

VIRGINIA COMMUNITY COLLEGE SYSTEM

**FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022
(UNAUDITED)**

**Prepared by:
Office of Fiscal Services
Virginia Community College System
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VCCS Financial Report 2021-2022

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VCCS Financial Report 2021-2022

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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 provide an overview of the financial position and activities of the VCCS for the year ended June 30, 2022. 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 do not include the financial condition and activities of the foundations.

Financial Highlights

The significant financial highlights for the VCCS in fiscal year 2022 were:

- Total net position increased by 14.57% as a result of both increases and decreases in several operating and nonoperating revenue and expense categories. The results of operations for fiscal year 2022 reflected an overall increase in net position of \$134.47 million.
- Total operating revenues increased 6.22%. Student tuition and fees, net of scholarship discounts and allowances, represented 61.32% of total operating revenues which is slightly lower than prior years.
- The State Board for Community Colleges, in May 2021, approved holding tuition rates (including the differentials at eight community colleges) steady for fiscal year 2022.
- From fiscal year 2021 to 2022, student full-time equivalent (FTE) enrollment decreased 6.8% from 92,981 to 86,615 FTEs. This decrease resulted in a decline in net tuition and fee collections of approximately \$26.32 million in fiscal year 2022. 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) increased by \$121.1 million to \$554.74 million as a result of \$138.66 million in carryover funds, \$25.10 million in Affordable Access funds, both offset by reversions. State capital appropriations revenue increased by \$7.87 million. This increase is attributed to construction activity at Laurel Ridge Community College and Blue Ridge Community College.
- Total operating expenses increased by 15.10% primarily as a result of continued student scholarships funded by federal Coronavirus Aid, Relief, and Economic Security Act (CARES) monies. Expenses for employee compensation represented 48.37% of the total operating costs, which is slightly lower than prior years.

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 as of June 30, 2022. 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)

	2022	2021*	Increase (Decrease)	
			Amount	Percentage
Assets				
Current assets	\$ 443,986	\$ 380,390	\$ 63,596	16.72%
Capital assets, net	1,404,167	1,372,150	32,017	2.33%
Other non-current assets	65,817	59,682	6,135	10.28%
Total Assets	1,913,970	1,812,222	101,748	5.61%
Deferred Outflows of Resources	112,761	151,339	(38,578)	(25.49%)
Total Assets and Deferred Outflows of Resources	2,026,731	1,963,561	63,170	3.22%
Liabilities				
Current liabilities	175,712	163,840	11,872	7.25%
Non-current liabilities	490,868	769,862	(278,994)	(36.24%)
Total Liabilities	666,580	933,702	(267,122)	(28.61%)
Deferred Inflows of Resources	302,640	106,820	195,820	183.32%
Total Liabilities and Deferred Inflows of Resources	969,220	1,040,522	(71,302)	(6.85%)
Net Position				
Net investment in capital assets	1,282,276	1,287,468	(5,192)	(0.40%)
Restricted-nonexpendable	132	96	36	37.60%
Restricted-expendable	100,489	59,748	40,741	68.19%
Unrestricted	(325,386)	(424,274)	98,888	23.31%
Total Net Position	\$ 1,057,511	\$ 923,038	\$ 134,473	14.57%

* The 2021 column has not been adjusted to reflect the impact on balances related to implementation of GASB 87, Leases.

Current Assets

Current assets consist of \$367.61 million in cash, cash equivalents, and short-term investments, \$31.90 million in accounts, notes, and interest receivable, \$13.31 in state appropriations receivable, \$11.43 million in amounts due from the commonwealth, \$18.20 million in prepaid expenses, and \$1.54 million in inventories. The \$63.60 million increase in current assets was primarily attributable to an increase of \$26.81 million in cash, cash equivalents, and short-term investments.

Current assets cover current liabilities 2.53 times, an indicator of sound liquidity and the ability to weather short-term demands on working capital. Current assets also cover over 4.5 months of total operating expenses, excluding depreciation. Both ratios remained consistent with prior years. For fiscal year 2022, one month of operating expenses (excluding depreciation) equaled \$98.52 million.

Capital Assets, Net of Accumulated Depreciation

The overall increase of \$32.02 million in net capital assets was due the implementation of Statement 87 of the Governmental Accounting Standards Board (GASB 87), which requires governmental agencies to capitalize all accounting leases, which totaled \$41.53 million for the VCCS in FY22. There were other small decreases as a result of normal yearly depreciation. The following tables compares fiscal year 2022 to fiscal year 2021 capital asset balances by category:

Summary of Capital Assets, net

(in thousands)

	2022	2021*	Increase (Decrease)	
			Amount	Percentage
Land	\$ 72,371	\$ 72,180	\$ 191	0.26%
Construction in progress	43,296	43,910	(614)	(1.40%)
Land improvements	35,100	38,131	(3,031)	(7.95%)
Infrastructure	33,763	35,546	(1,783)	(5.02%)
Building	1,114,103	1,119,085	(4,982)	(0.45%)
Equipment and historical treasures	58,649	57,558	1,091	1.90%
Intangibles	1,880	1,529	351	22.96%
Library books	3,477	4,211	(734)	(17.43%)
TOTAL	\$ 1,362,639	\$ 1,372,150	\$ (9,511)	(0.69%)

* The 2021 column has not been adjusted to reflect the impact on balances related to implementation of GASB 87, Leases.

Summary of leased assets, net of amortization

(in thousands)

	2022	2021*	Increase (Decrease)	
			Amount	Percentage
Land	\$ 99	\$ 129	\$ (30)	(23.24%)
Building	40,918	50,234	(9,316)	(18.55%)
Equipment and historical treasures	511	781	(270)	(34.53%)
TOTAL	\$ 41,528	\$ 51,144	\$ (9,616)	(18.80%)

*As restated, per implementation of GASB 87, Leases.

Other Non-Current Assets

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.

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 2022 and 2021 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 \$37.97 million, accrued payroll expense of \$55.61 million, unearned revenues of \$35.88 million, long-term obligations (current portion) of \$33.13 million, and deposits totaling \$10.87million.

Current liabilities increased by \$11.87 million in fiscal year 2022 primarily due to the Increase in the current portion of long-term liabilities resulting from the implementation of GASB 87. Unearned revenues decreased by \$11.36 million. This decrease was a result of the uncertainty of enrollment due to the ongoing pandemic. This decrease was offset slightly by an \$8.06 million increase in accounts payable from the purchases of CARES related expenditures.

Non-Current Liabilities

Non-Current liabilities consist of a net pension obligation of \$274.09 million, the OPEB obligation of \$95.87 million, pooled bonds of \$75.12 million, accrued leave of \$11.61 million, and federal loan program amounts due of \$1.87 million. The overall decrease of \$279 million in non-current liabilities was primarily due to the decrease of the VCCS' proportionate share of the Commonwealth's overall VRS pension liability and OPEB liabilities of \$299.33 million.

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 reported for fiscal years 2022 and 2021 include amounts related to pension and OPEB that will impact pension and OPEB expenses in future fiscal years and deferred gains on debt refunding related to refinancing of certain pooled bond issuances. For fiscal year 2022, the balance also includes amounts related to leases associated with the implementation of GASB 87, Leases.

Net Position

The decrease in net investment in capital assets of \$5.19 million is explained by changes in capital assets, net of accumulated depreciation and in capital asset related debt. The increase of \$98.89 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 liabilities (short and long-term portions) had a combined decrease of \$299.66 million. This was offset by decreases in other liability categories and a \$134.47 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)

	2022	2021	Increase (Decrease)	
			Amount	Percentage
Operating revenue	\$ 471,299	\$ 443,687	\$ 27,612	6.22%
Operating expenses	1,360,762	1,182,269	178,493	15.10%
Operating loss	(889,463)	(738,582)	(150,881)	(20.43%)
Non-operating revenues and expenses	974,970	730,301	244,669	33.50%
Income (loss) before other revenues, expenses, gains or losses	85,507	(8,281)	93,788	1,132.61%
Other revenues	48,966	45,209	3,757	8.31%
Increase in net position	134,473	36,928	97,545	264.15%
Net position, beginning of year	923,038	886,110	36,928	4.17%
Net position, end of year	\$ 1,057,511	\$ 923,038	\$ 134,473	14.57%

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, 2022, and 2021:

Summary Statement of Revenues
for the year ended June 30:

(in thousands)

	2022	2021	Increase (Decrease)	
			Amount	Percentage
Operating revenues				
Student tuition and fees, net	\$ 289,016	\$ 315,340	\$ (26,324)	(8.35%)
Grants and contracts	113,960	90,570	23,390	25.82%
Auxiliary enterprises, net	23,688	16,399	7,289	44.44%
Other operating revenue**	44,635	21,378	23,257	108.79%
Total Operating Revenues	471,299	443,687	27,612	6.22%
Non-operating activity				
State operating appropriations	554,739	433,649	121,090	27.92%
Local operating appropriations	2,628	2,839	(211)	(7.42%)
Grants and gifts	420,132	296,378	123,754	41.76%
Investment income	(1,294)	1,093	(2,387)	(218.44%)
Interest expense	(3,048)	(2,651)	(397)	(14.97%)
Other	1,813	(1,007)	2,820	279.95%
Total net non-operating revenue	974,970	730,301	244,669	33.50%
Other revenues (capital)				
Capital appropriations-state	38,781	30,912	7,869	25.46%
Capital appropriations-local	2,469	6,921	(4,452)	(64.33%)
Capital gifts and grants	7,716	7,376	340	4.61%
Total other revenues (capital)	48,966	45,209	3,757	8.31%
Total revenues	\$ 1,495,235	\$ 1,219,197	\$ 276,038	22.64%

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

Operating Revenues

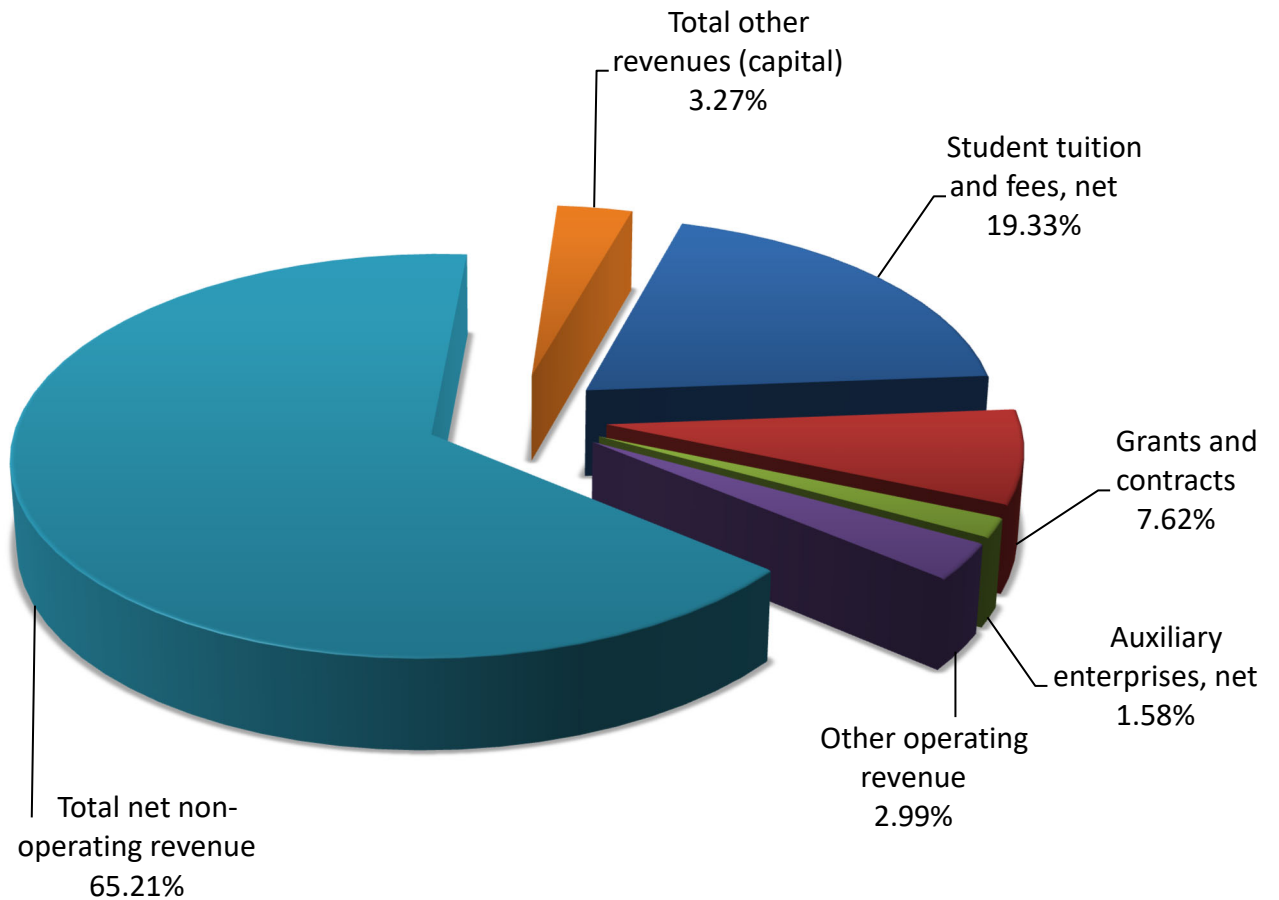
Total operating revenues increased by 6.22% compared to the prior year. Gross student tuition and fee revenues (before scholarship discounts and allowances) increased by \$15.23 million. Net tuition and fees revenue decreased by \$26.32 million or slightly over 8.3%. Tuition and fee rates remained constant from FY21 contributing to this net revenue decline. Other operating revenue sources fluctuated slightly contributing to the overall increase of \$27.60 million in operating revenues.

Non-operating and Other Revenues

Total net non-operating revenue increased by \$244.67 million. Grants and gifts revenue were the largest contributing factor increasing over \$123.75 million largely as a result of the CARES Act funding received.

A graphic presentation of fiscal year 2022 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, 2022, and 2021:

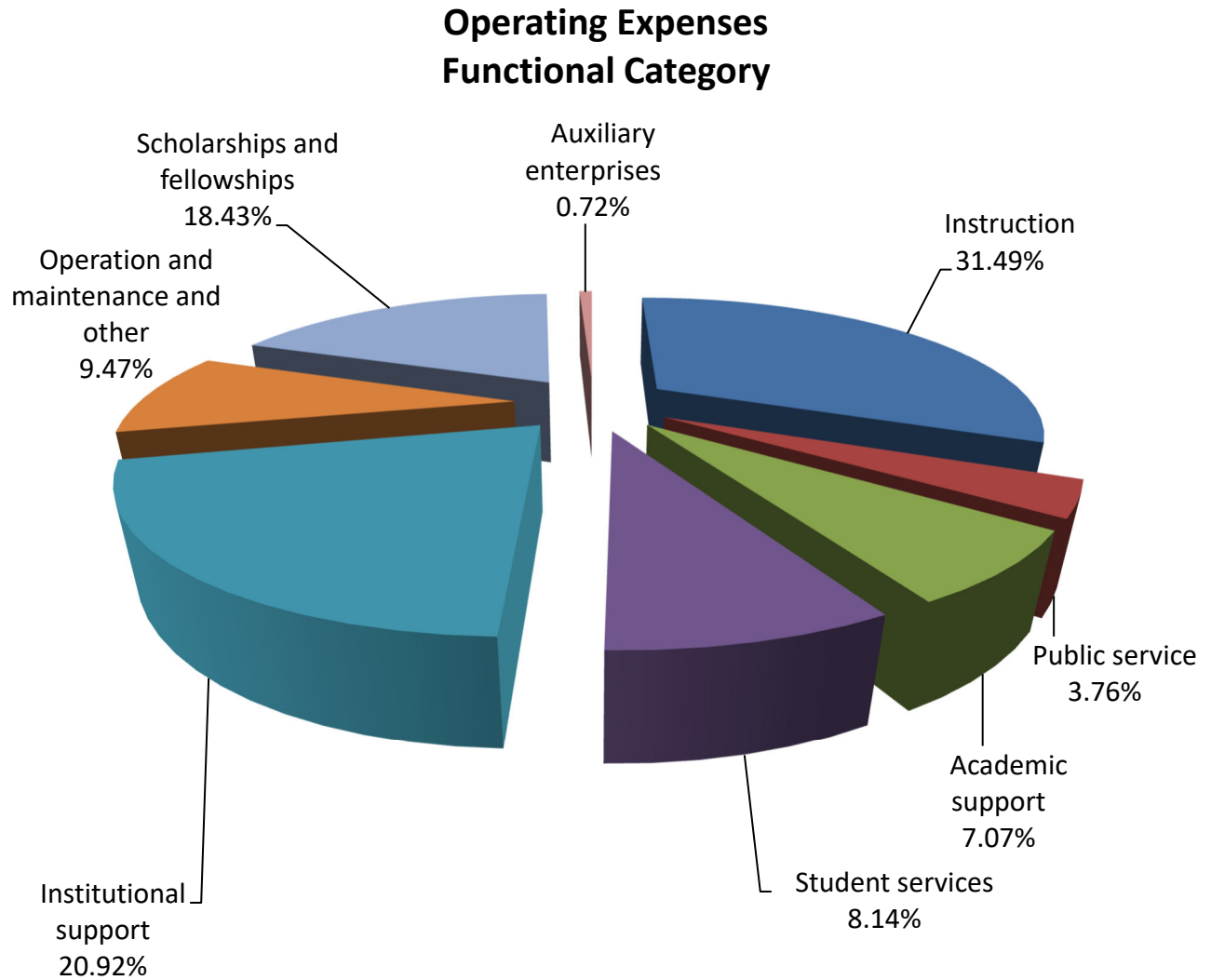
Summary Statement of Expenses by Function
for the year ended June 30:
(in thousands)

	2022	2021	Increase (Decrease)	
			Amount	Percentage
Operating expenses:				
Instruction	\$ 428,487	\$ 426,303	\$ 2,184	0.51%
Public service	51,176	47,449	3,727	7.85%
Academic support	96,231	112,091	(15,860)	(14.15%)
Student services	110,728	100,845	9,883	9.80%
Institutional support	284,735	237,112	47,623	20.08%
Operation and maintenance	127,213	112,829	14,384	12.75%
Scholarships and fellowships	250,763	135,791	114,972	84.67%
Auxiliary enterprises	9,843	8,702	1,141	13.10%
Other expenses	1,586	1,147	439	38.43%
Total operating expenses	\$ 1,360,762	\$ 1,182,269	\$ 178,493	15.10%

Operating Expenses

Operating expenses totaled approximately \$1.36 billion for fiscal year 2022, an increase of \$178.49 million. The natural expense category, compensation and benefits, comprised \$658.19 million of total VCCS operating expenses representing a 5.41% decrease over fiscal year 2021. Scholarship expenses increased \$117.66 million, due to the additional CARES Act funding received for fiscal year 2022. The net change across the other natural expense categories (i.e., utilities and depreciation) remained relatively flat except for supplies, services, and other expenses which increased by \$87.03 million, again as a result of additional CARES Act expenditures.

A graphic presentation of fiscal year 2022 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:			
	2022	2021	\$ Change	% Change
Cash received from operations	\$ 446,432	\$427,110	\$ 19,322	4.52%
Cash used in operations	1,363,469	1,120,417	243,052	21.69%
Net cash used in operations	(917,037)	(\$693,307)	(223,730)	32.27%
Net cash provided by non-capital financing activities	\$975,934	\$731,600	244,334	33.40%
Net cash used in capital and related financing activities	(30,870)	(9,263)	(21,607)	233.29%
Net cash provided by (used in) investing activities	(6,682)	15,121	(21,803)	(144.19%)
Net increase (decrease) in cash and cash equivalents	\$ 21,345	\$44,151	\$ (22,806)	(51.66%)
Cash and cash equivalents, beginning of year	\$ 323,582	\$279,431		
Cash and cash equivalents, end of year	\$ 344,927	\$323,582		

The primary sources of cash for the VCCS included tuition and fees of \$266.73 million, operating grants and contracts of \$112.91 million, and auxiliary revenues of \$23.82 million. The primary uses of operating cash included employee salaries, wages, fringe benefits and pension benefits of \$731.88 million, operating expenses (payments to suppliers/others and utilities) of \$374.65 million and scholarships of \$256.94 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 provided by non-capital financing activities increased \$244.33 million due to an increase of \$121.09 million state appropriations and the influx of CARES Act funds. Net cash flows from capital and related financing activities decreased \$21.61 million due to a decrease of \$6.67 million in state and local capital appropriations, an increase of \$7.65 million for capital asset purchases, and an increase of \$7.31 million in debt principal payments. Net cash provided by (used in) investing activities decreased \$21.80 million as investment purchases were \$7.19 million higher in fiscal year 2022 and sale of investments were \$14.39 million lower in fiscal year 2022. The overall increase in cash and cash equivalents was \$21.35 million at the end of fiscal year 2022.

Economic Outlook

For fiscal year 2022, the Commonwealth recorded a 16.3% increase in general fund revenues above fiscal year 2021 (and almost 36% above pre-pandemic fiscal year 2019). The growth in Virginia revenues were driven by withholding, non-withholding, and corporate income taxes in the last three years.

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 2023 will be 31.9% of the average of the four-year institutions for total tuition and mandatory fees.

Effective with the fall 2019 session (and continuing into fiscal year 2023), 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.

Chapter 2, 2022 Special Session I of the Virginia Acts of Assembly, authorized the funding for the construction and other capital costs to Reconstruct Templin Hall Auditorium on the Hampton Campus of Thomas Nelson Community College.

The VCCS capitalized construction expenses totaling \$31.1 million during fiscal year 2022. These costs primarily included projects that were still in construction as of June 30, 2022 but also included a few projects that were complete as of June 30, 2022. Construction costs for projects completed during fiscal year 2022 totaled \$31.5 million.

The VCCS entered into contractual commitments for capital projects totaling \$158.1 million prior to June 30, 2022. Expenses processed against these commitments during fiscal year 2022 totaled \$99.2 million, leaving an unpaid commitment balance of \$58.9 million as of June 30, 2022.

