginia Community College System  
Blue Ridge Community College  
Statement of Net Position  
As of June 30, 2019**

	<b>Community College</b>	<b>Component Unit Blue Ridge Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	7,382,783	1,132,003
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	184,572	7,200
Pledges receivable (Note 3)		196,945
Due from commonwealth (Note 4)	4,722	
Due from system office	93,034	
Interest receivable	94,567	
Prepaid expenses	30,421	
Inventories	7,800	
Notes receivable, net (Note 3)		8,496
<b>Total Current Assets</b>	<b>7,797,899</b>	<b>1,344,644</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)	750,172	
Cash equivalents with trustees (Note 2)	79,636	
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		8,825,272
Other long-term investments (Note 2)		3,756,795
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		392,205
Pledges receivable (Note 3)		112,437
Due from commonwealth (Note 4)	2,036,170	
Notes receivable, net (Note 3)		214,940
Post employment benefit assets	425,000	
Non-depreciable capital assets, net (Note 5)	18,341,604	5,000
Depreciable capital assets, net (Note 5)	49,024,655	
<b>Total Noncurrent Assets</b>	<b>70,657,237</b>	<b>13,306,649</b>
<b>Total Assets</b>	<b>78,455,136</b>	<b>14,651,293</b>
<b>Deferred Outflows of Resources</b> (Note 8)	1,581,907	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>80,037,043</b>	<b>14,651,293</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	3,474,942	3,999
Accrued payroll expense	1,423,276	
Unearned revenue	945,696	
Long-term liabilities-current portion (Note 9)	1,065,707	26,200
Securities lending obligation	12	
Post employment benefit obligations (Note 9)	82,205	
Due to Commonwealth		
Due to system's office		
Deposits	40,638	
<b>Total Current Liabilities</b>	<b>7,032,476</b>	<b>30,199</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	10,899,027	81,721
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	13,987,922	
<b>Total Noncurrent Liabilities</b>	<b>24,886,949</b>	<b>81,721</b>
<b>Total Liabilities</b>	<b>31,919,425</b>	<b>111,920</b>



**Virginia Community College System  
Blue Ridge Community College  
Statement of Net Position  
As of June 30, 2019**

	<b>Community College</b>	<b>Component Unit Blue Ridge Community College Educational Foundation</b>
<b>Deferred Inflows of Resources</b> (Note 17)	3,525,941	
<b>Total Liabilities and Deferred Inflows of Resources</b>	35,445,366	111,920
<b>Net Position</b>		
Net investment in capital assets	56,240,404	5,000
Restricted for:		
Nonexpendable		7,196,911
Expendable	2,055,183	3,619,455
Unrestricted	(13,703,910)	3,718,007
<b>Total Net Position</b>	44,591,677	14,539,373

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

**Virginia Community College System**  
**Blue Ridge Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2019**

	<b>Community College</b>	<b>Component Unit Blue Ridge Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$4,927,256)	8,156,103	
Federal grants and contracts	560,375	
State and local grants	542,624	
Nongovernmental grants	553,786	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$14,687)	1,364,029	
Gifts and contributions		351,604
Endowment income		517,932
Other operating revenues	206,964	452,431
<b>Total Operating Revenue</b>	<b>11,383,881</b>	<b>1,321,967</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	12,508,355	377,612
Public service	115,305	25,000
Academic support	1,750,465	43,197
Student services	2,583,861	
Institutional support	5,680,604	195,256
Operation and maintenance	2,824,123	2,016
Scholarships and fellowships	2,291,747	638,490
Auxiliary enterprises	448,385	
Fundraising		51,641
Other expenses		
<b>Total Operating Expenses (Note 12)</b>	<b>28,202,845</b>	<b>1,333,212</b>
<b>Operating Income (Loss)</b>	<b>(16,818,964)</b>	<b>(11,245)</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	11,325,987	
Local appropriations	26,000	
Grants and gifts	5,109,356	
Investment income	241,317	220,419
Interest on capital asset related debt	(456,009)	
Other nonoperating revenue (expense)	579,747	
<b>Net Nonoperating Revenue</b>	<b>16,826,398</b>	<b>220,419</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>7,434</b>	<b>209,174</b>
Capital appropriations-state (Note 20)	12,734,053	
Capital appropriations-local	400,000	
Capital gifts, grants and contracts	122,987	
Additions to permanent and term endowments		816,433
<b>Increase (Decrease) in Net Position</b>	<b>13,264,474</b>	<b>1,025,607</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>31,327,203</b>	<b>13,513,766</b>
<b>Net Position end of year</b>	<b>44,591,677</b>	<b>14,539,373</b>

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

**Virginia Community College System  
Blue Ridge Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	7,739,362
Grants and contracts	1,656,785
Payments to suppliers and others	(3,688,777)
Payments for employee wages	(13,040,072)
Payments for employee fringes and pension benefits	(5,038,953)
Payment for scholarships	(3,539,839)
Payments for utilities	(662,745)
Sales and services of education department	
Auxiliary	1,364,029
Loans issued to students	
Loans collected from students	
Other	206,964
Net cash used by operating activities	(15,003,246)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	11,325,987
Local appropriations	26,000
Grants and gifts	5,104,634
Agency receipts	449,066
Agency disbursements	(454,053)
PLUS, Stafford and Direct Lending loan receipts	2,306,147
PLUS, Stafford and Direct Lending loan disbursements	(2,306,172)
Borrowings	
Loan repayments	(94,000)
Other non-operating revenue(expense)	541,771
Net cash provided (used) by non-capital financing activities	16,899,380
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	11,903,009
Capital appropriations-local	400,000
Capital grants and gifts	94,300
Purchase capital assets	(13,620,119)
Proceeds from sale of capital assets	3,861
Proceeds from bond issue	
Debt interest payments	(475,892)
Debt principal payments	(595,000)
Net cash provided (used) by capital financing activities	(2,289,841)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	241,311
Net cash provided (used) by investing activities	241,311
Net incr (decr) in net position	
<b>Net increase (decrease) in cash and cash equivalents</b>	(152,396)
Cash and cash equivalents, beginning of year	8,364,975
<b>Cash and cash equivalents, End of Year</b>	<b>8,212,579</b>

**Virginia Community College System  
Blue Ridge Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(16,818,964)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	2,207,261
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	19,666
Prepaid expenses and other	234,668
Post employment benefits asset	(13,000)
Accrued compensation and leave	(69,944)
Accounts payable and other	1,005,788
Unearned revenue	(348,228)
Deposits pending distribution	
Pension liability	(1,501,902)
Post employment benefits liability	(745,208)
Deferred inflows of resources related to pensions and post employment benefits	993,445
Deferred outflows of resources related to pensions and post employment benefits	33,172
<b>Net cash used in operating activities</b>	<u><u>(15,003,246)</u></u>

Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	8,212,591
Less: Securities Lending Cash Equivalents	12
Cash and cash equivalents end of year	<u><u>8,212,579</u></u>

**Noncash transactions**

Donated fixed assets	28,687
Debt principal and interest payments made by Treasury	
Amortization of bond premium	61,752
Capitalized bond interest costs	
Amortization of deferral on debt defeasance	

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

**Virginia Community College System  
Central Virginia Community College  
Statement of Net Position  
As of June 30, 2019**

	<u>Community College</u>	<u>Component Unit Central Virginia Community College Educational Foundation</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	5,234,138	596,215
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	121,997	5,244
Pledges receivable (Note 3)		3,334
Due from commonwealth (Note 4)	71,731	
Due from system office	6,924	
Interest receivable		
Prepaid expenses	268,498	
Inventories	9,089	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<u>5,712,377</u>	<u>604,793</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		90,274
Appropriation available		
Endowment investments (Note 2)		1,584,800
Other long-term investments (Note 2)		1,560,817
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		3,170
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets	365,000	
Non-depreciable capital assets, net (Note 5)	665,954	
Depreciable capital assets, net (Note 5)	13,725,729	
<b>Total Noncurrent Assets</b>	<u>14,756,683</u>	<u>3,239,061</u>
<b>Total Assets</b>	<u>20,469,060</u>	<u>3,843,854</u>
<b>Deferred Outflows of Resources</b> (Note 8)	1,415,743	
<b>Total Assets and Deferred Outflows of Resources</b>	<u>21,884,803</u>	<u>3,843,854</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	459,513	
Accrued payroll expense	810,601	
Unearned revenue	783,226	
Long-term liabilities-current portion (Note 9)	403,053	
Securities lending obligation	6	
Post employment benefit obligations (Note 9)	66,476	
Due to Commonwealth		
Due to system's office		
Deposits	168,426	
<b>Total Current Liabilities</b>	<u>2,691,301</u>	
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	486,263	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	12,512,759	
<b>Total Noncurrent Liabilities</b>	<u>12,999,022</u>	
<b>Total Liabilities</b>	<u>15,690,323</u>	

**Virginia Community College System  
Central Virginia Community College  
Statement of Net Position  
As of June 30, 2019**

	<b>Community College</b>	<b>Component Unit Central Virginia Community College Educational Foundation</b>
<b>Deferred Inflows of Resources</b> (Note 17)	2,414,871	
<b>Total Liabilities and Deferred Inflows of Resources</b>	18,105,194	
<b>Net Position</b>		
Net investment in capital assets	14,189,243	
Restricted for:		
Nonexpendable		783,370
Expendable	1,244,291	1,865,849
Unrestricted	(11,653,925)	1,194,635
<b>Total Net Position</b>	3,779,609	3,843,854

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

**Virginia Community College System  
Central Virginia Community College  
Statement of Revenues, Expenses and Changes in Net Position  
For the Year Ended June 30, 2019**

	<b>Community College</b>	<b>Component Unit Central Virginia Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$3,799,074)	7,173,022	
Federal grants and contracts	721,653	
State and local grants	156,271	
Nongovernmental grants	53,147	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$12,080)	84,659	
Gifts and contributions		524,635
Endowment income		95,472
Other operating revenues	419,764	35,049
<b>Total Operating Revenue</b>	<b>8,608,516</b>	<b>655,156</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	12,379,143	
Public service		
Academic support	1,611,278	
Student services	2,521,038	
Institutional support	3,195,744	216,806
Operation and maintenance	2,309,775	
Scholarships and fellowships	2,390,223	460,155
Auxiliary enterprises	72,108	
Fundraising		13,601
Other expenses		
<b>Total Operating Expenses (Note 12)</b>	<b>24,479,309</b>	<b>690,562</b>
<b>Operating Income (Loss)</b>	<b>(15,870,793)</b>	<b>(35,406)</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	10,333,269	
Local appropriations	6,351	
Grants and gifts	5,346,853	
Investment income	7,380	137,073
Interest on capital asset related debt	(3,262)	
Other nonoperating revenue (expense)	(51,978)	
<b>Net Nonoperating Revenue</b>	<b>15,638,613</b>	<b>137,073</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>(232,180)</b>	<b>101,667</b>
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	29,943	
Additions to permanent and term endowments		65,150
<b>Increase (Decrease) in Net Position</b>	<b>(202,237)</b>	<b>166,817</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>3,981,846</b>	<b>3,677,037</b>
<b>Net Position end of year</b>	<b>3,779,609</b>	<b>3,843,854</b>

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

**Virginia Community College System  
Central Virginia Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	7,803,141
Grants and contracts	619,809
Payments to suppliers and others	(4,524,503)
Payments for employee wages	(12,732,206)
Payments for employee fringes and pension benefits	(4,191,895)
Payment for scholarships	(2,447,543)
Payments for utilities	(427,661)
Sales and services of education department	
Auxiliary	82,618
Loans issued to students	
Loans collected from students	
Other	419,764
Net cash used by operating activities	(15,398,476)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	10,333,269
Local appropriations	6,351
Grants and gifts	5,275,122
Agency receipts	151,361
Agency disbursements	(104,432)
PLUS, Stafford and Direct Lending loan receipts	1,217,872
PLUS, Stafford and Direct Lending loan disbursements	(1,207,238)
Borrowings	50,000
Loan repayments	(250,000)
Other non-operating revenue(expense)	(14,113)
Net cash provided (used) by non-capital financing activities	15,458,192
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	29,943
Purchase capital assets	(98,029)
Proceeds from sale of capital assets	
Proceeds from bond issue	
Debt interest payments	(3,262)
Debt principal payments	(38,883)
Net cash provided (used) by capital financing activities	(110,231)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	7,380
Net cash provided (used) by investing activities	7,380
Net incr (decr) in net position	
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(43,135)</b>
Cash and cash equivalents, beginning of year	5,277,267
<b>Cash and cash equivalents, End of Year</b>	<b>5,234,132</b>



**Virginia Community College System  
Central Virginia Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(15,870,793)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	833,035
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	517,579
Prepaid expenses and other	75,685
Post employment benefits asset	(31,000)
Accrued compensation and leave	239,821
Accounts payable and other	(221,429)
Unearned revenue	111,680
Deposits pending distribution	
Pension liability	(657,622)
Post employment benefits liability	(491,561)
Deferred inflows of resources related to pensions and post employment benefits	157,878
Deferred outflows of resources related to pensions and post employment benefits	(61,749)
<b>Net cash used in operating activities</b>	<u><u>(15,398,476)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	5,234,138
Less: Securities Lending Cash Equivalents	6
Cash and cash equivalents end of year	<u><u>5,234,132</u></u>

**Noncash transactions**

Donated fixed assets  
Debt principal and interest payments made by Treasury  
Amortization of bond premium  
Capitalized bond interest costs  
Amortization of deferral on debt defeasance

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

**Virginia Community College System**  
**Dabney S. Lancaster Community College**  
**Statement of Net Position**  
**As of June 30, 2019**

	<b>Community College</b>	<b>Component Unit Dabney S. Lancaster Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	1,328,662	507,048
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	227,950	
Pledges receivable (Note 3)		50,100
Due from commonwealth (Note 4)	4,698	
Due from system office	25,290	
Interest receivable		19,534
Prepaid expenses	176,419	
Inventories	24,373	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<b>1,787,392</b>	<b>576,682</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		6,672,665
Other long-term investments (Note 2)		
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		34,050
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets	161,000	
Non-depreciable capital assets, net (Note 5)	516,336	
Depreciable capital assets, net (Note 5)	13,725,679	667
<b>Total Noncurrent Assets</b>	<b>14,403,015</b>	<b>6,707,382</b>
<b>Total Assets</b>	<b>16,190,407</b>	<b>7,284,064</b>
<b>Deferred Outflows of Resources</b> (Note 8)	577,393	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>16,767,800</b>	<b>7,284,064</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	158,076	
Accrued payroll expense	466,533	
Unearned revenue	33,446	
Long-term liabilities-current portion (Note 9)	165,486	
Securities lending obligation	1	
Post employment benefit obligations (Note 9)	33,354	
Due to Commonwealth		
Due to system's office		
Deposits	78,647	
<b>Total Current Liabilities</b>	<b>935,543</b>	
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	79,042	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	5,752,897	
<b>Total Noncurrent Liabilities</b>	<b>5,831,939</b>	
<b>Total Liabilities</b>	<b>6,767,482</b>	

Virginia Community College System  
Dabney S. Lancaster Community College  
Statement of Net Position  
As of June 30, 2019

	Community College	Component Unit  Dabney S. Lancaster Community College Educational Foundation
<b>Deferred Inflows of Resources</b> (Note 17)	1,226,558	
<b>Total Liabilities and Deferred Inflows of Resources</b>	7,994,040	
<b>Net Position</b>		
Net investment in capital assets	14,242,015	667
Restricted for:		
Nonexpendable		3,859,837
Expendable	289,346	2,603,621
Unrestricted	(5,757,601)	819,939
<b>Total Net Position</b>	8,773,760	7,284,064

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

**Virginia Community College System**  
**Dabney S. Lancaster Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2019**

	<b>Community College</b>	<b>Component Unit  Dabney S. Lancaster Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$1,266,516)	1,918,041	
Federal grants and contracts	1,127,634	
State and local grants		
Nongovernmental grants	336,126	275,097
Sales/services of education department	2,499	
Auxiliary enterprises (net of scholarship allowance of \$3,794)	22,762	
Gifts and contributions		124,144
Endowment income		(225,935)
Other operating revenues	58,279	105,245
<b>Total Operating Revenue</b>	<b>3,465,341</b>	<b>278,551</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	4,005,469	21,000
Public service	1,015	
Academic support	628,114	351,131
Student services	1,646,869	
Institutional support	1,957,888	56,020
Operation and maintenance	1,320,629	
Scholarships and fellowships	883,598	227,773
Auxiliary enterprises	28,306	
Fundraising		26,434
Other expenses		
<b>Total Operating Expenses (Note 12)</b>	<b>10,471,888</b>	<b>682,358</b>
<b>Operating Income (Loss)</b>	<b>(7,006,547)</b>	<b>(403,807)</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	5,110,078	
Local appropriations	121,264	
Grants and gifts	1,567,944	
Investment income	10,409	1,363
Interest on capital asset related debt		
Other nonoperating revenue (expense)	211,231	
<b>Net Nonoperating Revenue</b>	<b>7,020,926</b>	<b>1,363</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>14,379</b>	<b>(402,444)</b>
Capital appropriations-state (Note 20)		
Capital appropriations-local	18,433	
Capital gifts, grants and contracts	3,861,258	
Additions to permanent and term endowments		87,575
<b>Increase (Decrease) in Net Position</b>	<b>3,894,070</b>	<b>(314,869)</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>4,879,690</b>	<b>7,598,933</b>
<b>Net Position end of year</b>	<b>8,773,760</b>	<b>7,284,064</b>

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

**Virginia Community College System**  
**Dabney S. Lancaster Community College**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2019**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	1,906,724
Grants and contracts	1,417,891
Payments to suppliers and others	(2,311,719)
Payments for employee wages	(5,094,483)
Payments for employee fringes and pension benefits	(1,880,659)
Payment for scholarships	(889,862)
Payments for utilities	(281,989)
Sales and services of education department	2,499
Auxiliary	22,762
Loans issued to students	
Loans collected from students	
Other	58,279
Net cash used by operating activities	(7,050,557)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	5,110,078
Local appropriations	121,264
Grants and gifts	1,563,246
Agency receipts	256,153
Agency disbursements	(256,452)
PLUS, Stafford and Direct Lending loan receipts	782,324
PLUS, Stafford and Direct Lending loan disbursements	(782,324)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	219,543
Net cash provided (used) by non-capital financing activities	7,013,832
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	18,433
Capital grants and gifts	133,083
Purchase capital assets	(147,486)
Proceeds from sale of capital assets	2,376
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	6,406
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	10,408
Net cash provided (used) by investing activities	10,408
Net incr (decr) in net position	
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(19,911)</b>
Cash and cash equivalents, beginning of year	1,348,572
<b>Cash and cash equivalents, End of Year</b>	<b>1,328,661</b>

**Virginia Community College System  
Dabney S. Lancaster Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(7,006,547)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	555,383
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(53,004)
Prepaid expenses and other	(90,222)
Post employment benefits asset	(7,000)
Accrued compensation and leave	(30,598)
Accounts payable and other	28,515
Unearned revenue	(4,182)
Deposits pending distribution	
Pension liability	(661,813)
Post employment benefits liability	(170,693)
Deferred inflows of resources related to pensions and post employment benefits	364,219
Deferred outflows of resources related to pensions and post employment benefits	25,385
<b>Net cash used in operating activities</b>	<u><u>(7,050,557)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	1,328,662
Less: Securities Lending Cash Equivalents	<u>1</u>
Cash and cash equivalents end of year	<u><u>1,328,661</u></u>

**Noncash transactions**

Donated fixed assets	3,728,175
Debt principal and interest payments made by Treasury	
Amortization of bond premium	
Capitalized bond interest costs	
Amortization of deferral on debt defeasance	

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

**Virginia Community College System  
Danville Community College  
Statement of Net Position  
As of June 30, 2019**

	<b>Community College</b>	<b>Component Unit Danville Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	4,165,254	512,492
Appropriation available		
Short term investments (Note 2)	889,051	
Accounts receivable, net (Note 3)	1,968,398	
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)		
Due from system office	6,239	
Interest receivable		22,909
Prepaid expenses		
Inventories	321,026	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<b>7,349,968</b>	<b>535,401</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		1,048,775
Appropriation available		
Endowment investments (Note 2)		8,735,875
Other long-term investments (Note 2)		
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets	324,000	
Non-depreciable capital assets, net (Note 5)	891,969	
Depreciable capital assets, net (Note 5)	31,743,874	
<b>Total Noncurrent Assets</b>	<b>32,959,843</b>	<b>9,784,650</b>
<b>Total Assets</b>	<b>40,309,811</b>	<b>10,320,051</b>
<b>Deferred Outflows of Resources</b> (Note 8)	1,130,534	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>41,440,345</b>	<b>10,320,051</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	240,918	107,607
Accrued payroll expense	986,002	
Unearned revenue	571,041	
Long-term liabilities-current portion (Note 9)	654,593	
Securities lending obligation	1,524	
Post employment benefit obligations (Note 9)	61,120	
Due to Commonwealth		
Due to system's office		
Deposits	275,666	
<b>Total Current Liabilities</b>	<b>2,790,864</b>	<b>107,607</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	203,917	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	11,690,473	
<b>Total Noncurrent Liabilities</b>	<b>11,894,390</b>	
<b>Total Liabilities</b>	<b>14,685,254</b>	<b>107,607</b>