***CONSOLIDATED
FINANCIAL
STATEMENTS***

Virginia Community College System
Consolidated
Statement of Net Position
As of June 30, 2022

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	VCCS	Component Units Foundations
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	336,049,716	35,432,973
Appropriation available	13,305,162	
Short term investments (Note 2)	31,563,992	30,834,504
Accounts receivable, net (Note 3)	30,860,976	3,791,990
Pledges receivable (Note 3)		7,060,001
Due from commonwealth (Note 4)	11,427,349	
Interest receivable	365,142	33,876
Prepaid expenses	18,202,008	411,354
Inventories	1,540,923	
Notes receivable, net (Note 3)	670,653	291,151
Total Current Assets	443,985,921	77,855,849
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	8,906,385	38,044
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)	36,206	5,313,789
Appropriation available	500,000	
Endowment investments (Note 2)		232,266,283
Other long-term investments (Note 2)	27,995,248	75,347,839
Accounts receivable, net (Note 3)	1,198,714	62,510
Investments in real estate (Note 2)		1,179,305
Pledges receivable (Note 3)		4,715,575
Due from commonwealth (Note 4)	1,878,435	
Notes receivable, net (Note 3)	669,799	
Post employment benefit assets (Note 18)	24,632,752	
Non-depreciable capital assets, net (Note 5)	115,815,122	16,790,783
Depreciable capital assets, net (Note 5)	1,288,351,808	29,020,197
Total Noncurrent Assets	1,469,984,469	364,734,325
Total Assets	1,913,970,390	442,590,174
Deferred Outflows of Resources (Note 8)	112,760,591	
Total Assets and Deferred Outflows of Resources	2,026,730,981	442,590,174
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	37,972,454	2,553,252
Accrued payroll expense	55,612,167	179,097
Unearned revenue	35,883,559	1,783,928
Long-term liabilities-current portion (Note 9)	33,130,188	2,583,863
Securities lending obligation	65,659	
Post employment benefit obligations (Note 9)	2,185,515	
Deposits	10,862,387	550,194
Total Current Liabilities	175,711,929	8,832,662

Virginia Community College System
Consolidated
Statement of Net Position
As of June 30, 2022

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	VCCS	Component Units Foundations
Noncurrent Liabilities		
Long-term liabilities (Note 9)	119,039,871	11,090,247
Due to federal government (Note 9)	1,872,855	
Pension and post employment benefit obligations (Note 9)	369,954,945	
Total Noncurrent Liabilities	<u>490,867,671</u>	<u>11,095,647</u>
Total Liabilities	<u>666,579,600</u>	<u>19,928,309</u>
Deferred Inflows of Resources (Note 8)	302,640,045	
Total Liabilities and Deferred Inflows of Resources	<u>969,219,645</u>	<u>19,928,309</u>
Net Position		
Net investment in capital assets	1,282,276,204	34,434,758
Restricted for:		
Nonexpendable	132,415	140,595,272
Expendable	100,489,417	149,536,348
Unrestricted	(325,386,700)	98,095,487
Total Net Position	<u>1,057,511,336</u>	<u>422,661,865</u>

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

Consolidated

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2022

		Component Units
	VCCS	Foundations
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$184,101,160)	289,016,054	
Federal grants and contracts	90,394,046	155,169
State and local grants	6,791,076	1,431,159
Nongovernmental grants	16,774,446	2,905,221
Sales/services of education department	149,004	
Auxiliary enterprises (net of scholarship allowance of \$976,657)	23,687,509	
Gifts and contributions		27,978,458
Endowment income		355,776
Other operating revenues	44,486,883	6,112,027
Total Operating Revenue	471,299,018	38,937,810
Expenses		
Operating Expenses		
Instruction	428,486,987	800,501
Public service	51,175,514	1,138,863
Academic support	96,231,482	9,257,836
Student services	110,727,729	275,634
Institutional support	284,735,206	9,388,654
Operation and maintenance	127,213,157	2,019,653
Scholarships and fellowships	250,762,664	13,125,470
Auxiliary enterprises	9,842,636	
Fundraising		3,091,969
Other expenses	1,586,294	1,005,527
Total Operating Expenses (Note 12)	1,360,761,669	40,104,107
Operating Income (Loss)	(889,462,651)	(1,166,297)
Nonoperating Revenues(Expenses)		
State appropriations (Note 13)	554,739,053	
Local appropriations	2,627,952	
Grants and gifts	420,132,021	
Investment income	(1,294,409)	188,340
Interest on capital asset related debt	(3,047,962)	
Other nonoperating revenue (expense)	1,813,031	(60,635)
Net Nonoperating Revenue	974,969,686	127,705
Income before other revenues, expenses gains (losses)	85,507,035	(1,038,592)
Capital appropriations-state (Note 20)	38,781,310	
Capital appropriations-local	2,468,817	
Capital gifts, grants and contracts	7,715,865	233,774
Additions to permanent and term endowments		10,500,420
Increase (Decrease) in Net Position	134,473,027	9,695,602
Net Position		
Net Position beginning of year (Note 1-T)	923,038,309	412,966,263
Net Position end of year	1,057,511,336	422,661,865

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, 2022

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Cash flows from operating activities:

Tuition and fees	266,733,246
Grants and contracts	112,905,682
Payments to suppliers and others	(356,559,229)
Payments for employee wages	(539,995,122)
Payments for employee fringes and pension benefits	(191,884,904)
Payment for scholarships	(256,938,330)
Payments for utilities	(18,091,412)
Sales and services of education department	149,004
Auxiliary	23,818,282
Loans issued to students	785,093
Loans collected from students	259,133
Other	41,781,806
Net cash used by operating activities	<u>(917,036,751)</u>

Cash flows from non-capital financing activities:

State appropriations	554,739,053
Local appropriations	2,627,952
Grants and gifts	418,144,261
Custodial receipts	20,581,985
Custodial disbursements	(22,851,388)
PLUS, Stafford and Direct Lending loan receipts	52,539,907
PLUS, Stafford and Direct Lending loan disbursements	(51,923,650)
Other non-operating revenue(expense)	2,075,967
Net cash provided (used) by non-capital financing activities	<u>975,934,087</u>

Cash flows from capital and related financing activities:

Capital appropriations-state	27,915,762
Capital appropriations-local	2,468,817
Capital grants and gifts	7,614,577
Purchase capital assets	(49,765,544)
Proceeds from sale of capital assets	723,235
Debt interest payments	(4,337,440)
Debt principal payments	(15,490,075)
Net cash provided (used) by capital financing activities	<u>(30,870,668)</u>

Cash flows from investing activities:

Purchases of investments	(24,443,888)
Sale of investments	16,403,377
Investment income	1,358,373
Net cash provided (used) by investing activities	<u>(6,682,138)</u>

Net increase (decrease) in cash and cash equivalents

21,344,530

Cash and cash equivalents, beginning of year

323,582,118

Cash and cash equivalents, End of Year

344,926,648

Virginia Community College System
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Reconciliation of operating income (loss) to net cash used in operating activities:

Operating income (loss)	(889,462,651)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	69,804,366
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and accounts receivable, net	(12,701,659)
Prepaid expenses and other	(8,014,096)
Post employment benefits asset	(8,636,536)
Accrued compensation and leave	1,264,891
Accounts payable and other	7,381,409
Unearned revenue	(11,360,125)
Deposits pending distribution	997,579
Pension liability	(275,531,803)
Post employment benefits liability	(24,132,369)
Deferred inflows of resources related to pensions and post employment benefits	195,064,835
Deferred outflows of resources related to pensions and post employment benefits	38,289,408
Net cash used in operating activities	<u>(917,036,751)</u>

Reconciliation of cash and cash equivalents:

Cash and cash equivalents per Statement of Net Position	344,992,307
Less: Securities Lending Cash Equivalents	<u>65,659</u>
Cash and cash equivalents end of year	<u>344,926,648</u>

Noncash transactions

Donated capital assets	101,288
Amortization of bond premium	1,034,310
Unrealized gain/loss on investments	(2,653,783)
Amortization of deferral on debt defeasance	(288,900)

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

NOTES TO THE FINANCIAL STATEMENTS

VIRGINIA COMMUNITY COLLEGE SYSTEM

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2022

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, 2022, the foundations distributed \$18,053,647 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, 2022.

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. Where necessary, reclassifications have been made to convert FASB presentation to GASB presentation requirements.

The financial statements for the community college foundations are for the year ending June 30, 2022 except for Dabney S. Lancaster (Educational and Real Estate Foundations), 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, 2021.

E. Lease Receivable

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

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

F. Prepaid Assets

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

G. Inventories

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

H. 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.

I. 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. Intangible assets include computer software and right-to-use lease assets. 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 capital 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.

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

- Amount of the initial measurement of the related lease liability
- Lease payments made prior to the commencement of the lease term, less any lease incentives
- Initial direct costs that are ancillary charges necessary to place the lease asset into service

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. Right-to use lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Amortization is not allocated to the functional expense categories. Amortization expense is combined with depreciation expense in the Statement of Revenues, Expenses, and Changes in Net Position.

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. 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.

L. Lease Liability

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

- Fixed payments
- Variable payments that are fixed in substance
- Amounts that are reasonably certain of being required to be paid under residual value guarantees
- The exercise price of a purchase option if it is reasonable certain that the System will exercise that option
- Payments for penalties for terminating the lease
- Any lease incentives
- Any other payments that are reasonably certain of being required based on an assessment of all relevant factors

Variable payments are not included in the measurement of the lease liability and are recognized as outflows of resources in the period to which those payments relate. Any component of the variable payments that are fixed in substance is included in the measurement of the lease liability.

For real estate leases, the present value of payments expected to be made during the lease term is calculated using the discount rate implicit in the lease agreement and if unavailable, the System will obtain the lessor's internal borrowing rate and if unavailable, then the System will use the Department of Accounts incremental rate. For equipment leases, the present value of payments expected to be made during the lease term is calculated using the discount rate implicit in the lease agreement and if unavailable, The System will use Department of Accounts incremental rate at the beginning of the lease term.

M. Deposits

Deposits represent funds held by the VCCS on behalf of others as a result of custodial relationships with various groups and organizations. Custodial funds are expected to be expended within 3 months.

N. 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.

O. 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.

P. 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.

Q. Scholarship Discounts and Allowances

Student tuition and fees revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the 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.

R. 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.

S. 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.

T. Restatements

Community College Foundations
Statement of Revenues, Expenses, and Changes in Net Position:

Net Position as of June 30, 2021 - previously reported	\$412,193,604
Recognize Dabney S. Lancaster Community College Real Estate Foundation	576,609
Recognize accounts payable, Virginia Foundation for Community College Education	(537)
Recognize accounts receivable, Danville Community College Educational Foundation	80,558
Recognize pledges receivable, Paul D. Camp Community College Foundation	(46,250)
Investment income correction, Southside Virginia Community College Foundation	162,279
Net Position as of July 1, 2021 - as restated	<u>\$412,966,263</u>

U. New Accounting Pronouncements

In June 2017, GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions

of the contract. For the System, the requirements of this Statement are effective as of the fiscal year beginning July 1, 2021.

The System adopted this new accounting standard on July 1, 2021 on a retrospective basis and applied the new standard to all leases existing as of July 1, 2021. This resulted in the recognition of Lease Liabilities of \$42,024,903, Right-of-Use Lease Assets net of accumulated amortization of \$41,527,771, Lease Receivables of \$807,425, and Deferred Inflows of Resources of \$807,425 on the Statement of Net Position as of June 30, 2022.

GASB issued Statement No. 96, Subscription-based Information Technology Arrangements (SBITAs). GASB 96 establishes uniform accounting and financial reporting requirements for SBITAs; improves the comparability of government's financial statements; and enhances the understandability, reliability, relevance, and consistency of information about SBITAs. GASB 96 is effective for Fiscal Years beginning after June 15, 2022. This statement will impact the Fiscal Year 2023 VCCS Financial Statements.

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 \$54,534,875 at June 30, 2022.

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 2022.

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 2022.

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 2022.

Summary of VCCS Cash and Cash Equivalents

Cash and Cash Equivalents:

Local Cash and Cash Equivalents	\$160,435,625
Treasurer of Virginia	175,548,432
Treasurer of Virginia (Securities Lending)	65,659
Subtotal	<u>\$336,049,716</u>

Restricted Cash and Cash Equivalents:

Local Cash and Cash Equivalents	\$10,314,141
Treasurer of Virginia (Unreimbursed Bond Payments)	(1,407,756)
Endowment Cash and Cash Equivalents	36,206
Subtotal	<u>\$8,942,591</u>

Total Cash and Cash Equivalents	<u>\$344,992,307</u>
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<u>Cash Equivalents</u>	<u>Value</u>	<u>Credit Rating</u>
Local Government Investment Pool	\$67,141,463	AAA
Repurchase Agreements	25,544,437	Not Rated
Mutual and Money Market Funds	2,612,455	Not Rated
Total	<u>\$95,298,355</u>	

<u>Investment Type</u>	<u>S&P Credit Rating</u>	<u>Less than 1 year</u>	<u>1 - 5 Years</u>	<u>6 - 10 Years</u>	<u>6/30/2022</u>
Agency Mortgage Backed Securities	AA+	\$ 3,090,382	\$ 4,272,836	\$ 1,205,942	\$ 8,569,160
Corporate Bonds	AAA	1,300,910	19,984	-	1,320,894
Corporate Bonds	AA+	1,492,995	-	-	1,492,995
Corporate Bonds	AA	1,199,936	3,093,797	-	4,293,733
Corporate Bonds	AA-	800,702	2,324,252	-	3,124,954
Corporate Bonds	A+	-	4,404,335	-	4,404,335
Corporate Bonds	A	-	3,109,482	955,284	4,064,766
Corporate Bonds	A-	1,199,996	3,266,393	-	4,466,389
Corporate Bonds	BBB+	-	772,147	-	772,147
Corporate Bonds	BBB	-	85,876	-	85,876
Negotiable CDs	Not Rated	745,570	983,560	-	1,729,130
Municipal Securities	AA	-	4,925	-	4,925
Mutual Funds	Not Rated	4,157,294	-	-	4,157,294
U.S. Treasury and Agency Securities	N/A	13,446,150	3,071,994	424,441	16,942,585
Non-Negotiable CDs	Not Rated	4,130,057	-	-	4,130,057
Total		<u>\$ 31,563,992</u>	<u>\$25,409,581</u>	<u>\$ 2,585,667</u>	<u>\$ 59,559,240</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	\$ -	\$ 8,569,160	-
Corporate Bonds	-	24,026,089	-
Negotiable Certificates of Deposit	-	1,729,130	-
Municipal Securities	-	4,925	-
Mutual and Money Market Funds	2,612,455	4,157,294	-
U.S. Treasury and Agency Securities	16,942,585	-	-
Repurchase Agreements	-	25,544,437	-
Total Investments measured at Fair Value	\$19,555,040	\$64,031,035	-

Community College Foundations

The Foundations had the following cash, cash equivalents and investments as of June 30, 2022:

Cash and cash equivalents	\$ 35,432,973
Investments:	
Mutual funds and money markets	\$105,814,797
Stocks	101,254,220
Corporate bonds	70,112,478
Atlantic Union Wealth Management	24,132,268
UVIMCO	18,330,148
U.S. government securities & bonds	7,819,676
Funds Held in Trust by Others	3,052,318
Capital Partners	2,797,576
Agency Mortgage Backed	2,797,281
Investment in real estate	2,118,797
Certificates of Deposits	614,207
Alternative Investments	599,478
Cash Surrender Value Life Insurance	265,712
Private Business Developments	127,423
Works of Art	91,348
Other	163,022
Total investments	<u>\$340,090,749</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, 2022:

Gross accounts receivable:	
Tuition and fees	\$ 27,442,659
Auxiliary enterprises	512,405
Federal, state, local and nongovernmental grants, gifts, contracts	3,837,757
Lease*	807,425
Other activities	878,882
Total gross accounts receivable	\$33,479,128
Less: Allowance for doubtful accounts	(1,419,438)
Net accounts receivable	<u>\$32,059,690</u>
 Gross Loans and notes receivable	 \$ 1,431,451
Less: Allowance for doubtful accounts	(90,999)
Net loans and notes receivable	<u>\$ 1,340,452</u>

*The System leases out cell tower space, Initial terms are typically 5 to 10 years and may contain rent escalation clauses, revenue share, and renewal options ranging from 1 to 10-year intervals. Discount rates on all current leases are 3.25%.

The lease and interest receivables for fiscal years subsequent to June 30, 2022, are as follows:

Year	Lease Receivable	Interest Receivable	Total
2023	\$ 140,867	\$ 26,241	\$ 167,108
2024	139,626	22,924	162,550
2025	138,678	18,267	156,945
2027	137,750	13,898	151,648
2027	136,844	9,262	146,106
2028-2032	113,660	5,051	118,711
Total	\$ 807,425	\$ 95,643	\$ 903,068

Receivables not expected to be collected within one year are \$1,868,513 in accounts, notes, and loans receivable.

Community College Foundations

The foundations have the following receivables as of June 30, 2022:

Gross accounts receivable	\$3,835,397
Less: Allowance for doubtful accounts	(161)
Net accounts receivable	<u>\$3,835,236</u>
Pledges receivable:	
Due in one year	\$7,703,807
Due in 1-5 years	4,982,552
Due in more than 5 years	10,000
Less: Allowance for doubtful accounts	(751,041)
Present value discount	(169,742)
Net pledges receivable	<u>\$11,775,576</u>
Gross loans and notes receivable	\$282,509
Less: Allowance for doubtful accounts	-
Net loans and notes receivable	<u>\$282,509</u>

Receivables not expected to be collected within one year are \$282,509 in accounts, notes, and loans receivable and \$4,071,769 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 2022, funding has been provided to the VCCS from three programs: general obligation bonds 9(b), 21st 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, 2022, represent pending reimbursements from the following programs:

Due from Commonwealth, Current	
VCBA Equipment Trust Fund program	\$8,863,662
VCBA 21 st Century program	2,563,414
General Obligation Bond program	273
Total Due from Commonwealth, Current	<u>\$11,427,349</u>
Due from Commonwealth, Noncurrent	
VCBA 21 st Century program	<u>\$1,878,435</u>
Total Due from Commonwealth, Noncurrent	<u>\$1,878,435</u>

5. CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2022 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable capital assets:				
Land/Land Improvements	\$ 72,180,175	\$ 190,502	-	\$ 72,370,677
Inexhaustible Works of Art	148,174	-	-	148,174
Construction in Progress	43,910,380	30,868,737	\$ (31,482,845)	43,296,272
Total capital assets not being depreciated	\$ 116,238,729	\$ 31,059,239	\$ (31,482,845)	\$ 115,815,123
Depreciable capital assets:				
Buildings	\$ 1,629,492,197	\$ 30,138,276	\$ (15,242)	\$ 1,659,615,231
Infrastructure	83,443,310	1,580,872	-	85,024,182
Equipment	241,644,681	16,847,852	(17,269,131)	241,223,402
Land Improvements	108,646,782	601,923	-	109,248,705
Library Books	44,219,791	717,591	(2,656,023)	42,281,359
Intangible	47,921,134	643,718	-	48,564,852
Right to use intangible assets (GASB 87)*				
Land Improvements	129,272	-	-	129,272
Buildings	50,233,922	1,544,680	-	51,778,602
Equipment	780,665	-	-	780,665
Total other capital assets	\$ 2,206,511,754	\$ 52,074,912	\$ (19,940,396)	\$ 2,238,646,270
Less accumulated depreciation for				
Buildings	\$ (510,407,163)	\$ (35,104,628)	-	\$ (545,511,791)
Infrastructure	(47,897,736)	(3,363,573)	-	(51,261,309)
Equipment	(184,234,394)	(14,785,496)	\$16,298,201	(182,721,689)
Land Improvements	(70,516,275)	(3,633,072)	-	(74,149,347)
Library Books	(40,008,469)	(1,451,567)	2,656,023	(38,804,013)
Intangible	(46,392,176)	(352,789)	59,419	(46,685,546)
Right to use intangible assets (GASB 87)				-
Land Improvements	-	(30,048)	-	(30,048)
Buildings	-	(10,909,218)	48,089	(10,861,129)
Equipment	-	(269,591)	-	(269,591)
Total accumulated depreciation	\$ (899,456,213)	\$ (69,899,982)	\$ 19,061,732	\$ (950,294,463)
Other capital assets, net	\$ 1,307,055,541	\$ (17,825,070)	\$ (878,664)	\$ 1,288,351,807
Total capital assets, net	\$ 1,423,294,270	\$ 13,234,169	\$ (32,361,509)	\$ 1,404,166,930

*Beginning balances have been restated by \$51,143,859.

Community College Foundations

The foundations had the following capital assets as of June 30, 2022:

Non-depreciable capital assets:	
Land	\$9,286,701
Construction in Process	7,432,870
Works of art	77,377
Total nondepreciable capital assets	\$16,796,948

Depreciable capital assets:	
Buildings	\$28,161,565
Equipment	1,996,417
Site improvement	<u>7,257,155</u>
Total depreciable capital assets	<u>\$37,415,137</u>
Less: Accumulated depreciation	<u>(8,401,105)</u>
Depreciable capital assets, net	<u>\$29,014,032</u>
Total capital assets, net	<u><u>\$45,810,980</u></u>

6. ACCOUNTS AND RETAINAGE PAYABLE

Accounts and retainage payable consisted of the following as of June 30, 2022:

	<u>VCCS</u>	<u>Foundations</u>
Vendors payable	\$33,082,022	\$2,553,252
Students payable	2,719,101	-
Retainage payable	2,157,439	-
Taxes payable	13,892	-
Total	<u>\$37,972,454</u>	<u>\$2,553,252</u>

7. COMMITMENTS

At June 30, 2022, the VCCS was committed to construction contracts totaling \$158,041,579 of which \$58,871,892 was unexpended. The System held \$2,157,439 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 AND INFLOWS OF RESOURCES

The composition of deferred outflows of resources on June 30, 2022, is summarized as follows:

Deferred Loss on Debt Defeasance	\$ 1,560,523
Pension	87,303,880
Post Employment Benefit	<u>23,896,188</u>
Total Deferred Outflows of Resources	<u><u>\$112,760,591</u></u>

The composition of deferred inflows of resources on June 30, 2022, is summarized as follows:

Deferred Gain on Debt Refunding	\$ 502,200
Leases	807,425
Pension	220,174,463
Post Employment Benefit	<u>81,155,957</u>
Total Deferred Inflows of Resources	<u><u>\$302,640,045</u></u>

9. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2022 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Debt:					
Leases (GASB 87)*	\$ 51,143,859	\$ 1,544,680	\$ (10,663,636)	\$ 42,024,903	\$ 10,190,793
Notes Payable:					
Installment purchases	1,112,221	-	(366,439)	745,782	265,287
Pooled bonds	84,865,249	-	(5,494,310)	79,370,939	4,255,000
Total bonds, notes and capital leases	\$ 137,121,329	\$ 1,544,680	\$ (16,524,385)	\$ 122,141,624	\$ 14,711,080
Other liabilities:					
Compensated absences	\$ 31,087,698	\$ 22,574,031	\$ (23,633,294)	\$ 30,028,435	\$ 18,419,108
Pension obligations	549,619,677	-	(275,531,803)	274,087,874	-
Postemployment benefits	122,184,955	-	(24,132,369)	98,052,586	2,185,515
Federal loan program contributions	2,784,726	-	(911,871)	1,872,855	-
Total other liabilities	\$ 705,677,056	\$ 22,574,031	\$ (324,209,337)	\$ 404,041,750	\$ 20,604,623
Total long-term liabilities	\$ 842,798,385	\$ 24,118,711	\$ (340,733,722)	\$ 526,183,374	\$ 35,315,703

*Beginning balances have been restated by \$51,143,859.

Community College Foundations

The foundations had the following long-term liabilities as of June 30, 2022:

Notes payable	\$13,672,303
Trust & Annuity Obligations	81,728
Total long-term liabilities	<u>13,754,031</u>
Less current portion	2,583,863
Total long-term liabilities	<u>\$11,170,168</u>

10. NOTES PAYABLE

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

Parking deck for the Annandale Campus of Northern Virginia Community College – The remaining 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 \$370,000 is due September 1, 2023. The outstanding balance at June 30, 2022 is \$748,593.

Parking garage for J. Sargeant Reynolds Community College - The remaining 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, 2022 is \$328,447.

Student Center for Tidewater Community College Norfolk Campus - The remaining 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 \$870,000 is due September 1, 2030. The outstanding balance at June 30, 2022 is \$8,163,803.

Workforce Training and Technology Center for J. Sargeant Reynolds Community College - The remaining balance is to be repaid in annual installments ranging from \$30,000 to \$75,000 with a coupon rate of 4.914% payable semiannually. The final installment of \$70,000 is due September 1, 2029. The outstanding balance at June 30, 2022 is \$538,871.

Student Center for Tidewater Community College Virginia Beach Campus – The remaining 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 \$805,000 is due September 1, 2031. The outstanding balance at June 30, 2022 is \$13,434,709.

Student Center for Tidewater Community College Chesapeake Campus – The remaining 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 \$560,000 is due September 1, 2031. The outstanding balance at June 30, 2022 is \$9,252,225.

Academic Building for Tidewater Community College Chesapeake Campus - The remaining balance is to be repaid in annual installments ranging from \$170,000 to \$325,000 with coupon rates ranging from 3% to 5% payable semiannually. The final installment of \$325,000 is due September 1, 2024. The outstanding balance at June 30, 2022 is \$1,078,592.

Student Center for Blue Ridge Community College Weyers Cave Campus - The remaining 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, 2022 is \$5,355,009.

Student Center for Tidewater Community College Portsmouth Campus - The remaining 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, 2022 is \$8,660,408.

Student Center for Virginia Western Community College - The remaining balance is to be repaid in annual installments ranging from \$200,000 to \$465,000 with a coupon rate of 4.23% payable semiannually. The final installment of \$470,000 is due September 1, 2031. The outstanding balance at June 30, 2022 is \$4,055,000.

Parking garage for Germanna Community College - The remaining balance is to be repaid in annual installments ranging from \$175,000 to \$405,000 with a coupon rate of 4.23% payable semiannually. The final installment of \$405,000 is due September 1, 2031. The outstanding balance at June 30, 2022 is \$3,520,000.

Parking garage for John Tyler Community College Midlothian Campus - The remaining balance is to be repaid in annual installments ranging from \$210,000 to \$440,000 with a coupon rate of 3.6% payable semiannually. The final installment of \$440,000 is due September 1, 2032. The outstanding balance at June 30, 2022 is \$4,422,838.