**Virginia Community College System  
 Danville Community College  
 Statement of Net Position  
 As of June 30, 2019**

	<u>Community College</u>	<u>Component Unit Danville Community College Educational Foundation</u>
<b>Deferred Inflows of Resources</b> (Note 17)	3,258,792	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>17,944,046</u>	<u>107,607</u>
<b>Net Position</b>		
Net investment in capital assets	32,635,843	
Restricted for:		
Nonexpendable		5,923,347
Expendable	1,021,252	2,811,996
Unrestricted	<u>(10,160,796)</u>	<u>1,477,101</u>
<b>Total Net Position</b>	<u>23,496,299</u>	<u>10,212,444</u>

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



**Virginia Community College System**  
**Danville Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2019**

	<b>Community College</b>	<b>Component Unit Danville Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$4,097,541)	4,318,744	
Federal grants and contracts	1,545,818	
State and local grants	658,984	
Nongovernmental grants	572,295	568,942
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$257,693)	792,307	
Gifts and contributions		60,722
Endowment income		805,624
Other operating revenues	478,936	142,260
<b>Total Operating Revenue</b>	<b>8,367,084</b>	<b>1,577,548</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	10,425,402	
Public service	171,585	
Academic support	1,198,216	72,905
Student services	2,036,279	
Institutional support	3,216,273	342,490
Operation and maintenance	2,075,182	249,484
Scholarships and fellowships	1,626,479	258,334
Auxiliary enterprises	1,300,100	
Fundraising		289,090
Other expenses		
<b>Total Operating Expenses (Note 12)</b>	<b>22,049,516</b>	<b>1,212,303</b>
<b>Operating Income (Loss)</b>	<b>(13,682,432)</b>	<b>365,245</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	9,365,077	
Local appropriations	27,000	
Grants and gifts	4,564,515	
Investment income	11,501	
Interest on capital asset related debt		
Other nonoperating revenue (expense)	25,233	
<b>Net Nonoperating Revenue</b>	<b>13,993,326</b>	
<b>Income before other revenues, expenses gains (losses)</b>	<b>310,894</b>	<b>365,245</b>
Capital appropriations-state (Note 20)	655,054	
Capital appropriations-local		
Capital gifts, grants and contracts	31,646	
Additions to permanent and term endowments		342,936
<b>Increase (Decrease) in Net Position</b>	<b>997,594</b>	<b>708,181</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>22,498,705</b>	<b>9,504,263</b>
<b>Net Position end of year</b>	<b>23,496,299</b>	<b>10,212,444</b>

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

**Virginia Community College System  
Danville Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	3,764,620
Grants and contracts	2,673,797
Payments to suppliers and others	(6,613,658)
Payments for employee wages	(9,229,549)
Payments for employee fringes and pension benefits	(3,711,623)
Payment for scholarships	(1,641,635)
Payments for utilities	(707,254)
Sales and services of education department	
Auxiliary	783,205
Loans issued to students	
Loans collected from students	
Other	478,936
Net cash used by operating activities	(14,203,161)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	9,365,077
Local appropriations	27,000
Grants and gifts	4,484,511
Agency receipts	276,885
Agency disbursements	(271,329)
PLUS, Stafford and Direct Lending loan receipts	1,478,818
PLUS, Stafford and Direct Lending loan disbursements	(1,459,654)
Borrowings	400,000
Loan repayments	(400,000)
Other non-operating revenue(expense)	24,891
Net cash provided (used) by non-capital financing activities	13,926,199
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	992,582
Capital appropriations-local	
Capital grants and gifts	30,065
Purchase capital assets	(731,444)
Proceeds from sale of capital assets	38,581
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	329,784
<b>Cash flows from investing activities:</b>	
Purchases of investments	(357,127)
Sale of investments	80,004
Investment income	6,964
Net cash provided (used) by investing activities	(270,159)
Net incr (decr) in net position	
<b>Net increase (decrease) in cash and cash equivalents</b>	(217,337)
Cash and cash equivalents, beginning of year	4,381,067
<b>Cash and cash equivalents, End of Year</b>	<b>4,163,730</b>

**Virginia Community College System  
Danville Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(13,682,432)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,836,231
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(582,151)
Prepaid expenses and other	(97)
Post employment benefits asset	(6,000)
Accrued compensation and leave	(279,253)
Accounts payable and other	(278,782)
Unearned revenue	(83,976)
Deposits pending distribution	
Pension liability	(1,709,843)
Post employment benefits liability	(514,637)
Deferred inflows of resources related to pensions and post employment benefits	1,006,502
Deferred outflows of resources related to pensions and post employment benefits	91,277
<b>Net cash used in operating activities</b>	<b><u><u>(14,203,161)</u></u></b>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	4,165,254
Less: Securities Lending Cash Equivalents	<u>1,524</u>
Cash and cash equivalents end of year	<b><u><u>4,163,730</u></u></b>

**Noncash transactions**

Donated fixed assets	1,581
Debt principal and interest payments made by Treasury	
Amortization of bond premium	
Capitalized bond interest costs	
Amortization of deferral on debt defeasance	

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

**Virginia Community College System  
Eastern Shore Community College  
Statement of Net Position  
As of June 30, 2019**

	<b>Community College</b>	<b>Component Unit Eastern Shore Community College Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	1,522,049	791,412
Appropriation available		
Short term investments (Note 2)		50,000
Accounts receivable, net (Note 3)	77,339	
Pledges receivable (Note 3)		69,441
Due from commonwealth (Note 4)		
Due from system office		
Interest receivable		
Prepaid expenses		
Inventories		
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<b>1,599,388</b>	<b>910,853</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)	(928,868)	
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		899,083
Other long-term investments (Note 2)		1,851,911
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		85,617
Due from commonwealth (Note 4)	1,407,129	
Notes receivable, net (Note 3)		
Post employment benefit assets	129,000	
Non-depreciable capital assets, net (Note 5)	15,011,445	
Depreciable capital assets, net (Note 5)	5,848,624	
<b>Total Noncurrent Assets</b>	<b>21,467,330</b>	<b>2,836,611</b>
<b>Total Assets</b>	<b>23,066,718</b>	<b>3,747,464</b>
<b>Deferred Outflows of Resources</b> (Note 8)	623,492	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>23,690,210</b>	<b>3,747,464</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	1,645,012	1,024
Accrued payroll expense	424,484	1,357
Unearned revenue	107,694	
Long-term liabilities-current portion (Note 9)	121,347	
Securities lending obligation	33	
Post employment benefit obligations (Note 9)	24,043	
Due to Commonwealth		
Due to system's office		
Deposits	77,941	
<b>Total Current Liabilities</b>	<b>2,400,554</b>	<b>2,381</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	70,215	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	4,479,740	
<b>Total Noncurrent Liabilities</b>	<b>4,549,955</b>	
<b>Total Liabilities</b>	<b>6,950,509</b>	<b>2,381</b>

**Virginia Community College System  
Eastern Shore Community College  
Statement of Net Position  
As of June 30, 2019**

	<b>Community College</b>	<b>Component Unit Eastern Shore Community College Foundation</b>
<b>Deferred Inflows of Resources</b> (Note 17)	1,098,098	
<b>Total Liabilities and Deferred Inflows of Resources</b>	8,048,607	2,381
<b>Net Position</b>		
Net investment in capital assets	20,860,069	
Restricted for:		
Nonexpendable		833,316
Expendable	(540,107)	2,144,357
Unrestricted	(4,678,359)	767,410
<b>Total Net Position</b>	15,641,603	3,745,083

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

**Virginia Community College System**  
**Eastern Shore Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2019**

	<b>Community College</b>	<b>Component Unit</b>
		<b>Eastern Shore Community College Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$887,579)	618,740	
Federal grants and contracts	823,135	
State and local grants	109,303	
Nongovernmental grants	8,878	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$2,649)	24,331	
Gifts and contributions		205,907
Endowment income		(44,723)
Other operating revenues	17,796	19,650
<b>Total Operating Revenue</b>	<b>1,602,183</b>	<b>180,834</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	3,574,667	
Public service		
Academic support	42,806	235,069
Student services	700,076	
Institutional support	1,502,639	115,613
Operation and maintenance	661,677	
Scholarships and fellowships	503,730	62,947
Auxiliary enterprises	74,394	
Fundraising		9,341
Other expenses		
<b>Total Operating Expenses (Note 12)</b>	<b>7,059,989</b>	<b>422,970</b>
<b>Operating Income (Loss)</b>	<b>(5,457,806)</b>	<b>(242,136)</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	3,442,899	
Local appropriations	26,038	
Grants and gifts	1,149,551	
Investment income	7,937	(104,670)
Interest on capital asset related debt		
Other nonoperating revenue (expense)	(4,264)	
<b>Net Nonoperating Revenue</b>	<b>4,622,161</b>	<b>(104,670)</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>(835,645)</b>	<b>(346,806)</b>
Capital appropriations-state (Note 20)	7,867,829	
Capital appropriations-local		
Capital gifts, grants and contracts	181,430	
Additions to permanent and term endowments		
<b>Increase (Decrease) in Net Position</b>	<b>7,213,614</b>	<b>(346,806)</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>8,427,989</b>	<b>4,091,889</b>
<b>Net Position end of year</b>	<b>15,641,603</b>	<b>3,745,083</b>

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

**Virginia Community College System  
Eastern Shore Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	921,714
Grants and contracts	900,711
Payments to suppliers and others	(1,822,347)
Payments for employee wages	(3,257,185)
Payments for employee fringes and pension benefits	(1,366,254)
Payment for scholarships	(480,815)
Payments for utilities	(169,576)
Sales and services of education department	
Auxiliary	24,331
Loans issued to students	
Loans collected from students	3,724
Other	15,240
Net cash used by operating activities	(5,230,457)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	3,442,899
Local appropriations	26,038
Grants and gifts	1,149,551
Agency receipts	78,540
Agency disbursements	(66,117)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	5,044
Net cash provided (used) by non-capital financing activities	4,635,955
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	7,828,771
Capital appropriations-local	
Capital grants and gifts	181,430
Purchase capital assets	(8,181,813)
Proceeds from sale of capital assets	
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(171,612)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	7,936
Net cash provided (used) by investing activities	7,936
Net incr (decr) in net position	
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(758,178)</b>
Cash and cash equivalents, beginning of year	1,351,326
<b>Cash and cash equivalents, End of Year</b>	<b>593,148</b>

**Virginia Community College System  
Eastern Shore Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(5,457,806)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	436,397
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	156,133
Prepaid expenses and other	
Post employment benefits asset	2,000
Accrued compensation and leave	79,762
Accounts payable and other	(283,258)
Unearned revenue	107,694
Deposits pending distribution	
Pension liability	(851,781)
Post employment benefits liability	(66,761)
Deferred inflows of resources related to pensions and post employment benefits	479,941
Deferred outflows of resources related to pensions and post employment benefits	167,222
<b>Net cash used in operating activities</b>	<u><u>(5,230,457)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	593,181
Less: Securities Lending Cash Equivalents	<u>33</u>
Cash and cash equivalents end of year	<u><u>593,148</u></u>

**Noncash transactions**

Donated fixed assets  
Debt principal and interest payments made by Treasury  
Amortization of bond premium  
Capitalized bond interest costs  
Amortization of deferral on debt defeasance

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



**Virginia Community College System  
 Germanna Community College  
 Statement of Net Position  
 As of June 30, 2019**

	<u>Community College</u>	<u>Component Unit Germanna Community College Educational Foundation</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	9,075,769	450,677
Appropriation available		
Short term investments (Note 2)	1,182,232	
Accounts receivable, net (Note 3)	452,878	4,972
Pledges receivable (Note 3)		250,000
Due from commonwealth (Note 4)	839,108	
Due from system office	3,327	
Interest receivable		
Prepaid expenses	943,736	4,500
Inventories	24,100	
Notes receivable, net (Note 3)		3,352
<b>Total Current Assets</b>	<u>12,521,150</u>	<u>713,501</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)	2,208,267	
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)	18,560	
Appropriation available		
Endowment investments (Note 2)		2,989,739
Other long-term investments (Note 2)	1,089,127	3,402,152
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		1,357,728
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		1,759
Post employment benefit assets	631,000	
Non-depreciable capital assets, net (Note 5)	3,029,277	
Depreciable capital assets, net (Note 5)	42,651,911	
<b>Total Noncurrent Assets</b>	<u>49,628,142</u>	<u>7,751,378</u>
<b>Total Assets</b>	<u>62,149,292</u>	<u>8,464,879</u>
<b>Deferred Outflows of Resources</b> (Note 8)	2,215,679	
<b>Total Assets and Deferred Outflows of Resources</b>	<u>64,364,971</u>	<u>8,464,879</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	1,066,322	18,253
Accrued payroll expense	2,104,212	
Unearned revenue	2,309,574	
Long-term liabilities-current portion (Note 9)	850,210	
Securities lending obligation	1,777	
Post employment benefit obligations (Note 9)	98,387	
Due to Commonwealth		
Due to system's office		
Deposits	85,871	
<b>Total Current Liabilities</b>	<u>6,516,353</u>	<u>18,253</u>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	4,720,707	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	19,798,988	
<b>Total Noncurrent Liabilities</b>	<u>24,519,695</u>	
<b>Total Liabilities</b>	<u>31,036,048</u>	<u>18,253</u>

**Virginia Community College System**  
**Germanna Community College**  
**Statement of Net Position**  
**As of June 30, 2019**

	Community College	Component Unit Germanna Community College Educational Foundation
<b>Deferred Inflows of Resources</b> (Note 17)	3,388,357	
<b>Total Liabilities and Deferred Inflows of Resources</b>	34,424,405	18,253
<b>Net Position</b>		
Net investment in capital assets	40,965,862	
Restricted for:		
Nonexpendable	4,000	2,433,216
Expendable	3,478,092	4,470,874
Unrestricted	(14,507,388)	1,542,536
<b>Total Net Position</b>	29,940,566	8,446,626

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

**Virginia Community College System**  
**Germanna Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2019**

	<b>Community College</b>	<b>Component Unit Germanna Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$7,593,608)	12,766,664	
Federal grants and contracts	547,300	
State and local grants	93,272	
Nongovernmental grants	967,095	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$22,752)	963,573	
Gifts and contributions		199,839
Endowment income		(176,325)
Other operating revenues	283,009	1,056,906
<b>Total Operating Revenue</b>	<b>15,620,913</b>	<b>1,080,420</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	15,777,403	
Public service	195,407	
Academic support	5,793,990	68,669
Student services	5,135,910	
Institutional support	5,096,673	356,593
Operation and maintenance	3,878,078	
Scholarships and fellowships	2,630,913	416,881
Auxiliary enterprises	187,711	
Fundraising		165,253
Other expenses		3,529
<b>Total Operating Expenses (Note 12)</b>	<b>38,696,085</b>	<b>1,010,925</b>
<b>Operating Income (Loss)</b>	<b>(23,075,172)</b>	<b>69,495</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	15,835,008	
Local appropriations	181,022	
Grants and gifts	7,544,650	
Investment income	113,360	(178,662)
Interest on capital asset related debt	(157,572)	
Other nonoperating revenue (expense)	(227,350)	
<b>Net Nonoperating Revenue</b>	<b>23,289,118</b>	<b>(178,662)</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>213,946</b>	<b>(109,167)</b>
Capital appropriations-state (Note 20)		
Capital appropriations-local	308,134	
Capital gifts, grants and contracts	684,050	
Additions to permanent and term endowments		175,255
<b>Increase (Decrease) in Net Position</b>	<b>1,206,130</b>	<b>66,088</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>28,734,436</b>	<b>8,380,538</b>
<b>Net Position end of year</b>	<b>29,940,566</b>	<b>8,446,626</b>

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

**Virginia Community College System  
 Germanna Community College  
 Statement of Cash Flows  
 For the Year Ended June 30, 2019**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	13,052,669
Grants and contracts	1,410,001
Payments to suppliers and others	(7,154,067)
Payments for employee wages	(19,648,406)
Payments for employee fringes and pension benefits	(6,481,207)
Payment for scholarships	(2,580,837)
Payments for utilities	(615,886)
Sales and services of education department	
Auxiliary	963,573
Loans issued to students	
Loans collected from students	
Other	274,613
Net cash used by operating activities	(20,779,547)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	15,835,008
Local appropriations	181,022
Grants and gifts	6,705,542
Agency receipts	231,276
Agency disbursements	(240,567)
PLUS, Stafford and Direct Lending loan receipts	3,445,034
PLUS, Stafford and Direct Lending loan disbursements	(3,445,034)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	(204,568)
Net cash provided (used) by non-capital financing activities	22,507,713
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	308,134
Capital grants and gifts	673,001
Purchase capital assets	(1,257,520)
Proceeds from sale of capital assets	28,070
Proceeds from bond issue	
Debt interest payments	(206,135)
Debt principal payments	(293,331)
Net cash provided (used) by capital financing activities	(747,781)
<b>Cash flows from investing activities:</b>	
Purchases of investments	(430,412)
Sale of investments	330,612
Investment income	103,823
Net cash provided (used) by investing activities	4,023
Net incr (decr) in net position	
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>984,408</b>
Cash and cash equivalents, beginning of year	10,316,411
<b>Cash and cash equivalents, End of Year</b>	<b>11,300,819</b>

**Virginia Community College System  
 Germanna Community College  
 Statement of Cash Flows  
 For the Year Ended June 30, 2019**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(23,075,172)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,926,985
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	458,043
Prepaid expenses and other	702,126
Post employment benefits asset	(46,000)
Accrued compensation and leave	(127,275)
Accounts payable and other	132,584
Unearned revenue	128,651
Deposits pending distribution	(1,152)
Pension liability	(1,701,806)
Post employment benefits liability	(387,367)
Deferred inflows of resources related to pensions and post employment benefits	888,745
Deferred outflows of resources related to pensions and post employment benefits	322,091
<b>Net cash used in operating activities</b>	<u><u>(20,779,547)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	11,302,596
Less: Securities Lending Cash Equivalents	1,777
Cash and cash equivalents end of year	<u><u>11,300,819</u></u>

**Noncash transactions**

Donated fixed assets	11,049
Debt principal and interest payments made by Treasury	
Amortization of bond premium	22,325
Capitalized bond interest costs	
Amortization of deferral on debt defeasance	

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

**Virginia Community College System**  
**J. Sargeant Reynolds Community College**  
**Statement of Net Position**  
**As of June 30, 2019**

	<b>Community College</b>	<b>Component Units J. Sargeant Reynolds Community College Educational and Real Estate Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	10,340,771	1,382,227
Appropriation available		
Short term investments (Note 2)	924,771	
Accounts receivable, net (Note 3)	564,250	3,616
Pledges receivable (Note 3)		804,917
Due from commonwealth (Note 4)		
Due from system office	102,516	
Interest receivable		
Prepaid expenses	132,583	181,984
Inventories	14,624	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<b>12,079,515</b>	<b>2,372,744</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)	52,454	
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		9,327,810
Other long-term investments (Note 2)	5,424,906	5,892,530
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		1,243,692
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets	1,131,000	
Non-depreciable capital assets, net (Note 5)	4,073,992	105,999
Depreciable capital assets, net (Note 5)	77,683,833	
<b>Total Noncurrent Assets</b>	<b>88,366,185</b>	<b>16,570,031</b>
<b>Total Assets</b>	<b>100,445,700</b>	<b>18,942,775</b>
<b>Deferred Outflows of Resources</b> (Note 8)	3,946,737	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>104,392,437</b>	<b>18,942,775</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	598,890	76,620
Accrued payroll expense	3,100,952	
Unearned revenue	2,846,653	
Long-term liabilities-current portion (Note 9)	2,023,534	
Securities lending obligation	1,554	
Post employment benefit obligations (Note 9)	193,633	
Due to Commonwealth		
Due to system's office		
Deposits	153,633	
<b>Total Current Liabilities</b>	<b>8,918,849</b>	<b>76,620</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	2,945,901	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	38,691,755	
<b>Total Noncurrent Liabilities</b>	<b>41,637,656</b>	
<b>Total Liabilities</b>	<b>50,556,505</b>	<b>76,620</b>

Virginia Community College System  
**J. Sargeant Reynolds Community College**  
**Statement of Net Position**  
**As of June 30, 2019**

	<u>Community College</u>	<u>Component Units J. Sargeant Reynolds Community College Educational and Real Estate Foundation</u>
<b>Deferred Inflows of Resources</b> (Note 17)	9,584,211	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>60,140,716</u>	<u>76,620</u>
<b>Net Position</b>		
Net investment in capital assets	78,856,744	105,999
Restricted for:		
Nonexpendable		9,327,810
Expendable	1,317,185	7,966,637
Unrestricted	<u>(35,922,208)</u>	<u>1,465,709</u>
<b>Total Net Position</b>	<u>44,251,721</u>	<u>18,866,155</u>

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

**Virginia Community College System**  
**J. Sargeant Reynolds Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2019**