Parking garage for Tidewater Community College Chesapeake Campus - The remaining balance is to be repaid in annual installments ranging from \$740,000 to \$1,625,000 with a

coupon rate of 3.6% payable semiannually. The final installment of \$1,625,000 is due September 1, 2032. The outstanding balance at June 30, 2022 is \$15,856,157.

Parking garage for Blue Ridge Community College Weyers Cave Campus - The remaining 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, 2022 is \$3,956,287.

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

Scheduled maturities of notes payable are as follows:

Year Ending June 30	Principal	Interest	Total Payments
2023	\$ 4,255,000	\$ 2,290,496	\$ 6,545,496
2024	8,015,000	2,068,769	10,083,769
2025	7,870,000	1,829,373	9,699,373
2026	7,740,000	1,603,277	9,343,277
2027	7,935,000	1,365,815	9,300,815
2028-2032	37,585,000	2,767,517	40,352,517
2033-2037	3,025,000	47,038	3,072,038
Sub Totals	\$ 76,425,000	\$ 11,972,285	\$ 88,397,285
Plus Bond Premium	2,945,939	-	2,945,939
Totals	\$ 79,370,939	\$ 11,972,285	\$ 91,343,224

11. LEASE COMMITMENTS AND INSTALLMENT PURCHASES

The System leases certain office space, academic space, laboratory space, and equipment. Initial terms are typically 3 to 15 years and may contain rent escalation clauses and renewal options ranging from 1 to 10-year intervals. A discount rate of 3.25% was used.

The future minimum lease obligations for fiscal years subsequent to June 30, 2022, are as follows:

Year	Liability Reduction	Interest	Total
2023	\$ 10,190,793	\$ 1,221,549	\$ 11,412,342
2024	8,872,128	909,559	9,781,687
2025	7,117,093	650,345	7,767,438
2027	4,991,020	438,726	5,429,746
2027	3,705,888	297,394	4,003,282
2028-2032	7,147,981	324,071	7,472,052
Total	\$ 42,024,903	\$ 3,841,644	\$ 45,866,547

The System is committed under various lease and installment purchase agreements. The cost of assets capitalized under installment purchase agreements totals \$4,267,506. Rent expenses under

operating lease agreements amounted to \$1,890,678 for the year. A summary of future obligations under lease agreements as of June 30, 2022, follows:

Year Ending June 30	Installment Purchase Obligations	Short Term Lease Obligations
2023	\$ 287,516	\$ 515,860
2024	258,314	310,339
2025	117,769	194,469
2026	117,769	67,945
2027	16,378	7,529
Total obligation and gross minimum lease payments	\$ 797,746	\$ 1,096,142
Less: Interest	(51,964)	
Present value of minimum lease payments	\$ 745,782	\$ 1,096,142

12. OPERATING EXPENSES BY NATURAL AND FUNCTIONAL CLASSIFICATIONS

VCCS operating expenses for the year ended June 30, 2022 were as follows:

Natural Classification

Functional Classification	Salaries & Benefits	Utilities	Scholarships	Depreciation	Supplies Services & Other	Total
Instruction	\$ 322,395,222	\$ 228,379	\$ 953,132	\$ 45,033,064	\$ 59,877,190	\$ 428,486,987
Public Service	9,343,712	1,312	103,725	266,520	41,460,245	51,175,514
Academic Support	64,466,912	201,050	429,332	4,939,606	26,194,582	96,231,482
Student Services	96,406,661	1,500	695,061	2,595,958	11,028,549	110,727,729
Institutional Support	123,167,381	270,825	10,290,940	8,285,939	142,720,121	284,735,206
Operation & Maintenance	37,275,532	16,777,455	(12,312)	8,621,386	64,551,096	127,213,157
Scholarships and Fellowships	218,744	-	244,494,696	-	6,049,224	250,762,664
Auxiliary Enterprises	4,918,099	492,636	-	61,893	4,370,008	9,842,636
Other Expenses	-	-	-	-	1,586,294	1,586,294
Total Expenses	\$ 658,192,263	\$ 17,973,157	\$ 256,954,574	\$ 69,804,366	\$ 357,837,309	\$ 1,360,761,669

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 2022-23 provided that the VCCS meets financial and administrative standards outlined in the *Code of Virginia*.

During the year ended June 30, 2022, the Virginia Community College System received the following general fund appropriations in accordance with Chapter 1289, 2020 Virginia Acts of Assembly.

Appropriated - Chapter 552 - approved April 7th, 2021	\$428,428,500
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Subtractions:

Net Central Accounts Distributions	21,254,528
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Transfer from SCHEV - VIVA ILL Allocations to Publics	20,656
Carryover (reappropriate) FY21 year end balances	138,655,848
Transfer from SCHEV - VIVA Course Redesign Grant Program	55,726
Affordable Access	25,098,200
Receipt of funds from Online Virginia Network Authority	650,000
Tech Talent Investment Program funding	1,272,643
Interest Earnings and Credit Card rebates	922,080
Equipment Trust Fund lease payment (NGF)	(633,657)
Capital Fee transfers	(3,301,665)
Reversion	(146,179,968)
Philpott manufacturing	(\$1,252,512)
Adjusted unrestricted Appropriations	<u>\$464,990,379</u>

Other restricted appropriations were \$89,748,674 for a total of \$554,739,053.

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, 2022. 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, 2022, 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. This

plan is/These plans are administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1</p> <p>Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</p>	<p>About Plan 2</p> <p>Same as Plan 1.</p>	<p>About the Hybrid Retirement Plan</p> <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, service credit 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		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Eligible Members</p> <p>Employees are in Plan 1 if their membership date is before July 1, 2010, they were vested as of January 1, 2013, and they have not taken a refund.</p> <p>Hybrid Opt-In Election VRS Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</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>Eligible Members</p> <p>Employees are in Plan 2 if their membership date is from July 1, 2010, to December 31, 2013, and they have not taken a refund, or their membership date is prior to July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Same as Plan 1.</p>	<p>Eligible Members</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"> • Full-time permanent, salaried state employees.* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: Members of the Virginia Law Officers' Retirement System (VaLORS)</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

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Retirement Contributions</p> <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 pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payments.</p>	<p>Retirement Contributions</p> <p>Same as Plan 1.</p>	<p>Retirement Contributions</p> <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>Service Credit</p> <p>Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine 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>Service Credit</p> <p>Same as Plan 1.</p>	<p>Service Credit</p> <p>Defined Benefit Component: Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine 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>Defined Contributions Component: Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting</p> <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 service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting</p> <p>Same as Plan 1.</p>	<p>Vesting</p> <p>Defined Benefit Component: Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p>Defined Contributions Component: Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distributions not required, except as governed by law.</p>

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit</p> <p>The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p>	<p>Calculating the Benefit</p> <p>See definition under Plan 1.</p>	<p>Calculating the Benefit</p> <p>Defined Benefit Component: See definition under Plan 1</p> <p>Defined Contribution Component: The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation</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>Average Final Compensation</p> <p>A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation</p> <p>Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier</p> <p>VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>VaLORS: The retirement multiplier for VaLORS employees is 1.70% or 2.00%.</p>	<p>Service Retirement Multiplier</p> <p>VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.</p> <p>VaLORS: The retirement multiplier for VaLORS employees is 2.00%.</p>	<p>Service Retirement Multiplier</p> <p>Defined Benefit Component: VRS: 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>VaLORS: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>

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

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE

<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <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>Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p>Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. <p>The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <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>Eligibility: Same as Plan 1.</p> <p>Exceptions to COLA Effective Dates: Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>Defined Benefit Component: Same as Plan 2.</p> <p>Defined Contribution Component: Not applicable.</p> <p>Eligibility: Same as Plan 1 and Plan 2.</p> <p>Exceptions to COLA Effective Dates: Same as Plan 1 and Plan 2.</p>
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RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Disability Coverage</p> <p>For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage</p> <p>For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage</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>
<p>Purchase of Prior Service</p> <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 service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service</p> <p>Same as Plan 1.</p>	<p>Purchase of Prior Service</p> <p>Defined Benefit Component: Same as Plan 1, with the following exception: Hybrid Retirement Plan members are ineligible for ported service.</p> <p>Defined Contribution Component: Not applicable.</p>

Contributions

The contribution requirement for active employees is governed by § 51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each state agency's contractually required employer contribution rate for the fiscal year ended June 30, 2022, was 14.46% of covered employee compensation for employees in the VRS State Employee Retirement Plan. For employees in the VaLORS Retirement Plan, the contribution rate was 21.90% of covered employee compensation. This rate was/These rates were based on an actuarially determined rate(s) from an actuarial valuation as of June 30, 2019. The actuarially determined rates, when combined with employee contributions, was/were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the state agency to the VRS State Employee Retirement Plan were \$45.9 million and \$42.8 million for the years ended June 30, 2022, and June 30, 2021, respectively. Contributions from the VCCS to the VaLORS Retirement Plan were \$1.1 million and \$1.2 million for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the VCCS reported a liability of \$266.5 million for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of \$7.6 million for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The VCCS's proportion of the Net Pension Liability was based on the VCCS's actuarially determined employer contributions to the pension plans for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the VCCS' proportion of the VRS State Employee Retirement Plan was 7.34% as compared to 7.43% at June 30, 2020. At June 30, 2021, the VCCS' proportion of the VaLORS Retirement Plan was 1.45% as compared to 1.49% at June 30, 2020.

For the year ended June 30, 2022, the VCCS recognized pension expense of (\$3.2) million for the VRS State Employee Retirement Plan and \$744 thousand for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2020, and June 30, 2021, a portion of the pension expense was related to deferred amounts from changes in proportion and differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2022, the VCCS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

VRS State Employer Retirement Plan (\$ Thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,401	\$ 15,302
Net difference between projected and actual earnings on pension plan investments	-	183,468
Change in assumptions	30,637	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	6,179	17,965
Employer contributions subsequent to the measurement date	45,890	-
Total	\$ 85,107	\$ 216,735

VaLORS Retirement Plan (\$ Thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 79	\$ 209
Net difference between projected and actual earnings on pension plan investments	-	3,119
Change in assumptions	544	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	120	318

\$45.9 million reported as deferred outflows of resources related to pensions resulting from the VCCS's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. 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:

Actuarial Assumptions

Year ended June 30

(\$ thousands)	VRS Retirement Plan	VaLORS Retirement Plan
2023	\$ 36,572	\$ 506
2024	42,956	621
2025	41,972	679
2026	56,019	888

The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.50%
Salary increases, including Inflation	3.5% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates – VRS State Employees

Pre-retirement:

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

Post-retirement:

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

Post-disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

The total pension liability for the VaLORS Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation 2.50%

Salary increases, including inflation 3.5% – 4.75%

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

Mortality rates – VaLORS Employees:

Pre-retirement:

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

Post-retirement:

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

Post-disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020 except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each plan and represents that particular plan's total pension liability determined in accordance with GASB Statement No. 67, less that plan's fiduciary net position. As of June 30, 2021, NPL amounts for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan are as follows (amounts expressed in thousands):

	State Employee Retirement Plan	VaLORS Retirement Plan
Total Pension Liability	\$ 26,739,647	\$ 2,390,609
Plan Fiduciary Net Position	<u>23,112,417</u>	<u>1,868,924</u>
Employers' Net Pension Liability (Asset)	<u>\$ 3,627,230</u>	<u>\$ 521,685</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.44%	78.18%

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
	Inflation		2.50%
	* Expected arithmetic nominal return		7.39%

* The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2021, 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, which was 100% of the actuarially determined contribution rate. From July 1, 2021, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the 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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
VCCS' proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	\$ 499,190	\$ 266,500	\$ 102,412

The following presents the VCCS' proportionate share of the VaLORS Retirement Plan net pension liability using the discount rate of 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
VCCS' proportionate share of the VaLORS Retirement Plan Net Pension Liability	\$ 12,217	\$ 7,588	\$ 3,795

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 2021 Annual Report. A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2021-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 \$55.6 million as Accrued Payroll Expenses as of June 30, 2022, which represents hours worked before June 30 but paid after July 1. The portion payable to the VRS for pension contributions is estimated at \$1.5 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. These optional retirement plans are defined contribution plans offered through TIAA and DCP. This is a defined 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 5.0%.

Individual contracts issued under the ORP plan provide for full and immediate vesting of the VCCS contributions. Total pension costs under this plan were \$5.6 million and \$5.6 million for years ended June 30, 2022, and 2021, respectively. Contributions to the ORP plan were calculated using the base salary amount of \$58 million and \$57.6 million for fiscal years 2022 and 2021. The VCCS total payroll for fiscal years 2022 and 2021 was \$539.1 million and \$516.2 million respectively.

Payables to the Optional Retirement Plan

The VCCS recognized \$55.6 million as Accrued Payroll Expenses as of June 30, 2022, 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 \$524 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 \$1.5 million for fiscal year 2022.

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 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.

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.

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 PLAN PROVISIONS	LINE OF DUTY ACT PROGRAM (LODA) PLAN PROVISIONS	VSDP PLAN PROVISIONS
<p>Eligible Employees</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"> • Full-time and part-time permanent salaried state employees covered under VRS, SPORS, VaLORS and JRS. 	<p>Eligible Employees</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"> • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City School Board <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.</p>	<p>Eligible Employees</p> <p>The eligible employees of the LODA Program include paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under VRS, SPORS, or VaLORS.</p>	<p>Eligible Employees</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"> • Full-time and part-time permanent salaried state employees covered under VRS, SPORS and VaLORS (members new to VaLORS following its creation on October 1, 1999, have been enrolled since the inception of VSDP). • State employees hired before January 1, 1999, who elected to transfer to VSDP rather than retain their eligibility to be considered for VRS disability retirement. • Public college and university faculty members who elect the VRS defined benefit plan. They may participate in VSDP or their institution's disability program, if offered. If the institution does not offer the program or the faculty member does not make an election, he or she is enrolled in VSDP.

STATE EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS	GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS	LINE OF DUTY ACT PROGRAM (LODA) PLAN PROVISIONS	VSDP PLAN PROVISIONS
<p>Benefit Amounts</p> <p>The State Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> • At Retirement – For State employees, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. • Disability Retirement – For State employees, other than state police officers, who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP), the monthly benefit is \$120.00 or \$4.00 per year of service, whichever is higher. <p>For State police officer employees with a non-work-related disability who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP) the monthly benefit is \$120.00 or \$4.00 per year of service, whichever is higher.</p> <p>For State police officers with a work-related disability, there is no benefit provided under the State Employee Retiree Health Insurance Credit Program if the premiums are being paid under the Virginia Line of Duty Act. However, they may receive the credit for premiums paid for other qualified health plans.</p>	<p>Benefit Amounts</p> <p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"> • Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • Accidental Death Benefit – The accidental death benefit is double the natural death benefit. • Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> ○ Accidental dismemberment benefit ○ Seatbelt benefit ○ Repatriation benefit ○ Felonious assault benefit ○ Accelerated death benefit option 	<p>Benefit Amounts</p> <p>LODA provides death and health insurance benefits for eligible individuals:</p> <ul style="list-style-type: none"> • Death: The LODA 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"> ○ \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after. ○ \$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. ○ 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. • Health Insurance: The LODA program provides health insurance benefits. <p>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.</p>	<p>Benefit Amounts</p> <p>The Virginia Sickness and Disability Program (VSDP) provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> • Leave: Sick, family and personal leave. Eligible leave benefits are paid by the employer. • Short-Term Disability: The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. The benefit provides income replacement beginning at 100% of the employee's pre-disability income, reducing to 80% and then 60% based on the period of the disability and the length of service of the employee. Short-term disability benefits are paid by the employer. • Long-Term Disability (LTD): The program provides a long-term disability benefit beginning after 125 workdays of short-term disability and continuing until the employee reaches his or her normal retirement age. The benefit provides income replacement of 60% of the employee's pre-disability income. If an employee becomes disabled within five years of his or her normal retirement age, the employee will receive up to five years of VSDP benefits, provided he or she remains medically eligible. Long-term disability benefits are paid for by the Virginia Disability Insurance Program (VSDP) OPEB Plan. • Income Replacement Adjustment: The program provides for an income replacement adjustment to 80% for catastrophic conditions. • VSDP Long-Term Care Plan: The program also includes a self-funded long-term care plan that assists with the cost of covered long-term care services.

STATE EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS	GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS	LINE OF DUTY ACT PROGRAM (LODA) PLAN PROVISIONS	VSDP PLAN PROVISIONS
<p>Plan Notes:</p> <ul style="list-style-type: none"> • The monthly Health Insurance Credit benefit cannot exceed the individual's premium amount. • Employees who retire after being on long-term disability under VSDP must have at least 15 years of service credit to qualify for the Health Insurance Credit as a retiree. 			<p>Plan Notes:</p> <ul style="list-style-type: none"> • Employees hired or rehired on or after July 1, 2009, must satisfy eligibility periods before becoming eligible for non-work-related short-term disability benefits and certain income-replacement levels. • A state employee who is approved for VSDP benefits on or after the date that is five years prior to his or her normal retirement date is eligible for up five years of VSDP benefits. • Employees on work-related short-term disability receiving only a workers' compensation payment may be eligible to purchase service credit for this period if retirement contributions are not being withheld from the workers' compensation payment. The rate will be based on 5.00% of the employee's compensation.
	<p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</p> <p>For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.</p>		<p>Cost-of-Living Adjustment (COLA)</p> <ul style="list-style-type: none"> • 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"> ○ Plan 1 employees vested as of 1/1/2013 – 100% of the VRS Plan 1 COLA (The first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%). ○ Plan 1 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%).

STATE EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS	GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS	LINE OF DUTY ACT PROGRAM (LODA) PLAN PROVISIONS	VSDP PLAN PROVISIONS
			<ul style="list-style-type: none"> • For participating full-time employees taking service retirement, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement. <ul style="list-style-type: none"> ○ 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4.00%. • For participating full-time employees receiving supplemental (work-related) disability benefits, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement. <ul style="list-style-type: none"> ○ 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%.

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, 2022, was 1.12% 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, 2019. 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 \$6.2 million and \$4.3 million for the years ended June 30, 2022 and June 30, 2021, 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 1.34% of covered employee compensation. This was

allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022, was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 entity were \$2.1 million and \$2.1 million for the years ended June 30, 2022, and June 30, 2021, 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 LODA Program for the year ended June 30, 2022, was \$722.55 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019, and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the VCCS were \$70 thousand and \$74 thousand for the years ended June 30, 2022 and June 30, 2021, 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, 2022, was 0.61% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$1.6 million and \$1.9 million for the years ended June 30, 2022 and June 30, 2021, 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, 2022, the VCCS reported a liability of \$44.8 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, 2021 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 performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021, relative to the total of the actuarially determined employer contributions for all participating state employers. At June 30, 2021, the VCCS' proportion of the VRS State Employee Health Insurance Credit Program was 5.34% as compared to 5.40% at June 30, 2020.

For the year ended June 30, 2022, the VCCS recognized VRS State Employee Health Insurance Credit Program OPEB expense of \$2.1 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 OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2022, the VCCS reported a liability of \$21.6 million for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021, and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the VCCS proportion was 1.89% as compared to 1.91% at June 30, 2020.

For the year ended June 30, 2022, the VCCS recognized GLI OPEB expense of (\$132) 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 OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Line of Duty Act Program OPEB

At June 30, 2022, the VCCS reported a liability of \$2.2 million for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2021, and the total LODA OPEB Liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021, relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2021, the VCCS' proportion was 0.50% as compared 0.60% at June 30, 2020.

For the year ended June 30, 2022, the VCCS recognized LODA OPEB expense of \$200 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 (Assets), Virginia Disability Insurance Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Virginia Disability Insurance Program OPEB

At June 30, 2022, the VCCS reported a liability (asset) of (\$24.6) million for its proportionate share of the Net VSDP OPEB Liability (Asset). The Net VSDP OPEB Liability (Asset) was measured as of June 30, 2021, and the total VSDP OPEB liability used to calculate the Net VSDP OPEB Liability (Asset) was determined by an actuarial valuation as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the VCCS' proportion was 7.18% as compared to 7.25% at June 30, 2020.

For the year ended June 30, 2022, the VCCS recognized VSDP OPEB expense of \$58 thousand. 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, 2022, the VCCS reported deferred outflows of resources and deferred inflows of resources related to the VRS OPEB plans from the following sources:

VRS Health Insurance Credit Program (\$ Thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14	\$ 1,458
Net difference between projected and actual earnings on HIC OPEB program investments	-	850
Change in assumptions	1,159	126
Changes in proportionate share	953	5,444
Employer contributions subsequent to the measurement date	4,548	-
Total	\$ 6,674	\$ 7,878

VRS Group Life Insurance Program (\$ Thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,465	\$ 165
Net difference between projected and actual earnings on GLI OPEB program investments	-	5,159
Change in assumptions	1,192	2,957
Changes in proportionate share	564	3,513
Employer contributions subsequent to the measurement date	2,146	-
Total	\$ 6,367	\$ 11,794

VRS Line of Duty Act Program (\$ Thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 186	\$ 337
Net difference between projected and actual earnings on LODA OPEB program investments	-	13
Change in assumptions	617	107
Changes in proportionate share	327	442
Employer contributions subsequent to the measurement date	69	-
Total	\$ 1,199	\$ 899

VRS Virginia Sickness and Disability Plan (\$ Thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,171	\$ 3,994
Net difference between projected and actual earnings on VSDP OPEB program investments	-	4,612
Change in assumptions	166	580
Changes in proportionate share	1,633	391
Employer contributions subsequent to the measurement date	2,003	-
Total	\$ 4,973	\$ 9,577

\$4.5 million reported as deferred outflows of resources related to the State Employee HIC OPEB resulting from 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, 2023.

\$2.1 million reported as deferred outflows of resources related to the GLI OPEB resulting from 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, 2023.

\$69 thousand reported as deferred outflows of resources related to the LODA OPEB resulting from 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, 2023.

\$2 million reported as deferred outflows of resources related to the VSDP OPEB resulting from VCCS' contributions subsequent to the measurement date will be recognized as a reduction of the Net VSDP OPEB Liability in the Fiscal Year ending June 30, 2023.

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

Year ended June 30		HIC	GLI	LODA	VSDP
(\$ thousands)					
2023	1,994	(2,086)	46	(1,409)	
2024	1,559	(1,690)	46	(1,388)	
2025	1,051	1,413	46	(1,406)	
2026	863	1,919	47	(1,760)	
2026	276	(464)	47	(528)	
Thereafter	(8)	-	(2)	(117)	

HIC 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, 2020, 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, 2021.

Inflation	2.50%
Salary increases, including inflation – General state employees	3.50% – 5.35%
SPORS employees	3.50% – 4.75%
VaLORS employees	3.50% – 4.75%
JRS employees	4.50%
Investment rate of return	6.75% net of plan investment expenses, including inflation

Mortality rates – General State Employees

Pre-retirement:

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

Post-retirement:

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

Post-disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2022 except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – SPORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – VaLORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – JRS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected
generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

GLI Actuarial Assumptions

The total GLI OPEB Liability was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.50%
Salary increases, including inflation – General state employees	3.50% – 5.35%
Teachers	3.50% – 5.95%
SPORS employees	3.50% – 4.75%
VaLORS employees	3.50%– 4.75%
JRS employees	4.50%
Locality – General employees	3.50% – 5.35%
Locality – Hazardous Duty employees	3.50% – 4.75%
Investment rate of return	6.75 percent, net of investment expenses, including inflation

Mortality rates – General State Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected
generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – SPORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – VaLORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – JRS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected
generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – Largest 10 Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – Non-Largest 10 Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – Largest 10 Locality Employers – Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – Non-Largest 10 Locality Employers – Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is

75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

LODA Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.50%
Salary increases, including Inflation –	
General state employees	N/A
SPORS employees	N/A
VaLORS employees	N/A
Locality employees	N/A
Medical cost trend rates assumption –	
Under age 65	7.00% – 4.75%
Ages 65 and older	5.375% – 4.75%
Year of ultimate trend rate	
Under age 65	Fiscal year ended 2029
Ages 65 and older	Fiscal year ended 2024
Investment rate of return	2.16%, including inflation

** Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 2.16% was used since it approximates the risk-free rate of return.*

Mortality rates – General State Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

Mortality rates – SPORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

Mortality rates – VaLORS Employees

Pre-Retirement:

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

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected

generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

Mortality rates – Largest 10 Locality Employers With Public Safety Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

Mortality rates – Non-Largest 10 Locality Employers With Public Safety Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is

75% of the MP-2020 rates.