	<b>Community College</b>	<b>Component Units J. Sargeant Reynolds Community College Educational and Real Estate Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$10,033,202)	19,845,042	
Federal grants and contracts	1,330,095	
State and local grants	500,535	
Nongovernmental grants	760,079	
Sales/services of education department	22,856	
Auxiliary enterprises (net of scholarship allowance of \$29,210)	1,142,216	
Gifts and contributions		1,909,827
Endowment income		941,776
Other operating revenues	878,490	39,200
<b>Total Operating Revenue</b>	<b>24,479,313</b>	<b>2,890,803</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	25,951,128	
Public service	688,108	
Academic support	5,308,620	981,038
Student services	4,730,092	
Institutional support	8,273,080	325,733
Operation and maintenance	7,352,663	
Scholarships and fellowships	7,970,985	506,413
Auxiliary enterprises	882,627	
Fundraising		57,548
Other expenses		
<b>Total Operating Expenses (Note 12)</b>	<b>61,157,303</b>	<b>1,870,732</b>
<b>Operating Income (Loss)</b>	<b>(36,677,990)</b>	<b>1,020,071</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	22,803,916	
Local appropriations	189,873	
Grants and gifts	12,385,900	
Investment income	239,058	73,659
Interest on capital asset related debt	(113,098)	
Other nonoperating revenue (expense)	1,331,522	
<b>Net Nonoperating Revenue</b>	<b>36,837,171</b>	<b>73,659</b>
<b>Income before other revenues, expenses gains (losses)</b>	159,181	1,093,730
Capital appropriations-state (Note 20)	1,238	
Capital appropriations-local	589,513	
Capital gifts, grants and contracts	163,174	
Additions to permanent and term endowments		232,756
<b>Increase (Decrease) in Net Position</b>	<b>913,106</b>	<b>1,326,486</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>43,338,615</b>	<b>17,539,669</b>
<b>Net Position end of year</b>	<b>44,251,721</b>	<b>18,866,155</b>

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



**Virginia Community College System**  
**J. Sargeant Reynolds Community College**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2019**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	20,255,075
Grants and contracts	2,589,119
Payments to suppliers and others	(10,490,951)
Payments for employee wages	(30,430,908)
Payments for employee fringes and pension benefits	(11,351,626)
Payment for scholarships	(8,537,611)
Payments for utilities	(1,281,252)
Sales and services of education department	22,856
Auxiliary	1,142,216
Loans issued to students	
Loans collected from students	
Other	909,574
Net cash used by operating activities	(37,173,508)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	22,803,916
Local appropriations	189,873
Grants and gifts	12,385,900
Agency receipts	121,552
Agency disbursements	(85,806)
PLUS, Stafford and Direct Lending loan receipts	6,627,899
PLUS, Stafford and Direct Lending loan disbursements	(6,724,742)
Borrowings	400,000
Loan repayments	(400,000)
Other non-operating revenue(expense)	1,434,809
Net cash provided (used) by non-capital financing activities	36,753,401
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	5,126
Capital appropriations-local	589,513
Capital grants and gifts	162,029
Purchase capital assets	(323,518)
Proceeds from sale of capital assets	989
Proceeds from bond issue	
Debt interest payments	(136,619)
Debt principal payments	(461,041)
Net cash provided (used) by capital financing activities	(163,521)
<b>Cash flows from investing activities:</b>	
Purchases of investments	(3,175,191)
Sale of investments	3,853,966
Investment income	208,920
Net cash provided (used) by investing activities	887,695
Net incr (decr) in net position	
<b>Net increase (decrease) in cash and cash equivalents</b>	304,067
Cash and cash equivalents, beginning of year	10,087,604
<b>Cash and cash equivalents, End of Year</b>	<b>10,391,671</b>

**Virginia Community College System**  
**J. Sargeant Reynolds Community College**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2019**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(36,677,990)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	3,563,659
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	440,142
Prepaid expenses and other	36,546
Post employment benefits asset	(30,000)
Accrued compensation and leave	(236,150)
Accounts payable and other	(1,040,869)
Unearned revenue	283
Deposits pending distribution	
Pension liability	(4,222,989)
Post employment benefits liability	(1,847,870)
Deferred inflows of resources related to pensions and post employment benefits	2,593,625
Deferred outflows of resources related to pensions and post employment benefits	248,105
<b>Net cash used in operating activities</b>	<u><u>(37,173,508)</u></u>

Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	10,393,225
Less: Securities Lending Cash Equivalents	1,554
Cash and cash equivalents end of year	<u><u>10,391,671</u></u>

**Noncash transactions**

Donated fixed assets	1,145
Debt principal and interest payments made by Treasury	
Amortization of bond premium	34,074
Capitalized bond interest costs	
Amortization of deferral on debt defeasance	(24,669)

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

**Virginia Community College System  
John Tyler Community College  
Statement of Net Position  
As of June 30, 2019**

	<u>Component Unit</u>		
	<u>Community College</u>	<u>John Tyler Community College Educational Foundation</u>	<u>John Tyler Community College Real Estate Foundation</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents (Note 2)	7,530,733	1,208,674	68,602
Appropriation available	92		
Short term investments (Note 2)	980,000		
Accounts receivable, net (Note 3)	1,154,285	63,410	
Pledges receivable (Note 3)		272,578	
Due from commonwealth (Note 4)			
Due from system office	89,152		
Interest receivable			
Prepaid expenses			
Inventories	17,259		
Notes receivable, net (Note 3)			
<b>Total Current Assets</b>	<u>9,771,521</u>	<u>1,544,662</u>	<u>68,602</u>
<b>Noncurrent Assets</b>			
Restricted cash and cash equivalents (Note 2)	(2,078,092)		
Cash equivalents with trustees (Note 2)	251,755		
Endowment cash and cash equivalents (Note 2)		261,259	
Appropriation available			
Endowment investments (Note 2)		6,667,340	
Other long-term investments (Note 2)	991,620		
Accounts receivable, net (Note 3)			
Investments in real estate (Note 2)			
Pledges receivable (Note 3)		173,740	
Due from commonwealth (Note 4)	4,526,521		
Notes receivable, net (Note 3)			
Post employment benefit assets	694,000		
Non-depreciable capital assets, net (Note 5)	32,060,960		
Depreciable capital assets, net (Note 5)	69,659,904		
<b>Total Noncurrent Assets</b>	<u>106,106,668</u>	<u>7,102,339</u>	
<b>Total Assets</b>	<u>115,878,189</u>	<u>8,647,001</u>	<u>68,602</u>
<b>Deferred Outflows of Resources</b> (Note 8)	2,440,995		
<b>Total Assets and Deferred Outflows of Resources</b>	<u>118,319,184</u>	<u>8,647,001</u>	<u>68,602</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts and retainage payable (Note 6)	6,369,048	34,723	
Accrued payroll expense	1,632,086		
Unearned revenue	1,675,229		
Long-term liabilities-current portion (Note 9)	956,343		
Securities lending obligation	4		
Post employment benefit obligations (Note 9)	121,819		
Due to Commonwealth			
Due to system's office			
Deposits	84,512		
<b>Total Current Liabilities</b>	<u>10,839,041</u>	<u>34,723</u>	
<b>Noncurrent Liabilities</b>			
Unearned revenue			
Long-term liabilities (Note 9)	5,537,774		
Due to federal government (Note 9)			
Pension and post employment benefit obligations (Note 9)	23,035,125		
<b>Total Noncurrent Liabilities</b>	<u>28,572,899</u>		
<b>Total Liabilities</b>	<u>39,411,940</u>	<u>34,723</u>	

**Virginia Community College System  
John Tyler Community College  
Statement of Net Position  
As of June 30, 2019**

	Component Unit		
	Community College	John Tyler Community College Educational Foundation	John Tyler Community College Real Estate Foundation
<b>Deferred Inflows of Resources</b> (Note 17)	6,272,290		
<b>Total Liabilities and Deferred Inflows of Resources</b>	45,684,230	34,723	
<b>Net Position</b>			
Net investment in capital assets	96,439,338		
Restricted for:			
Nonexpendable		2,399,033	
Expendable	(24,104)	3,925,080	
Unrestricted	(23,780,280)	2,288,165	68,602
<b>Total Net Position</b>	72,634,954	8,612,278	68,602

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

**Virginia Community College System**  
**John Tyler Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2019**

	<b>Community College</b>	<b>Component Unit</b>	
		<b>John Tyler Community College Educational Foundation</b>	<b>John Tyler Community College Real Estate Foundation</b>
<b>Revenues</b>			
<b>Operating Revenue</b>			
Tuition and fees (net of scholarship allowance of \$7,450,320)	17,068,049		
Federal grants and contracts	772,080		
State and local grants	336,340		
Nongovernmental grants	222,480		
Sales/services of education department			
Auxiliary enterprises (net of scholarship allowance of \$22,413)	226,254		
Gifts and contributions		2,037,624	28,298
Endowment income		484,751	
Other operating revenues	483,128	750,371	5,000
<b>Total Operating Revenue</b>	<u>19,108,331</u>	<u>3,272,746</u>	<u>33,298</u>
<b>Expenses</b>			
<b>Operating Expenses</b>			
Instruction	23,121,510		
Public service	101,000		
Academic support	4,242,479	656,950	
Student services	5,198,723		
Institutional support	7,286,286	377,355	
Operation and maintenance	5,492,089		
Scholarships and fellowships	4,484,465	309,791	
Auxiliary enterprises	46,902		
Fundraising		514,762	
Other expenses		1,075	
<b>Total Operating Expenses (Note 12)</b>	<u>49,973,454</u>	<u>1,859,933</u>	
<b>Operating Income (Loss)</b>	<u>(30,865,123)</u>	<u>1,412,813</u>	<u>33,298</u>
<b>Nonoperating Revenues(Expenses)</b>			
State appropriations (Note 13)	21,152,172		
Local appropriations	65,007		
Grants and gifts	9,176,228		
Investment income	22,093		
Interest on capital asset related debt	(148,668)		
Other nonoperating revenue (expense)	(28,222)		
<b>Net Nonoperating Revenue</b>	<u>30,238,610</u>		
<b>Income before other revenues, expenses gains (losses)</b>	(626,513)	1,412,813	33,298
Capital appropriations-state (Note 20)	18,820,219		
Capital appropriations-local			
Capital gifts, grants and contracts	170,912		
Additions to permanent and term endowments		50,845	
<b>Increase (Decrease) in Net Position</b>	<u>18,364,618</u>	<u>1,463,658</u>	<u>33,298</u>
<b>Net Position</b>			
<b>Net Position beginning of year</b>	<u>54,270,336</u>	<u>7,148,620</u>	<u>35,304</u>
<b>Net Position end of year</b>	<u>72,634,954</u>	<u>8,612,278</u>	<u>68,602</u>

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

**Virginia Community College System  
John Tyler Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	16,748,754
Grants and contracts	1,319,449
Payments to suppliers and others	(6,197,456)
Payments for employee wages	(27,364,366)
Payments for employee fringes and pension benefits	(7,849,820)
Payment for scholarships	(4,562,628)
Payments for utilities	(892,284)
Sales and services of education department	
Auxiliary	260,050
Loans issued to students	
Loans collected from students	
Other	483,128
Net cash used by operating activities	(28,055,173)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	21,152,172
Local appropriations	65,007
Grants and gifts	8,932,860
Agency receipts	(983)
Agency disbursements	(445)
PLUS, Stafford and Direct Lending loan receipts	4,669,820
PLUS, Stafford and Direct Lending loan disbursements	(4,776,883)
Borrowings	
Loan repayments	(125,000)
Other non-operating revenue(expense)	(91,429)
Net cash provided (used) by non-capital financing activities	29,825,119
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	14,490,852
Capital appropriations-local	
Capital grants and gifts	162,274
Purchase capital assets	(17,273,769)
Proceeds from sale of capital assets	53,282
Proceeds from bond issue	
Debt interest payments	(230,645)
Debt principal payments	(255,000)
Net cash provided (used) by capital financing activities	(3,053,006)
<b>Cash flows from investing activities:</b>	
Purchases of investments	(445,208)
Sale of investments	367,535
Investment income	83,117
Net cash provided (used) by investing activities	5,444
Net incr (decr) in net position	
<b>Net increase (decrease) in cash and cash equivalents</b>	(1,277,616)
Cash and cash equivalents, beginning of year	6,982,008
<b>Cash and cash equivalents, End of Year</b>	5,704,392

**Virginia Community College System  
John Tyler Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(30,865,123)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	2,648,761
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	613,795
Prepaid expenses and other	4,083
Post employment benefits asset	6,000
Accrued compensation and leave	(40,917)
Accounts payable and other	2,166,621
Unearned revenue	(680,060)
Deposits pending distribution	193,003
Pension liability	(3,751,511)
Post employment benefits liability	(875,047)
Deferred inflows of resources related to pensions and post employment benefits	2,366,566
Deferred outflows of resources related to pensions and post employment benefits	158,656
<b>Net cash used in operating activities</b>	<u><u>(28,055,173)</u></u>

Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	5,704,396
Less: Securities Lending Cash Equivalents	<u>4</u>
Cash and cash equivalents end of year	<u><u>5,704,392</u></u>

**Noncash transactions**

Donated fixed assets	8,638
Debt principal and interest payments made by Treasury	
Amortization of bond premium	38,866
Capitalized bond interest costs	
Amortization of deferral on debt defeasance	

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

**Virginia Community College System  
Lord Fairfax Community College  
Statement of Net Position  
As of June 30, 2019**

	<b>Community College</b>	<b>Component Unit Lord Fairfax Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	10,555,000	2,079,100
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	2,000,557	
Pledges receivable (Note 3)		562,941
Due from commonwealth (Note 4)	742,398	
Due from system office	2,949	
Interest receivable		
Prepaid expenses	37,843	
Inventories	3,500	4,878
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<b>13,342,247</b>	<b>2,646,919</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)	743,007	
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		2,245,829
Appropriation available		
Endowment investments (Note 2)		7,486,190
Other long-term investments (Note 2)		839,854
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		648,390
Due from commonwealth (Note 4)	3,124	
Notes receivable, net (Note 3)		
Post employment benefit assets	596,000	
Non-depreciable capital assets, net (Note 5)	3,594,632	3,254,843
Depreciable capital assets, net (Note 5)	40,380,906	8,554,624
<b>Total Noncurrent Assets</b>	<b>45,317,669</b>	<b>23,029,730</b>
<b>Total Assets</b>	<b>58,659,916</b>	<b>25,676,649</b>
<b>Deferred Outflows of Resources</b> (Note 8)	2,268,309	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>60,928,225</b>	<b>25,676,649</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	559,478	13,499
Accrued payroll expense	1,860,085	106,776
Unearned revenue	1,617,914	
Long-term liabilities-current portion (Note 9)	511,845	237,444
Securities lending obligation	5,180	
Post employment benefit obligations (Note 9)	104,958	
Due to Commonwealth		
Due to system's office		
Deposits	1,367,825	
<b>Total Current Liabilities</b>	<b>6,027,285</b>	<b>357,719</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	191,164	6,112,292
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	19,119,924	
<b>Total Noncurrent Liabilities</b>	<b>19,311,088</b>	<b>6,112,292</b>
<b>Total Liabilities</b>	<b>25,338,373</b>	<b>6,470,011</b>



**Virginia Community College System**  
**Lord Fairfax Community College**  
**Statement of Net Position**  
**As of June 30, 2019**

	Community College	Component Unit Lord Fairfax Community College Educational Foundation
<b>Deferred Inflows of Resources</b> (Note 17)	4,528,468	
<b>Total Liabilities and Deferred Inflows of Resources</b>	29,866,841	6,470,011
<b>Net Position</b>		
Net investment in capital assets	43,975,538	5,459,731
Restricted for:		
Nonexpendable		5,005,517
Expendable	1,767,669	8,716,233
Unrestricted	(14,681,823)	25,157
<b>Total Net Position</b>	31,061,384	19,206,638

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

**Virginia Community College System**  
**Lord Fairfax Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2019**

	<b>Community College</b>	<b>Component Unit Lord Fairfax Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$5,195,634)	10,677,966	
Federal grants and contracts	915,006	
State and local grants	356,390	
Nongovernmental grants	311,708	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$15,433)	502,762	
Gifts and contributions		178,240
Endowment income		(554,019)
Other operating revenues	315,497	1,258,832
<b>Total Operating Revenue</b>	<b>13,079,329</b>	<b>883,053</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	16,490,986	
Public service	307,616	
Academic support	3,081,536	
Student services	3,051,612	
Institutional support	5,946,374	392,096
Operation and maintenance	4,271,694	507,460
Scholarships and fellowships	2,136,118	337,678
Auxiliary enterprises	356,397	
Fundraising		225,597
Other expenses		172,593
<b>Total Operating Expenses (Note 12)</b>	<b>35,642,333</b>	<b>1,635,424</b>
<b>Operating Income (Loss)</b>	<b>(22,563,004)</b>	<b>(752,371)</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	15,775,270	
Local appropriations	354,000	
Grants and gifts	6,284,062	
Investment income	61,842	(123,649)
Interest on capital asset related debt		
Other nonoperating revenue (expense)	337,902	
<b>Net Nonoperating Revenue</b>	<b>22,813,076</b>	<b>(123,649)</b>
<b>Income before other revenues, expenses gains (losses)</b>	250,072	(876,020)
Capital appropriations-state (Note 20)	700,048	
Capital appropriations-local		
Capital gifts, grants and contracts	388,797	
Additions to permanent and term endowments		2,057,474
<b>Increase (Decrease) in Net Position</b>	<b>1,338,917</b>	<b>1,181,454</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>29,722,467</b>	<b>18,025,184</b>
<b>Net Position end of year</b>	<b>31,061,384</b>	<b>19,206,638</b>

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

**Virginia Community College System  
 Lord Fairfax Community College  
 Statement of Cash Flows  
 For the Year Ended June 30, 2019**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	10,959,420
Grants and contracts	2,114,758
Payments to suppliers and others	(7,454,992)
Payments for employee wages	(18,417,218)
Payments for employee fringes and pension benefits	(6,400,868)
Payment for scholarships	(2,195,569)
Payments for utilities	(678,981)
Sales and services of education department	
Auxiliary	502,783
Loans issued to students	
Loans collected from students	
Other	316,180
Net cash used by operating activities	(21,254,487)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	15,775,270
Local appropriations	354,000
Grants and gifts	5,541,664
Agency receipts	295,360
Agency disbursements	(287,092)
PLUS, Stafford and Direct Lending loan receipts	2,320,022
PLUS, Stafford and Direct Lending loan disbursements	(1,180,294)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	1,071,204
Net cash provided (used) by non-capital financing activities	23,890,134
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	788,680
Capital appropriations-local	
Capital grants and gifts	385,500
Purchase capital assets	(1,264,454)
Proceeds from sale of capital assets	1,608
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(88,666)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	61,696
Net cash provided (used) by investing activities	61,696
Net incr (decr) in net position	
<b>Net increase (decrease) in cash and cash equivalents</b>	2,608,677
Cash and cash equivalents, beginning of year	8,684,150
<b>Cash and cash equivalents, End of Year</b>	<b>11,292,827</b>

**Virginia Community College System  
 Lord Fairfax Community College  
 Statement of Cash Flows  
 For the Year Ended June 30, 2019**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(22,563,004)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,636,434
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	649,642
Prepaid expenses and other	(36,593)
Post employment benefits asset	2,000
Accrued compensation and leave	(38,911)
Accounts payable and other	(813,412)
Unearned revenue	987,902
Deposits pending distribution	
Pension liability	(3,093,734)
Post employment benefits liability	(470,865)
Deferred inflows of resources related to pensions and post employment benefits	2,019,892
Deferred outflows of resources related to pensions and post employment benefits	466,162
<b>Net cash used in operating activities</b>	<u><u>(21,254,487)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	11,298,007
Less: Securities Lending Cash Equivalents	5,180
Cash and cash equivalents end of year	<u><u>11,292,827</u></u>

**Noncash transactions**

Donated fixed assets	3,297
Debt principal and interest payments made by Treasury	
Amortization of bond premium	
Capitalized bond interest costs	
Amortization of deferral on debt defeasance	

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

**Virginia Community College System  
Mountain Empire Community College  
Statement of Net Position  
As of June 30, 2019**

	<b>Community College</b>	<b>Component Unit Mountain Empire Community College Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	2,874,166	169,199
Appropriation available		
Short term investments (Note 2)	1,000,000	
Accounts receivable, net (Note 3)	401,408	219,067
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)		
Due from system office	14,458	
Interest receivable		
Prepaid expenses		4,563
Inventories	448,696	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<b>4,738,728</b>	<b>392,829</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		959,391
Appropriation available		
Endowment investments (Note 2)		22,499,069
Other long-term investments (Note 2)		
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		76,000
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets	239,000	
Non-depreciable capital assets, net (Note 5)	1,394,427	
Depreciable capital assets, net (Note 5)	18,398,749	
<b>Total Noncurrent Assets</b>	<b>20,032,176</b>	<b>23,534,460</b>
<b>Total Assets</b>	<b>24,770,904</b>	<b>23,927,289</b>
<b>Deferred Outflows of Resources</b> (Note 8)	1,249,819	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>26,020,723</b>	<b>23,927,289</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	150,484	265,238
Accrued payroll expense	1,064,396	
Unearned revenue		
Long-term liabilities-current portion (Note 9)	388,992	
Securities lending obligation	1,172	
Post employment benefit obligations (Note 9)	61,741	
Due to Commonwealth		
Due to system's office		
Deposits	122,536	
<b>Total Current Liabilities</b>	<b>1,789,321</b>	<b>265,238</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	131,451	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	10,658,630	
<b>Total Noncurrent Liabilities</b>	<b>10,790,081</b>	
<b>Total Liabilities</b>	<b>12,579,402</b>	<b>265,238</b>

**Virginia Community College System  
Mountain Empire Community College  
Statement of Net Position  
As of June 30, 2019**

	<b>Community College</b>	<b>Component Unit Mountain Empire Community College Foundation</b>
<b>Deferred Inflows of Resources</b> (Note 17)	1,889,781	
<b>Total Liabilities and Deferred Inflows of Resources</b>	14,469,183	265,238
<b>Net Position</b>		
Net investment in capital assets	19,793,176	
Restricted for:		
Nonexpendable		10,028,162
Expendable	857,266	9,242,656
Unrestricted	(9,098,902)	4,391,233
<b>Total Net Position</b>	11,551,540	23,662,051