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

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

VSDP Actuarial Assumptions

The total VSDP OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.50
Salary increases, including Inflation –	
General state employees	3.5% – 5.35%
SPORS employees	3.5% – 4.75%
VaLORS employees	3.5% – 4.75%
Investment rate of return	6.75, net of investment expenses, including inflation

Mortality rates – General State Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – SPORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – VaLORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected

generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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 the measurement date of June 30, 2021, Net OPEB liability (asset) amounts for VRS administered programs are as follows (amounts expressed in thousands):

	HIC	GLI	LODA	VSDP
Total OPEB Liability	\$ 1,052,400	\$ 3,577,346	\$ 448,542	\$ 267,198
Plan Fiduciary Net Position	207,860	2,413,074	7,553	611,919
Net OPEB Liability (Asset)	\$ 844,540	\$ 1,164,272	\$ 440,989	\$ (344,721)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	19.75%	67.45%	1.68%	229.01%

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 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 OPEB programs

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
	Inflation		2.50%
	* Expected arithmetic nominal return		7.39%

* The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the *System*, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Long-Term Expected Rate of Return for the LODA OPEB Program

The long-term expected rate of return on LODA OPEB Program's investments was set at 2.16% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments' 6.75% assumption. Instead, the assumed annual rate of return of 2.16% 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, 2021.

Discount Rate

The discount rate used to measure the total State Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the

fiscal year ending June 30, 2021, the rate contributed by the entity 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, 2021 on, all agencies are assumed to continue 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 GLI OPEB Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2021, the rate contributed by the entity for the GLI OPEB 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, 2021 on, employers are assumed to continue 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 LODA OPEB liability was 2.16%. 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, 2021, 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 6.75%. 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, 2021, 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, 2021, on, participating employers are assumed to continue 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 VRS State Employee Health Insurance Credit Program net HIC OPEB liability using the discount rate of 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
VCCS' proportionate share of the VRS State Employee HIC OPEB Plan Net OPEB Liability	\$ 50,214	\$ 44,762	\$ 40,091

The following presents the VCCS' proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
VCCS' proportionate share of the Group Life Insurance Plan Net OPEB Liability	\$ 31,580	\$ 21,614	\$ 13,567

The following presents the VCCS' proportionate share of the net LODA OPEB liability using the discount rate of 2.16%, 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 (1.16%) or one percentage point higher (3.16%) than the current rate (amounts expressed in thousands):

	1.00% Decrease (1.16%)	Current Discount Rate (2.16%)	1.00% Increase (3.16%)
VCCS' proportionate share of the total LODA Net OPEB Liability	\$ 2,564	\$ 2,229	\$ 1,962

The following presents the VCCS' proportionate share of the net VSDP OPEB liability (asset) using the discount rate of 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate (amounts expressed in thousands):

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
VCCS' proportionate share of the VSDP Net OPEB Liability (Asset)	\$ (23,272)	\$ (24,633)	\$ (25,829)

Health Care Trend Rate for LODA

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

	Current Trend		
	1.00% Decrease (6.00% decreasing to 3.75%)	Rate (7.00% decreasing to 4.75%)	1.00% Increase (8.00% decreasing to 5.75%)
VCCS' proportionate share of the LODA Net OPEB Liability (Asset)	\$ 1,829	\$ 2,229	\$ 2,742

VRS OPEB Programs Fiduciary Net Position

Detailed information about the VRS OPEB Programs Fiduciary Net Position is available in the separately issued VRS 2021 Annual Report. A copy of the 2021 VRS *Annual Comprehensive Financial Report* (Annual Report) may be downloaded from the VRS website at, <https://www.varetire.org/pdf/publications/2021-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 State Employee Health Insurance Credit Program OPEB Plan

The VCCS recognized \$55.3 million as Accrued Payroll Expenses as of June 30, 2022, 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 \$174 thousand.

Payables to the VRS Group Life Insurance OPEB Plan

The VCCS recognized \$55.3 million as Accrued Payroll Expenses as of June 30, 2022, 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 \$208 thousand.

Payables to the Disability Insurance Program (VSDP) OPEB Plan

The VCCS recognized \$55.3 million as Accrued Payroll Expenses as of June 30, 2022, 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 \$84 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 4,100 retirees and 88,000 active employees in the program as of June 30, 2021. There are no inactive employees entitled to future benefits who are not currently receiving benefits. There are no assets accumulated in a trust to pay benefits.

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

At June 30, 2022, the VCCS reported a liability of \$29.4 million for its proportionate share of the collective total Pre-Medicare Retiree Healthcare OPEB liability of \$448.9 million. The Pre-Medicare Retiree Healthcare OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2021. The VCCS' proportion of the Pre-Medicare Retiree Healthcare OPEB liability was based on each employer's calculated healthcare premium contributions, to include the December premium holiday amounts, as a percentage of the total employer's calculated healthcare premium contributions for all participating employers. At June 30, 2021, the VCCS' proportion was 6.56% as compared to 6.77% at June 30, 2020. For the year ended June 30, 2022, the VCCS recognized Pre-Medicare Retiree Healthcare OPEB expense of \$13.4 million.

At June 30, 2022, the VCCS reported deferred outflows or resources and deferred inflows of resources related to Pre-Medicare Retiree Healthcare from the following sources:

Pre-Medicare Retiree Healthcare (\$ Thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 14,972
Change in assumptions	-	28,322
Changes in proportionate share	2,599	7,715
Amounts associated with transactions subsequent to the measurement date	2,153	-
Total	\$ 4,752	\$ 51,009

\$2.1 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, 2023. 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 ended June 30

2022	(17,161)
2023	(14,751)
2024	(8,976)
2025	(4,652)
2026	(2,270)
Thereafter	(602)

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, 2021. The Department of Human Resource Management selected the economic, demographic and healthcare claim cost assumptions. The actuary provided guidance with respect to these assumptions. Initial healthcare costs trend rates used were 6.75 percent for medical and pharmacy and 4.00 percent for dental. The ultimate trend rates used were 4.50 percent for medical and pharmacy and 4.0 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, 2021 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal

Amortization Method	Level dollar, Closed
Effective Amortization Period	6.37 years
Discount Rate	2.16%
Projected Salary Increases	5.35% to 3.5% based on years of service from 1 year to 20 years
Medical Trend Under 65	Medical & Rx: 6.75% to 4.50% Dental: 4.00%
Year of Ultimate Trend	2033
Mortality	Mortality rates vary by participant status and gender
Pre-Retirement:	Pub-2010 Benefits Weighted General Employee Rates projected generationally with a Modified MP-2021 Improvement Scale; females set forward 2 years
Post-Retirement	Pub-2010 Benefits General Healthy Retiree Rates Projected generationally with a modified MP-2021 Improvement Scale; 110% of rates for females
Post-Disablement:	Pub-2010 Benefits Weighted General Disabled Rates projected generationally with a Modified MP-2021 Improvement Scale; males and females set forward 3 years
Beneficiaries and Survivors:	Pub-2010 Benefits Weighted General Contingent Annuitant Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for males and females

The discount rate was based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date which is June 30, 2021.

Changes of Assumptions

The following actuarial assumptions were updated since the June 30, 2020 valuation based on recent experience:

- Retiree participation – reduced the rate from 45% to 40%

Spousal coverage and retiree participation were based on a blend of recent experience and the prior year assumptions. The mortality table has been updated from adjusted RP-2014 mortality tables using Scale BB to adjusted Pub-2010 Headcount-Weighted mortality tables projected generationally with modified MP-2021 Improvement Scales.

No excise tax has been reflected due to the SECURE Act. Among the provisions was a repeal of three taxes and fees that were originally intended to help fund the Affordable Care Act (ACA): i) the excise tax on high-cost health plans (Cadillac tax); ii) the annual fee on health insurance providers; and iii) the medical device excise tax.

The trend rates were updated based on economic conditions as of June 30, 2021. Additionally, the discount rate was decreased from 2.21% to 2.16% 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 2.16%, 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 (1.16%) or one percentage point higher (3.16%) than the current rate:

	1% Decrease (1.16%)	Current Rate (2.16%)	1% Increase (3.16%)
OPEB Liability	\$ 30,958	\$ 29,447	\$ 27,918

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 6.75% decreasing to 4.50%, 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 (5.75% decreasing to 3.50%) or one percentage point higher (7.75% decreasing to 5.50%) than the current rate:

	1% Decrease (5.75% decreasing to 3.50%)	Trend Rate (6.75% decreasing to 4.50%)	1% Increase (7.75% decreasing to 5.50%)
OPEB Liability	\$ 26,564	\$ 29,447	\$ 32,795

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, medical malpractice, 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:

Virginia College Building Authority appropriation revenue	\$25,471,375
General Fund appropriation revenue	13,305,162
Capital contributions from Treasury	<u>4,773</u>
Total	<u>\$38,781,310</u>

21. COMPONENT UNIT FINANCIAL INFORMATION

Below is a summary of the foundations.

VCCS has five major component units—Mountain Empire Community College Foundation, Southwest Virginia Community College Educational Foundation, Northern Virginia Community College Educational Foundation, Virginia Western Community College Educational Foundation, and Piedmont Community College Educational Foundation. Additionally, the System has twenty-three non-major component units—Blue Ridge Community College Educational Foundation, Central Virginia Community College Educational Foundation, Dabney S. Lancaster Community College Educational Foundation, Dabney S. Lancaster Community College Real Estate 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 Foundation, John Tyler Community College Foundation, John Tyler Community College Real Estate Foundation, Laurel Ridge Community College Educational Foundation, New River Community College Educational Foundation, Patrick Henry Community College Foundation, Paul D. Camp Community College 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.

For fiscal year 2022, Piedmont Community College Educational Foundation became a major component unit and J. Sargeant Reynolds Community College Educational and Real Estate Foundation became a non-major component unit as a result of the change in net position from fiscal year 2021 to fiscal year 2022.

Virginia Community College System Foundations
Statement of Net Position
As of June 30, 2022**

	Mountain Empire Community College Educational Foundation	Southwest Virginia Community College Educational Foundation	Northern Virginia Community College Educational Foundation	Virginia Western Community College Educational Foundation	Piedmont Virginia Community College Educational Foundation	Combined Non- Major Component Units	Total Component Units
ASSETS							
Total current assets	\$ 1,417,719	\$ 25,308,732	\$ 4,230,547	\$ 944,083	\$ 10,176,228	\$ 37,196,259	\$ 77,855,849
Noncurrent assets:							
Other noncurrent assets	33,953,135	3,428,459	27,211,824	29,983,618	20,673,217	237,626,227	318,923,345
Capital assets, net	-	5,111,389	462,818	1,239	-	40,235,534	45,810,980
Total noncurrent assets	33,953,135	8,539,848	27,674,642	29,984,857	20,673,217	277,861,761	364,734,325
Total assets	35,370,854	33,848,580	31,905,189	30,928,940	30,849,445	315,058,020	442,590,174
LIABILITIES							
Total current liabilities	519,267	187,224	742,876	117,131	131,153	7,654,278	8,832,662
Noncurrent liabilities:							
Long-term liabilities	-	-	-	-	4,411	11,085,836	11,090,247
Other noncurrent liabilities	-	-	-	-	-	5,400	5,400
Total noncurrent liabilities	-	-	-	-	4,411	(4,411)	-
Total liabilities	519,267	187,224	742,876	117,131	135,564	18,745,514	19,928,309
NET POSITION							
Net investment in capital assets	-	5,111,389	462,818	1,239	-	28,859,312	34,434,758
Restricted for:							
Nonexpendable	10,601,509	4,846,888	8,186,806	8,805,149	14,823,616	103,932,813	140,595,272
Expendable	17,086,201	20,614,195	12,248,424	18,353,098	3,008,209	95,312,422	149,536,348
Unrestricted	7,163,877	3,088,884	10,264,265	3,652,323	12,882,056	68,207,959	98,095,487
Total Net Position	\$ 34,851,587	\$ 33,661,356	\$ 31,162,313	\$ 30,811,809	\$ 30,713,881	\$ 296,312,506	\$ 422,661,865

** Refer to Footnote 1-D

Virginia Community College System Foundations
Statement of Revenues, Expenses, and Changes in Net Position
As of June 30, 2022**

	Mountain Empire Community College Educational Foundation	Southwest Virginia Community College Educational Foundation	Northern Virginia Community College Educational Foundation	Virginia Western Community College Educational Foundation	Piedmont Virginia Community College Educational Foundation	Combined Non- Major Component Units	Total Component Units
Total operating revenues	\$ 4,424,474	\$ 1,678,259	\$ 5,507,852	\$ 5,898,013	\$ 4,305,759	\$ 21,493,762	\$ 38,883,645
Total operating expenses	1,620,624	1,377,174	1,891,191	2,913,532	2,094,433	31,827,777	40,104,107
Operating income (loss)	2,803,850	301,085	3,616,661	2,984,481	2,211,326	(10,334,015)	(1,220,462)
Nonoperating revenues (expenses):							
Investment Income (loss)	-	(5,346,580)	(1,955,096)	1,044,835	33,292	6,411,889	188,340
Other nonoperating revenues (expenses)	-	-	-	-	-	(60,635)	(60,635)
Net nonoperating revenue	-	(5,346,580)	(1,955,096)	1,044,835	33,292	6,351,254	127,705
Income before other revenues, expenses gains and losses	2,803,850	(5,045,495)	1,661,565	4,029,316	2,244,618	(3,982,761)	(1,092,757)
Capital gifts, grants and contracts	-	-	-	-	-	233,774	233,774
Additions to permanent and term endowments	476,640	2,340,290	260,306	341,129	4,251,109	3,361,751	10,554,585
Increase (decrease) in net position	3,280,490	(2,705,205)	1,921,871	4,370,445	6,495,727	(387,236)	9,695,602
Net Position - beginning of year*	31,571,097	36,366,561	29,240,442	26,441,364	24,218,154	296,699,742	412,966,263
Net Position - end of year	\$ 34,851,587	\$ 33,661,356	\$ 31,162,313	\$ 30,811,809	\$ 30,713,881	\$ 296,312,506	\$ 422,661,865

*As restated, refer to Footnote 1-T

**Refer to Footnote 1-D

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

23. 2021 AMERICAN RESCUE PLAN ACT OF 2021 (ARPA) CORONAVIRUS RELIEF AND RESPONSE SUPPLEMENTAL ACT (CRRSA) OF 2020, and CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT OF 2020

During the fiscal year, Chapter 1, 2021 Acts of Assembly, Special Session II designated funding to the VCCS from the American Rescue Plan Act of 2021 (ARPA), State and Local Recovery Fund (SLRF) in the amount of \$40.0 million for two capital projects at Northern Virginia Community College (NVCC) including \$15.0 million designated for construction of a new building that would allow NVCC to expand its trades programs in carpentry, electrical, computer integration in trades, advanced automotive, and backup power systems and \$25.0 million designated for construction of a building that would allow NVCC to expand its nursing, phlebotomy, occupational therapy assistant, and physical therapist assistant programs. In addition, the VCCS was allotted a sub-award of \$20.0 million from funding awarded to the State Council of Higher Education for Virginia. Construction obligations and financial-aid disbursements will not begin until fiscal year 2023.

During the fiscal year, VDOE also awarded an additional \$6.7 million in Governor's Education Emergency Relief (GEER) financial-aid funding, referred to as GEERII, from the Coronavirus Relief and Response Supplemental Act (CRRSAA) of 2020. Financial-aid disbursements from GEERII funding will not occur until fiscal year 2023.

In prior years, VCCS community colleges were awarded \$164.1 million from the Coronavirus Relief and Response Supplemental Act (CRRSAA) of 2020 as supplemental Higher Education Emergency Relief Funds and is referred to as HEERFII funding. Community colleges also received \$281.1 million in additional Higher Education Emergency Relief Funds (HEEFIII) from the 2021 American Rescue Plan Act (ARPA). The authorized uses for both CRRSAA and ARPA funds included direct emergency grants to students for pandemic related cost impacts, and institutional costs associated with responding to the pandemic, including revenue loss.

In prior years, VCCS colleges received additional \$38.1 million Coronavirus Aid, Relief, and Economic Security Act (CARES) Coronavirus Relief Funds (CRF) from state CARES Act allocations from the Governor for targeted pandemic related spending this fiscal year. During this fiscal year, the VCCS reverted \$19.7 million in CRF not spent by the December 31, 2021, deadline.

24. SUBSEQUENT EVENTS

In May 2021, the Virginia Community College's State Board (the Board) adopted a new policy requiring college names to "Reflect the values of inclusive and accessible education articulated in the VCCS mission statement, with special emphasis on diversity, equity, and opportunity, and be relevant to the students it seeks to serve and to the geography of its service region." The Board, by policy, carries the sole authority to decide the names of Virginia's Community Colleges. For fiscal year 2022, Lord Fairfax Community College became Mountain Laurel Community College. Five other college name changes will occur in fiscal year 2023.

***REQUIRED
SUPPLEMENTARY
INFORMATION***



REQUIRED SUPPLEMENTARY INFORMATION

As of June 30, 2022

Schedule of Employer's Share of Net Pension Liability

VRS State Employee Retirement Plan

For the Years Ended June 30

	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015*
VCCS' Proportion of the Net Pension Liability (Asset)	7.34%	7.43%	7.66%	7.84%	8.19%	8.48%	8.48%	8.43%
VCCS' Proportionate Share of the Net Pension Liability (Asset)	\$266,500,181	\$537,958,214	\$484,192,628	\$424,652,000	\$477,103,000	\$559,144,000	\$518,887,000	\$471,710,000
VCCS' Covered Payroll	\$337,732,521	\$326,302,811	\$318,144,635	\$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	78.91%	164.86%	152.19%	131.72%	146.22%	170.32%	158.88%	144.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.44%	72.15%	75.13%	77.39%	75.33%	71.29%	72.81%	74.28%

ValORS Employee Retirement Plan

For the Years Ended June 30

	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015*
VCCS' Proportion of the Net Pension Liability (Asset)	1.45%	1.49%	1.52%	1.55%	1.55%	1.50%	1.38%	1.26%
VCCS' Proportionate Share of the Net Pension Liability (Asset)	\$7,587,693	\$11,661,463	\$10,574,723	\$9,642,000	\$10,192,000	\$11,618,000	\$9,786,000	\$8,509,000
VCCS' Covered Payroll	\$5,626,938	\$5,518,364	\$5,332,773	\$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	134.85%	211.32%	198.30%	180.34%	190.52%	223.97%	209.91%	191.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.18%	65.74%	68.31%	69.56%	67.22%	61.01%	62.64%	63.05%

Schedule is intended to show information for 10 years. Since 2022 is the eighth year for this presentation, there are only eight years available. However, additional years will be included as they become available.

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

Schedule of Employer Contributions**VRS State Employee Retirement Plan
For the 10 Years Ending June 30**

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2022	\$37,732,521	\$37,732,521	-	\$337,638,468	11.18%
2021	\$46,192,220	\$46,192,220	-	\$319,448,276	14.46%
2020	\$44,116,141	\$44,116,141	-	\$326,302,811	13.52%
2019	\$41,787,000	\$41,787,000	-	\$318,144,635	13.13%
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%

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

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2022	\$1,232,299	\$1,232,299	-	\$5,626,938	21.90%
2021	\$1,110,540	\$1,110,540	-	\$5,070,967	21.90%
2020	\$1,192,521	\$1,192,521	-	\$5,518,364	21.61%
2019	\$1,145,000	\$1,145,000	-	\$5,332,773	21.47%
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%

**Notes to Required Supplementary Information
For the Year Ended June 30, 2022**

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions are as follows:

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

The following changes in actuarial assumptions were made for the VaLORS Retirement Plan effective June 30, 2016, except the change in discount rate, which was based on the VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Schedule of VCCS' Share of the Net OPEB Liability

Group Life Insurance Program (GLI)

For the Years Ended June 30

	2022*	2021*	2020*	2019*	2018*
VCCS' Proportion of the Net GLI OPEB Liability (Asset)	0.19%	1.91%	1.96%	2.06%	2.14%
VCCS' Proportionate Share of the Net GLI OPEB Liability (Asset)	\$21,614,468	\$31,946,869	\$31,846,900	\$31,274,000	\$32,268,000
VCCS' Covered Payroll	\$ 401,769,550	\$ 393,971,211	\$ 383,653,769	\$ 391,539,930	\$ 395,579,732
VCCS' Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	5.38%	8.11%	8.30%	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Since 2022 is the fifth year for this presentation, only five years of data is available. However, additional years will be added 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

For the Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2022	\$ 2,169,557	\$ 2,169,557	-	\$ 401,769,550	0.54%
2021	\$ 2,069,768	\$ 2,069,768	-	\$ 383,290,595	0.54%
2020	\$ 2,048,652	\$ 2,048,652	-	\$ 393,971,211	0.52%
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 is intended to show information for 10 years. Since 2022 is the fifth year for this presentation, only five years of data is available. However, additional years will be added as they become available.

Schedule of VCCS' Share of the Net OPEB Liability

Health Insurance Credit Program (HIC)

For the Years Ended June 30

	2022*	2021*	2020*	2019*	2018*
VCCS' Proportion of the Net HIC OPEB Liability (Asset)	5.34%	5.44%	5.60%	5.78%	6.10%
VCCS' Proportionate Share of the Net HIC OPEB Liability (Asset)	\$44,762,175	\$49,901,710	\$51,728,631	\$52,749,000	\$55,585,000
VCCS' Covered Payroll	\$401,475,699	\$391,633,015	\$381,875,067	\$389,321,850	\$394,447,967
VCCS' Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of its Covered Payroll	11.15%	12.74%	13.55%	13.55%	14.09%
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	19.75%	12.02%	10.56%	9.51%	8.03%

Schedule is intended to show information for 10 years. Since 2022 is the fifth year for this presentation, only five years of data is available. However, additional years will be added 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

For the Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2022	\$ 4,496,529.00	\$ 4,496,529.00	-	\$ 401,475,699.00	1.12%
2021	\$ 4,277,766.00	\$ 4,277,766.00	-	\$ 381,943,222.00	1.12%
2020	\$ 4,582,106.00	\$ 4,582,106.00	-	\$ 391,633,015.00	1.17%
2019	\$ 4,468,478.00	\$ 4,468,478.00	-	\$ 381,875,067.00	1.17%
2018	\$ 4,593,998.00	\$ 4,593,998.00	-	\$ 389,321,850.00	1.18%

Schedule is intended to show information for 10 years. Since 2022 is the fifth year for this presentation, only five years of data is available. However, additional years will be added as they become available.

Schedule of VCCS' Share of the Net OPEB Liability
Line of Duty Act Program (LODA)
For the Years Ended June 30

	2022*	2021*	2020*	2019*	2018*
VCCS' Proportion of the Net LODA OPEB Liability (Asset)	0.50%	0.60%	0.52%	0.53%	0.55%
VCCS' Proportionate Share of the Net LODA OPEB Liability (Asset)	\$ 2,228,641	\$ 2,523,073	\$ 1,849,043	\$ 1,670,000	\$ 1,449,000
VCCS' Covered-Employee Payroll	\$ 6,348,538	\$ 6,171,841	\$ 5,697,818	\$ 5,346,521	\$ 5,349,651
VCCS' Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll**	35.10%	40.88%	32.45%	31.24%	27.09%
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.68%	1.02%	0.79%	0.60%	1.30%

Schedule is intended to show information for 10 years. Since 2022 is the fifth year for this presentation, only five years of data is available. However, additional years will be added 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 Program

For the Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a % of Covered-Employee Payroll*
2022	\$ 69,365	\$ 69,365	-	\$ 6,348,538	1.09%
2021	\$ 69,579	\$ 69,579	-	\$ 5,906,588	1.18%
2020	\$ 81,869	\$ 81,869	-	\$ 6,171,841	1.33%
2019	\$ 69,165	\$ 69,165	-	\$ 5,697,818	1.21%
2018	\$ 68,000	\$ 68,000	-	\$ 5,346,521	1.27%

Schedule is intended to show information for 10 years. Since 2022 is the fifth year for this presentation, only five years of data is available. However, additional years will be added as they become available.