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

**Virginia Community College System  
Mountain Empire Community College  
Statement of Revenues, Expenses and Changes in Net Position  
For the Year Ended June 30, 2019**

	<b>Community College</b>	<b>Component Unit Mountain Empire Community College Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$3,769,615)	3,441,105	
Federal grants and contracts	1,670,417	
State and local grants	304,887	
Nongovernmental grants	306,451	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$525,540)	276,697	
Gifts and contributions		49,275
Endowment income		(1,842,486)
Other operating revenues	1,289	61,397
<b>Total Operating Revenue</b>	<b>6,000,846</b>	<b>(1,731,814)</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	9,828,248	
Public service	257,745	
Academic support	1,492,146	727,716
Student services	2,411,310	
Institutional support	2,407,657	278,258
Operation and maintenance	1,551,895	
Scholarships and fellowships	2,069,273	
Auxiliary enterprises	1,152,841	
Fundraising		147,959
Other expenses		
<b>Total Operating Expenses (Note 12)</b>	<b>21,171,115</b>	<b>1,153,933</b>
<b>Operating Income (Loss)</b>	<b>(15,170,269)</b>	<b>(2,885,747)</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	8,684,411	
Local appropriations	115,465	
Grants and gifts	5,114,128	
Investment income	101,228	
Interest on capital asset related debt		
Other nonoperating revenue (expense)	22,132	
<b>Net Nonoperating Revenue</b>	<b>14,037,364</b>	
<b>Income before other revenues, expenses gains (losses)</b>	<b>(1,132,905)</b>	<b>(2,885,747)</b>
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	144,322	
Additions to permanent and term endowments		593,402
<b>Increase (Decrease) in Net Position</b>	<b>(988,583)</b>	<b>(2,292,345)</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>12,540,123</b>	<b>25,954,396</b>
<b>Net Position end of year</b>	<b>11,551,540</b>	<b>23,662,051</b>

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

**Virginia Community College System  
Mountain Empire Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	3,437,717
Grants and contracts	2,073,789
Payments to suppliers and others	(5,566,418)
Payments for employee wages	(8,807,623)
Payments for employee fringes and pension benefits	(3,552,867)
Payment for scholarships	(1,762,309)
Payments for utilities	(422,895)
Sales and services of education department	
Auxiliary	278,924
Loans issued to students	
Loans collected from students	
Other	1,289
Net cash used by operating activities	(14,320,393)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	8,684,411
Local appropriations	115,465
Grants and gifts	5,114,128
Agency receipts	369,918
Agency disbursements	(364,705)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	36,849
Net cash provided (used) by non-capital financing activities	13,956,066
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	93,683
Purchase capital assets	(148,656)
Proceeds from sale of capital assets	
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(54,973)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	101,200
Net cash provided (used) by investing activities	101,200
Net incr (decr) in net position	
<b>Net increase (decrease) in cash and cash equivalents</b>	(318,100)
Cash and cash equivalents, beginning of year	3,191,094
<b>Cash and cash equivalents, End of Year</b>	<b>2,872,994</b>



**Virginia Community College System  
Mountain Empire Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(15,170,269)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,266,841
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	34,088
Prepaid expenses and other	54,072
Post employment benefits asset	(35,000)
Accrued compensation and leave	200,486
Accounts payable and other	28,418
Unearned revenue	(58,251)
Deposits pending distribution	(3,542)
Pension liability	(503,271)
Post employment benefits liability	(395,390)
Deferred inflows of resources related to pensions and post employment benefits	360,960
Deferred outflows of resources related to pensions and post employment benefits	(99,535)
<b>Net cash used in operating activities</b>	<u><u>(14,320,393)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	2,874,166
Less: Securities Lending Cash Equivalents	<u>1,172</u>
Cash and cash equivalents end of year	<u><u>2,872,994</u></u>

**Noncash transactions**

Donated fixed assets	50,639
Debt principal and interest payments made by Treasury	
Amortization of bond premium	
Capitalized bond interest costs	
Amortization of deferral on debt defeasance	

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

**Virginia Community College System  
New River Community College  
Statement of Net Position  
As of June 30, 2019**

	<u>Community College</u>	<u>Component Unit New River Community College Educational Foundation</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	8,750,049	65,231
Appropriation available		
Short term investments (Note 2)	1,164,001	
Accounts receivable, net (Note 3)	577,749	
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)	325,176	
Due from system office	21,859	
Interest receivable		
Prepaid expenses	1,091,388	
Inventories	7,842	
Notes receivable, net (Note 3)		46,023
<b>Total Current Assets</b>	<u>11,938,064</u>	<u>111,254</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		42,771
Appropriation available		
Endowment investments (Note 2)		11,049,110
Other long-term investments (Note 2)		3,242,246
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets	297,000	
Non-depreciable capital assets, net (Note 5)	801,068	1,087,017
Depreciable capital assets, net (Note 5)	13,827,259	115,349
<b>Total Noncurrent Assets</b>	<u>14,925,327</u>	<u>15,536,493</u>
<b>Total Assets</b>	<u>26,863,391</u>	<u>15,647,747</u>
<b>Deferred Outflows of Resources</b> (Note 8)	1,210,231	
<b>Total Assets and Deferred Outflows of Resources</b>	<u>28,073,622</u>	<u>15,647,747</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	792,239	20,285
Accrued payroll expense	1,265,548	
Unearned revenue	781,526	
Long-term liabilities-current portion (Note 9)	423,893	
Securities lending obligation	40	
Post employment benefit obligations (Note 9)	59,337	
Due to Commonwealth		
Due to system's office		
Deposits	869	
<b>Total Current Liabilities</b>	<u>3,323,452</u>	<u>20,285</u>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	268,651	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	12,001,907	
<b>Total Noncurrent Liabilities</b>	<u>12,270,558</u>	
<b>Total Liabilities</b>	<u>15,594,010</u>	<u>20,285</u>

**Virginia Community College System  
New River Community College  
Statement of Net Position  
As of June 30, 2019**

	<b>Community College</b>	<b>Component Unit New River Community College Educational Foundation</b>
<b>Deferred Inflows of Resources</b> (Note 17)	2,418,417	
<b>Total Liabilities and Deferred Inflows of Resources</b>	18,012,427	20,285
<b>Net Position</b>		
Net investment in capital assets	14,628,327	1,202,366
Restricted for:		
Nonexpendable		7,215,621
Expendable	863,004	1,193,312
Unrestricted	(5,430,136)	6,016,163
<b>Total Net Position</b>	10,061,195	15,627,462

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

**Virginia Community College System**  
**New River Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2019**

	<b>Community College</b>	<b>Component Unit New River Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$3,636,405)	9,859,848	
Federal grants and contracts	773,993	
State and local grants	7,999	
Nongovernmental grants		
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$10,826)	127,841	
Gifts and contributions		793,255
Endowment income		(696,054)
Other operating revenues	152,083	90,581
<b>Total Operating Revenue</b>	<b>10,921,764</b>	<b>187,782</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	13,568,639	
Public service	19,920	
Academic support	2,413,501	
Student services	1,492,251	
Institutional support	3,842,274	135,994
Operation and maintenance	2,417,070	
Scholarships and fellowships	2,348,208	950,185
Auxiliary enterprises	198,358	
Fundraising		42,000
Other expenses		
<b>Total Operating Expenses (Note 12)</b>	<b>26,300,221</b>	<b>1,128,179</b>
<b>Operating Income (Loss)</b>	<b>(15,378,457)</b>	<b>(940,397)</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	11,125,915	
Local appropriations	80,157	
Grants and gifts	4,999,185	
Investment income	123,356	(43,154)
Interest on capital asset related debt		
Other nonoperating revenue (expense)	(196,073)	
<b>Net Nonoperating Revenue</b>	<b>16,132,540</b>	<b>(43,154)</b>
<b>Income before other revenues, expenses gains (losses)</b>	754,083	(983,551)
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	54,444	
Additions to permanent and term endowments		847,381
<b>Increase (Decrease) in Net Position</b>	<b>808,527</b>	<b>(136,170)</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>9,252,668</b>	<b>15,763,632</b>
<b>Net Position end of year</b>	<b>10,061,195</b>	<b>15,627,462</b>

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

**Virginia Community College System  
New River Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

	<u>Community College</u>
<b>Cash flows from operating activities:</b>	
Tuition and fees	9,695,367
Grants and contracts	850,758
Payments to suppliers and others	(4,336,941)
Payments for employee wages	(14,462,126)
Payments for employee fringes and pension benefits	(3,827,961)
Payment for scholarships	(2,378,601)
Payments for utilities	(404,109)
Sales and services of education department	
Auxiliary	127,962
Loans issued to students	
Loans collected from students	
Other	152,083
Net cash used by operating activities	<u>(14,583,568)</u>
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	11,125,915
Local appropriations	80,157
Grants and gifts	4,674,009
Agency receipts	137,549
Agency disbursements	(101,819)
PLUS, Stafford and Direct Lending loan receipts	1,991,234
PLUS, Stafford and Direct Lending loan disbursements	(1,981,334)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	(124,308)
Net cash provided (used) by non-capital financing activities	<u>15,801,403</u>
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	54,180
Purchase capital assets	(514,726)
Proceeds from sale of capital assets	
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	<u>(460,546)</u>
<b>Cash flows from investing activities:</b>	
Purchases of investments	(1,153,214)
Sale of investments	
Investment income	112,568
Net cash provided (used) by investing activities	<u>(1,040,646)</u>
Net incr (decr) in net position	
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(283,357)</b>
Cash and cash equivalents, beginning of year	<u>9,033,366</u>
<b>Cash and cash equivalents, End of Year</b>	<u><u>8,750,009</u></u>

**Virginia Community College System  
New River Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(15,378,457)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,375,338
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	365,486
Prepaid expenses and other	(223,575)
Post employment benefits asset	(9,000)
Accrued compensation and leave	(18,972)
Accounts payable and other	312,198
Unearned revenue	(56,869)
Deposits pending distribution	(48,244)
Pension liability	(1,132,513)
Post employment benefits liability	(468,052)
Deferred inflows of resources related to pensions and post employment benefits	676,639
Deferred outflows of resources related to pensions and post employment benefits	22,453
<b>Net cash used in operating activities</b>	<u><u>(14,583,568)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	8,750,049
Less: Securities Lending Cash Equivalents	40
Cash and cash equivalents end of year	<u><u>8,750,009</u></u>

**Noncash transactions**

Donated fixed assets	264
Debt principal and interest payments made by Treasury	
Amortization of bond premium	
Capitalized bond interest costs	
Amortization of deferral on debt defeasance	

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

**Virginia Community College System  
Northern Virginia Community College  
Statement of Net Position  
As of June 30, 2019**

	<b>Community College</b>	<b>Component Unit Northern Virginia Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	69,654,978	1,232,767
Appropriation available		
Short term investments (Note 2)		5,472,138
Accounts receivable, net (Note 3)	3,145,554	
Pledges receivable (Note 3)		5,000
Due from commonwealth (Note 4)	2,849,100	
Due from system office	25,173	
Interest receivable		24,288
Prepaid expenses	5,683,461	35,794
Inventories		
Notes receivable, net (Note 3)	1,103,161	
<b>Total Current Assets</b>	<b>82,461,427</b>	<b>6,769,987</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)	(77,278)	
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		134,575
Appropriation available	79,310	
Endowment investments (Note 2)		7,987,635
Other long-term investments (Note 2)	34,758,472	9,268,853
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		4,623
Due from commonwealth (Note 4)	249,796	
Notes receivable, net (Note 3)	1,561,895	
Post employment benefit assets	4,787,000	
Non-depreciable capital assets, net (Note 5)	24,494,166	
Depreciable capital assets, net (Note 5)	327,876,386	
<b>Total Noncurrent Assets</b>	<b>393,729,747</b>	<b>17,395,686</b>
<b>Total Assets</b>	<b>476,191,174</b>	<b>24,165,673</b>
<b>Deferred Outflows of Resources</b> (Note 8)	17,169,986	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>493,361,160</b>	<b>24,165,673</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	5,498,956	53,273
Accrued payroll expense	14,725,447	2,956
Unearned revenue	23,672,947	108,681
Long-term liabilities-current portion (Note 9)	6,090,466	
Securities lending obligation	910	
Post employment benefit obligations (Note 9)	688,100	
Due to Commonwealth		
Due to system's office		
Deposits	3,444,761	1,039,574
<b>Total Current Liabilities</b>	<b>54,121,587</b>	<b>1,204,484</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	5,578,230	
Due to federal government (Note 9)	3,134,658	
Pension and post employment benefit obligations (Note 9)	156,794,908	
<b>Total Noncurrent Liabilities</b>	<b>165,507,796</b>	
<b>Total Liabilities</b>	<b>219,629,383</b>	<b>1,204,484</b>

**Virginia Community College System  
Northern Virginia Community College  
Statement of Net Position  
As of June 30, 2019**

	<u>Community College</u>	<u>Component Unit Northern Virginia Community College Educational Foundation</u>
<b>Deferred Inflows of Resources</b> (Note 17)	36,298,673	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>255,928,056</u>	<u>1,204,484</u>
<b>Net Position</b>		
Net investment in capital assets	348,853,222	
Restricted for:		
Nonexpendable	59,287	6,073,793
Expendable	9,588,294	5,854,978
Unrestricted	<u>(121,067,699)</u>	<u>11,032,418</u>
<b>Total Net Position</b>	<u>237,433,104</u>	<u>22,961,189</u>

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



**Virginia Community College System**  
**Northern Virginia Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2019**

	<b>Community College</b>	<b>Component Unit Northern Virginia Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$52,454,951)	134,124,305	
Federal grants and contracts	9,709,209	
State and local grants	479,819	
Nongovernmental grants	4,124,774	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$156,322)	6,388,536	
Gifts and contributions		789,496
Endowment income		66,214
Other operating revenues	5,396,143	503,939
<b>Total Operating Revenue</b>	<b>160,222,786</b>	<b>1,359,649</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	127,762,476	
Public service	1,746,342	702,570
Academic support	35,919,950	
Student services	32,484,706	
Institutional support	46,250,972	662,463
Operation and maintenance	45,019,934	
Scholarships and fellowships	22,992,233	507,999
Auxiliary enterprises	4,023,924	
Fundraising		154,656
Other expenses	60,188	
<b>Total Operating Expenses (Note 12)</b>	<b>316,260,725</b>	<b>2,027,688</b>
<b>Operating Income (Loss)</b>	<b>(156,037,939)</b>	<b>(668,039)</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	104,507,742	
Local appropriations	187,429	
Grants and gifts	53,365,138	
Investment income	2,027,954	605,010
Interest on capital asset related debt	(122,431)	
Other nonoperating revenue (expense)	(225,221)	
<b>Net Nonoperating Revenue</b>	<b>159,740,611</b>	<b>605,010</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>3,702,672</b>	<b>(63,029)</b>
Capital appropriations-state (Note 20)	3,122,437	
Capital appropriations-local	5,520,737	
Capital gifts, grants and contracts	58,067	
Additions to permanent and term endowments		690,569
<b>Increase (Decrease) in Net Position</b>	<b>12,403,913</b>	<b>627,540</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>225,029,191</b>	<b>22,333,649</b>
<b>Net Position end of year</b>	<b>237,433,104</b>	<b>22,961,189</b>

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

**Virginia Community College System  
Northern Virginia Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	129,277,196
Grants and contracts	14,362,284
Payments to suppliers and others	(81,417,647)
Payments for employee wages	(157,271,222)
Payments for employee fringes and pension benefits	(49,983,745)
Payment for scholarships	(23,125,268)
Payments for utilities	(3,840,724)
Sales and services of education department	
Auxiliary	6,388,536
Loans issued to students	
Loans collected from students	357,511
Other	5,187,227
Net cash used by operating activities	(160,065,852)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	104,507,742
Local appropriations	187,429
Grants and gifts	50,516,038
Agency receipts	3,386,670
Agency disbursements	(3,281,407)
PLUS, Stafford and Direct Lending loan receipts	37,887,231
PLUS, Stafford and Direct Lending loan disbursements	(38,341,418)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	701,473
Net cash provided (used) by non-capital financing activities	155,563,758
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	3,155,726
Capital appropriations-local	5,520,737
Capital grants and gifts	48,564
Purchase capital assets	(14,761,066)
Proceeds from sale of capital assets	60,428
Proceeds from bond issue	
Debt interest payments	(229,131)
Debt principal payments	(860,000)
Net cash provided (used) by capital financing activities	(7,064,742)
<b>Cash flows from investing activities:</b>	
Purchases of investments	(8,223,731)
Sale of investments	8,789,814
Investment income	996,228
Net cash provided (used) by investing activities	1,562,311
Net incr (decr) in net position	
<b>Net increase (decrease) in cash and cash equivalents</b>	(10,004,525)
Cash and cash equivalents, beginning of year	79,581,315
<b>Cash and cash equivalents, End of Year</b>	69,576,790

**Virginia Community College System  
Northern Virginia Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(156,037,939)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	13,926,186
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	433,430
Prepaid expenses and other	4,031,357
Post employment benefits asset	(166,000)
Accrued compensation and leave	806,160
Accounts payable and other	(7,275,223)
Unearned revenue	(3,030,700)
Deposits pending distribution	668,276
Pension liability	(13,904,439)
Post employment benefits liability	(7,028,475)
Deferred inflows of resources related to pensions and post employment benefits	7,035,126
Deferred outflows of resources related to pensions and post employment benefits	476,389
<b>Net cash used in operating activities</b>	<u><u>(160,065,852)</u></u>

Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	69,577,700
Less: Securities Lending Cash Equivalents	910
Cash and cash equivalents end of year	<u><u>69,576,790</u></u>

**Noncash transactions**

Donated fixed assets	9,503
Debt principal and interest payments made by Treasury	
Amortization of bond premium	109,790
Capitalized bond interest costs	
Amortization of deferral on debt defeasance	(63,200)

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

**Virginia Community College System  
Patrick Henry Community College  
Statement of Net Position  
As of June 30, 2019**

	<b>Community College</b>	<b>Component Unit Patrick Henry Community College Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	2,335,688	1,662,026
Appropriation available		
Short term investments (Note 2)	706,707	1,367,980
Accounts receivable, net (Note 3)	364,855	
Pledges receivable (Note 3)		64,021
Due from commonwealth (Note 4)	208,031	
Due from system office	162,420	
Interest receivable		
Prepaid expenses		9,395
Inventories	9,000	
Notes receivable, net (Note 3)	11,075	
<b>Total Current Assets</b>	<b>3,797,776</b>	<b>3,103,422</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		9,625,219
Other long-term investments (Note 2)		7,956,252
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		53,825
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets	493,000	
Non-depreciable capital assets, net (Note 5)	819,412	111,906
Depreciable capital assets, net (Note 5)	23,744,872	1,187,577
<b>Total Noncurrent Assets</b>	<b>25,057,284</b>	<b>18,934,779</b>
<b>Total Assets</b>	<b>28,855,060</b>	<b>22,038,201</b>
<b>Deferred Outflows of Resources</b> (Note 8)	2,319,480	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>31,174,540</b>	<b>22,038,201</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	657,639	126,693
Accrued payroll expense	989,884	
Unearned revenue	286,085	
Long-term liabilities-current portion (Note 9)	446,148	
Securities lending obligation	3	
Post employment benefit obligations (Note 9)	82,397	
Due to Commonwealth		
Due to system's office		
Deposits	65,084	1,480,963
<b>Total Current Liabilities</b>	<b>2,527,240</b>	<b>1,607,656</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	213,401	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	15,296,715	
<b>Total Noncurrent Liabilities</b>	<b>15,510,116</b>	
<b>Total Liabilities</b>	<b>18,037,356</b>	<b>1,607,656</b>

**Virginia Community College System  
Patrick Henry Community College  
Statement of Net Position  
As of June 30, 2019**

	<b>Community College</b>	<b>Component Unit Patrick Henry Community College Foundation</b>
<b>Deferred Inflows of Resources</b> (Note 17)	2,771,550	
<b>Total Liabilities and Deferred Inflows of Resources</b>	20,808,906	1,607,656
 <b>Net Position</b>		
Net investment in capital assets	24,564,284	1,299,483
Restricted for:		
Nonexpendable		7,288,848
Expendable	84,334	3,715,736
Unrestricted	(14,282,984)	8,126,478
<b>Total Net Position</b>	10,365,634	20,430,545