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

	2022*	2021*	2020*	2019*	2018*
VCCS' Proportion of the Net VSDP OPEB Liability (Asset)	0.14%	(7.25%)	(7.52%)	(7.74%)	(8.11%)
VCCS' Proportionate Share of the Net VSDP OPEB Liability (Asset)	(\$24,632,752)	(\$15,996,216)	(\$14,744,584)	(\$17,433,000)	(\$16,659,000)
VCCS' Covered Payroll	\$328,639,106	\$314,095,047	\$304,193,586	\$305,233,995	\$306,049,960
VCCS' Proportionate Share of the Net VSDP OPEB Liability (Asset) as a Percentage of its Covered Payroll	(7.50)%	(5.09)%	(4.85%)	(5.71%)	(5.44%)
Plan Fiduciary Net Position as a Percentage of the Total VSDP OPEB Liability	229.01%	181.88%	167.18%	194.74%	186.63%

Schedule is intended to show information for 10 years. Since 2022 is the fifth year for this presentation, only five years of data is available. However, additional years will be added as they become available.

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

Schedule of Employer Contributions
Virginia Sickness and Disability Program (VSDP)

For the Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2022	\$ 2,004,701	\$ 2,004,701	-	\$ 328,639,106	0.61%
2021	\$ 1,883,956	\$ 1,883,956	-	\$ 308,845,113	0.61%
2020	\$ 1,947,391	\$ 1,947,391	-	\$ 314,095,047	0.62%
2019	\$ 1,885,999	\$ 1,885,999	-	\$ 304,193,586	0.62%
2018	\$ 2,014,544	\$ 2,014,544	-	\$ 305,233,995	0.66%

Schedule is intended to show information for 10 years. Since 2022 is the fifth year for this presentation, only five years of data is available. However, additional years will be added as they become available.

**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, 2022**

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

General State Employees (HIC, GLI, LODA, VSDP)

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

Teachers (GLI)

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

SPORS Employees (HIC, GLI, LODA, VSDP)

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

VaLORS Employees (HIC, GLI, LODA, VSDP)

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

JRS Employees (HIC, GLI)

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

Largest Ten Locality Employers - General Employees (GLI)

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

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

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

Largest Ten Locality Employers – Hazardous Duty Employees (GLI)

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

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

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

Largest Ten Locality Employers – Public Safety Employees (LODA)

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

Non-Largest Ten Locality Employers – Public Safety Employees (LODA)

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

Required Supplementary Information

**Commonwealth of Virginia State Health Plans
Program for Pre-Medicare Retirees
For the Fiscal Year Ended June 30, 2022**

**Schedule of VCCS' Share of the Total OPEB Liability
Pre-Medicare Retiree Program
For the Years Ended June 30**

	2022*	2021*	2020*	2019*	2018*
VCCS' Proportion of the collective total OPEB Liability	6.56%	6.65%	6.77%	6.91%	7.14%
VCCS' Proportionate Share of the collective total OPEB Liability	\$29,447,302	\$37,813,303	\$45,992,947	\$69,451,303	\$92,753,806
VCCS' Covered-Employee Payroll	\$362,456,806	\$337,334,723	\$363,562,657	\$348,687,142	\$356,495,630
VCCS' Proportionate Share of the collective total OPEB Liability as a Percentage of its Covered-Employee Payroll	8.12%	11.21%	12.65%	19.92%	26.02%

Schedule is intended to show information for 10 years. Since 2022 is the fifth year for this presentation, only five years of data is available. However, additional years will be added 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, 2022**

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

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

Changes of assumptions – The following actuarial assumptions were updated since the June 30, 2020 valuation based on recent experience:

- Retiree Participation - reduced the rate from 45% to 40%

Spousal coverage and retiree participation were both reduced based on a blend of recent experience and the prior year assumptions. The mortality table has been updated from adjusted RP-2014 mortality tables using Scale BB to adjusted Pub-2010 Headcount-Weighted mortality tables projected generationally with modified MP-2021 Improvement Scales.

No excise tax has been reflected due to the SECURE Act. Among the provisions was a repeal of three taxes and fees that were originally intended to help fund the Affordable Care Act (ACA): i) the excise tax on high-cost health plans (Cadillac tax); ii) the annual fee on health insurance providers; and iii) the medical device excise tax.

The trend rates were updated based on economic conditions as of June 30, 2021. Additionally, the discount rate was decreased from 2.21% to 2.16% based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2022.

***INDIVIDUAL
COLLEGE
FINANCIAL
STATEMENTS***

**Virginia Community College System
Blue Ridge Community College
Statement of Net Position
As of June 30, 2022**

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	Community College	Component Unit Blue Ridge Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	7,548,114	435,314
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	252,887	18,996
Pledges receivable (Note 3)		53,709
Due from commonwealth (Note 4)	207,374	
Due from system office	516,836	
Interest receivable	77,957	
Prepaid expenses	116,319	
Inventories	13,900	
Notes receivable, net (Note 3)		230,862
Total Current Assets	<u>8,733,387</u>	<u>738,881</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	2,598,642	
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		11,190,735
Other long-term investments (Note 2)		4,160,875
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		392,205
Pledges receivable (Note 3)		72,678
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	662,346	
Non-depreciable capital assets, net (Note 5)	1,297,656	5,000
Depreciable capital assets, net (Note 5)	65,358,167	
Total Noncurrent Assets	<u>69,916,811</u>	<u>15,821,493</u>
Total Assets	<u>78,650,198</u>	<u>16,560,374</u>
Deferred Outflows of Resources (Note 8)	2,874,739	
Total Assets and Deferred Outflows of Resources	<u>81,524,937</u>	<u>16,560,374</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	933,289	
Accrued payroll expense	1,911,257	
Unearned revenue	928,509	
Long-term liabilities-current portion (Note 9)	1,380,341	15,540
Securities lending obligation	24	
Post employment benefit obligations (Note 9)	67,741	
Due to Commonwealth		
Due to system's office		
Deposits	77,475	
Total Current Liabilities	<u>5,298,636</u>	<u>15,540</u>

**Virginia Community College System
Blue Ridge Community College
Statement of Net Position
As of June 30, 2022**

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	Community College	Component Unit Blue Ridge Community College Educational Foundation
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 9)	8,830,588	43,243
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	9,649,368	
Total Noncurrent Liabilities	<u>18,479,956</u>	<u>43,243</u>
Total Liabilities	<u>23,778,592</u>	<u>58,783</u>
Deferred Inflows of Resources (Note 8)	7,449,429	
Total Liabilities and Deferred Inflows of Resources	<u>31,228,021</u>	<u>58,783</u>
Net Position		
Net investment in capital assets	57,334,483	5,000
Restricted for:		
Nonexpendable		8,059,244
Expendable	4,240,298	3,735,081
Unrestricted	(11,277,865)	4,702,266
Total Net Position	<u>50,296,916</u>	<u>16,501,591</u>

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, 2022

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	Community College	Component Unit Blue Ridge Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$184,101,160)	6,589,452	
Federal grants and contracts	469,709	
State and local grants	680,258	
Nongovernmental grants	622,669	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$13,787)	1,323,282	
Gifts and contributions		618,788
Endowment income		(673,365)
Other operating revenues	1,059,058	377,072
Total Operating Revenue	10,744,428	322,495
Expenses		
Operating Expenses		
Instruction	12,377,491	351,002
Public service	91,831	25,000
Academic support	1,944,082	108,152
Student services	2,638,583	
Institutional support	7,654,424	244,500
Operation and maintenance	2,532,967	
Scholarships and fellowships	8,208,538	645,239
Auxiliary enterprises	409,592	
Fundraising		46,506
Other expenses	289,850	
Total Operating Expenses (Note 12)	36,147,358	1,420,399
Operating Income (Loss)	(25,402,930)	(1,097,904)
Nonoperating Revenues(Expenses)		
State appropriations (Note 13)	15,239,726	
Local appropriations	26,000	
Grants and gifts	10,722,413	
Investment income	104,682	(267,494)
Interest on capital asset related debt	(285,259)	
Other nonoperating revenue (expense)	728,667	
Net Nonoperating Revenue	26,536,229	(267,494)
Income before other revenues, expenses gains (losses)	1,133,299	(1,365,398)
Capital appropriations-state (Note 20)		
Capital appropriations-local	400,000	
Capital gifts, grants and contracts	228,661	
Additions to permanent and term endowments		265,879
Increase (Decrease) in Net Position	1,761,960	(1,099,519)
Net Position		
Net Position beginning of year	48,534,956	17,601,110
Net Position end of year	50,296,916	16,501,591

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, 2022**

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	Community College
Cash flows from operating activities:	
Tuition and fees	6,504,377
Grants and contracts	1,815,919
Payments to suppliers and others	(5,443,149)
Payments for employee wages	(13,539,885)
Payments for employee fringes and pension benefits	(5,523,868)
Payment for scholarships	(9,616,924)
Payments for utilities	(728,012)
Sales and services of education department	
Auxiliary	1,323,282
Loans issued to students	
Loans collected from students	
Other	769,208
Net cash used by operating activities	<u>(24,439,052)</u>
Cash flows from non-capital financing activities:	
State appropriations	15,239,726
Local appropriations	26,000
Grants and gifts	10,515,039
Custodial receipts	8,222,553
Custodial disbursements	(8,243,828)
PLUS, Stafford and Direct Lending loan receipts	1,143,407
PLUS, Stafford and Direct Lending loan disbursements	(1,143,407)
Other non-operating revenue(expense)	228,377
Net cash provided (used) by non-capital financing activities	<u>25,987,867</u>
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	400,000
Capital grants and gifts	228,439
Purchase capital assets	(1,103,106)
Proceeds from sale of capital assets	90,758
Proceeds from bond issue	
Debt interest payments	(327,290)
Debt principal payments	(592,520)
Net cash provided (used) by capital financing activities	<u>(1,303,719)</u>
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	110,609
Net cash provided (used) by investing activities	<u>110,609</u>
Net increase (decrease) in cash and cash equivalents	355,705
Cash and cash equivalents, beginning of year	9,791,027
Cash and cash equivalents, End of Year	<u><u>10,146,732</u></u>

**Virginia Community College System
Blue Ridge Community College
Statement of Cash Flows
For the Year Ended June 30, 2022**

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Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(25,402,930)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	2,596,340
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(213,860)
Prepaid expenses and other	(92,265)
Post employment benefits asset	(232,158)
Accrued compensation and leave	107,546
Accounts payable and other	60,910
Unearned revenue	172,965
Deposits pending distribution	204
Pension liability	(7,103,117)
Post employment benefits liability	(637,400)
Deferred inflows of resources related to pensions and post employment benefits	5,114,844
Deferred outflows of resources related to pensions and post employment benefits	1,189,869
Net cash used in operating activities	<u>(24,439,052)</u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	10,146,756
Less: Securities Lending Cash Equivalents	24
Cash and cash equivalents end of year	<u>10,146,732</u>
Noncash transactions	
Donated capital assets	222
Amortization of bond premium	70,507
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	(5,200)

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, 2022**

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	Community College	Component Unit Central Virginia Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	4,994,996	391,284
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	160,251	2,399
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)	434,763	
Due from system office	109,352	
Interest receivable		
Prepaid expenses	344,817	
Inventories	15,047	
Notes receivable, net (Note 3)		
Total Current Assets	<u>6,059,226</u>	<u>393,683</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		143,870
Appropriation available	500,000	
Endowment investments (Note 2)		1,653,551
Other long-term investments (Note 2)		2,012,047
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 (Note 18)	572,719	
Non-depreciable capital assets, net (Note 5)	1,139,530	
Depreciable capital assets, net (Note 5)	13,346,328	
Total Noncurrent Assets	<u>15,558,577</u>	<u>3,809,468</u>
Total Assets	<u>21,617,803</u>	<u>4,203,151</u>
Deferred Outflows of Resources (Note 8)	2,710,560	
Total Assets and Deferred Outflows of Resources	<u>24,328,363</u>	<u>4,203,151</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	570,640	4,101
Accrued payroll expense	934,095	
Unearned revenue	746,339	
Long-term liabilities-current portion (Note 9)	564,450	
Securities lending obligation	8	
Post employment benefit obligations (Note 9)	54,277	
Due to Commonwealth		
Due to system's office		
Deposits	356,723	
Total Current Liabilities	<u>3,226,532</u>	<u>4,101</u>

**Virginia Community College System
Central Virginia Community College
Statement of Net Position
As of June 30, 2022**

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	Community College	Component Unit Central Virginia Community College Educational Foundation
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 9)	1,009,012	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	8,771,034	
Total Noncurrent Liabilities	<u>9,780,046</u>	
Total Liabilities	<u>13,006,578</u>	<u>4,101</u>
Deferred Inflows of Resources (Note 8)	6,718,718	
Total Liabilities and Deferred Inflows of Resources	<u>19,725,296</u>	<u>4,101</u>
Net Position		
Net investment in capital assets	13,532,641	
Restricted for:		
Nonexpendable		956,199
Expendable	1,453,118	2,119,402
Unrestricted	<u>(10,382,692)</u>	<u>1,123,449</u>
Total Net Position	<u>4,603,067</u>	<u>4,199,050</u>

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, 2022

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	Community College	Component Unit Central Virginia Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$184,101,160)	6,605,877	
Federal grants and contracts	829,371	
State and local grants	215,716	
Nongovernmental grants		
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$11,533)	72,223	
Gifts and contributions		516,642
Endowment income		(269,619)
Other operating revenues	1,236,932	59,640
Total Operating Revenue	8,960,119	306,663
Expenses		
Operating Expenses		
Instruction	11,114,916	
Public service	34,349	
Academic support	1,936,517	
Student services	2,915,116	
Institutional support	6,370,456	343,806
Operation and maintenance	3,164,210	
Scholarships and fellowships	6,704,980	511,418
Auxiliary enterprises	36,374	
Fundraising		53,864
Other expenses		
Total Operating Expenses (Note 12)	32,276,918	909,088
Operating Income (Loss)	(23,316,799)	(602,425)
Nonoperating Revenues(Expenses)		
State appropriations (Note 13)	12,590,288	
Local appropriations	6,350	
Grants and gifts	11,101,408	
Investment income	823	(429,005)
Interest on capital asset related debt	(1,664)	
Other nonoperating revenue (expense)	83,434	
Net Nonoperating Revenue	23,780,639	(429,005)
Income before other revenues, expenses gains (losses)	463,840	(1,031,430)
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	199,913	
Additions to permanent and term endowments		32,995
Increase (Decrease) in Net Position	663,753	(998,435)
Net Position		
Net Position beginning of year	3,939,314	5,197,485
Net Position end of year	4,603,067	4,199,050

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, 2022**

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	Community College
Cash flows from operating activities:	
Tuition and fees	6,980,249
Grants and contracts	1,290,581
Payments to suppliers and others	(5,618,286)
Payments for employee wages	(13,364,619)
Payments for employee fringes and pension benefits	(4,827,783)
Payment for scholarships	(8,013,003)
Payments for utilities	(528,039)
Sales and services of education department	
Auxiliary	77,292
Loans issued to students	
Loans collected from students	
Other	1,236,932
Net cash used by operating activities	<u>(22,766,676)</u>
Cash flows from non-capital financing activities:	
State appropriations	12,590,288
Local appropriations	6,350
Grants and gifts	11,110,435
Custodial receipts	432,065
Custodial disbursements	(308,052)
PLUS, Stafford and Direct Lending loan receipts	612,257
PLUS, Stafford and Direct Lending loan disbursements	(609,600)
Other non-operating revenue(expense)	(27,004)
Net cash provided (used) by non-capital financing activities	<u>23,806,739</u>
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	199,884
Purchase capital assets	(453,671)
Proceeds from sale of capital assets	28,153
Proceeds from bond issue	
Debt interest payments	(1,664)
Debt principal payments	(381,067)
Net cash provided (used) by capital financing activities	<u>(608,365)</u>
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	823
Net cash provided (used) by investing activities	<u>823</u>
Net increase (decrease) in cash and cash equivalents	432,521
Cash and cash equivalents, beginning of year	4,562,467
Cash and cash equivalents, End of Year	<u><u>4,994,988</u></u>

**Virginia Community College System
Central Virginia Community College
Statement of Cash Flows
For the Year Ended June 30, 2022**

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Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(23,316,799)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,105,490
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	386,993
Prepaid expenses and other	(73,379)
Post employment benefits asset	(193,952)
Accrued compensation and leave	41,918
Accounts payable and other	225,189
Unearned revenue	236,199
Deposits pending distribution	
Pension liability	(6,761,553)
Post employment benefits liability	(589,944)
Deferred inflows of resources related to pensions and post employment benefits	5,071,754
Deferred outflows of resources related to pensions and post employment benefits	1,101,408
Net cash used in operating activities	<u>(22,766,676)</u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	4,994,996
Less: Securities Lending Cash Equivalents	8
Cash and cash equivalents end of year	<u>4,994,988</u>

Noncash transactions

Donated capital assets	29
Amortization of bond premium	
Unrealized gain/loss on investments	
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, 2022**

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		Component Unit	
		Dabney S. Lancaster Community College Educational Foundation	Dabney S. Lancaster Community College Real Estate Foundation
	Community College		
Assets			
Current Assets			
Cash and cash equivalents (Note 2)	2,440,401	630,021	5,784
Appropriation available			
Short term investments (Note 2)			
Accounts receivable, net (Note 3)	431,426		
Pledges receivable (Note 3)		23,800	
Due from commonwealth (Note 4)	164,131		
Due from system office	63,430		
Interest receivable		11,787	
Prepaid expenses	222,560	16,525	
Inventories	39,815		
Notes receivable, net (Note 3)			
Total Current Assets	<u>3,361,763</u>	<u>682,133</u>	<u>5,784</u>
Noncurrent Assets			
Restricted cash and cash equivalents (Note 2)			38,044
Cash equivalents with trustees (Note 2)			
Endowment cash and cash equivalents (Note 2)			
Appropriation available			
Endowment investments (Note 2)		8,421,678	
Other long-term investments (Note 2)			
Accounts receivable, net (Note 3)			
Investments in real estate (Note 2)			131,800
Pledges receivable (Note 3)			
Due from commonwealth (Note 4)			
Notes receivable, net (Note 3)			
Post employment benefit assets (Note 18)	223,034		
Non-depreciable capital assets, net (Note 5)	309,236		
Depreciable capital assets, net (Note 5)	11,330,431		324,879
Total Noncurrent Assets	<u>11,862,701</u>	<u>8,421,678</u>	<u>494,723</u>
Total Assets	<u>15,224,464</u>	<u>9,103,811</u>	<u>500,507</u>
Deferred Outflows of Resources (Note 8)	1,088,097		
Total Assets and Deferred Outflows of Resources	<u>16,312,561</u>	<u>9,103,811</u>	<u>500,507</u>
Liabilities			
Current Liabilities			
Accounts and retainage payable (Note 6)	205,070	2,252	
Accrued payroll expense	515,829		
Unearned revenue	63,184		
Long-term liabilities-current portion (Note 9)	265,837		
Securities lending obligation			
Post employment benefit obligations (Note 9)	22,330		
Due to Commonwealth			
Due to system's office			
Deposits	62,690		
Total Current Liabilities	<u>1,134,940</u>	<u>2,252</u>	

**Virginia Community College System
Dabney S. Lancaster Community College
Statement of Net Position
As of June 30, 2022**

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		Component Unit	
		Dabney S. Lancaster Community College Educational Foundation	Dabney S. Lancaster Community College Real Estate Foundation
	Community College		
Noncurrent Liabilities			
Unearned revenue			
Long-term liabilities (Note 9)	450,737		
Due to federal government (Note 9)			
Pension and post employment benefit obligations (Note 9)	3,423,527		
Total Noncurrent Liabilities	<u>3,874,264</u>		
Total Liabilities	<u>5,009,204</u>	<u>2,252</u>	
Deferred Inflows of Resources (Note 8)	3,000,484		
Total Liabilities and Deferred Inflows of Resources	<u>8,009,688</u>	<u>2,252</u>	
Net Position			
Net investment in capital assets	11,222,634		324,879
Restricted for:			
Nonexpendable		4,101,859	38,044
Expendable	698,602	4,002,278	
Unrestricted	(3,618,363)	997,422	137,584
Total Net Position	<u>8,302,873</u>	<u>9,101,559</u>	<u>500,507</u>

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, 2022

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		Component Unit	Component Unit
	Community College	Dabney S. Lancaster Community College Educational Foundation	Dabney S. Lancaster Community College Real Estate Foundation
Revenues			
Operating Revenue			
Tuition and fees (net of scholarship allowance of \$184,101,160)	2,226,292		
Federal grants and contracts	1,261,795		105,169
State and local grants	49,563		
Nongovernmental grants	363,708		
Sales/services of education department	2,208		
Auxiliary enterprises (net of scholarship allowance of \$3,581)	23,096		
Gifts and contributions		189,228	300
Endowment income		942,956	
Other operating revenues	347,219	53,387	12,609
Total Operating Revenue	<u>4,273,881</u>	<u>1,185,571</u>	<u>118,078</u>
Expenses			
Operating Expenses			
Instruction	4,682,598		
Public service	61,031		
Academic support	337,993	213,539	
Student services	1,591,658		
Institutional support	2,453,120	113,609	172,406
Operation and maintenance	1,470,356		21,774
Scholarships and fellowships	1,977,108	176,918	
Auxiliary enterprises			
Fundraising		32,701	
Other expenses			
Total Operating Expenses (Note 12)	<u>12,573,864</u>	<u>536,767</u>	<u>194,180</u>
Operating Income (Loss)	<u>(8,299,983)</u>	<u>648,804</u>	<u>(76,102)</u>
Nonoperating Revenues(Expenses)			
State appropriations (Note 13)	5,879,396		
Local appropriations	114,426		
Grants and gifts	2,856,506		
Investment income	1,254	1,713	
Interest on capital asset related debt	(14,320)		
Other nonoperating revenue (expense)	425,231		
Net Nonoperating Revenue	<u>9,262,493</u>	<u>1,713</u>	
Income before other revenues, expenses gains (losses)	962,510	650,517	(76,102)
Capital appropriations-state (Note 20)			
Capital appropriations-local	17,165		
Capital gifts, grants and contracts	227,411		
Additions to permanent and term endowments		46,815	
Increase (Decrease) in Net Position	<u>1,207,086</u>	<u>697,332</u>	<u>(76,102)</u>
Net Position			
Net Position beginning of year (Note 1-T)	7,095,787	8,404,227	576,609
Net Position end of year	<u>8,302,873</u>	<u>9,101,559</u>	<u>500,507</u>

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, 2022

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	Community College
Cash flows from operating activities:	
Tuition and fees	2,244,486
Grants and contracts	1,622,474
Payments to suppliers and others	(2,667,089)
Payments for employee wages	(5,756,729)
Payments for employee fringes and pension benefits	(1,887,642)
Payment for scholarships	(1,982,817)
Payments for utilities	(363,166)
Sales and services of education department	2,208
Auxiliary	23,096
Loans issued to students	
Loans collected from students	
Other	292,819
Net cash used by operating activities	<u>(8,472,360)</u>
Cash flows from non-capital financing activities:	
State appropriations	5,879,396
Local appropriations	114,426
Grants and gifts	2,788,584
Custodial receipts	479,856
Custodial disbursements	(460,168)
PLUS, Stafford and Direct Lending loan receipts	594,547
PLUS, Stafford and Direct Lending loan disbursements	(594,547)
Other non-operating revenue(expense)	503,234
Net cash provided (used) by non-capital financing activities	<u>9,305,328</u>
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	17,165
Capital grants and gifts	227,411
Purchase capital assets	(447,935)
Proceeds from sale of capital assets	75,731
Proceeds from bond issue	
Debt interest payments	(14,320)
Debt principal payments	(128,007)
Net cash provided (used) by capital financing activities	<u>(269,955)</u>
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	1,254
Net cash provided (used) by investing activities	<u>1,254</u>
Net increase (decrease) in cash and cash equivalents	564,267
Cash and cash equivalents, beginning of year	1,876,134
Cash and cash equivalents, End of Year	<u><u>2,440,401</u></u>

**Virginia Community College System
Dabney S. Lancaster Community College
Statement of Cash Flows
For the Year Ended June 30, 2022**

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Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(8,299,983)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	796,485
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(126,357)
Prepaid expenses and other	(30,022)
Post employment benefits asset	(84,817)
Accrued compensation and leave	71,033
Accounts payable and other	(121,735)
Unearned revenue	37,559
Deposits pending distribution	
Pension liability	(2,366,023)
Post employment benefits liability	(193,116)
Deferred inflows of resources related to pensions and post employment benefits	1,672,817
Deferred outflows of resources related to pensions and post employment benefits	171,799
Net cash used in operating activities	<u>(8,472,360)</u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	2,440,401
Less: Securities Lending Cash Equivalents	
Cash and cash equivalents end of year	<u>2,440,401</u>

Noncash transactions

Donated capital assets
Amortization of bond premium
Unrealized gain/loss on investments
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, 2022**

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	Community College	Component Unit Danville Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	5,038,409	1,345,891
Appropriation available		
Short term investments (Note 2)	661,882	
Accounts receivable, net (Note 3)	4,039,672	7,310
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)		
Due from system office		
Interest receivable		22,089
Prepaid expenses	199,979	
Inventories	275,219	
Notes receivable, net (Note 3)		
Total Current Assets	<u>10,215,161</u>	<u>1,375,290</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		829,948
Appropriation available		
Endowment investments (Note 2)		10,983,962
Other long-term investments (Note 2)		760,537
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 (Note 18)	419,421	
Non-depreciable capital assets, net (Note 5)	891,968	
Depreciable capital assets, net (Note 5)	28,652,427	
Total Noncurrent Assets	<u>29,963,816</u>	<u>12,574,447</u>
Total Assets	<u>40,178,977</u>	<u>13,949,737</u>
Deferred Outflows of Resources (Note 8)	1,900,043	
Total Assets and Deferred Outflows of Resources	<u><u>42,079,020</u></u>	<u><u>13,949,737</u></u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	520,590	21,655
Accrued payroll expense	1,060,241	
Unearned revenue	556,738	
Long-term liabilities-current portion (Note 9)	281,878	
Securities lending obligation	2,809	
Post employment benefit obligations (Note 9)	40,593	
Due to Commonwealth		
Due to system's office		
Deposits	619,650	
Total Current Liabilities	<u>3,082,499</u>	<u>21,655</u>

**Virginia Community College System
Danville Community College
Statement of Net Position
As of June 30, 2022**

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	Community College	Component Unit Danville Community College Educational Foundation
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 9)	190,903	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	6,518,890	
Total Noncurrent Liabilities	<u>6,709,793</u>	
Total Liabilities	<u>9,792,292</u>	<u>21,655</u>
Deferred Inflows of Resources (Note 8)	5,853,821	
Total Liabilities and Deferred Inflows of Resources	<u>15,646,113</u>	<u>21,655</u>
Net Position		
Net investment in capital assets	29,544,395	
Restricted for:		
Nonexpendable		7,777,656
Expendable	2,642,479	4,036,254
Unrestricted	(5,753,967)	2,114,172
Total Net Position	<u>26,432,907</u>	<u>13,928,082</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, 2022

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	Community College	Component Unit Danville Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$184,101,160)	2,888,190	
Federal grants and contracts	1,063,489	
State and local grants	1,829,872	
Nongovernmental grants	835,750	335,295
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$49,755)	721,420	
Gifts and contributions		22,890
Endowment income		(1,226,794)
Other operating revenues	650,983	170,798
Total Operating Revenue	<u>7,989,704</u>	<u>(697,811)</u>
Expenses		
Operating Expenses		
Instruction	8,965,629	
Public service	153,952	
Academic support	904,348	48,601
Student services	2,927,933	
Institutional support	4,446,534	587,154
Operation and maintenance	2,564,540	
Scholarships and fellowships	9,074,346	189,120
Auxiliary enterprises	1,170,027	
Fundraising		249,081
Other expenses		
Total Operating Expenses (Note 12)	<u>30,207,309</u>	<u>1,073,956</u>
Operating Income (Loss)	<u>(22,217,605)</u>	<u>(1,771,767)</u>
Nonoperating Revenues(Expenses)		
State appropriations (Note 13)	11,888,645	
Local appropriations	27,000	
Grants and gifts	10,089,669	
Investment income	3,030	113,511
Interest on capital asset related debt		
Other nonoperating revenue (expense)	(87,876)	(60,635)
Net Nonoperating Revenue	<u>21,920,468</u>	<u>52,876</u>
Income before other revenues, expenses gains (losses)	<u>(297,137)</u>	<u>(1,718,891)</u>
Capital appropriations-state (Note 20)	254,266	
Capital appropriations-local		
Capital gifts, grants and contracts	12,646	
Additions to permanent and term endowments		1,096,222
Increase (Decrease) in Net Position	<u>(30,225)</u>	<u>(622,669)</u>
Net Position		
Net Position beginning of year (Note 1-T)	<u>26,463,132</u>	<u>14,550,751</u>
Net Position end of year	<u>26,432,907</u>	<u>13,928,082</u>

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, 2022**

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	Community College
Cash flows from operating activities:	
Tuition and fees	2,724,746
Grants and contracts	3,120,007
Payments to suppliers and others	(11,455,335)
Payments for employee wages	(9,840,350)
Payments for employee fringes and pension benefits	(3,700,360)
Payment for scholarships	(4,748,404)
Payments for utilities	(693,757)
Sales and services of education department	
Auxiliary	804,027
Loans issued to students	
Loans collected from students	
Other	650,983
Net cash used by operating activities	<u>(23,138,443)</u>
Cash flows from non-capital financing activities:	
State appropriations	11,888,645
Local appropriations	27,000
Grants and gifts	10,257,402
Custodial receipts	167,504
Custodial disbursements	(19,993)
PLUS, Stafford and Direct Lending loan receipts	897,309
PLUS, Stafford and Direct Lending loan disbursements	(725,785)
Other non-operating revenue(expense)	(88,901)
Net cash provided (used) by non-capital financing activities	<u>22,403,181</u>
Cash flows from capital and related financing activities:	
Capital appropriations-state	254,266
Capital appropriations-local	
Capital grants and gifts	12,646
Purchase capital assets	(407,330)
Proceeds from sale of capital assets	28,547
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	<u>(111,871)</u>
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	1,483
Net cash provided (used) by investing activities	<u>1,483</u>
Net increase (decrease) in cash and cash equivalents	(845,650)
Cash and cash equivalents, beginning of year	5,881,250
Cash and cash equivalents, End of Year	<u>5,035,600</u>

**Virginia Community College System
Danville Community College
Statement of Cash Flows
For the Year Ended June 30, 2022**

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Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(22,217,605)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,861,467
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(747,130)
Prepaid expenses and other	(56,592)
Post employment benefits asset	(150,049)
Accrued compensation and leave	(75,781)
Accounts payable and other	5,237
Unearned revenue	58,505
Deposits pending distribution	(1,316)
Pension liability	(5,009,880)
Post employment benefits liability	(402,686)
Deferred inflows of resources related to pensions and post employment benefits	3,014,603
Deferred outflows of resources related to pensions and post employment benefits	582,784
Net cash used in operating activities	(23,138,443)

Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	5,038,409
Less: Securities Lending Cash Equivalents	2,809
Cash and cash equivalents end of year	<u>5,035,600</u>

Noncash transactions

Donated capital assets	
Amortization of bond premium	
Unrealized gain/loss on investments	1,533
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, 2022**

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	Community College	Component Unit Eastern Shore Community College Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	1,102,477	1,003,685
Appropriation available		
Short term investments (Note 2)		109,710
Accounts receivable, net (Note 3)	670,982	12,641
Pledges receivable (Note 3)		48,435
Due from commonwealth (Note 4)		
Due from system office	3,677	
Interest receivable		
Prepaid expenses	15,601	
Inventories	8,500	
Notes receivable, net (Note 3)		
Total Current Assets	<u>1,801,237</u>	<u>1,174,471</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	(102,765)	
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		172,976
Appropriation available		
Endowment investments (Note 2)		1,158,757
Other long-term investments (Note 2)		2,127,183
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		129,582
Due from commonwealth (Note 4)	115,408	
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	146,782	
Non-depreciable capital assets, net (Note 5)	1,204,413	
Depreciable capital assets, net (Note 5)	21,492,995	2,109
Total Noncurrent Assets	<u>22,856,833</u>	<u>3,590,607</u>
Total Assets	<u>24,658,070</u>	<u>4,765,078</u>
Deferred Outflows of Resources (Note 8)	685,525	
Total Assets and Deferred Outflows of Resources	<u>25,343,595</u>	<u>4,765,078</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	58,328	1,966
Accrued payroll expense	441,565	
Unearned revenue	61,958	
Long-term liabilities-current portion (Note 9)	146,724	
Securities lending obligation	44	
Post employment benefit obligations (Note 9)	17,019	
Due to Commonwealth		
Due to system's office		27,436
Deposits	145,535	
Total Current Liabilities	<u>871,173</u>	<u>29,402</u>

**Virginia Community College System
Eastern Shore Community College
Statement of Net Position
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	Community College	Component Unit Eastern Shore Community College Foundation
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 9)	45,646	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	2,295,589	
Total Noncurrent Liabilities	<u>2,341,235</u>	
Total Liabilities	<u>3,212,408</u>	<u>29,402</u>
Deferred Inflows of Resources (Note 8)	2,327,478	
Total Liabilities and Deferred Inflows of Resources	<u>5,539,886</u>	<u>29,402</u>
Net Position		
Net investment in capital assets	22,697,408	2,109
Restricted for:		
Nonexpendable		1,331,733
Expendable	238,628	2,775,494
Unrestricted	(3,132,327)	626,340
Total Net Position	<u>19,803,709</u>	<u>4,735,676</u>

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, 2022

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		Component Unit
	Community College	Eastern Shore Community College Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$184,101,160)	557,551	
Federal grants and contracts	797,846	
State and local grants	129,015	
Nongovernmental grants		
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$4,176)	46,635	
Gifts and contributions		663,321
Endowment income		57,216
Other operating revenues	213,592	19,290
Total Operating Revenue	<u>1,744,639</u>	<u>739,827</u>
Expenses		
Operating Expenses		
Instruction	3,474,272	
Public service	178,218	
Academic support	426,592	168,977
Student services	939,962	
Institutional support	1,783,043	126,386
Operation and maintenance	602,915	
Scholarships and fellowships	605,622	349,021
Auxiliary enterprises		
Fundraising		10,484
Other expenses		
Total Operating Expenses (Note 12)	<u>8,010,624</u>	<u>654,868</u>
Operating Income (Loss)	<u>(6,265,985)</u>	<u>84,959</u>
Nonoperating Revenues(Expenses)		
State appropriations (Note 13)	3,835,070	
Local appropriations	45,216	
Grants and gifts	1,807,345	
Investment income	747	97,528
Interest on capital asset related debt		
Other nonoperating revenue (expense)	(22,331)	
Net Nonoperating Revenue	<u>5,666,047</u>	<u>97,528</u>
Income before other revenues, expenses gains (losses)	(599,938)	182,487
Capital appropriations-state (Note 20)	467,388	
Capital appropriations-local		
Capital gifts, grants and contracts		
Additions to permanent and term endowments		
Increase (Decrease) in Net Position	<u>(132,550)</u>	<u>182,487</u>
Net Position		
Net Position beginning of year	<u>19,936,259</u>	<u>4,553,189</u>
Net Position end of year	<u>19,803,709</u>	<u>4,735,676</u>

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, 2022**

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	Community College
Cash flows from operating activities:	
Tuition and fees	606,450
Grants and contracts	957,517
Payments to suppliers and others	(2,256,662)
Payments for employee wages	(3,613,407)
Payments for employee fringes and pension benefits	(1,464,385)
Payment for scholarships	(606,351)
Payments for utilities	(152,375)
Sales and services of education department	
Auxiliary	46,675
Loans issued to students	
Loans collected from students	
Other	213,592
Net cash used by operating activities	<u>(6,268,946)</u>
Cash flows from non-capital financing activities:	
State appropriations	3,835,070
Local appropriations	45,216
Grants and gifts	1,807,345
Custodial receipts	115,862
Custodial disbursements	(38,791)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Other non-operating revenue(expense)	(26,008)
Net cash provided (used) by non-capital financing activities	<u>5,738,694</u>
Cash flows from capital and related financing activities:	
Capital appropriations-state	637,732
Capital appropriations-local	
Capital grants and gifts	
Purchase capital assets	(248,787)
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>388,945</u>
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	747
Net cash provided (used) by investing activities	<u>747</u>
Net increase (decrease) in cash and cash equivalents	(140,560)
Cash and cash equivalents, beginning of year	<u>1,140,228</u>
Cash and cash equivalents, End of Year	<u><u>999,668</u></u>

**Virginia Community College System
Eastern Shore Community College
Statement of Cash Flows
For the Year Ended June 30, 2022**

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Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(6,265,985)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	733,712
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	175,865
Prepaid expenses and other	2,816
Post employment benefits asset	(46,126)
Accrued compensation and leave	29,466
Accounts payable and other	(65,080)
Unearned revenue	(96,310)
Deposits pending distribution	
Pension liability	(1,887,635)
Post employment benefits liability	(184,486)
Deferred inflows of resources related to pensions and post employment benefits	1,076,157
Deferred outflows of resources related to pensions and post employment benefits	258,660
Net cash used in operating activities	(6,268,946)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	999,712
Less: Securities Lending Cash Equivalents	44
Cash and cash equivalents end of year	999,668

Noncash transactions

Donated capital assets
Amortization of bond premium
Unrealized gain/loss on investments
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, 2022**

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	Community College	Component Unit Germanna Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	13,204,982	1,494,815
Appropriation available		
Short term investments (Note 2)	1,169,861	
Accounts receivable, net (Note 3)	3,047,165	32,787
Pledges receivable (Note 3)		50,000
Due from commonwealth (Note 4)	493,346	
Due from system office	15,417	
Interest receivable		
Prepaid expenses	726,058	
Inventories	7,597	
Notes receivable, net (Note 3)		
Total Current Assets	<u>18,664,426</u>	<u>1,577,602</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	3,033,422	
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)	18,600	
Appropriation available		
Endowment investments (Note 2)		4,304,652
Other long-term investments (Note 2)	1,016,935	7,241,058
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		100,000
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	1,023,337	
Non-depreciable capital assets, net (Note 5)	4,521,532	2,860,228
Depreciable capital assets, net (Note 5)	40,736,951	
Total Noncurrent Assets	<u>50,350,777</u>	<u>14,505,938</u>
Total Assets	<u>69,015,203</u>	<u>16,083,540</u>
Deferred Outflows of Resources (Note 8)	5,115,731	
Total Assets and Deferred Outflows of Resources	<u>74,130,934</u>	<u>16,083,540</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	922,120	46,210
Accrued payroll expense	2,628,900	
Unearned revenue	3,069,979	
Long-term liabilities-current portion (Note 9)	1,211,414	
Securities lending obligation	2,544	
Post employment benefit obligations (Note 9)	82,031	
Due to Commonwealth		
Due to system's office		
Deposits	95,281	
Total Current Liabilities	<u>8,012,269</u>	<u>46,210</u>

**Virginia Community College System
Germanna Community College
Statement of Net Position
As of June 30, 2022**

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	Community College	Component Unit Germanna Community College Educational Foundation
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 9)	4,402,588	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	14,308,342	
Total Noncurrent Liabilities	<u>18,710,930</u>	
Total Liabilities	<u>26,723,199</u>	<u>46,210</u>
Deferred Inflows of Resources (Note 8)	10,631,905	
Total Liabilities and Deferred Inflows of Resources	<u>37,355,104</u>	<u>46,210</u>
Net Position		
Net investment in capital assets	40,642,514	2,860,228
Restricted for:		
Nonexpendable	4,009	2,760,940
Expendable	4,587,401	8,447,490
Unrestricted	(8,458,094)	1,968,672
Total Net Position	<u>36,775,830</u>	<u>16,037,330</u>

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, 2022

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	Community College	Component Unit Germanna Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$184,101,160)	15,622,874	
Federal grants and contracts	722,669	
State and local grants	434,730	
Nongovernmental grants	815,231	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$29,933)	1,016,349	
Gifts and contributions		1,618,844
Endowment income		494,694
Other operating revenues	1,670,559	(59,744)
Total Operating Revenue	<u>20,282,412</u>	<u>2,053,794</u>
Expenses		
Operating Expenses		
Instruction	19,977,590	
Public service		
Academic support	5,985,682	128,691
Student services	6,458,214	
Institutional support	11,124,439	418,005
Operation and maintenance	4,504,158	
Scholarships and fellowships	9,029,607	786,184
Auxiliary enterprises	158,670	
Fundraising		264,634
Other expenses		
Total Operating Expenses (Note 12)	<u>57,238,360</u>	<u>1,597,514</u>
Operating Income (Loss)	<u>(36,955,948)</u>	<u>456,280</u>
Nonoperating Revenues(Expenses)		
State appropriations (Note 13)	21,589,156	
Local appropriations	228,810	
Grants and gifts	20,001,570	
Investment income	(120,813)	688,028
Interest on capital asset related debt	(37,314)	
Other nonoperating revenue (expense)	(313,838)	
Net Nonoperating Revenue	<u>41,347,571</u>	<u>688,028</u>
Income before other revenues, expenses gains (losses)	4,391,623	1,144,308
Capital appropriations-state (Note 20)		
Capital appropriations-local	577,134	
Capital gifts, grants and contracts	278,439	
Additions to permanent and term endowments		128,685
Increase (Decrease) in Net Position	<u>5,247,196</u>	<u>1,272,993</u>
Net Position		
Net Position beginning of year	<u>31,528,634</u>	<u>14,764,337</u>
Net Position end of year	<u>36,775,830</u>	<u>16,037,330</u>

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, 2022**

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	Community College
Cash flows from operating activities:	
Tuition and fees	13,327,638
Grants and contracts	2,224,140
Payments to suppliers and others	(13,171,860)
Payments for employee wages	(24,069,681)
Payments for employee fringes and pension benefits	(7,870,299)
Payment for scholarships	(10,668,376)
Payments for utilities	(555,842)
Sales and services of education department	
Auxiliary	1,016,349
Loans issued to students	
Loans collected from students	
Other	1,676,111
Net cash used by operating activities	<u>(38,091,820)</u>
Cash flows from non-capital financing activities:	
State appropriations	21,589,156
Local appropriations	228,810
Grants and gifts	19,508,224
Custodial receipts	250,022
Custodial disbursements	(246,396)
PLUS, Stafford and Direct Lending loan receipts	2,149,216
PLUS, Stafford and Direct Lending loan disbursements	(2,149,216)
Other non-operating revenue(expense)	(305,569)
Net cash provided (used) by non-capital financing activities	<u>41,024,247</u>
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	577,134
Capital grants and gifts	278,439
Purchase capital assets	(1,767,632)
Proceeds from sale of capital assets	19,521
Proceeds from bond issue	
Debt interest payments	(117,021)
Debt principal payments	(946,909)
Net cash provided (used) by capital financing activities	<u>(1,956,468)</u>
Cash flows from investing activities:	
Purchases of investments	(1,494,308)
Sale of investments	1,068,115
Investment income	31,264
Net cash provided (used) by investing activities	<u>(394,929)</u>
Net increase (decrease) in cash and cash equivalents	581,030
Cash and cash equivalents, beginning of year	15,673,430
Cash and cash equivalents, End of Year	<u>16,254,460</u>

**Virginia Community College System
Germanna Community College
Statement of Cash Flows
For the Year Ended June 30, 2022**

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Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(36,955,948)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	2,531,946
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(2,734,043)
Prepaid expenses and other	92,147
Post employment benefits asset	(387,623)
Accrued compensation and leave	255,059
Accounts payable and other	(23,047)
Unearned revenue	695,869
Deposits pending distribution	
Pension liability	(9,847,864)
Post employment benefits liability	(759,755)
Deferred inflows of resources related to pensions and post employment benefits	7,930,399
Deferred outflows of resources related to pensions and post employment benefits	1,111,040
Net cash used in operating activities	<u>(38,091,820)</u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	16,257,004
Less: Securities Lending Cash Equivalents	2,544
Cash and cash equivalents end of year	<u>16,254,460</u>
Noncash transactions	
Donated capital assets	
Amortization of bond premium	26,489
Unrealized gain/loss on investments	(152,093)
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, 2022

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	Community College	Component Units J. Sargeant Reynolds Community College Educational and Real Estate Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	13,121,194	2,024,563
Appropriation available		
Short term investments (Note 2)	2,341,962	
Accounts receivable, net (Note 3)	112,796	45,942
Pledges receivable (Note 3)		406,700
Due from commonwealth (Note 4)		
Due from system office	18,779	
Interest receivable	4,492	
Prepaid expenses	600,337	284,471
Inventories	11,773	
Notes receivable, net (Note 3)		
Total Current Assets	<u>16,211,333</u>	<u>2,761,676</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	3,318,680	
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		14,332,507
Other long-term investments (Note 2)	2,000,869	948,226
Accounts receivable, net (Note 3)	116,267	
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		805,053
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	1,429,452	
Non-depreciable capital assets, net (Note 5)	4,003,008	105,999
Depreciable capital assets, net (Note 5)	71,048,595	4,409,579
Total Noncurrent Assets	<u>81,916,871</u>	<u>20,601,364</u>
Total Assets	<u>98,128,204</u>	<u>23,363,040</u>
Deferred Outflows of Resources (Note 8)	6,064,253	
Total Assets and Deferred Outflows of Resources	<u>104,192,457</u>	<u>23,363,040</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	1,392,686	313,925
Accrued payroll expense	3,472,695	
Unearned revenue	2,294,105	
Long-term liabilities-current portion (Note 9)	1,886,259	
Securities lending obligation	4,485	
Post employment benefit obligations (Note 9)	136,928	
Due to Commonwealth		
Due to system's office		16,944
Deposits	239,748	
Total Current Liabilities	<u>9,426,906</u>	<u>330,869</u>

**Virginia Community College System
J. Sargeant Reynolds Community College
Statement of Net Position
As of June 30, 2022**

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		Component Units
	Community College	J. Sargeant Reynolds Community College Educational and Real Estate Foundation
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 9)	2,482,304	375,000
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	22,168,145	
Total Noncurrent Liabilities	<u>24,650,449</u>	<u>375,000</u>
Total Liabilities	<u>34,077,355</u>	<u>705,869</u>
Deferred Inflows of Resources (Note 8)	19,368,614	
Total Liabilities and Deferred Inflows of Resources	<u>53,445,969</u>	<u>705,869</u>
Net Position		
Net investment in capital assets	72,140,909	4,034,579
Restricted for:		
Nonexpendable		10,905,558
Expendable	5,330,617	5,434,409
Unrestricted	(26,725,038)	2,282,625
Total Net Position	<u>50,746,488</u>	<u>22,657,171</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, 2022

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		<u>Component Units</u>
		J. Sargeant Reynolds Community College Educational and Real Estate Foundation
Revenues	Community College	
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$184,101,160)	17,635,470	
Federal grants and contracts	1,175,261	
State and local grants	436,184	
Nongovernmental grants	1,112,616	
Sales/services of education department	24,926	
Auxiliary enterprises (net of scholarship allowance of \$25,353)	1,057,091	
Gifts and contributions		1,777,815
Endowment income		(2,121,881)
Other operating revenues	2,264,805	178,813
Total Operating Revenue	<u>23,706,353</u>	<u>(165,253)</u>
Expenses		
Operating Expenses		
Instruction	27,204,018	
Public service	1,045,461	
Academic support	4,674,714	894,063
Student services	5,920,196	
Institutional support	12,419,827	344,114
Operation and maintenance	5,509,746	
Scholarships and fellowships	10,256,736	913,420
Auxiliary enterprises	506,089	
Fundraising		24,917
Other expenses		
Total Operating Expenses (Note 12)	<u>67,536,787</u>	<u>2,176,514</u>
Operating Income (Loss)	<u>(43,830,434)</u>	<u>(2,341,767)</u>
Nonoperating Revenues(Expenses)		
State appropriations (Note 13)	28,067,198	
Local appropriations	316,787	
Grants and gifts	16,984,523	
Investment income	(233,326)	(50,958)
Interest on capital asset related debt	(55,443)	
Other nonoperating revenue (expense)	268,147	
Net Nonoperating Revenue	<u>45,347,886</u>	<u>(50,958)</u>
Income before other revenues, expenses gains (losses)	1,517,452	(2,392,725)
Capital appropriations-state (Note 20)		
Capital appropriations-local	825,728	
Capital gifts, grants and contracts	244,161	
Additions to permanent and term endowments		120,955
Increase (Decrease) in Net Position	<u>2,587,341</u>	<u>(2,271,770)</u>
Net Position		
Net Position beginning of year	<u>48,159,147</u>	<u>24,928,941</u>
Net Position end of year	<u>50,746,488</u>	<u>22,657,171</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 Cash Flows
For the Year Ended June 30, 2022