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

**Virginia Community College System**  
**Patrick Henry Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2019**

	<b>Community College</b>	<b>Component Unit Patrick Henry Community College Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$3,947,315)	5,014,008	
Federal grants and contracts	2,606,059	
State and local grants	23,988	
Nongovernmental grants	582,344	978,404
Sales/services of education department	3,878	
Auxiliary enterprises (net of scholarship allowance of \$11,856)	66,128	
Gifts and contributions		829,423
Endowment income		1,797,567
Other operating revenues	427,303	71,606
<b>Total Operating Revenue</b>	<b>8,723,708</b>	<b>3,677,000</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	6,824,351	312,014
Public service	1,362,877	5,256
Academic support	4,009,462	642,264
Student services	3,489,002	15,364
Institutional support	2,579,766	330,749
Operation and maintenance	1,585,594	
Scholarships and fellowships	1,543,447	1,016,405
Auxiliary enterprises	23,981	
Fundraising		37,254
Other expenses	914	327,709
<b>Total Operating Expenses (Note 12)</b>	<b>21,419,394</b>	<b>2,687,015</b>
<b>Operating Income (Loss)</b>	<b>(12,695,686)</b>	<b>989,985</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	7,513,598	
Local appropriations	132,599	
Grants and gifts	4,377,940	
Investment income	52,194	16,640
Interest on capital asset related debt		
Other nonoperating revenue (expense)	140,895	
<b>Net Nonoperating Revenue</b>	<b>12,217,226</b>	<b>16,640</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>(478,460)</b>	<b>1,006,625</b>
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	179,398	
Additions to permanent and term endowments		59,750
<b>Increase (Decrease) in Net Position</b>	<b>(299,062)</b>	<b>1,066,375</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>10,664,696</b>	<b>19,364,170</b>
<b>Net Position end of year</b>	<b>10,365,634</b>	<b>20,430,545</b>

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

**Virginia Community College System  
Patrick Henry Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	4,596,349
Grants and contracts	3,425,745
Payments to suppliers and others	(4,728,344)
Payments for employee wages	(9,794,663)
Payments for employee fringes and pension benefits	(4,132,180)
Payment for scholarships	(1,661,918)
Payments for utilities	(290,786)
Sales and services of education department	3,878
Auxiliary	86,128
Loans issued to students	(17,839)
Loans collected from students	20,727
Other	426,179
Net cash used by operating activities	(12,066,724)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	7,513,598
Local appropriations	132,599
Grants and gifts	4,169,909
Agency receipts	429,784
Agency disbursements	(406,603)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	150,000
Loan repayments	(150,000)
Other non-operating revenue(expense)	78,185
Net cash provided (used) by non-capital financing activities	11,917,472
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	177,551
Purchase capital assets	(539,118)
Proceeds from sale of capital assets	7,212
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(354,355)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	11,011
Net cash provided (used) by investing activities	11,011
Net incr (decr) in net position	
<b>Net increase (decrease) in cash and cash equivalents</b>	(492,596)
Cash and cash equivalents, beginning of year	2,828,281
<b>Cash and cash equivalents, End of Year</b>	2,335,685

**Virginia Community College System  
Patrick Henry Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(12,695,686)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,555,426
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	91,788
Prepaid expenses and other	(1,300)
Post employment benefits asset	(25,000)
Accrued compensation and leave	114,249
Accounts payable and other	(6,269)
Unearned revenue	(49,605)
Deposits pending distribution	
Pension liability	(1,859,255)
Post employment benefits liability	(75,533)
Deferred inflows of resources related to pensions and post employment benefits	534,708
Deferred outflows of resources related to pensions and post employment benefits	349,753
<b>Net cash used in operating activities</b>	<u><u>(12,066,724)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	2,335,688
Less: Securities Lending Cash Equivalents	<u>3</u>
Cash and cash equivalents end of year	<u><u>2,335,685</u></u>

**Noncash transactions**

Donated fixed assets	1,847
Debt principal and interest payments made by Treasury	
Amortization of bond premium	
Capitalized bond interest costs	
Amortization of deferral on debt defeasance	

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



**Virginia Community College System  
Paul D. Camp Community College  
Statement of Net Position  
As of June 30, 2019**

	<b>Community College</b>	<b>Component Unit Paul D. Camp Community College Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	1,491,490	241,125
Appropriation available		
Short term investments (Note 2)	255,031	
Accounts receivable, net (Note 3)	254,573	40,175
Pledges receivable (Note 3)		7,485
Due from commonwealth (Note 4)		
Due from system office	17,639	
Interest receivable		
Prepaid expenses	14,108	
Inventories	28,000	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<b>2,060,841</b>	<b>288,785</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)	17,606	
Appropriation available		
Endowment investments (Note 2)		551,446
Other long-term investments (Note 2)		678,881
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		4,750
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets	175,000	
Non-depreciable capital assets, net (Note 5)	594,274	48,750
Depreciable capital assets, net (Note 5)	10,262,737	
<b>Total Noncurrent Assets</b>	<b>11,049,617</b>	<b>1,283,827</b>
<b>Total Assets</b>	<b>13,110,458</b>	<b>1,572,612</b>
<b>Deferred Outflows of Resources</b> (Note 8)	752,801	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>13,863,259</b>	<b>1,572,612</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	146,038	9,206
Accrued payroll expense	578,038	
Unearned revenue	219,710	
Long-term liabilities-current portion (Note 9)	177,048	
Securities lending obligation	304	
Post employment benefit obligations (Note 9)	30,901	
Due to Commonwealth		
Due to system's office		
Deposits	279,086	
<b>Total Current Liabilities</b>	<b>1,431,125</b>	<b>9,206</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	205,503	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	5,516,693	
<b>Total Noncurrent Liabilities</b>	<b>5,722,196</b>	
<b>Total Liabilities</b>	<b>7,153,321</b>	<b>9,206</b>

**Virginia Community College System  
Paul D. Camp Community College  
Statement of Net Position  
As of June 30, 2019**

	<b>Community College</b>	<b>Component Unit Paul D. Camp Community College Foundation</b>
<b>Deferred Inflows of Resources</b> (Note 17)	1,063,707	
<b>Total Liabilities and Deferred Inflows of Resources</b>	8,217,028	9,206
 <b>Net Position</b>		
Net investment in capital assets	10,685,584	48,750
Restricted for:		
Nonexpendable		300,565
Expendable	449,906	809,920
Unrestricted	(5,489,259)	404,171
<b>Total Net Position</b>	5,646,231	1,563,406

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

**Virginia Community College System**  
**Paul D. Camp Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2019**

	<b>Community College</b>	<b>Component Unit Paul D. Camp Community College Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$1,681,995)	3,393,299	
Federal grants and contracts	750,257	
State and local grants		
Nongovernmental grants	86,822	181,751
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$5,077)	34,392	
Gifts and contributions		10,695
Endowment income		24,377
Other operating revenues	48,850	158,993
<b>Total Operating Revenue</b>	<b>4,313,620</b>	<b>375,816</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	5,979,557	
Public service	36,721	
Academic support	593,429	357,754
Student services	1,680,352	
Institutional support	2,582,741	63,228
Operation and maintenance	947,970	
Scholarships and fellowships	869,585	217,565
Auxiliary enterprises	23,306	
Fundraising		21,903
Other expenses		
<b>Total Operating Expenses (Note 12)</b>	<b>12,713,661</b>	<b>660,450</b>
<b>Operating Income (Loss)</b>	<b>(8,400,041)</b>	<b>(284,634)</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	6,456,341	
Local appropriations	69,339	
Grants and gifts	1,956,267	
Investment income	4,074	36,644
Interest on capital asset related debt	(3,168)	
Other nonoperating revenue (expense)	498,983	
<b>Net Nonoperating Revenue</b>	<b>8,981,836</b>	<b>36,644</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>581,795</b>	<b>(247,990)</b>
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	292,207	
Additions to permanent and term endowments		180,400
<b>Increase (Decrease) in Net Position</b>	<b>874,002</b>	<b>(67,590)</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>4,772,229</b>	<b>1,630,996</b>
<b>Net Position end of year</b>	<b>5,646,231</b>	<b>1,563,406</b>

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

**Virginia Community College System  
Paul D. Camp Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	3,322,721
Grants and contracts	845,871
Payments to suppliers and others	(3,938,430)
Payments for employee wages	(5,648,377)
Payments for employee fringes and pension benefits	(1,977,516)
Payment for scholarships	(878,930)
Payments for utilities	(376,911)
Sales and services of education department	
Auxiliary	34,392
Loans issued to students	
Loans collected from students	
Other	50,663
Net cash used by operating activities	(8,566,517)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	6,456,341
Local appropriations	69,339
Grants and gifts	1,956,267
Agency receipts	5,915
Agency disbursements	(9,305)
PLUS, Stafford and Direct Lending loan receipts	875,575
PLUS, Stafford and Direct Lending loan disbursements	(856,097)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	559,042
Net cash provided (used) by non-capital financing activities	9,057,077
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	264,422
Purchase capital assets	(647,437)
Proceeds from sale of capital assets	5,839
Proceeds from bond issue	
Debt interest payments	(3,168)
Debt principal payments	(32,140)
Net cash provided (used) by capital financing activities	(412,484)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	3,742
Net cash provided (used) by investing activities	3,742
Net incr (decr) in net position	
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>81,818</b>
Cash and cash equivalents, beginning of year	1,426,974
<b>Cash and cash equivalents, End of Year</b>	<b>1,508,792</b>

**Virginia Community College System  
Paul D. Camp Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(8,400,041)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	736,829
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	182,008
Prepaid expenses and other	(19,526)
Post employment benefits asset	(24,000)
Accrued compensation and leave	(20,572)
Accounts payable and other	(355,338)
Unearned revenue	(68,373)
Deposits pending distribution	1,872
Pension liability	(163,365)
Post employment benefits liability	(181,780)
Deferred inflows of resources related to pensions and post employment benefits	(81,162)
Deferred outflows of resources related to pensions and post employment benefits	(173,069)
<b>Net cash used in operating activities</b>	<u><u>(8,566,517)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	1,509,096
Less: Securities Lending Cash Equivalents	304
Cash and cash equivalents end of year	<u><u>1,508,792</u></u>

**Noncash transactions**

Donated fixed assets	27,785
Debt principal and interest payments made by Treasury	
Amortization of bond premium	
Capitalized bond interest costs	
Amortization of deferral on debt defeasance	

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

**Virginia Community College System  
Piedmont Virginia Community College  
Statement of Net Position  
As of June 30, 2019**

	<b>Community College</b>	<b>Component Unit Piedmont Virginia Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	6,395,141	1,581,723
Appropriation available	46	
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	781,197	
Pledges receivable (Note 3)		803,668
Due from commonwealth (Note 4)		
Due from system office	6,735	
Interest receivable		229,921
Prepaid expenses	47,620	
Inventories	7,500	
Notes receivable, net (Note 3)	12,991	45,177
<b>Total Current Assets</b>	<b>7,251,230</b>	<b>2,660,489</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		957,169
Appropriation available		
Endowment investments (Note 2)		9,369,886
Other long-term investments (Note 2)		739,244
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		2,121,210
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)	56,801	325,737
Post employment benefit assets	504,000	
Non-depreciable capital assets, net (Note 5)	3,250,420	
Depreciable capital assets, net (Note 5)	18,999,712	
<b>Total Noncurrent Assets</b>	<b>22,810,933</b>	<b>13,513,246</b>
<b>Total Assets</b>	<b>30,062,163</b>	<b>16,173,735</b>
<b>Deferred Outflows of Resources</b> (Note 8)	2,693,512	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>32,755,675</b>	<b>16,173,735</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	343,931	20,964
Accrued payroll expense	1,807,608	149,750
Unearned revenue	1,559,813	
Long-term liabilities-current portion (Note 9)	678,978	4,250
Securities lending obligation	7,019	
Post employment benefit obligations (Note 9)	91,275	
Due to Commonwealth		
Due to system's office		
Deposits	794,796	
<b>Total Current Liabilities</b>	<b>5,283,420</b>	<b>174,964</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	357,893	16,098
Due to federal government (Note 9)	75,381	
Pension and post employment benefit obligations (Note 9)	16,288,128	
<b>Total Noncurrent Liabilities</b>	<b>16,721,402</b>	<b>16,098</b>
<b>Total Liabilities</b>	<b>22,004,822</b>	<b>191,062</b>

**Virginia Community College System  
Piedmont Virginia Community College  
Statement of Net Position  
As of June 30, 2019**

	<u>Community College</u>	<u>Component Unit Piedmont Virginia Community College Educational Foundation</u>
<b>Deferred Inflows of Resources</b> (Note 17)	2,587,276	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>24,592,098</u>	<u>191,062</u>
<b>Net Position</b>		
Net investment in capital assets	22,250,132	
Restricted for:		
Nonexpendable	(4,219)	5,297,393
Expendable	672,636	8,156,352
Unrestricted	<u>(14,754,972)</u>	<u>2,528,928</u>
<b>Total Net Position</b>	<u>8,163,577</u>	<u>15,982,673</u>

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

**Virginia Community College System**  
**Piedmont Virginia Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2019**

	<b>Community College</b>	<b>Component Unit Piedmont Virginia Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$3,312,809)	12,323,652	
Federal grants and contracts	1,423,859	
State and local grants	1,108,589	
Nongovernmental grants	68,161	
Sales/services of education department	5,100	
Auxiliary enterprises (net of scholarship allowance of \$9,638)	178,752	
Gifts and contributions		2,029,075
Endowment income		127,766
Other operating revenues	223,473	6,044
<b>Total Operating Revenue</b>	<b>15,331,586</b>	<b>2,162,885</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	15,098,512	26,830
Public service	2,085,097	
Academic support	2,500,576	770,090
Student services	3,327,963	
Institutional support	4,576,624	321,741
Operation and maintenance	1,967,064	
Scholarships and fellowships	2,823,934	319,100
Auxiliary enterprises	39,744	
Fundraising		213,141
Other expenses		
<b>Total Operating Expenses (Note 12)</b>	<b>32,419,514</b>	<b>1,650,902</b>
<b>Operating Income (Loss)</b>	<b>(17,087,928)</b>	<b>511,983</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	12,600,919	
Local appropriations	59,095	
Grants and gifts	4,473,863	
Investment income	33,180	38,502
Interest on capital asset related debt		
Other nonoperating revenue (expense)	(126,788)	
<b>Net Nonoperating Revenue</b>	<b>17,040,269</b>	<b>38,502</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>(47,659)</b>	<b>550,485</b>
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	612,521	
Additions to permanent and term endowments		420,390
<b>Increase (Decrease) in Net Position</b>	<b>564,862</b>	<b>970,875</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>7,598,715</b>	<b>15,011,798</b>
<b>Net Position end of year</b>	<b>8,163,577</b>	<b>15,982,673</b>

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



**Virginia Community College System  
Piedmont Virginia Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	11,914,643
Grants and contracts	2,716,626
Payments to suppliers and others	(5,060,315)
Payments for employee wages	(17,526,487)
Payments for employee fringes and pension benefits	(5,702,590)
Payment for scholarships	(2,843,477)
Payments for utilities	(314,403)
Sales and services of education department	5,100
Auxiliary	174,557
Loans issued to students	(19,289)
Loans collected from students	21,397
Other	215,342
Net cash used by operating activities	(16,418,896)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	12,600,919
Local appropriations	59,095
Grants and gifts	4,463,650
Agency receipts	2,643,317
Agency disbursements	(2,532,336)
PLUS, Stafford and Direct Lending loan receipts	1,929,077
PLUS, Stafford and Direct Lending loan disbursements	(1,893,500)
Borrowings	225,000
Loan repayments	(225,000)
Other non-operating revenue(expense)	(133,609)
Net cash provided (used) by non-capital financing activities	17,136,613
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	612,490
Purchase capital assets	(763,846)
Proceeds from sale of capital assets	3,123
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(148,233)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	32,867
Net cash provided (used) by investing activities	32,867
Net incr (decr) in net position	
<b>Net increase (decrease) in cash and cash equivalents</b>	602,351
Cash and cash equivalents, beginning of year	5,785,771
<b>Cash and cash equivalents, End of Year</b>	<b>6,388,122</b>

**Virginia Community College System  
Piedmont Virginia Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(17,087,928)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,134,526
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(302,313)
Prepaid expenses and other	(27,940)
Post employment benefits asset	(70,000)
Accrued compensation and leave	290,538
Accounts payable and other	(30,915)
Unearned revenue	24,387
Deposits pending distribution	(25,480)
Pension liability	(238,011)
Post employment benefits liability	(261,934)
Deferred inflows of resources related to pensions and post employment benefits	766,114
Deferred outflows of resources related to pensions and post employment benefits	(589,940)
<b>Net cash used in operating activities</b>	<u><u>(16,418,896)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	6,395,141
Less: Securities Lending Cash Equivalents	<u>7,019</u>
Cash and cash equivalents end of year	<u><u>6,388,122</u></u>

**Noncash transactions**

Donated fixed assets	31
Debt principal and interest payments made by Treasury	
Amortization of bond premium	
Capitalized bond interest costs	
Amortization of deferral on debt defeasance	

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

**Virginia Community College System  
Rappahannock Community College  
Statement of Net Position  
As of June 30, 2019**

	<b>Community College</b>	<b>Component Unit Rappahannock Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	3,472,730	342,533
Appropriation available		
Short term investments (Note 2)	1,061,838	
Accounts receivable, net (Note 3)	364,055	
Pledges receivable (Note 3)		86,000
Due from commonwealth (Note 4)		
Due from system office	214,279	
Interest receivable	17,776	
Prepaid expenses	91,056	1,125
Inventories	80,819	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<b>5,302,553</b>	<b>429,658</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		10,529,997
Other long-term investments (Note 2)		610,070
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		50,000
Pledges receivable (Note 3)		252
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets	272,000	
Non-depreciable capital assets, net (Note 5)	693,759	6,857
Depreciable capital assets, net (Note 5)	12,680,284	
<b>Total Noncurrent Assets</b>	<b>13,646,043</b>	<b>11,197,176</b>
<b>Total Assets</b>	<b>18,948,596</b>	<b>11,626,834</b>
<b>Deferred Outflows of Resources</b> (Note 8)	950,819	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>19,899,415</b>	<b>11,626,834</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	715,281	97,792
Accrued payroll expense	676,834	
Unearned revenue	1,307,521	
Long-term liabilities-current portion (Note 9)	424,897	
Securities lending obligation	5,145	
Post employment benefit obligations (Note 9)	45,018	
Due to Commonwealth		
Due to system's office		
Deposits	811,191	
<b>Total Current Liabilities</b>	<b>3,985,887</b>	<b>97,792</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	232,132	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	9,076,936	
<b>Total Noncurrent Liabilities</b>	<b>9,309,068</b>	
<b>Total Liabilities</b>	<b>13,294,955</b>	<b>97,792</b>

**Virginia Community College System  
Rappahannock Community College  
Statement of Net Position  
As of June 30, 2019**

	<b>Community College</b>	<b>Component Unit Rappahannock Community College Educational Foundation</b>
<b>Deferred Inflows of Resources</b> (Note 17)	1,794,843	
<b>Total Liabilities and Deferred Inflows of Resources</b>	15,089,798	97,792
 <b>Net Position</b>		
Net investment in capital assets	13,273,840	6,857
Restricted for:		
Nonexpendable		3,841,755
Expendable	413,857	7,108,098
Unrestricted	(8,878,080)	572,332
<b>Total Net Position</b>	4,809,617	11,529,042

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

**Virginia Community College System**  
**Rappahannock Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2019**

	<b>Community College</b>	<b>Component Unit Rappahannock Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$2,473,850)	5,468,661	
Federal grants and contracts	1,226,973	
State and local grants	65,367	
Nongovernmental grants	99,626	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$7,377)	148,657	
Gifts and contributions		209,603
Endowment income		658,211
Other operating revenues	48,888	19,460
<b>Total Operating Revenue</b>	<b>7,058,172</b>	<b>887,274</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	8,437,225	103,833
Public service	459,878	
Academic support	2,302,491	224,684
Student services	1,475,851	
Institutional support	3,215,903	166,460
Operation and maintenance	1,668,824	1,200
Scholarships and fellowships	1,490,794	550,298
Auxiliary enterprises	24,474	
Fundraising		86,618
Other expenses		29,437
<b>Total Operating Expenses (Note 12)</b>	<b>19,075,440</b>	<b>1,162,530</b>
<b>Operating Income (Loss)</b>	<b>(12,017,268)</b>	<b>(275,256)</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	8,960,948	
Local appropriations	99,914	
Grants and gifts	3,494,878	
Investment income	38,667	45,598
Interest on capital asset related debt	(1,679)	
Other nonoperating revenue (expense)	201,836	
<b>Net Nonoperating Revenue</b>	<b>12,794,564</b>	<b>45,598</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>777,296</b>	<b>(229,658)</b>
Capital appropriations-state (Note 20)		
Capital appropriations-local	19,481	
Capital gifts, grants and contracts	143,497	
Additions to permanent and term endowments		566,923
<b>Increase (Decrease) in Net Position</b>	<b>940,274</b>	<b>337,265</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>3,869,343</b>	<b>11,191,777</b>
<b>Net Position end of year</b>	<b>4,809,617</b>	<b>11,529,042</b>

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

**Virginia Community College System  
Rappahannock Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	6,156,924
Grants and contracts	1,292,932
Payments to suppliers and others	(2,443,676)
Payments for employee wages	(11,158,563)
Payments for employee fringes and pension benefits	(3,076,878)
Payment for scholarships	(1,630,634)
Payments for utilities	(317,276)
Sales and services of education department	
Auxiliary	148,657
Loans issued to students	
Loans collected from students	
Other	65,983
Net cash used by operating activities	(10,962,531)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	8,960,948
Local appropriations	99,914
Grants and gifts	3,406,197
Agency receipts	4,816
Agency disbursements	(16,420)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	(12,979)
Net cash provided (used) by non-capital financing activities	12,442,476
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	19,481
Capital grants and gifts	139,009
Purchase capital assets	(687,829)
Proceeds from sale of capital assets	1,475
Proceeds from bond issue	
Debt interest payments	(1,679)
Debt principal payments	(24,223)
Net cash provided (used) by capital financing activities	(553,766)
<b>Cash flows from investing activities:</b>	
Purchases of investments	(556,654)
Sale of investments	
Investment income	32,180
Net cash provided (used) by investing activities	(524,474)
Net incr (decr) in net position	
<b>Net increase (decrease) in cash and cash equivalents</b>	401,705
Cash and cash equivalents, beginning of year	3,065,880
<b>Cash and cash equivalents, End of Year</b>	<b>3,467,585</b>

**Virginia Community College System  
Rappahannock Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(12,017,268)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,178,568
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(209,794)
Prepaid expenses and other	(80,200)
Post employment benefits asset	(20,000)
Accrued compensation and leave	(154,370)
Accounts payable and other	215,287
Unearned revenue	753,178
Deposits pending distribution	62,940
Pension liability	(909,203)
Post employment benefits liability	(297,136)
Deferred inflows of resources related to pensions and post employment benefits	532,745
Deferred outflows of resources related to pensions and post employment benefits	(17,278)
<b>Net cash used in operating activities</b>	<u><u>(10,962,531)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	3,472,730
Less: Securities Lending Cash Equivalents	5,145
Cash and cash equivalents end of year	<u><u>3,467,585</u></u>

**Noncash transactions**

Donated fixed assets	4,488
Debt principal and interest payments made by Treasury	
Amortization of bond premium	
Capitalized bond interest costs	
Amortization of deferral on debt defeasance	

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

**Virginia Community College System  
Southside Virginia Community College  
Statement of Net Position  
As of June 30, 2019**

	<b>Community College</b>	<b>Component Unit  Southside Virginia Community College Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	5,812,296	914,080
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	823,462	46,639
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)	16,162	
Due from system office	1,114,733	
Interest receivable		
Prepaid expenses	95,148	
Inventories		
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<b>7,861,801</b>	<b>960,719</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)	(1,178,701)	
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		533,164
Appropriation available		
Endowment investments (Note 2)		3,280,000
Other long-term investments (Note 2)		270,619
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)	2,167,266	
Notes receivable, net (Note 3)		
Post employment benefit assets	391,000	
Non-depreciable capital assets, net (Note 5)	8,071,693	67,250
Depreciable capital assets, net (Note 5)	16,851,695	1,226,490
<b>Total Noncurrent Assets</b>	<b>26,302,953</b>	<b>5,377,523</b>
<b>Total Assets</b>	<b>34,164,754</b>	<b>6,338,242</b>
<b>Deferred Outflows of Resources</b> (Note 8)	1,460,719	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>35,625,473</b>	<b>6,338,242</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	2,675,326	269,063
Accrued payroll expense	888,054	
Unearned revenue	397,030	
Long-term liabilities-current portion (Note 9)	443,099	
Securities lending obligation	73	
Post employment benefit obligations (Note 9)	80,869	
Due to Commonwealth		
Due to system's office		
Deposits	453,209	
<b>Total Current Liabilities</b>	<b>4,937,660</b>	<b>269,063</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	310,030	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	14,358,079	
<b>Total Noncurrent Liabilities</b>	<b>14,668,109</b>	
<b>Total Liabilities</b>	<b>19,605,769</b>	<b>269,063</b>



**Virginia Community College System  
 Southside Virginia Community College  
 Statement of Net Position  
 As of June 30, 2019**

	<b>Community College</b>	<b>Component Unit  Southside Virginia Community College Foundation</b>
<b>Deferred Inflows of Resources</b> (Note 17)	4,749,385	
<b>Total Liabilities and Deferred Inflows of Resources</b>	24,355,154	269,063
<b>Net Position</b>		
Net investment in capital assets	24,923,388	1,293,740
Restricted for:		
Nonexpendable		1,841,344
Expendable	524,822	270,620
Unrestricted	(14,177,891)	2,663,475
<b>Total Net Position</b>	11,270,319	6,069,179

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

**Virginia Community College System**  
**Southside Virginia Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2019**

	<b>Community College</b>	<b>Component Unit Southside Virginia Community College Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$3,739,406)	7,767,228	
Federal grants and contracts	2,057,666	
State and local grants		
Nongovernmental grants	117,168	410,127
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$11,127)	60,733	
Gifts and contributions		341,546
Endowment income		239,321
Other operating revenues	140,104	363,439
<b>Total Operating Revenue</b>	<u>10,142,899</u>	<u>1,354,433</u>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	13,064,219	43,584
Public service	235,545	
Academic support	2,782,520	6,305
Student services	1,807,367	
Institutional support	3,121,759	386,053
Operation and maintenance	2,954,678	
Scholarships and fellowships	2,960,130	590,702
Auxiliary enterprises	28,691	
Fundraising		6,037
Other expenses		
<b>Total Operating Expenses (Note 12)</b>	<u>26,954,909</u>	<u>1,032,681</u>
<b>Operating Income (Loss)</b>	<u>(16,812,010)</u>	<u>321,752</u>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	12,651,593	
Local appropriations	85,436	
Grants and gifts	4,691,527	
Investment income	28,922	6,182
Interest on capital asset related debt		
Other nonoperating revenue (expense)	1,122,786	
<b>Net Nonoperating Revenue</b>	<u>18,580,264</u>	<u>6,182</u>
<b>Income before other revenues, expenses gains (losses)</b>	1,768,254	327,934
Capital appropriations-state (Note 20)	6,091,436	
Capital appropriations-local		
Capital gifts, grants and contracts	542,938	
Additions to permanent and term endowments		86,420
<b>Increase (Decrease) in Net Position</b>	<u>8,402,628</u>	<u>414,354</u>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<u>2,867,691</u>	<u>5,654,825</u>
<b>Net Position end of year</b>	<u>11,270,319</u>	<u>6,069,179</u>

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

**Virginia Community College System  
Southside Virginia Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	7,577,179
Grants and contracts	2,302,380
Payments to suppliers and others	(4,134,159)
Payments for employee wages	(14,685,630)
Payments for employee fringes and pension benefits	(4,687,802)
Payment for scholarships	(3,235,629)
Payments for utilities	(368,286)
Sales and services of education department	
Auxiliary	30,334
Loans issued to students	
Loans collected from students	
Other	140,104
Net cash used by operating activities	(17,061,509)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	12,651,593
Local appropriations	85,436
Grants and gifts	4,675,365
Agency receipts	498,664
Agency disbursements	(550,587)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	18,483
Net cash provided (used) by non-capital financing activities	17,378,954
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	3,968,525
Capital appropriations-local	
Capital grants and gifts	542,292
Purchase capital assets	(6,031,751)
Proceeds from sale of capital assets	6,933
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(1,514,001)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	28,890
Net cash provided (used) by investing activities	28,890
Net incr (decr) in net position	
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,167,666)</b>
Cash and cash equivalents, beginning of year	5,801,188
<b>Cash and cash equivalents, End of Year</b>	<b>4,633,522</b>

**Virginia Community College System  
 Southside Virginia Community College  
 Statement of Cash Flows  
 For the Year Ended June 30, 2019**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(16,812,010)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,095,926
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(175,748)
Prepaid expenses and other	(7,596)
Post employment benefits asset	2,000
Accrued compensation and leave	(73,129)
Accounts payable and other	988,075
Unearned revenue	95,425
Deposits pending distribution	
Pension liability	(1,519,691)
Post employment benefits liability	(1,089,916)
Deferred inflows of resources related to pensions and post employment benefits	403,973
Deferred outflows of resources related to pensions and post employment benefits	31,182
<b>Net cash used in operating activities</b>	<u><u>(17,061,509)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	4,633,595
Less: Securities Lending Cash Equivalents	<u>73</u>
Cash and cash equivalents end of year	<u><u>4,633,522</u></u>

**Noncash transactions**

Donated fixed assets	646
Debt principal and interest payments made by Treasury	
Amortization of bond premium	
Capitalized bond interest costs	
Amortization of deferral on debt defeasance	

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

**Virginia Community College System  
Southwest Virginia Community College  
Statement of Net Position  
As of June 30, 2019**

	<b>Community College</b>	<b>Component Unit Southwest Virginia Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	3,181,725	539,029
Appropriation available		
Short term investments (Note 2)		400,000
Accounts receivable, net (Note 3)	460,001	
Pledges receivable (Note 3)		125,000
Due from commonwealth (Note 4)		
Due from system office	321,507	
Interest receivable		
Prepaid expenses		6,325
Inventories	8,607	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<b>3,971,840</b>	<b>1,070,354</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		
Other long-term investments (Note 2)	1,901,312	24,130,076
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		343,275
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets	216,000	
Non-depreciable capital assets, net (Note 5)	619,636	339,505
Depreciable capital assets, net (Note 5)	23,884,075	3,402,779
<b>Total Noncurrent Assets</b>	<b>26,621,023</b>	<b>28,215,635</b>
<b>Total Assets</b>	<b>30,592,863</b>	<b>29,285,989</b>
<b>Deferred Outflows of Resources</b> (Note 8)	1,538,607	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>32,131,470</b>	<b>29,285,989</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	541,557	192,724
Accrued payroll expense	762,635	
Unearned revenue	151,006	
Long-term liabilities-current portion (Note 9)	406,721	
Securities lending obligation	512	
Post employment benefit obligations (Note 9)	63,653	
Due to Commonwealth		
Due to system's office		
Deposits	53,658	10,000
<b>Total Current Liabilities</b>	<b>1,979,742</b>	<b>202,724</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	465,483	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	9,760,588	
<b>Total Noncurrent Liabilities</b>	<b>10,226,071</b>	
<b>Total Liabilities</b>	<b>12,205,813</b>	<b>202,724</b>

**Virginia Community College System  
Southwest Virginia Community College  
Statement of Net Position  
As of June 30, 2019**

	<b>Community College</b>	<b>Component Unit Southwest Virginia Community College Educational Foundation</b>
<b>Deferred Inflows of Resources</b> (Note 17)	2,871,791	
<b>Total Liabilities and Deferred Inflows of Resources</b>	15,077,604	202,724
<b>Net Position</b>		
Net investment in capital assets	24,314,068	3,742,284
Restricted for:		
Nonexpendable		
Expendable	210,528	6,835,673
Unrestricted	(7,470,730)	18,505,308
<b>Total Net Position</b>	17,053,866	29,083,265

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

**Virginia Community College System**  
**Southwest Virginia Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2019**

	<b>Community College</b>	<b>Component Unit Southwest Virginia Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$4,487,684)	2,990,516	
Federal grants and contracts	3,206,080	
State and local grants	210,813	
Nongovernmental grants	304,893	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$13,383)	71,403	
Gifts and contributions		2,081,645
Endowment income		
Other operating revenues	232,407	
<b>Total Operating Revenue</b>	<b>7,016,112</b>	<b>2,081,645</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	8,057,667	
Public service	439,939	
Academic support	1,857,330	957,027
Student services	3,190,827	
Institutional support	2,761,252	
Operation and maintenance	1,990,197	145,521
Scholarships and fellowships	2,655,094	443,375
Auxiliary enterprises	26,532	
Fundraising		62,202
Other expenses		6,416
<b>Total Operating Expenses (Note 12)</b>	<b>20,978,838</b>	<b>1,614,541</b>
<b>Operating Income (Loss)</b>	<b>(13,962,726)</b>	<b>467,104</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	8,210,255	
Local appropriations	182,169	
Grants and gifts	5,544,303	
Investment income	140,926	1,970,069
Interest on capital asset related debt	(11,614)	
Other nonoperating revenue (expense)	(140,502)	
<b>Net Nonoperating Revenue</b>	<b>13,925,537</b>	<b>1,970,069</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>(37,189)</b>	<b>2,437,173</b>
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	321,246	3,720
Additions to permanent and term endowments		
<b>Increase (Decrease) in Net Position</b>	<b>284,057</b>	<b>2,440,893</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>16,769,809</b>	<b>26,642,372</b>
<b>Net Position end of year</b>	<b>17,053,866</b>	<b>29,083,265</b>

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

**Virginia Community College System  
Southwest Virginia Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	2,870,571
Grants and contracts	3,573,134
Payments to suppliers and others	(3,412,111)
Payments for employee wages	(10,366,755)
Payments for employee fringes and pension benefits	(3,643,693)
Payment for scholarships	(2,928,601)
Payments for utilities	(564,060)
Sales and services of education department	
Auxiliary	71,403
Loans issued to students	(18,402)
Loans collected from students	34,799
Other	219,181
Net cash used by operating activities	(14,164,534)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	8,210,255
Local appropriations	182,169
Grants and gifts	5,544,303
Agency receipts	43,708
Agency disbursements	(55,923)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	
Loan repayments	(60,000)
Other non-operating revenue(expense)	(289,290)
Net cash provided (used) by non-capital financing activities	13,575,222
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	318,130
Purchase capital assets	(427,931)
Proceeds from sale of capital assets	2,914
Proceeds from bond issue	
Debt interest payments	(11,614)
Debt principal payments	(41,888)
Net cash provided (used) by capital financing activities	(160,389)
<b>Cash flows from investing activities:</b>	
Purchases of investments	(392,940)
Sale of investments	300,260
Investment income	127,994
Net cash provided (used) by investing activities	35,314
Net incr (decr) in net position	
<b>Net increase (decrease) in cash and cash equivalents</b>	(714,387)
Cash and cash equivalents, beginning of year	3,895,600
<b>Cash and cash equivalents, End of Year</b>	<b>3,181,213</b>



**Virginia Community College System  
Southwest Virginia Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(13,962,726)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,228,629
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(260,642)
Prepaid expenses and other	(1,184)
Post employment benefits asset	(12,000)
Accrued compensation and leave	(385,236)
Accounts payable and other	252,586
Unearned revenue	(5,444)
Deposits pending distribution	
Pension liability	(2,219,271)
Post employment benefits liability	(137,580)
Deferred inflows of resources related to pensions and post employment benefits	1,312,487
Deferred outflows of resources related to pensions and post employment benefits	25,847
<b>Net cash used in operating activities</b>	<u><u>(14,164,534)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	3,181,725
Less: Securities Lending Cash Equivalents	512
Cash and cash equivalents end of year	<u><u>3,181,213</u></u>

**Noncash transactions**

Donated fixed assets	3,116
Debt principal and interest payments made by Treasury	
Amortization of bond premium	
Capitalized bond interest costs	
Amortization of deferral on debt defeasance	

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

**Virginia Community College System  
Thomas Nelson Community College  
Statement of Net Position  
As of June 30, 2019**

	<u>Community College</u>	<u>Component Unit Thomas Nelson Community College Educational Foundation</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	13,406,882	84,808
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	462,162	
Pledges receivable (Note 3)		104,813
Due from commonwealth (Note 4)		
Due from system office	11,945	
Interest receivable		
Prepaid expenses	128,192	
Inventories	860	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<u>14,010,041</u>	<u>189,621</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		52,342
Appropriation available		
Endowment investments (Note 2)		6,525,629
Other long-term investments (Note 2)		2,943,178
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		311,500
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets	1,028,000	
Non-depreciable capital assets, net (Note 5)	4,346,584	
Depreciable capital assets, net (Note 5)	50,903,106	
<b>Total Noncurrent Assets</b>	<u>56,277,690</u>	<u>9,832,649</u>
<b>Total Assets</b>	<u>70,287,731</u>	<u>10,022,270</u>
<b>Deferred Outflows of Resources</b> (Note 8)	3,843,213	
<b>Total Assets and Deferred Outflows of Resources</b>	<u>74,130,944</u>	<u>10,022,270</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	480,414	11,477
Accrued payroll expense	2,273,387	
Unearned revenue	2,476,380	
Long-term liabilities-current portion (Note 9)	1,241,238	14,155
Securities lending obligation	5,261	
Post employment benefit obligations (Note 9)	167,606	
Due to Commonwealth		
Due to system's office		
Deposits	257,936	
<b>Total Current Liabilities</b>	<u>6,902,222</u>	<u>25,632</u>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	806,156	183,950
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	33,271,385	
<b>Total Noncurrent Liabilities</b>	<u>34,077,541</u>	<u>183,950</u>
<b>Total Liabilities</b>	<u>40,979,763</u>	<u>209,582</u>

**Virginia Community College System  
Thomas Nelson Community College  
Statement of Net Position  
As of June 30, 2019**

	<u>Community College</u>	<u>Component Unit Thomas Nelson Community College Educational Foundation</u>
<b>Deferred Inflows of Resources</b> (Note 17)	7,118,335	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>48,098,098</u>	<u>209,582</u>
<b>Net Position</b>		
Net investment in capital assets	54,564,359	
Restricted for:		
Nonexpendable		3,251,538
Expendable	1,834,488	4,681,560
Unrestricted	<u>(30,366,001)</u>	<u>1,879,590</u>
<b>Total Net Position</b>	<u>26,032,846</u>	<u>9,812,688</u>

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

**Virginia Community College System**  
**Thomas Nelson Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2019**

	<b>Community College</b>	<b>Component Unit Thomas Nelson Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$7,677,967)	17,010,323	
Federal grants and contracts	1,962,961	
State and local grants	10,000	
Nongovernmental grants	12,390	68,950
Sales/services of education department	3,928	
Auxiliary enterprises (net of scholarship allowance of \$23,100)	344,209	
Gifts and contributions		243,143
Endowment income		453,673
Other operating revenues	985,051	496,291
<b>Total Operating Revenue</b>	<u>20,328,862</u>	<u>1,262,057</u>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	24,393,821	206,923
Public service	1,056,140	44,271
Academic support	2,908,828	25,459
Student services	5,445,685	
Institutional support	9,537,622	499,730
Operation and maintenance	5,307,609	
Scholarships and fellowships	6,799,247	248,777
Auxiliary enterprises	401,175	
Fundraising		193,290
Other expenses		5,151
<b>Total Operating Expenses (Note 12)</b>	<u>55,850,127</u>	<u>1,223,601</u>
<b>Operating Income (Loss)</b>	<u>(35,521,265)</u>	<u>38,456</u>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	23,983,719	
Local appropriations	210,000	
Grants and gifts	10,940,767	
Investment income	185,824	159,467
Interest on capital asset related debt	(56,780)	
Other nonoperating revenue (expense)	(560,067)	
<b>Net Nonoperating Revenue</b>	<u>34,703,463</u>	<u>159,467</u>
<b>Income before other revenues, expenses gains (losses)</b>	<u>(817,802)</u>	<u>197,923</u>
Capital appropriations-state (Note 20)		
Capital appropriations-local	606,120	
Capital gifts, grants and contracts	58,830	
Additions to permanent and term endowments		93,372
<b>Increase (Decrease) in Net Position</b>	<u>(152,852)</u>	<u>291,295</u>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<u>26,185,698</u>	<u>9,521,393</u>
<b>Net Position end of year</b>	<u>26,032,846</u>	<u>9,812,688</u>

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

**Virginia Community College System  
Thomas Nelson Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	17,611,135
Grants and contracts	2,214,436
Payments to suppliers and others	(9,513,429)
Payments for employee wages	(27,387,153)
Payments for employee fringes and pension benefits	(9,906,073)
Payment for scholarships	(6,843,760)
Payments for utilities	(1,119,211)
Sales and services of education department	3,928
Auxiliary	369,650
Loans issued to students	
Loans collected from students	
Other	1,231,072
Net cash used by operating activities	(33,339,405)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	23,983,719
Local appropriations	210,000
Grants and gifts	10,940,767
Agency receipts	(18,127)
Agency disbursements	(14,221)
PLUS, Stafford and Direct Lending loan receipts	7,227,373
PLUS, Stafford and Direct Lending loan disbursements	(7,220,991)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	(550,060)
Net cash provided (used) by non-capital financing activities	34,558,460
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	606,120
Capital grants and gifts	50,313
Purchase capital assets	(983,553)
Proceeds from sale of capital assets	19,617
Proceeds from bond issue	
Debt interest payments	(56,780)
Debt principal payments	(312,412)
Net cash provided (used) by capital financing activities	(676,695)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	185,607
Net cash provided (used) by investing activities	185,607
Net incr (decr) in net position	
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>727,967</b>
Cash and cash equivalents, beginning of year	12,673,654
<b>Cash and cash equivalents, End of Year</b>	<b>13,401,621</b>

**Virginia Community College System  
Thomas Nelson Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(35,521,265)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	2,784,777
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	545,060
Prepaid expenses and other	(51,702)
Post employment benefits asset	(12,000)
Accrued compensation and leave	75,271
Accounts payable and other	(326,475)
Unearned revenue	231,665
Deposits pending distribution	283,902
Pension liability	(4,960,886)
Post employment benefits liability	(553,137)
Deferred inflows of resources related to pensions and post employment benefits	3,014,221
Deferred outflows of resources related to pensions and post employment benefits	1,151,164
<b>Net cash used in operating activities</b>	<u><u>(33,339,405)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	13,406,882
Less: Securities Lending Cash Equivalents	5,261
Cash and cash equivalents end of year	<u><u>13,401,621</u></u>

**Noncash transactions**

Donated fixed assets	8,517
Debt principal and interest payments made by Treasury	
Amortization of bond premium	
Capitalized bond interest costs	
Amortization of deferral on debt defeasance	