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	Community College
Cash flows from operating activities:	
Tuition and fees	17,532,230
Grants and contracts	2,839,264
Payments to suppliers and others	(16,630,974)
Payments for employee wages	(30,164,282)
Payments for employee fringes and pension benefits	(11,140,764)
Payment for scholarships	(10,319,362)
Payments for utilities	(1,257,208)
Sales and services of education department	24,926
Auxiliary	1,057,091
Loans issued to students	
Loans collected from students	
Other	2,264,805
Net cash used by operating activities	<u>(45,794,274)</u>
Cash flows from non-capital financing activities:	
State appropriations	28,067,198
Local appropriations	316,787
Grants and gifts	17,243,597
Custodial receipts	151,876
Custodial disbursements	(104,429)
PLUS, Stafford and Direct Lending loan receipts	2,381,521
PLUS, Stafford and Direct Lending loan disbursements	(2,374,344)
Other non-operating revenue(expense)	255,118
Net cash provided (used) by non-capital financing activities	<u>45,937,324</u>
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	825,728
Capital grants and gifts	238,733
Purchase capital assets	(1,229,121)
Proceeds from sale of capital assets	3,061
Proceeds from bond issue	
Debt interest payments	(125,376)
Debt principal payments	(862,672)
Net cash provided (used) by capital financing activities	<u>(1,149,647)</u>
Cash flows from investing activities:	
Purchases of investments	(3,850,228)
Sale of investments	3,057,669
Investment income	65,403
Net cash provided (used) by investing activities	<u>(727,156)</u>
Net increase (decrease) in cash and cash equivalents	(1,733,753)
Cash and cash equivalents, beginning of year	18,169,142
Cash and cash equivalents, End of Year	<u>16,435,389</u>

Virginia Community College System
J. Sargeant Reynolds Community College
Statement of Cash Flows
For the Year Ended June 30, 2022

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Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(43,830,434)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	3,905,365
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	367,159
Prepaid expenses and other	259,567
Post employment benefits asset	(498,257)
Accrued compensation and leave	(151,747)
Accounts payable and other	(307,011)
Unearned revenue	(355,196)
Deposits pending distribution	
Pension liability	(16,571,674)
Post employment benefits liability	(1,349,520)
Deferred inflows of resources related to pensions and post employment benefits	10,352,250
Deferred outflows of resources related to pensions and post employment benefits	2,385,224
Net cash used in operating activities	(45,794,274)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	16,439,874
Less: Securities Lending Cash Equivalents	4,485
Cash and cash equivalents end of year	<u>16,435,389</u>
Noncash transactions	
Donated capital assets	5,428
Amortization of bond premium	29,589
Unrealized gain/loss on investments	(303,292)
Amortization of deferral on debt defeasance	(4,100)

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, 2022**

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		Component Unit	
		John Tyler Community College Educational Foundation	John Tyler Community College Real Estate Foundation
	Community College		
Assets			
Current Assets			
Cash and cash equivalents (Note 2)	11,753,153	773,615	98,132
Appropriation available			
Short term investments (Note 2)	490,000		
Accounts receivable, net (Note 3)	1,840,573		
Pledges receivable (Note 3)		484,584	
Due from commonwealth (Note 4)			
Due from system office			
Interest receivable			
Prepaid expenses			
Inventories	18,734		
Notes receivable, net (Note 3)			
Total Current Assets	<u>14,102,460</u>	<u>1,258,199</u>	<u>98,132</u>
Noncurrent Assets			
Restricted cash and cash equivalents (Note 2)			
Cash equivalents with trustees (Note 2)			
Endowment cash and cash equivalents (Note 2)		90,663	
Appropriation available			
Endowment investments (Note 2)		6,782,417	
Other long-term investments (Note 2)			
Accounts receivable, net (Note 3)			
Investments in real estate (Note 2)			
Pledges receivable (Note 3)		16,846	
Due from commonwealth (Note 4)	18,260		
Notes receivable, net (Note 3)			
Post employment benefit assets (Note 18)	1,055,431		
Non-depreciable capital assets, net (Note 5)	10,046,284		
Depreciable capital assets, net (Note 5)	93,547,971		
Total Noncurrent Assets	<u>104,667,946</u>	<u>6,889,926</u>	
Total Assets	<u>118,770,406</u>	<u>8,148,125</u>	<u>98,132</u>
Deferred Outflows of Resources (Note 8)	4,306,991		
Total Assets and Deferred Outflows of Resources	<u>123,077,397</u>	<u>8,148,125</u>	<u>98,132</u>
Liabilities			
Current Liabilities			
Accounts and retainage payable (Note 6)	890,241	27,681	
Accrued payroll expense	1,906,313		
Unearned revenue	2,022,534		
Long-term liabilities-current portion (Note 9)	1,023,913		
Securities lending obligation			
Post employment benefit obligations (Note 9)	100,246		
Due to Commonwealth			
Due to system's office		62,701	
Deposits	2,769,157		
Total Current Liabilities	<u>8,712,404</u>	<u>90,382</u>	

**Virginia Community College System
John Tyler Community College
Statement of Net Position
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		Component Unit	
		John Tyler Community College Educational Foundation	John Tyler Community College Real Estate Foundation
Noncurrent Liabilities	Community College		
Unearned revenue			
Long-term liabilities (Note 9)	4,580,707		
Due to federal government (Note 9)			
Pension and post employment benefit obligations (Note 9)	15,300,887		
Total Noncurrent Liabilities	19,881,594		
Total Liabilities	28,593,998	90,382	
Deferred Inflows of Resources (Note 8)	12,065,474		
Total Liabilities and Deferred Inflows of Resources	40,659,472	90,382	
Net Position			
Net investment in capital assets	99,095,017		
Restricted for:			
Nonexpendable		2,022,773	
Expendable	1,952,823	2,640,416	
Unrestricted	(18,629,915)	3,394,554	98,132
Total Net Position	82,417,925	8,057,743	98,132

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, 2022

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		Component Unit	
	Community College	John Tyler Community College Educational Foundation	John Tyler Community College Real Estate Foundation
Revenues			
Operating Revenue			
Tuition and fees (net of scholarship allowance of \$184,101,160)	10,087,527		
Federal grants and contracts	2,629,784		
State and local grants	137,736		
Nongovernmental grants	145,320		
Sales/services of education department			
Auxiliary enterprises (net of scholarship allowance of \$35,620)	533,583		
Gifts and contributions		1,344,268	
Endowment income		(857,389)	
Other operating revenues	1,582,911	510,868	2,500
Total Operating Revenue	15,116,861	997,747	2,500
Expenses			
Operating Expenses			
Instruction	19,687,879		
Public service	57,054		
Academic support	3,750,780	291,952	
Student services	9,204,046		
Institutional support	6,744,516	339,826	2,945
Operation and maintenance	5,220,999		
Scholarships and fellowships	5,856,330	297,880	
Auxiliary enterprises	2,350		
Fundraising		332,661	
Other expenses			
Total Operating Expenses (Note 12)	50,523,954	1,262,319	2,945
Operating Income (Loss)	(35,407,093)	(264,572)	(445)
Nonoperating Revenues(Expenses)			
State appropriations (Note 13)	28,672,624		
Local appropriations	86,565		
Grants and gifts	7,693,926		
Investment income	2,828	(1)	11
Interest on capital asset related debt	50,521		
Other nonoperating revenue (expense)	79,331		
Net Nonoperating Revenue	36,585,795	(1)	11
Income before other revenues, expenses gains (losses)	1,178,702	(264,573)	(434)
Capital appropriations-state (Note 20)	46,624		
Capital appropriations-local			
Capital gifts, grants and contracts	9,093		
Additions to permanent and term endowments		58,488	
Increase (Decrease) in Net Position	1,234,419	(206,085)	(434)
Net Position			
Net Position beginning of year	81,183,506	8,263,828	98,566
Net Position end of year	82,417,925	8,057,743	98,132

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, 2022**

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	Community College
Cash flows from operating activities:	
Tuition and fees	9,428,487
Grants and contracts	3,068,798
Payments to suppliers and others	(7,215,357)
Payments for employee wages	(27,214,866)
Payments for employee fringes and pension benefits	(8,613,024)
Payment for scholarships	(5,905,040)
Payments for utilities	(928,080)
Sales and services of education department	
Auxiliary	586,128
Loans issued to students	
Loans collected from students	
Other	1,582,911
Net cash used by operating activities	<u>(35,210,043)</u>
Cash flows from non-capital financing activities:	
State appropriations	28,672,624
Local appropriations	86,565
Grants and gifts	7,693,926
Custodial receipts	12,830
Custodial disbursements	(221)
PLUS, Stafford and Direct Lending loan receipts	2,617,725
PLUS, Stafford and Direct Lending loan disbursements	(2,409,344)
Other non-operating revenue(expense)	64,762
Net cash provided (used) by non-capital financing activities	<u>36,738,867</u>
Cash flows from capital and related financing activities:	
Capital appropriations-state	102,122
Capital appropriations-local	
Capital grants and gifts	
Purchase capital assets	(391,685)
Proceeds from sale of capital assets	29,811
Proceeds from bond issue	
Debt interest payments	(185,261)
Debt principal payments	(295,000)
Net cash provided (used) by capital financing activities	<u>(740,013)</u>
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	1,236,897
Investment income	(206,418)
Net cash provided (used) by investing activities	<u>1,030,479</u>
Net increase (decrease) in cash and cash equivalents	1,819,290
Cash and cash equivalents, beginning of year	9,933,863
Cash and cash equivalents, End of Year	<u>11,753,153</u>

**Virginia Community College System
John Tyler Community College
Statement of Cash Flows
For the Year Ended June 30, 2022**

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Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(35,407,093)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	3,256,369
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(717,978)
Prepaid expenses and other	(1,221)
Post employment benefits asset	(373,901)
Accrued compensation and leave	191,789
Accounts payable and other	269,714
Unearned revenue	600,620
Deposits pending distribution	(333,179)
Pension liability	(11,500,831)
Post employment benefits liability	(1,014,594)
Deferred inflows of resources related to pensions and post employment benefits	8,047,715
Deferred outflows of resources related to pensions and post employment benefits	1,772,547
Net cash used in operating activities	(35,210,043)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	11,753,153
Less: Securities Lending Cash Equivalents	
Cash and cash equivalents end of year	<u>11,753,153</u>
Noncash transactions	
Donated capital assets	9,093
Amortization of bond premium	106,917
Unrealized gain/loss on investments	209,246
Amortization of deferral on debt defeasance	

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

**Virginia Community College System
Laurel Ridge Community College
Statement of Net Position
As of June 30, 2022**

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	Community College	Component Unit Laurel Ridge Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	19,133,548	6,462,548
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	452,614	
Pledges receivable (Note 3)		264,646
Due from commonwealth (Note 4)	1,143,803	
Due from system office		
Interest receivable		
Prepaid expenses	1,184,397	
Inventories	28,300	
Notes receivable, net (Note 3)		
Total Current Assets	<u>21,942,662</u>	<u>6,727,194</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	(144,709)	
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		492,612
Appropriation available		
Endowment investments (Note 2)		8,337,702
Other long-term investments (Note 2)		453,780
Accounts receivable, net (Note 3)	532,156	
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		400,893
Due from commonwealth (Note 4)	1,298,221	
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	878,727	
Non-depreciable capital assets, net (Note 5)	25,156,005	3,606,629
Depreciable capital assets, net (Note 5)	41,360,244	14,449,920
Total Noncurrent Assets	<u>69,080,644</u>	<u>27,741,536</u>
Total Assets	<u>91,023,306</u>	<u>34,468,730</u>
Deferred Outflows of Resources (Note 8)	3,912,350	
Total Assets and Deferred Outflows of Resources	<u>94,935,656</u>	<u>34,468,730</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	5,079,823	165,187
Accrued payroll expense	1,966,987	
Unearned revenue	517,238	810,000
Long-term liabilities-current portion (Note 9)	1,333,781	354,926
Securities lending obligation	14,222	
Post employment benefit obligations (Note 9)	89,961	
Due to Commonwealth		
Due to system's office		
Deposits	379,119	
Total Current Liabilities	<u>9,381,131</u>	<u>1,330,113</u>

**Virginia Community College System
Laurel Ridge Community College
Statement of Net Position
As of June 30, 2022**

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	Community College	Component Unit Laurel Ridge Community College Educational Foundation
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 9)	1,405,527	9,685,358
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	12,934,406	
Total Noncurrent Liabilities	<u>14,339,933</u>	<u>9,685,358</u>
Total Liabilities	<u>23,721,064</u>	<u>11,015,471</u>
Deferred Inflows of Resources (Note 8)	9,780,903	
Total Liabilities and Deferred Inflows of Resources	<u>33,501,967</u>	<u>11,015,471</u>
Net Position		
Net investment in capital assets	64,676,775	8,016,265
Restricted for:		
Nonexpendable		8,830,314
Expendable	5,023,518	2,927,665
Unrestricted	(8,266,604)	3,679,015
Total Net Position	<u>61,433,689</u>	<u>23,453,259</u>

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

Virginia Community College System
Laurel Ridge Community College
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2022

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	Community College	Component Unit Lord Fairfax Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$184,101,160)	12,320,031	
Federal grants and contracts	4,882,029	
State and local grants	304,827	
Nongovernmental grants	169,731	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$10,885)	350,115	
Gifts and contributions		1,485,772
Endowment income		916,119
Other operating revenues	239,336	1,432,429
Total Operating Revenue	18,266,069	3,834,320
Expenses		
Operating Expenses		
Instruction	15,316,828	
Public service	1,422,240	
Academic support	4,691,958	
Student services	3,230,427	
Institutional support	6,856,702	1,491,713
Operation and maintenance	4,624,585	994,725
Scholarships and fellowships	7,562,085	531,286
Auxiliary enterprises	83,196	
Fundraising		150,801
Other expenses		369,927
Total Operating Expenses (Note 12)	43,788,021	3,538,452
Operating Income (Loss)	(25,521,952)	295,868
Nonoperating Revenues(Expenses)		
State appropriations (Note 13)	23,186,347	
Local appropriations	355,668	
Grants and gifts	10,011,140	
Investment income	3,774	94,796
Interest on capital asset related debt	(72,825)	
Other nonoperating revenue (expense)	(263,847)	
Net Nonoperating Revenue	33,220,257	94,796
Income before other revenues, expenses gains (losses)	7,698,305	390,664
Capital appropriations-state (Note 20)	14,918,818	
Capital appropriations-local		
Capital gifts, grants and contracts	318,288	
Additions to permanent and term endowments		
Increase (Decrease) in Net Position	22,935,411	390,664
Net Position		
Net Position beginning of year	38,498,278	23,062,595
Net Position end of year	61,433,689	23,453,259

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

**Virginia Community College System
Laurel Ridge Community College
Statement of Cash Flows
For the Year Ended June 30, 2022**

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	Community College
Cash flows from operating activities:	
Tuition and fees	12,213,986
Grants and contracts	5,363,642
Payments to suppliers and others	(12,589,885)
Payments for employee wages	(18,862,472)
Payments for employee fringes and pension benefits	(6,924,809)
Payment for scholarships	(7,668,525)
Payments for utilities	(677,984)
Sales and services of education department	
Auxiliary	350,115
Loans issued to students	
Loans collected from students	
Other	233,051
Net cash used by operating activities	<u>(28,562,881)</u>
Cash flows from non-capital financing activities:	
State appropriations	23,186,347
Local appropriations	355,668
Grants and gifts	10,011,140
Custodial receipts	466,889
Custodial disbursements	(447,208)
PLUS, Stafford and Direct Lending loan receipts	70,913
PLUS, Stafford and Direct Lending loan disbursements	(74,945)
Other non-operating revenue(expense)	(283,307)
Net cash provided (used) by non-capital financing activities	<u>33,285,497</u>
Cash flows from capital and related financing activities:	
Capital appropriations-state	16,853,771
Capital appropriations-local	
Capital grants and gifts	317,078
Purchase capital assets	(17,500,648)
Proceeds from sale of capital assets	23,660
Proceeds from bond issue	
Debt interest payments	(72,825)
Debt principal payments	(737,175)
Net cash provided (used) by capital financing activities	<u>(1,116,139)</u>
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	3,704
Net cash provided (used) by investing activities	<u>3,704</u>
Net increase (decrease) in cash and cash equivalents	3,610,181
Cash and cash equivalents, beginning of year	15,364,436
Cash and cash equivalents, End of Year	<u><u>18,974,617</u></u>

**Virginia Community College System
Laurel Ridge Community College
Statement of Cash Flows
For the Year Ended June 30, 2022**

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Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(25,521,952)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	2,445,642
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(199,364)
Prepaid expenses and other	(1,173,203)
Post employment benefits asset	(320,032)
Accrued compensation and leave	(53,372)
Accounts payable and other	(1,597,734)
Unearned revenue	(86,629)
Deposits pending distribution	
Pension liability	(9,104,269)
Post employment benefits liability	(656,917)
Deferred inflows of resources related to pensions and post employment benefits	6,533,941
Deferred outflows of resources related to pensions and post employment benefits	1,171,008
Net cash used in operating activities	<u>(28,562,881)</u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	18,988,839
Less: Securities Lending Cash Equivalents	<u>14,222</u>
Cash and cash equivalents end of year	<u>18,974,617</u>

Noncash transactions

Donated capital assets	1,210
Amortization of bond premium	
Unrealized gain/loss on investments	
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, 2022**

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	Community College	Component Unit Mountain Empire Community College Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	2,770,476	572,941
Appropriation available		
Short term investments (Note 2)	1,000,000	
Accounts receivable, net (Note 3)	172,842	823,003
Pledges receivable (Note 3)		10,000
Due from commonwealth (Note 4)	8,237	
Due from system office	45,896	
Interest receivable		
Prepaid expenses		11,775
Inventories	411,046	
Notes receivable, net (Note 3)		
Total Current Assets	<u>4,408,497</u>	<u>1,417,719</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		73,171
Appropriation available		
Endowment investments (Note 2)		33,839,526
Other long-term investments (Note 2)		
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		23,000
Pledges receivable (Note 3)		17,438
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	382,364	
Non-depreciable capital assets, net (Note 5)	1,448,535	
Depreciable capital assets, net (Note 5)	15,765,615	
Total Noncurrent Assets	<u>17,596,514</u>	<u>33,953,135</u>
Total Assets	<u>22,005,011</u>	<u>35,370,854</u>
Deferred Outflows of Resources (Note 8)	2,701,800	
Total Assets and Deferred Outflows of Resources	<u>24,706,811</u>	<u>35,370,854</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	422,519	519,267
Accrued payroll expense	1,007,300	
Unearned revenue	18,448	
Long-term liabilities-current portion (Note 9)	327,461	
Securities lending obligation	1,194	
Post employment benefit obligations (Note 9)	50,692	
Due to Commonwealth		
Due to system's office		
Deposits	109,020	
Total Current Liabilities	<u>1,936,634</u>	<u>519,267</u>

**Virginia Community College System
Mountain Empire Community College
Statement of Net Position
As of June 30, 2022**

Page 162

	Community College	Component Unit Mountain Empire Community College Foundation
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 9)	389,144	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	7,407,193	
Total Noncurrent Liabilities	<u>7,796,337</u>	
Total Liabilities	<u>9,732,971</u>	<u>519,267</u>
Deferred Inflows of Resources (Note 8)	5,616,640	
Total Liabilities and Deferred Inflows of Resources	<u>15,349,611</u>	<u>519,267</u>
Net Position		
Net investment in capital assets	17,079,288	
Restricted for:		
Nonexpendable		10,601,509
Expendable	764,965	17,086,201
Unrestricted	(8,487,053)	7,163,877
Total Net Position	<u>9,357,200</u>	<u>34,851,587</u>

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, 2022**

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	Community College	Component Unit Mountain Empire Community College Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$184,101,160)	3,840,922	
Federal grants and contracts	1,802,015	50,000
State and local grants	258,388	590,379
Nongovernmental grants	549,019	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$418,644)	348,019	
Gifts and contributions		27,813
Endowment income		3,687,478
Other operating revenues	3,148	68,804
Total Operating Revenue	<u>6,801,511</u>	<u>4,424,474</u>
Expenses		
Operating Expenses		
Instruction	9,647,853	
Public service	211,840	
Academic support	1,880,496	1,290,881
Student services	2,500,398	
Institutional support	4,024,820	196,164
Operation and maintenance	1,578,214	
Scholarships and fellowships	5,505,460	
Auxiliary enterprises	892,027	
Fundraising		133,579
Other expenses		
Total Operating Expenses (Note 12)	<u>26,241,108</u>	<u>1,620,624</u>
Operating Income (Loss)	<u>(19,439,597)</u>	<u>2,803,850</u>
Nonoperating Revenues(Expenses)		
State appropriations (Note 13)	11,362,864	
Local appropriations	108,395	
Grants and gifts	7,342,896	
Investment income	15,340	
Interest on capital asset related debt	(4,483)	
Other nonoperating revenue (expense)	(136,094)	
Net Nonoperating Revenue	<u>18,688,918</u>	
Income before other revenues, expenses gains (losses)	<u>(750,679)</u>	<u>2,803,850</u>
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts		
Additions to permanent and term endowments		476,640
Increase (Decrease) in Net Position	<u>(750,679)</u>	<u>3,280,490</u>
Net Position		
Net Position beginning of year	<u>10,107,879</u>	<u>31,571,097</u>
Net Position end of year	<u>9,357,200</u>	<u>34,851,587</u>

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, 2022**

Page 164

	Community College
Cash flows from operating activities:	
Tuition and fees	3,850,340
Grants and contracts	2,703,246
Payments to suppliers and others	(6,549,978)
Payments for employee wages	(9,429,925)
Payments for employee fringes and pension benefits	(4,116,058)
Payment for scholarships	(5,646,252)
Payments for utilities	(450,940)
Sales and services of education department	
Auxiliary	329,379
Loans issued to students	
Loans collected from students	
Other	3,148
Net cash used by operating activities	<u>(19,307,040)</u>
Cash flows from non-capital financing activities:	
State appropriations	11,362,864
Local appropriations	108,395
Grants and gifts	7,334,659
Custodial receipts	835,399
Custodial disbursements	(804,841)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Other non-operating revenue(expense)	(106,728)
Net cash provided (used) by non-capital financing activities	<u>18,729,748</u>
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	
Purchase capital assets	(128,031)
Proceeds from sale of capital assets	5,573
Proceeds from bond issue	
Debt interest payments	(4,483)
Debt principal payments	(31,517)
Net cash provided (used) by capital financing activities	<u>(158,458)</u>
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	15,338
Net cash provided (used) by investing activities	<u>15,338</u>
Net increase (decrease) in cash and cash equivalents	(720,412)
Cash and cash equivalents, beginning of year	3,489,694
Cash and cash equivalents, End of Year	<u><u>2,769,282</u></u>

**Virginia Community College System
Mountain Empire Community College
Statement of Cash Flows
For the Year Ended June 30, 2022**

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Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(19,439,597)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,044,492
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	83,523
Prepaid expenses and other	41,966
Post employment benefits asset	(149,583)
Accrued compensation and leave	(50,899)
Accounts payable and other	37,090
Unearned revenue	1,083
Deposits pending distribution	(4)
Pension liability	(4,840,576)
Post employment benefits liability	(349,847)
Deferred inflows of resources related to pensions and post employment benefits	4,068,082
Deferred outflows of resources related to pensions and post employment benefits	247,230
Net cash used in operating activities	<u><u>(19,307,040)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	2,770,476
Less: Securities Lending Cash Equivalents	<u>1,194</u>
Cash and cash equivalents end of year	<u><u>2,769,282</u></u>

Noncash transactions

Donated capital assets
Amortization of bond premium
Unrealized gain/loss on investments
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, 2022**