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

**Virginia Community College System  
Tidewater Community College  
Statement of Net Position  
As of June 30, 2019**

	<b>Component Units</b>		
	<b>Community College</b>	<b>Tidewater Community College Educational Foundation</b>	<b>Tidewater Community College Real Estate Foundation</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents (Note 2)	48,844,283	782,529	240,103
Appropriation available			
Short term investments (Note 2)			
Accounts receivable, net (Note 3)	2,402,656		29,170
Pledges receivable (Note 3)		404,614	
Due from commonwealth (Note 4)	1,841,166		
Due from system office	321,757		
Interest receivable	296,163		
Prepaid expenses	1,019,614	1,785	16,683
Inventories	212,254		
Notes receivable, net (Note 3)			
<b>Total Current Assets</b>	<u>54,937,893</u>	<u>1,188,928</u>	<u>285,956</u>
<b>Noncurrent Assets</b>			
Restricted cash and cash equivalents (Note 2)	164,613		
Cash equivalents with trustees (Note 2)	5,445,246		
Endowment cash and cash equivalents (Note 2)		126,393	
Appropriation available			
Endowment investments (Note 2)		2,789,341	
Other long-term investments (Note 2)	17,835,974	4,555,166	5,836,226
Accounts receivable, net (Note 3)			
Investments in real estate (Note 2)			
Pledges receivable (Note 3)		403,633	
Due from commonwealth (Note 4)			
Notes receivable, net (Note 3)			
Post employment benefit assets	2,350,000		
Non-depreciable capital assets, net (Note 5)	15,442,043		2,712,336
Depreciable capital assets, net (Note 5)	293,261,224		3,295,607
<b>Total Noncurrent Assets</b>	<u>334,499,100</u>	<u>7,874,533</u>	<u>11,844,169</u>
<b>Total Assets</b>	<u>389,436,993</u>	<u>9,063,461</u>	<u>12,130,125</u>
<b>Deferred Outflows of Resources</b> (Note 8)	10,404,329		
<b>Total Assets and Deferred Outflows of Resources</b>	<u>399,841,322</u>	<u>9,063,461</u>	<u>12,130,125</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts and retainage payable (Note 6)	3,879,269	68,070	131,112
Accrued payroll expense	6,972,575		
Unearned revenue	7,541,962		350,520
Long-term liabilities-current portion (Note 9)	7,515,106	2,995	28,901
Securities lending obligation	619		
Post employment benefit obligations (Note 9)	397,865		
Due to Commonwealth			
Due to system's office			
Deposits	536,558		
<b>Total Current Liabilities</b>	<u>26,843,954</u>	<u>71,065</u>	<u>510,533</u>
<b>Noncurrent Liabilities</b>			
Unearned revenue			
Long-term liabilities (Note 9)	68,041,933	15,033	917,268
Due to federal government (Note 9)			
Pension and post employment benefit obligations (Note 9)	81,199,250		
<b>Total Noncurrent Liabilities</b>	<u>149,241,183</u>	<u>15,033</u>	<u>917,268</u>
<b>Total Liabilities</b>	<u>176,085,137</u>	<u>86,098</u>	<u>1,427,801</u>

**Virginia Community College System  
Tidewater Community College  
Statement of Net Position  
As of June 30, 2019**

	<u>Community College</u>	<u>Component Units</u>	
		<u>Tidewater Community College Educational Foundation</u>	<u>Tidewater Community College Real Estate Foundation</u>
<b>Deferred Inflows of Resources</b> (Note 17)	19,694,707		
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>195,779,844</u>	<u>86,098</u>	<u>1,427,801</u>
<b>Net Position</b>			
Net investment in capital assets	244,249,417		5,061,774
Restricted for:			
Nonexpendable		3,380,120	
Expendable	2,090,935	4,400,825	
Unrestricted	<u>(42,278,874)</u>	<u>1,196,418</u>	<u>5,640,550</u>
<b>Total Net Position</b>	<u>204,061,478</u>	<u>8,977,363</u>	<u>10,702,324</u>

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



**Virginia Community College System**  
**Tidewater Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2019**

	<b>Community College</b>	<b>Component Units</b>	
		<b>Tidewater Community College Educational Foundation</b>	<b>Tidewater Community College Real Estate Foundation</b>
<b>Revenues</b>			
<b>Operating Revenue</b>			
Tuition and fees (net of scholarship allowance of \$27,764,881)	41,057,420		
Federal grants and contracts	5,810,704		
State and local grants			
Nongovernmental grants	153,019		
Sales/services of education department	25,150		
Auxiliary enterprises (net of scholarship allowance of \$82,898)	11,038,510		
Gifts and contributions		1,657,535	
Endowment income			
Other operating revenues	2,783,808	92,301	287,677
<b>Total Operating Revenue</b>	<u>60,868,611</u>	<u>1,749,836</u>	<u>287,677</u>
<b>Expenses</b>			
<b>Operating Expenses</b>			
Instruction	56,888,999	120,877	
Public service	1,532,458		
Academic support	10,857,404	58,136	
Student services	16,564,163	299,424	
Institutional support	17,868,178	748,323	275,720
Operation and maintenance	15,856,783		215,471
Scholarships and fellowships	17,407,468	330,321	
Auxiliary enterprises	4,347,807		
Fundraising		35,319	
Other expenses		2,995	
<b>Total Operating Expenses (Note 12)</b>	<u>141,323,260</u>	<u>1,595,395</u>	<u>491,191</u>
<b>Operating Income (Loss)</b>	<u>(80,454,649)</u>	<u>154,441</u>	<u>(203,514)</u>
<b>Nonoperating Revenues(Expenses)</b>			
State appropriations (Note 13)	51,399,828		
Local appropriations	84,500		
Grants and gifts	35,288,428		
Investment income	1,455,976	(530,386)	(347,268)
Interest on capital asset related debt	(2,372,451)		
Other nonoperating revenue (expense)	185,205		
<b>Net Nonoperating Revenue</b>	<u>86,041,486</u>	<u>(530,386)</u>	<u>(347,268)</u>
<b>Income before other revenues, expenses gains (losses)</b>	5,586,837	(375,945)	(550,782)
Capital appropriations-state (Note 20)	737,147		
Capital appropriations-local			
Capital gifts, grants and contracts	1,360,450		
Additions to permanent and term endowments		513,246	
<b>Increase (Decrease) in Net Position</b>	<u>7,684,434</u>	<u>137,301</u>	<u>(550,782)</u>
<b>Net Position</b>			
<b>Net Position beginning of year, as restated (Note 1-R)</b>	<u>196,377,044</u>	<u>8,840,062</u>	<u>11,253,106</u>
<b>Net Position end of year</b>	<u>204,061,478</u>	<u>8,977,363</u>	<u>10,702,324</u>

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

**Virginia Community College System  
Tidewater Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	38,762,613
Grants and contracts	6,212,044
Payments to suppliers and others	(23,328,633)
Payments for employee wages	(68,412,732)
Payments for employee fringes and pension benefits	(23,707,706)
Payment for scholarships	(17,381,625)
Payments for utilities	(3,384,312)
Sales and services of education department	25,150
Auxiliary	11,077,849
Loans issued to students	
Loans collected from students	
Other	2,811,729
Net cash used by operating activities	(77,325,623)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	51,399,828
Local appropriations	84,500
Grants and gifts	33,447,262
Agency receipts	900,332
Agency disbursements	(788,453)
PLUS, Stafford and Direct Lending loan receipts	23,747,816
PLUS, Stafford and Direct Lending loan disbursements	(23,751,110)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	(68,578)
Net cash provided (used) by non-capital financing activities	84,971,597
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	737,147
Capital appropriations-local	
Capital grants and gifts	1,288,846
Purchase capital assets	(2,243,348)
Proceeds from sale of capital assets	48,782
Proceeds from bond issue	
Debt interest payments	(3,317,706)
Debt principal payments	(4,965,015)
Net cash provided (used) by capital financing activities	(8,451,294)
<b>Cash flows from investing activities:</b>	
Purchases of investments	(16,840,000)
Sale of investments	30,134,000
Investment income	1,354,438
Net cash provided (used) by investing activities	14,648,438
Net incr (decr) in net position	
<b>Net increase (decrease) in cash and cash equivalents</b>	13,843,118
Cash and cash equivalents, beginning of year	40,610,405
<b>Cash and cash equivalents, End of Year</b>	<b>54,453,523</b>

**Virginia Community College System  
Tidewater Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(80,454,649)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	11,114,971
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(288,831)
Prepaid expenses and other	516,340
Post employment benefits asset	6,000
Accrued compensation and leave	(1,111,210)
Accounts payable and other	(314,112)
Unearned revenue	(677,180)
Deposits pending distribution	(456,106)
Pension liability	(12,588,474)
Post employment benefits liability	(2,556,421)
Deferred inflows of resources related to pensions and post employment benefits	8,085,916
Deferred outflows of resources related to pensions and post employment benefits	1,398,133
<b>Net cash used in operating activities</b>	<u><u>(77,325,623)</u></u>

Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	54,454,142
Less: Securities Lending Cash Equivalents	619
Cash and cash equivalents end of year	<u><u>54,453,523</u></u>

**Noncash transactions**

Donated fixed assets	71,604
Debt principal and interest payments made by Treasury	737,147
Amortization of bond premium	858,658
Capitalized bond interest costs	
Amortization of deferral on debt defeasance	(243,634)

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

**Virginia Community College System  
Virginia Highlands Community College  
Statement of Net Position  
As of June 30, 2019**

	<b>Community College</b>	<b>Component Unit Virginia Highlands Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	1,817,055	776,815
Appropriation available		
Short term investments (Note 2)	530,222	
Accounts receivable, net (Note 3)	458,765	7,133
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)		
Due from system office	7,824	
Interest receivable		
Prepaid expenses	141,788	
Inventories		
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<b>2,955,654</b>	<b>783,948</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		3,934,203
Other long-term investments (Note 2)		
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets	268,000	
Non-depreciable capital assets, net (Note 5)	681,033	513,250
Depreciable capital assets, net (Note 5)	6,539,234	27,842
<b>Total Noncurrent Assets</b>	<b>7,488,267</b>	<b>4,475,295</b>
<b>Total Assets</b>	<b>10,443,921</b>	<b>5,259,243</b>
<b>Deferred Outflows of Resources</b> (Note 8)	1,106,207	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>11,550,128</b>	<b>5,259,243</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	166,316	7,105
Accrued payroll expense	958,179	
Unearned revenue	203,987	
Long-term liabilities-current portion (Note 9)	220,215	
Securities lending obligation		
Post employment benefit obligations (Note 9)	58,100	
Due to Commonwealth		
Due to system's office		
Deposits	58,626	
<b>Total Current Liabilities</b>	<b>1,665,423</b>	<b>7,105</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	155,819	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	9,593,708	
<b>Total Noncurrent Liabilities</b>	<b>9,749,527</b>	
<b>Total Liabilities</b>	<b>11,414,950</b>	<b>7,105</b>

**Virginia Community College System  
Virginia Highlands Community College  
Statement of Net Position  
As of June 30, 2019**

	<u>Community College</u>	<u>Component Unit Virginia Highlands Community College Educational Foundation</u>
<b>Deferred Inflows of Resources</b> (Note 17)	1,985,688	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>13,400,638</u>	<u>7,105</u>
<b>Net Position</b>		
Net investment in capital assets	7,220,267	541,092
Restricted for:		
Nonexpendable		3,257,520
Expendable	289,206	1,395,183
Unrestricted	<u>(9,359,983)</u>	<u>58,343</u>
<b>Total Net Position</b>	<u>(1,850,510)</u>	<u>5,252,138</u>

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

**Virginia Community College System**  
**Virginia Highlands Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2019**

	<b>Community College</b>	<b>Component Unit Virginia Highlands Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$3,942,965)	3,126,767	
Federal grants and contracts	1,428,862	
State and local grants		350,999
Nongovernmental grants	88,148	25,405
Sales/services of education department	8,000	
Auxiliary enterprises (net of scholarship allowance of \$11,737)	57,536	
Gifts and contributions		467,151
Endowment income		37,925
Other operating revenues	58,157	233,296
<b>Total Operating Revenue</b>	<b>4,767,470</b>	<b>1,114,776</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	7,320,109	
Public service	21,512	
Academic support	1,810,474	169,997
Student services	2,047,585	
Institutional support	2,072,873	233,903
Operation and maintenance	1,425,217	890
Scholarships and fellowships	1,550,620	169,474
Auxiliary enterprises	45,016	
Fundraising		89,897
Other expenses		
<b>Total Operating Expenses (Note 12)</b>	<b>16,293,406</b>	<b>664,161</b>
<b>Operating Income (Loss)</b>	<b>(11,525,936)</b>	<b>450,615</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	7,391,191	
Local appropriations	340,273	
Grants and gifts	4,261,617	
Investment income	2,414	901
Interest on capital asset related debt		
Other nonoperating revenue (expense)	59,032	
<b>Net Nonoperating Revenue</b>	<b>12,054,527</b>	<b>901</b>
<b>Income before other revenues, expenses gains (losses)</b>	528,591	451,516
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	115,403	
Additions to permanent and term endowments		100,000
<b>Increase (Decrease) in Net Position</b>	<b>643,994</b>	<b>551,516</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>(2,494,504)</b>	<b>4,700,622</b>
<b>Net Position end of year</b>	<b>(1,850,510)</b>	<b>5,252,138</b>

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

**Virginia Community College System  
Virginia Highlands Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	3,132,516
Grants and contracts	1,865,650
Payments to suppliers and others	(3,841,734)
Payments for employee wages	(7,879,946)
Payments for employee fringes and pension benefits	(2,995,663)
Payment for scholarships	(1,579,926)
Payments for utilities	(201,049)
Sales and services of education department	8,000
Auxiliary	57,536
Loans issued to students	
Loans collected from students	
Other	66,157
Net cash used by operating activities	(11,368,459)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	7,391,191
Local appropriations	340,273
Grants and gifts	4,261,617
Agency receipts	906,235
Agency disbursements	(899,364)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	
Loan repayments	(350,000)
Other non-operating revenue(expense)	51,000
Net cash provided (used) by non-capital financing activities	11,700,952
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	114,688
Purchase capital assets	(375,631)
Proceeds from sale of capital assets	1,890
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(259,053)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	59
Net cash provided (used) by investing activities	59
Net incr (decr) in net position	
<b>Net increase (decrease) in cash and cash equivalents</b>	73,499
Cash and cash equivalents, beginning of year	1,743,556
<b>Cash and cash equivalents, End of Year</b>	<b>1,817,055</b>

**Virginia Community College System  
Virginia Highlands Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(11,525,936)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	530,433
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	457,939
Prepaid expenses and other	11,579
Post employment benefits asset	(9,000)
Accrued compensation and leave	(157,224)
Accounts payable and other	(50,458)
Unearned revenue	23,553
Deposits pending distribution	
Pension liability	(1,228,387)
Post employment benefits liability	(158,483)
Deferred inflows of resources related to pensions and post employment benefits	599,473
Deferred outflows of resources related to pensions and post employment benefits	138,052
<b>Net cash used in operating activities</b>	<u><u>(11,368,459)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	1,817,055
Less: Securities Lending Cash Equivalents	
Cash and cash equivalents end of year	<u><u>1,817,055</u></u>

**Noncash transactions**

Donated fixed assets	715
Debt principal and interest payments made by Treasury	
Amortization of bond premium	
Capitalized bond interest costs	
Amortization of deferral on debt defeasance	

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



**Virginia Community College System  
Virginia Western Community College  
Statement of Net Position  
As of June 30, 2019**

	<b>Community College</b>	<b>Component Unit Virginia Western Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	12,627,027	406,098
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	63,634	118,650
Pledges receivable (Note 3)		340,622
Due from commonwealth (Note 4)	53,204	
Due from system office	135,454	
Interest receivable		44,472
Prepaid expenses	558,956	16,663
Inventories		
Notes receivable, net (Note 3)		95,238
<b>Total Current Assets</b>	<b>13,438,275</b>	<b>1,021,743</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)	(1,681,088)	
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		1,884,643
Appropriation available		
Endowment investments (Note 2)		12,468,307
Other long-term investments (Note 2)		3,674,998
Accounts receivable, net (Note 3)		226,454
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		316,457
Due from commonwealth (Note 4)	2,213,821	
Notes receivable, net (Note 3)		
Post employment benefit assets	647,000	
Non-depreciable capital assets, net (Note 5)	27,466,537	
Depreciable capital assets, net (Note 5)	44,860,803	14,082
<b>Total Noncurrent Assets</b>	<b>73,507,073</b>	<b>18,584,941</b>
<b>Total Assets</b>	<b>86,945,348</b>	<b>19,606,684</b>
<b>Deferred Outflows of Resources</b> (Note 8)	2,207,522	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>89,152,870</b>	<b>19,606,684</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	4,476,205	128,167
Accrued payroll expense	1,823,887	
Unearned revenue	1,642,038	
Long-term liabilities-current portion (Note 9)	1,121,440	
Securities lending obligation	1,486	
Post employment benefit obligations (Note 9)	119,826	
Due to Commonwealth		
Due to system's office		
Deposits	148,021	
<b>Total Current Liabilities</b>	<b>9,332,903</b>	<b>128,167</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	5,120,130	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	21,837,047	
<b>Total Noncurrent Liabilities</b>	<b>26,957,177</b>	
<b>Total Liabilities</b>	<b>36,290,080</b>	<b>128,167</b>

**Virginia Community College System  
Virginia Western Community College  
Statement of Net Position  
As of June 30, 2019**

	<b>Community College</b>	<b>Component Unit Virginia Western Community College Educational Foundation</b>
<b>Deferred Inflows of Resources</b> (Note 17)	4,427,177	
<b>Total Liabilities and Deferred Inflows of Resources</b>	40,717,257	128,167
<b>Net Position</b>		
Net investment in capital assets	67,250,056	14,082
Restricted for:		
Nonexpendable		6,784,434
Expendable	(645,650)	11,494,870
Unrestricted	(18,168,793)	1,185,131
<b>Total Net Position</b>	48,435,613	19,478,517

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

**Virginia Community College System**  
**Virginia Western Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2019**

	<b>Community College</b>	<b>Component Unit Virginia Western Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$7,049,395)	12,239,643	
Federal grants and contracts	1,134,075	
State and local grants	79,129	
Nongovernmental grants	23,246	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$21,040)	1,555,568	
Gifts and contributions		1,599,766
Endowment income		(708,912)
Other operating revenues	626,342	482,967
<b>Total Operating Revenue</b>	<b>15,658,003</b>	<b>1,373,821</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	20,795,399	
Public service	19,199	
Academic support	4,864,726	
Student services	4,124,859	
Institutional support	4,526,800	1,093,617
Operation and maintenance	5,462,334	
Scholarships and fellowships	3,018,961	1,401,076
Auxiliary enterprises	194,686	
Fundraising		128,032
Other expenses		
<b>Total Operating Expenses (Note 12)</b>	<b>43,006,964</b>	<b>2,622,725</b>
<b>Operating Income (Loss)</b>	<b>(27,348,961)</b>	<b>(1,248,904)</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	18,077,208	
Local appropriations		
Grants and gifts	7,910,103	
Investment income	137,441	(165,082)
Interest on capital asset related debt	(175,674)	
Other nonoperating revenue (expense)	372,884	
<b>Net Nonoperating Revenue</b>	<b>26,321,962</b>	<b>(165,082)</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>(1,026,999)</b>	<b>(1,413,986)</b>
Capital appropriations-state (Note 20)	13,891,182	
Capital appropriations-local		
Capital gifts, grants and contracts	125,646	
Additions to permanent and term endowments		1,628,811
<b>Increase (Decrease) in Net Position</b>	<b>12,989,829</b>	<b>214,825</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>35,445,784</b>	<b>19,263,692</b>
<b>Net Position end of year</b>	<b>48,435,613</b>	<b>19,478,517</b>

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

**Virginia Community College System  
Virginia Western Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	12,547,843
Grants and contracts	1,236,450
Payments to suppliers and others	(12,148,696)
Payments for employee wages	(18,607,063)
Payments for employee fringes and pension benefits	(6,867,179)
Payment for scholarships	(3,258,169)
Payments for utilities	(883,572)
Sales and services of education department	
Auxiliary	1,555,568
Loans issued to students	
Loans collected from students	
Other	626,342
Net cash used by operating activities	(25,798,476)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	18,077,208
Local appropriations	
Grants and gifts	7,856,899
Agency receipts	1,530,962
Agency disbursements	(1,510,833)
PLUS, Stafford and Direct Lending loan receipts	4,101,828
PLUS, Stafford and Direct Lending loan disbursements	(4,109,161)
Borrowings	165,000
Loan repayments	(165,000)
Other non-operating revenue(expense)	940,877
Net cash provided (used) by non-capital financing activities	26,887,780
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	15,499,778
Capital appropriations-local	
Capital grants and gifts	125,646
Purchase capital assets	(14,881,985)
Proceeds from sale of capital assets	15,934
Proceeds from bond issue	
Debt interest payments	(231,421)
Debt principal payments	(265,000)
Net cash provided (used) by capital financing activities	262,952
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	136,888
Net cash provided (used) by investing activities	136,888
Net incr (decr) in net position	
<b>Net increase (decrease) in cash and cash equivalents</b>	1,489,144
Cash and cash equivalents, beginning of year	9,455,309
<b>Cash and cash equivalents, End of Year</b>	<b>10,944,453</b>

**Virginia Community College System  
Virginia Western Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(27,348,961)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	2,464,470
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	334,501
Prepaid expenses and other	(31,076)
Post employment benefits asset	(52,000)
Accrued compensation and leave	(120,506)
Accounts payable and other	571,864
Unearned revenue	(14,121)
Deposits pending distribution	(4,142)
Pension liability	(1,066,203)
Post employment benefits liability	(947,642)
Deferred inflows of resources related to pensions and post employment benefits	288,830
Deferred outflows of resources related to pensions and post employment benefits	126,510
<b>Net cash used in operating activities</b>	<u><u>(25,798,476)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	10,945,939
Less: Securities Lending Cash Equivalents	1,486
Cash and cash equivalents end of year	<u><u>10,944,453</u></u>

**Noncash transactions**

Donated fixed assets	
Debt principal and interest payments made by Treasury	
Amortization of bond premium	25,667
Capitalized bond interest costs	
Amortization of deferral on debt defeasance	

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

**Virginia Community College System  
Wytheville Community College  
Statement of Net Position  
As of June 30, 2019**

	<b>Component Units</b>		
	<b>Community College</b>	<b>Wytheville Community College Educational Foundation</b>	<b>Wytheville Community College Scholarship Foundation</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents (Note 2)	6,196,102	665,944	27,180
Appropriation available			
Short term investments (Note 2)	619,563	944,148	11,186
Accounts receivable, net (Note 3)	559,743	140,122	
Pledges receivable (Note 3)		3,620	3,000
Due from commonwealth (Note 4)			
Due from system office	163,412		
Interest receivable			
Prepaid expenses	344,605		
Inventories	57,234		
Notes receivable, net (Note 3)		1,329	
<b>Total Current Assets</b>	<u>7,940,659</u>	<u>1,755,163</u>	<u>41,366</u>
<b>Noncurrent Assets</b>			
Restricted cash and cash equivalents (Note 2)	(2,266)		
Cash equivalents with trustees (Note 2)			
Endowment cash and cash equivalents (Note 2)			
Appropriation available			
Endowment investments (Note 2)		5,916,397	477,950
Other long-term investments (Note 2)		1,791,954	138,638
Accounts receivable, net (Note 3)			
Investments in real estate (Note 2)			
Pledges receivable (Note 3)		47,060	3,000
Due from commonwealth (Note 4)	2,266		
Notes receivable, net (Note 3)			
Post employment benefit assets	267,000		
Non-depreciable capital assets, net (Note 5)	833,309	43,393	
Depreciable capital assets, net (Note 5)	14,849,742		
<b>Total Noncurrent Assets</b>	<u>15,950,051</u>	<u>7,798,804</u>	<u>619,588</u>
<b>Total Assets</b>	<u>23,890,710</u>	<u>9,553,967</u>	<u>660,954</u>
<b>Deferred Outflows of Resources</b> (Note 8)	1,019,263		
<b>Total Assets and Deferred Outflows of Resources</b>	<u>24,909,973</u>	<u>9,553,967</u>	<u>660,954</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts and retainage payable (Note 6)	802,081	14,169	
Accrued payroll expense	978,528		
Unearned revenue	364,950		
Long-term liabilities-current portion (Note 9)	300,422		
Securities lending obligation	59		
Post employment benefit obligations (Note 9)	55,445		
Due to Commonwealth			
Due to system's office			
Deposits	224,485		
<b>Total Current Liabilities</b>	<u>2,725,970</u>	<u>14,169</u>	
<b>Noncurrent Liabilities</b>			
Unearned revenue			
Long-term liabilities (Note 9)	188,335		
Due to federal government (Note 9)			
Pension and post employment benefit obligations (Note 9)	9,634,115		
<b>Total Noncurrent Liabilities</b>	<u>9,822,450</u>		
<b>Total Liabilities</b>	<u>12,548,420</u>	<u>14,169</u>	

**Virginia Community College System  
Wytheville Community College  
Statement of Net Position  
As of June 30, 2019**

	<u>Community College</u>	<u>Component Units</u>	
		<u>Wytheville Community College Educational Foundation</u>	<u>Wytheville Community College Scholarship Foundation</u>
<b>Deferred Inflows of Resources</b> (Note 17)	1,814,168		
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>14,362,588</u>	<u>14,169</u>	
<b>Net Position</b>			
Net investment in capital assets	15,683,051	43,393	
Restricted for:			
Nonexpendable		5,916,397	483,950
Expendable	678,364	3,364,994	176,798
Unrestricted	(5,814,030)	215,014	206
<b>Total Net Position</b>	<u>10,547,385</u>	<u>9,539,798</u>	<u>660,954</u>

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

**Virginia Community College System**  
**Wytheville Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2019**

	<b>Component Units</b>		
	<b>Community College</b>	<b>Wytheville Community College Educational Foundation</b>	<b>Wytheville Community College Scholarship Foundation</b>
<b>Revenues</b>			
<b>Operating Revenue</b>			
Tuition and fees (net of scholarship allowance of \$3,284,374)	2,554,570		
Federal grants and contracts	1,844,495		
State and local grants	31,725	435,688	
Nongovernmental grants	135,748	490,895	
Sales/services of education department	19,217		
Auxiliary enterprises (net of scholarship allowance of \$9,806)	111,610		
Gifts and contributions		10,512	
Endowment income		(409,557)	(47,605)
Other operating revenues	193,317	404,721	
<b>Total Operating Revenue</b>	<u>4,890,682</u>	<u>932,259</u>	<u>(47,605)</u>
<b>Expenses</b>			
<b>Operating Expenses</b>			
Instruction	6,462,708	252,233	
Public service	278,661	903	
Academic support	1,448,815	97,308	
Student services	1,920,669		
Institutional support	3,610,950	267,177	100
Operation and maintenance	1,916,695		
Scholarships and fellowships	1,872,602	934,806	35,000
Auxiliary enterprises	22,114		
Fundraising		159,799	
Other expenses			
<b>Total Operating Expenses (Note 12)</b>	<u>17,533,214</u>	<u>1,712,226</u>	<u>35,100</u>
<b>Operating Income (Loss)</b>	<u>(12,642,532)</u>	<u>(779,967)</u>	<u>(82,705)</u>
<b>Nonoperating Revenues(Expenses)</b>			
State appropriations (Note 13)	8,612,225		
Local appropriations	149,303		
Grants and gifts	3,525,835		
Investment income	62,053	47	10,555
Interest on capital asset related debt			
Other nonoperating revenue (expense)	479,308		
<b>Net Nonoperating Revenue</b>	<u>12,828,724</u>	<u>47</u>	<u>10,555</u>
<b>Income before other revenues, expenses gains (losses)</b>	186,192	(779,920)	(72,150)
Capital appropriations-state (Note 20)	73,144		
Capital appropriations-local			
Capital gifts, grants and contracts	833,183		
Additions to permanent and term endowments		471,961	11,220
<b>Increase (Decrease) in Net Position</b>	<u>1,092,519</u>	<u>(307,959)</u>	<u>(60,930)</u>
<b>Net Position</b>			
<b>Net Position beginning of year</b>	<u>9,454,866</u>	<u>9,847,757</u>	<u>721,884</u>
<b>Net Position end of year</b>	<u>10,547,385</u>	<u>9,539,798</u>	<u>660,954</u>

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



**Virginia Community College System  
Wytheville Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	2,556,172
Grants and contracts	1,992,830
Payments to suppliers and others	(2,866,934)
Payments for employee wages	(8,398,090)
Payments for employee fringes and pension benefits	(3,102,735)
Payment for scholarships	(1,912,666)
Payments for utilities	(225,307)
Sales and services of education department	19,217
Auxiliary	111,789
Loans issued to students	
Loans collected from students	
Other	204,410
Net cash used by operating activities	(11,621,314)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	8,612,225
Local appropriations	149,303
Grants and gifts	3,052,271
Agency receipts	174,292
Agency disbursements	(145,165)
PLUS, Stafford and Direct Lending loan receipts	685,977
PLUS, Stafford and Direct Lending loan disbursements	(686,553)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	332,193
Net cash provided (used) by non-capital financing activities	12,174,543
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	101,632
Capital appropriations-local	
Capital grants and gifts	833,183
Purchase capital assets	(1,212,722)
Proceeds from sale of capital assets	
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(277,907)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	49,679
Net cash provided (used) by investing activities	49,679
Net incr (decr) in net position	
<b>Net increase (decrease) in cash and cash equivalents</b>	325,001
Cash and cash equivalents, beginning of year	5,868,776
<b>Cash and cash equivalents, End of Year</b>	<b>6,193,777</b>

**Virginia Community College System  
Wytheville Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(12,642,532)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,220,147
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	354,411
Prepaid expenses and other	117,036
Post employment benefits asset	(25,000)
Accrued compensation and leave	40,319
Accounts payable and other	151,266
Unearned revenue	(51,856)
Deposits pending distribution	
Pension liability	(646,443)
Post employment benefits liability	(255,826)
Deferred inflows of resources related to pensions and post employment benefits	86,256
Deferred outflows of resources related to pensions and post employment benefits	30,908
<b>Net cash used in operating activities</b>	<u><u>(11,621,314)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	6,193,836
Less: Securities Lending Cash Equivalents	59
Cash and cash equivalents end of year	<u><u>6,193,777</u></u>

**Noncash transactions**

Donated fixed assets  
Debt principal and interest payments made by Treasury  
Amortization of bond premium  
Capitalized bond interest costs  
Amortization of deferral on debt defeasance

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

**Virginia Community College System  
System Office  
Statement of Net Position  
As of June 30, 2019**

	<b>System Office</b>	<b>Component Unit Community Colleges of VA Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	7,135,867	2,297,159
Appropriation available	215	
Short term investments (Note 2)		
Accounts receivable, net (Note 3)		
Pledges receivable (Note 3)		2,065,208
Due from commonwealth (Note 4)	3,429,169	
Due from colleges		
Interest receivable		
Prepaid expenses	5,258,475	
Inventories	15,000	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<b>15,838,726</b>	<b>4,362,367</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		559,468
Appropriation available		
Endowment investments (Note 2)		8,940,072
Other long-term investments (Note 2)		
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		1,616,884
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets	894,000	
Non-depreciable capital assets, net (Note 5)		
Depreciable capital assets, net (Note 5)	6,969,477	
<b>Total Noncurrent Assets</b>	<b>7,863,477</b>	<b>11,116,424</b>
<b>Total Assets</b>	<b>23,702,203</b>	<b>15,478,791</b>
<b>Deferred Outflows of Resources</b> (Note 8)	4,631,772	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>28,333,975</b>	<b>15,478,791</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	6,197,905	396,558
Accrued payroll expense	1,629,348	
Unearned revenue		
Long-term liabilities-current portion (Note 9)	3,299,220	6,720
Securities lending obligation		
Post employment benefit obligations (Note 9)	104,996	
Due to Commonwealth		
Due to colleges	2,868,626	
Deposits	773,047	
<b>Total Current Liabilities</b>	<b>14,873,142</b>	<b>403,278</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	481,069	24,260
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	27,815,791	
<b>Total Noncurrent Liabilities</b>	<b>28,296,860</b>	<b>24,260</b>
<b>Total Liabilities</b>	<b>43,170,002</b>	<b>427,538</b>

**Virginia Community College System  
System Office  
Statement of Net Position  
As of June 30, 2019**

	<u>System Office</u>	<u>Component Unit Community Colleges of VA Educational Foundation</u>
<b>Deferred Inflows of Resources</b> (Note 17)	4,448,699	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>47,618,701</u>	<u>427,538</u>
 <b>Net Position</b>		
Net investment in capital assets	6,969,477	
Restricted for:		
Nonexpendable		3,029,558
Expendable	3,038,583	9,146,586
Unrestricted	<u>(29,292,786)</u>	<u>2,875,109</u>
<b>Total Net Position</b>	<u>(19,284,726)</u>	<u>15,051,253</u>

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

**Virginia Community College System  
System Office**

**Statement of Revenues, Expenses and Changes in Net Position  
For the Year Ended June 30, 2019**

	<b>System's Office</b>	<b>Component Unit  Community Colleges of VA Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$0)		
Federal grants and contracts	45,286,998	
State and local grants	30,750	
Nongovernmental grants	926,911	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$0)		
Gifts and contributions		3,298,349
Endowment income		651,793
Other operating revenues	31,672	419,896
<b>Total Operating Revenue</b>	<b>46,276,331</b>	<b>4,370,038</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	625,239	
Public service	41,870,954	100,100
Academic support	13,621,891	2,439,502
Student services	321,153	
Institutional support	21,464,222	442,879
Operation and maintenance	1,036,665	
Scholarships and fellowships		
Auxiliary enterprises		
Fundraising		695,559
Other expenses		
<b>Total Operating Expenses (Note 12)</b>	<b>78,940,124</b>	<b>3,678,040</b>
<b>Operating Income (Loss)</b>	<b>(32,663,793)</b>	<b>691,998</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	29,121,120	
Local appropriations		
Grants and gifts	9,519	
Investment income		32,949
Interest on capital asset related debt		
Other nonoperating revenue (expense)	(11,947,343)	
<b>Net Nonoperating Revenue</b>	<b>17,183,296</b>	<b>32,949</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>(15,480,497)</b>	<b>724,947</b>
Capital appropriations-state (Note 20)	10,942,628	
Capital appropriations-local		
Capital gifts, grants and contracts	2,127,636	
Additions to permanent and term endowments		55,541
<b>Increase (Decrease) in Net Position</b>	<b>(2,410,233)</b>	<b>780,488</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>(16,874,493)</b>	<b>14,270,765</b>
<b>Net Position end of year</b>	<b>(19,284,726)</b>	<b>15,051,253</b>

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

**Virginia Community College System  
System Office  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

	<b>System Office</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	
Grants and contracts	46,352,821
Payments to suppliers and others	(48,259,695)
Payments for employee wages	(18,582,562)
Payments for employee fringes and pension benefits	(7,296,387)
Payment for scholarships	
Payments for utilities	(39)
Sales and services of education department Auxiliary	
Loans issued to students	
Loans collected from students	
Other	31,672
Net cash used by operating activities	(27,754,190)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	29,121,120
Local appropriations	
Grants and gifts	9,519
Agency receipts	615,420
Agency disbursements	(414,964)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	2,010,000
Loan repayments	(1,781,000)
Other non-operating revenue(expense)	(11,454,203)
Net cash provided (used) by non-capital financing activities	18,105,892
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	10,217,457
Capital appropriations-local	
Capital grants and gifts	2,127,636
Purchase capital assets	(2,133,505)
Proceeds from sale of capital assets	
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	10,211,588
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	
Net cash provided (used) by investing activities	
Net incr (decr) in net position	
<b>Net increase (decrease) in cash and cash equivalents</b>	563,290
Cash and cash equivalents, beginning of year	6,572,577
<b>Cash and cash equivalents, End of Year</b>	<b>7,135,867</b>

**Virginia Community College System  
System Office  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(32,663,793)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	2,246,465
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	830,990
Prepaid expenses and other	2,592,316
Post employment benefits asset	(51,000)
Accrued compensation and leave	(42,304)
Accounts payable and other	365,144
Unearned revenue	
Deposits pending distribution	(1,819)
Pension liability	(3,708,682)
Post employment benefits liability	494,190
Deferred inflows of resources related to pensions and post employment benefits	1,132,343
Deferred outflows of resources related to pensions and post employment benefits	1,051,960
<b>Net cash used in operating activities</b>	<u><u>(27,754,190)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	7,135,867
Less: Securities Lending Cash Equivalents	
Cash and cash equivalents end of year	<u><u>7,135,867</u></u>

**Noncash transactions**

Donated fixed assets  
Debt principal and interest payments made by Treasury  
Amortization of bond premium  
Capitalized bond interest costs  
Amortization of deferral on debt defeasance

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

**Virginia Community College System  
Shared Services Center  
Statement of Net Position  
As of June 30, 2019**

	<b>Shared Services Center</b>
<b>Assets</b>	
<b>Current Assets</b>	
Cash and cash equivalents (Note 2)	23,359
Appropriation available	
Short term investments (Note 2)	
Accounts receivable, net (Note 3)	
Pledges receivable (Note 3)	
Due from commonwealth (Note 4)	
Due from colleges	
Interest receivable	
Prepaid expenses	274,651
Inventories	5,969
Notes receivable, net (Note 3)	
<b>Total Current Assets</b>	<b>303,979</b>
<b>Noncurrent Assets</b>	
Restricted cash and cash equivalents (Note 2)	
Cash equivalents with trustees (Note 2)	
Endowment cash and cash equivalents (Note 2)	
Appropriation available	
Endowment investments (Note 2)	
Other long-term investments (Note 2)	
Accounts receivable, net (Note 3)	
Investments in real estate (Note 2)	
Pledges receivable (Note 3)	
Due from commonwealth (Note 4)	
Notes receivable, net (Note 3)	
Post employment benefit assets	149,000
Non-depreciable capital assets, net (Note 5)	
Depreciable capital assets, net (Note 5)	25,668
<b>Total Noncurrent Assets</b>	<b>174,668</b>
<b>Total Assets</b>	<b>478,647</b>
<b>Deferred Outflows of Resources</b> (Note 8)	4,643,893
<b>Total Assets and Deferred Outflows of Resources</b>	<b>5,122,540</b>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts and retainage payable (Note 6)	39,717
Accrued payroll expense	430,518
Unearned revenue	
Long-term liabilities-current portion (Note 9)	175,441
Securities lending obligation	
Post employment benefit obligations (Note 9)	23,300
Due to Commonwealth	
Due to colleges	
Deposits	
<b>Total Current Liabilities</b>	<b>668,976</b>
<b>Noncurrent Liabilities</b>	
Unearned revenue	
Long-term liabilities (Note 9)	105,826
Due to federal government (Note 9)	
Pension and post employment benefit obligations (Note 9)	4,348,416
<b>Total Noncurrent Liabilities</b>	<b>4,454,242</b>
<b>Total Liabilities</b>	<b>5,123,218</b>



**Virginia Community College System  
Shared Services Center  
Statement of Net Position  
As of June 30, 2019**

	<u>Shared Services Center</u>
<b>Deferred Inflows of Resources</b> (Note 17)	764,926
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>5,888,144</u>
<b>Net Position</b>	
Net investment in capital assets	25,668
Restricted for:	
Nonexpendable	
Expendable	149,000
Unrestricted	<u>(940,272)</u>
<b>Total Net Position</b>	<u>(765,604)</u>

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

## Shared Services Center

Statement of Revenues, Expenses and Changes in Net Position  
For the Year Ended June 30, 2019

	<u>Shared Services Center</u>
<b>Revenues</b>	
<b>Operating Revenue</b>	
Tuition and fees (net of scholarship allowance of \$0)	
Federal grants and contracts	
State and local grants	
Nongovernmental grants	
Sales/services of education department	
Auxiliary enterprises (net of scholarship allowance of \$0)	
Gifts and contributions	
Endowment income	
Other operating revenues	
<b>Total Operating Revenue</b>	<u>                    </u>
<b>Expenses</b>	
<b>Operating Expenses</b>	
Instruction	
Public service	
Academic support	
Student services	
Institutional support	8,632,597
Operation and maintenance	612,995
Scholarships and fellowships	
Auxiliary enterprises	
Fundraising	
Other expenses	
<b>Total Operating Expenses (Note 12)</b>	<u>9,245,592</u>
<b>Operating Income (Loss)</b>	<u>(9,245,592)</u>
<b>Nonoperating Revenues(Expenses)</b>	
State appropriations (Note 13)	967,375
Local appropriations	
Grants and gifts	
Investment income	
Interest on capital asset related debt	
Other nonoperating revenue (expense)	7,450,000
<b>Net Nonoperating Revenue</b>	<u>8,417,375</u>
<b>Income before other revenues, expenses gains (losses)</b>	<b>(828,217)</b>
Capital appropriations-state (Note 20)	
Capital appropriations-local	
Capital gifts, grants and contracts	
Additions to permanent and term endowments	
<b>Increase (Decrease) in Net Position</b>	<u>(828,217)</u>
<b>Net Position</b>	
<b>Net Position beginning of year</b>	<u>62,613</u>
<b>Net Position end of year</b>	<u>(765,604)</u>

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

**Virginia Community College System  
Shared Services Center  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

	<b>Shared Services</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	
Grants and contracts	
Payments to suppliers and others	(1,638,746)
Payments for employee wages	(4,549,558)
Payments for employee fringes and pension benefits	(2,240,572)
Payment for scholarships	
Payments for utilities	(94,463)
Sales and services of education department Auxiliary	
Loans issued to students	
Loans collected from students	
Other	
Net cash used by operating activities	(8,523,339)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	967,375
Local appropriations	
Grants and gifts	
Agency receipts	
Agency disbursements	
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	7,450,000
Net cash provided (used) by non-capital financing activities	8,417,375
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	
Purchase capital assets	
Proceeds from sale of capital assets	
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	
Net cash provided (used) by investing activities	
Net incr (decr) in net position	
<b>Net increase (decrease) in cash and cash equivalents</b>	(105,964)
Cash and cash equivalents, beginning of year	129,323
<b>Cash and cash equivalents, End of Year</b>	<b>23,359</b>

**Virginia Community College System  
Shared Services Center  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(9,245,592)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	11,378
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	
Prepaid expenses and other	(50,751)
Post employment benefits asset	(149,000)
Accrued compensation and leave	150,198
Accounts payable and other	(170,820)
Unearned revenue	
Deposits pending distribution	
Pension liability	4,371,716
Post employment benefits liability	
Deferred inflows of resources related to pensions and post employment benefits	764,926
Deferred outflows of resources related to pensions and post employment benefits	(4,205,394)
<b>Net cash used in operating activities</b>	<u><u>(8,523,339)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	23,359
Less: Securities Lending Cash Equivalents	
Cash and cash equivalents end of year	<u><u>23,359</u></u>

**Noncash transactions**

Donated fixed assets  
Debt principal and interest payments made by Treasury  
Amortization of bond premium  
Capitalized bond interest costs  
Amortization of deferral on debt defeasance

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