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	Community College	Component Unit New River Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	12,613,426	354,247
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	367,079	
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)	395,189	
Due from system office	1,064	
Interest receivable		
Prepaid expenses	1,392,768	
Inventories	6,352	
Notes receivable, net (Note 3)		51,647
Total Current Assets	14,775,878	405,894
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		8,797
Appropriation available		
Endowment investments (Note 2)		20,010,969
Other long-term investments (Note 2)		4,121,299
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 (Note 18)	457,238	
Non-depreciable capital assets, net (Note 5)	786,922	870,000
Depreciable capital assets, net (Note 5)	12,969,814	183,405
Total Noncurrent Assets	14,213,974	25,194,470
Total Assets	28,989,852	25,600,364
Deferred Outflows of Resources (Note 8)	2,095,701	
Total Assets and Deferred Outflows of Resources	31,085,553	25,600,364
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	1,136,960	
Accrued payroll expense	1,214,383	
Unearned revenue	885,506	
Long-term liabilities-current portion (Note 9)	928,848	
Securities lending obligation	54	
Post employment benefit obligations (Note 9)	45,682	
Due to Commonwealth		
Due to system's office		1,256
Deposits		
Total Current Liabilities	4,211,433	1,256

**Virginia Community College System
New River Community College
Statement of Net Position
As of June 30, 2022**

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	Community College	Component Unit New River Community College Educational Foundation
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 9)	1,081,573	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	7,649,714	
Total Noncurrent Liabilities	<u>8,731,287</u>	
Total Liabilities	<u>12,942,720</u>	<u>1,256</u>
Deferred Inflows of Resources (Note 8)	5,938,927	
Total Liabilities and Deferred Inflows of Resources	<u>18,881,647</u>	<u>1,256</u>
Net Position		
Net investment in capital assets	12,442,238	1,053,405
Restricted for:		
Nonexpendable		9,614,725
Expendable	1,264,069	2,283,632
Unrestricted	(1,502,401)	12,647,346
Total Net Position	<u>12,203,906</u>	<u>25,599,108</u>

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, 2022

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	Community College	Component Unit New River Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$184,101,160)	8,262,771	
Federal grants and contracts	1,072,657	
State and local grants	4,500	
Nongovernmental grants	2,000	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$11,058)	127,952	
Gifts and contributions		1,455,496
Endowment income		689,926
Other operating revenues	1,670,113	73,624
Total Operating Revenue	11,139,993	2,219,046
Expenses		
Operating Expenses		
Instruction	14,229,527	
Public service	72,959	
Academic support	2,252,258	
Student services	642,983	
Institutional support	5,990,464	95,774
Operation and maintenance	2,496,361	
Scholarships and fellowships	6,065,935	1,491,693
Auxiliary enterprises	12,318	
Fundraising		42,000
Other expenses		
Total Operating Expenses (Note 12)	31,762,805	1,629,467
Operating Income (Loss)	(20,622,812)	589,579
Nonoperating Revenues(Expenses)		
State appropriations (Note 13)	14,199,688	
Local appropriations	84,979	
Grants and gifts	9,108,717	
Investment income	45,911	1,917,223
Interest on capital asset related debt	(8,526)	
Other nonoperating revenue (expense)	(198,862)	
Net Nonoperating Revenue	23,231,907	1,917,223
Income before other revenues, expenses gains (losses)	2,609,095	2,506,802
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	1,453	233,774
Additions to permanent and term endowments		300,464
Increase (Decrease) in Net Position	2,610,548	3,041,040
Net Position		
Net Position beginning of year	9,593,358	22,558,068
Net Position end of year	12,203,906	25,599,108

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, 2022**

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	Community College
Cash flows from operating activities:	
Tuition and fees	9,494,705
Grants and contracts	1,079,157
Payments to suppliers and others	(6,050,660)
Payments for employee wages	(15,008,457)
Payments for employee fringes and pension benefits	(4,154,694)
Payment for scholarships	(5,970,416)
Payments for utilities	(454,523)
Sales and services of education department	
Auxiliary	127,952
Loans issued to students	
Loans collected from students	
Other	1,675,806
Net cash used by operating activities	<u>(19,261,130)</u>
Cash flows from non-capital financing activities:	
State appropriations	14,199,688
Local appropriations	84,979
Grants and gifts	9,073,707
Custodial receipts	
Custodial disbursements	(1,193,972)
PLUS, Stafford and Direct Lending loan receipts	967,992
PLUS, Stafford and Direct Lending loan disbursements	(967,992)
Other non-operating revenue(expense)	(199,926)
Net cash provided (used) by non-capital financing activities	<u>21,964,476</u>
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	
Purchase capital assets	(294,292)
Proceeds from sale of capital assets	
Proceeds from bond issue	
Debt interest payments	(8,526)
Debt principal payments	(519,264)
Net cash provided (used) by capital financing activities	<u>(822,082)</u>
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	1,208,203
Investment income	45,911
Net cash provided (used) by investing activities	<u>1,254,114</u>
Net increase (decrease) in cash and cash equivalents	3,135,378
Cash and cash equivalents, beginning of year	9,477,994
Cash and cash equivalents, End of Year	<u><u>12,613,372</u></u>

**Virginia Community College System
New River Community College
Statement of Cash Flows
For the Year Ended June 30, 2022**

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Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(20,622,812)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,606,155
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(188,043)
Prepaid expenses and other	(731,879)
Post employment benefits asset	(167,121)
Accrued compensation and leave	64,309
Accounts payable and other	688,000
Unearned revenue	277,284
Deposits pending distribution	1,193,972
Pension liability	(5,705,349)
Post employment benefits liability	(433,993)
Deferred inflows of resources related to pensions and post employment benefits	4,022,557
Deferred outflows of resources related to pensions and post employment benefits	735,790
Net cash used in operating activities	<u>(19,261,130)</u>

Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	12,613,426
Less: Securities Lending Cash Equivalents	<u>54</u>
Cash and cash equivalents end of year	<u>12,613,372</u>

Noncash transactions

Donated capital assets	1,453
Amortization of bond premium	
Unrealized gain/loss on investments	
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, 2022**

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	Community College	Component Unit Northern Virginia Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	76,534,701	401,912
Appropriation available		
Short term investments (Note 2)	12,827,132	2,323,443
Accounts receivable, net (Note 3)	6,646,232	
Pledges receivable (Note 3)		1,497,042
Due from commonwealth (Note 4)	1,442,793	
Due from system office	449,400	
Interest receivable	21,749	
Prepaid expenses	6,137,694	8,150
Inventories		
Notes receivable, net (Note 3)	658,757	
Total Current Assets	<u>104,718,458</u>	<u>4,230,547</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	(133,050)	
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		10,197,476
Other long-term investments (Note 2)	22,454,613	15,909,763
Accounts receivable, net (Note 3)	550,291	
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		1,104,585
Due from commonwealth (Note 4)	158,637	
Notes receivable, net (Note 3)	657,541	
Post employment benefit assets (Note 18)	7,068,457	
Non-depreciable capital assets, net (Note 5)	27,875,547	462,818
Depreciable capital assets, net (Note 5)	349,262,782	
Total Noncurrent Assets	<u>407,894,818</u>	<u>27,674,642</u>
Total Assets	<u>512,613,276</u>	<u>31,905,189</u>
Deferred Outflows of Resources (Note 8)	28,900,337	
Total Assets and Deferred Outflows of Resources	<u>541,513,613</u>	<u>31,905,189</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	10,035,771	96,367
Accrued payroll expense	16,816,982	55,347
Unearned revenue	13,111,278	
Long-term liabilities-current portion (Note 9)	10,456,977	
Securities lending obligation	2,329	
Post employment benefit obligations (Note 9)	524,906	
Due to Commonwealth		
Due to system's office		40,968
Deposits	411,811	550,194
Total Current Liabilities	<u>51,360,054</u>	<u>742,876</u>

**Virginia Community College System
Northern Virginia Community College
Statement of Net Position
As of June 30, 2022**

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		Component Unit
	Community College	Northern Virginia Community College Educational Foundation
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 9)	25,245,850	
Due to federal government (Note 9)	1,872,855	
Pension and post employment benefit obligations (Note 9)	105,627,122	
Total Noncurrent Liabilities	<u>132,745,827</u>	
Total Liabilities	<u>184,105,881</u>	<u>742,876</u>
Deferred Inflows of Resources (Note 8)	79,406,765	
Total Liabilities and Deferred Inflows of Resources	<u>263,512,646</u>	<u>742,876</u>
Net Position		
Net investment in capital assets	349,336,000	462,818
Restricted for:		
Nonexpendable	128,258	8,186,806
Expendable	17,255,508	12,248,424
Unrestricted	(88,718,799)	10,264,265
Total Net Position	<u>278,000,967</u>	<u>31,162,313</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, 2022

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	Community College	Component Unit Northern Virginia Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$184,101,160)	120,329,161	
Federal grants and contracts	10,806,642	
State and local grants	58,915	
Nongovernmental grants	4,979,780	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$152,476)	6,786,739	
Gifts and contributions		6,823,379
Endowment income		(1,708,022)
Other operating revenues	12,333,482	392,495
Total Operating Revenue	155,294,719	5,507,852
Expenses		
Operating Expenses		
Instruction	119,573,888	
Public service	1,086,696	935,955
Academic support	20,863,481	
Student services	30,490,805	
Institutional support	93,759,429	268,538
Operation and maintenance	53,343,686	
Scholarships and fellowships	81,018,823	611,659
Auxiliary enterprises	2,423,416	
Fundraising		75,039
Other expenses	1,670	
Total Operating Expenses (Note 12)	402,561,894	1,891,191
Operating Income (Loss)	(247,267,175)	3,616,661
Nonoperating Revenues(Expenses)		
State appropriations (Note 13)	147,635,317	
Local appropriations	230,691	
Grants and gifts	127,918,159	
Investment income	(1,436,801)	(1,955,096)
Interest on capital asset related debt	(946,197)	
Other nonoperating revenue (expense)	(2,343,215)	
Net Nonoperating Revenue	271,057,954	(1,955,096)
Income before other revenues, expenses gains (losses)	23,790,779	1,661,565
Capital appropriations-state (Note 20)	1,728,862	
Capital appropriations-local		
Capital gifts, grants and contracts	186,133	
Additions to permanent and term endowments		260,306
Increase (Decrease) in Net Position	25,705,774	1,921,871
Net Position		
Net Position beginning of year	252,295,193	29,240,442
Net Position end of year	278,000,967	31,162,313

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, 2022**

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	Community College
Cash flows from operating activities:	
Tuition and fees	105,641,489
Grants and contracts	15,797,981
Payments to suppliers and others	(114,634,305)
Payments for employee wages	(151,045,284)
Payments for employee fringes and pension benefits	(52,007,786)
Payment for scholarships	(82,008,935)
Payments for utilities	(3,497,877)
Sales and services of education department	
Auxiliary	6,786,559
Loans issued to students	790,920
Loans collected from students	234,272
Other	11,216,577
Net cash used by operating activities	<u>(262,726,389)</u>
Cash flows from non-capital financing activities:	
State appropriations	147,635,317
Local appropriations	230,691
Grants and gifts	128,977,921
Custodial receipts	637,985
Custodial disbursements	(1,865,758)
PLUS, Stafford and Direct Lending loan receipts	25,274,149
PLUS, Stafford and Direct Lending loan disbursements	(25,206,477)
Other non-operating revenue(expense)	(2,290,185)
Net cash provided (used) by non-capital financing activities	<u>273,393,643</u>
Cash flows from capital and related financing activities:	
Capital appropriations-state	1,764,399
Capital appropriations-local	
Capital grants and gifts	165,785
Purchase capital assets	(10,502,217)
Proceeds from sale of capital assets	171,746
Proceeds from bond issue	
Debt interest payments	(1,014,732)
Debt principal payments	(5,815,824)
Net cash provided (used) by capital financing activities	<u>(15,230,843)</u>
Cash flows from investing activities:	
Purchases of investments	(7,791,054)
Sale of investments	7,857,092
Investment income	644,141
Net cash provided (used) by investing activities	<u>710,179</u>
Net increase (decrease) in cash and cash equivalents	(3,853,410)
Cash and cash equivalents, beginning of year	<u>80,252,732</u>
Cash and cash equivalents, End of Year	<u><u>76,399,322</u></u>

**Virginia Community College System
Northern Virginia Community College
Statement of Cash Flows
For the Year Ended June 30, 2022**

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Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(247,267,175)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	18,642,506
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(3,787,589)
Prepaid expenses and other	(5,086,139)
Post employment benefits asset	(2,388,144)
Accrued compensation and leave	1,097,273
Accounts payable and other	1,862,370
Unearned revenue	(9,994,296)
Deposits pending distribution	
Pension liability	(79,403,897)
Post employment benefits liability	(7,241,975)
Deferred inflows of resources related to pensions and post employment benefits	58,933,824
Deferred outflows of resources related to pensions and post employment benefits	11,906,853
Net cash used in operating activities	(262,726,389)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	76,401,651
Less: Securities Lending Cash Equivalents	2,329
Cash and cash equivalents end of year	<u>76,399,322</u>
Noncash transactions	
Donated capital assets	20,348
Amortization of bond premium	55,611
Unrealized gain/loss on investments	(2,102,701)
Amortization of deferral on debt defeasance	(29,400)

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, 2022

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	Community College	Component Unit Patrick Henry Community College Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	3,580,401	2,491,109
Appropriation available		
Short term investments (Note 2)	824,546	317,000
Accounts receivable, net (Note 3)	713,821	774,723
Pledges receivable (Note 3)		28,272
Due from commonwealth (Note 4)	112,971	
Due from system office	542,701	
Interest receivable		
Prepaid expenses	86,947	
Inventories	8,000	
Notes receivable, net (Note 3)	10,134	
Total Current Assets	<u>5,879,521</u>	<u>3,611,104</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	(273)	
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		93,190
Appropriation available		
Endowment investments (Note 2)		9,851,805
Other long-term investments (Note 2)		6,497,088
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)	273	
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	795,166	
Non-depreciable capital assets, net (Note 5)	4,639,193	111,906
Depreciable capital assets, net (Note 5)	22,293,863	894,120
Total Noncurrent Assets	<u>27,728,222</u>	<u>17,448,109</u>
Total Assets	<u>33,607,743</u>	<u>21,059,213</u>
Deferred Outflows of Resources (Note 8)	3,818,700	
Total Assets and Deferred Outflows of Resources	<u>37,426,443</u>	<u>21,059,213</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	1,353,530	27,683
Accrued payroll expense	1,050,133	
Unearned revenue		700,887
Long-term liabilities-current portion (Note 9)	460,729	
Securities lending obligation		
Post employment benefit obligations (Note 9)	70,547	
Due to Commonwealth		
Due to system's office		
Deposits	72,579	
Total Current Liabilities	<u>3,007,518</u>	<u>728,570</u>

**Virginia Community College System
Patrick Henry Community College
Statement of Net Position
As of June 30, 2022**

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	Community College	Component Unit Patrick Henry Community College Foundation
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 9)	418,390	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	11,065,692	
Total Noncurrent Liabilities	<u>11,484,082</u>	
Total Liabilities	<u>14,491,600</u>	<u>728,570</u>
Deferred Inflows of Resources (Note 8)	8,318,044	
Total Liabilities and Deferred Inflows of Resources	<u>22,809,644</u>	<u>728,570</u>
Net Position		
Net investment in capital assets	26,784,708	1,006,026
Restricted for:		
Nonexpendable		7,400,951
Expendable	1,944,527	2,769,614
Unrestricted	(14,112,436)	9,154,052
Total Net Position	<u>14,616,799</u>	<u>20,330,643</u>

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, 2022

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	Community College	Component Unit Patrick Henry Community College Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$184,101,160)	3,527,128	
Federal grants and contracts	2,189,431	
State and local grants	21,777	
Nongovernmental grants	4,397,232	1,575,203
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$11,947)	55,012	
Gifts and contributions		796,199
Endowment income		(1,638,910)
Other operating revenues	1,656,829	91,551
Total Operating Revenue	<u>11,847,409</u>	<u>824,043</u>
Expenses		
Operating Expenses		
Instruction	8,139,269	26,235
Public service	541,891	6,515
Academic support	3,918,644	1,764,319
Student services	2,703,486	15,000
Institutional support	4,762,806	137,368
Operation and maintenance	1,355,866	131,505
Scholarships and fellowships	4,341,547	833,143
Auxiliary enterprises		
Fundraising		34,192
Other expenses		398,015
Total Operating Expenses (Note 12)	<u>25,763,509</u>	<u>3,346,292</u>
Operating Income (Loss)	<u>(13,916,100)</u>	<u>(2,522,249)</u>
Nonoperating Revenues(Expenses)		
State appropriations (Note 13)	8,788,824	
Local appropriations	123,277	
Grants and gifts	9,746,880	
Investment income	(38,682)	(8,726)
Interest on capital asset related debt	(4,932)	
Other nonoperating revenue (expense)	526,071	
Net Nonoperating Revenue	<u>19,141,438</u>	<u>(8,726)</u>
Income before other revenues, expenses gains (losses)	5,225,338	(2,530,975)
Capital appropriations-state (Note 20)	7,891	
Capital appropriations-local		
Capital gifts, grants and contracts	240,024	
Additions to permanent and term endowments		11,271
Increase (Decrease) in Net Position	<u>5,473,253</u>	<u>(2,519,704)</u>
Net Position		
Net Position beginning of year	<u>9,143,546</u>	<u>22,850,347</u>
Net Position end of year	<u>14,616,799</u>	<u>20,330,643</u>

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, 2022**

Page 179

	Community College
Cash flows from operating activities:	
Tuition and fees	3,425,069
Grants and contracts	5,218,713
Payments to suppliers and others	(5,003,944)
Payments for employee wages	(10,851,643)
Payments for employee fringes and pension benefits	(4,643,233)
Payment for scholarships	(4,908,454)
Payments for utilities	(270,450)
Sales and services of education department	
Auxiliary	57,010
Loans issued to students	(2,327)
Loans collected from students	1,977
Other	1,656,689
Net cash used by operating activities	<u>(15,320,593)</u>
Cash flows from non-capital financing activities:	
State appropriations	8,788,824
Local appropriations	123,277
Grants and gifts	9,640,604
Custodial receipts	399,054
Custodial disbursements	(454,139)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Other non-operating revenue(expense)	(11,112)
Net cash provided (used) by non-capital financing activities	<u>18,486,508</u>
Cash flows from capital and related financing activities:	
Capital appropriations-state	26,398
Capital appropriations-local	
Capital grants and gifts	239,105
Purchase capital assets	(4,053,162)
Proceeds from sale of capital assets	967
Proceeds from bond issue	
Debt interest payments	(4,932)
Debt principal payments	(34,668)
Net cash provided (used) by capital financing activities	<u>(3,826,292)</u>
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	99
Net cash provided (used) by investing activities	<u>99</u>
Net increase (decrease) in cash and cash equivalents	(660,278)
Cash and cash equivalents, beginning of year	4,240,406
Cash and cash equivalents, End of Year	<u>3,580,128</u>

**Virginia Community College System
Patrick Henry Community College
Statement of Cash Flows
For the Year Ended June 30, 2022**

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Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(13,916,100)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,223,084
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	65,969
Prepaid expenses and other	(88,947)
Post employment benefits asset	(298,331)
Accrued compensation and leave	(100)
Accounts payable and other	408,040
Unearned revenue	(1,553,122)
Deposits pending distribution	
Pension liability	(7,899,638)
Post employment benefits liability	(544,681)
Deferred inflows of resources related to pensions and post employment benefits	6,220,481
Deferred outflows of resources related to pensions and post employment benefits	1,062,752
Net cash used in operating activities	<u>(15,320,593)</u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	3,580,128
Less: Securities Lending Cash Equivalents	
Cash and cash equivalents end of year	<u>3,580,128</u>
Noncash transactions	
Donated capital assets	919
Amortization of bond premium	
Unrealized gain/loss on investments	(38,781)
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, 2022

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	Community College	Component Unit Paul D. Camp Community College Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	4,583,038	369,869
Appropriation available		
Short term investments (Note 2)		714,885
Accounts receivable, net (Note 3)	999,320	
Pledges receivable (Note 3)		914
Due from commonwealth (Note 4)		
Due from system office	192,667	
Interest receivable		
Prepaid expenses	33,030	
Inventories	13,000	
Notes receivable, net (Note 3)		
Total Current Assets	<u>5,821,055</u>	<u>1,085,668</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	(1,457)	
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)	17,606	
Appropriation available		
Endowment investments (Note 2)		653,243
Other long-term investments (Note 2)		800,000
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		4,800
Due from commonwealth (Note 4)	1,456	
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	262,470	
Non-depreciable capital assets, net (Note 5)	594,274	2,500
Depreciable capital assets, net (Note 5)	8,641,901	4,141
Total Noncurrent Assets	<u>9,516,250</u>	<u>1,464,684</u>
Total Assets	<u>15,337,305</u>	<u>2,550,352</u>
Deferred Outflows of Resources (Note 8)	1,025,860	
Total Assets and Deferred Outflows of Resources	<u>16,363,165</u>	<u>2,550,352</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	396,706	
Accrued payroll expense	403,857	
Unearned revenue	187,118	
Long-term liabilities-current portion (Note 9)	204,301	
Securities lending obligation	876	
Post employment benefit obligations (Note 9)	23,654	
Due to Commonwealth		
Due to system's office		400
Deposits	1,165,790	
Total Current Liabilities	<u>2,382,302</u>	<u>400</u>

**Virginia Community College System
Paul D. Camp Community College
Statement of Net Position
As of June 30, 2022**

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	Community College	Component Unit Paul D. Camp Community College Foundation
Noncurrent Liabilities		
Unearned revenue		5,400
Long-term liabilities (Note 9)	101,415	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	3,651,546	
Total Noncurrent Liabilities	<u>3,752,961</u>	<u>5,400</u>
Total Liabilities	<u>6,135,263</u>	<u>5,800</u>
Deferred Inflows of Resources (Note 8)	2,899,046	
Total Liabilities and Deferred Inflows of Resources	<u>9,034,309</u>	<u>5,800</u>
Net Position		
Net investment in capital assets	9,163,880	6,641
Restricted for:		
Nonexpendable		315,565
Expendable	2,407,695	1,264,217
Unrestricted	(4,242,719)	958,129
Total Net Position	<u>7,328,856</u>	<u>2,544,552</u>

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, 2022

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	Community College	Component Unit Paul D. Camp Community College Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$184,101,160)	2,977,084	
Federal grants and contracts	1,150,745	
State and local grants	10,000	
Nongovernmental grants	9,240	208,507
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$4,040)	15,681	
Gifts and contributions		185,431
Endowment income		(37,879)
Other operating revenues	765,662	58,339
Total Operating Revenue	<u>4,928,412</u>	<u>414,398</u>
Expenses		
Operating Expenses		
Instruction	4,999,538	
Public service	102,644	9,584
Academic support	341,813	65,642
Student services	1,776,987	
Institutional support	2,935,645	195,704
Operation and maintenance	4,102,227	
Scholarships and fellowships	599,836	146,334
Auxiliary enterprises	210,496	
Fundraising		5,732
Other expenses	390,508	
Total Operating Expenses (Note 12)	<u>15,459,694</u>	<u>422,996</u>
Operating Income (Loss)	<u>(10,531,282)</u>	<u>(8,598)</u>
Nonoperating Revenues(Expenses)		
State appropriations (Note 13)	5,914,367	
Local appropriations	75,459	
Grants and gifts	2,548,051	
Investment income	549	(52,535)
Interest on capital asset related debt	(1,805)	
Other nonoperating revenue (expense)	2,887,140	
Net Nonoperating Revenue	<u>11,423,761</u>	<u>(52,535)</u>
Income before other revenues, expenses gains (losses)	892,479	(61,133)
Capital appropriations-state (Note 20)	117,723	
Capital appropriations-local		
Capital gifts, grants and contracts	17,714	
Additions to permanent and term endowments		15,000
Increase (Decrease) in Net Position	<u>1,027,916</u>	<u>(46,133)</u>
Net Position		
Net Position beginning of year (Note 1-T)	<u>6,300,940</u>	<u>2,590,685</u>
Net Position end of year	<u><u>7,328,856</u></u>	<u><u>2,544,552</u></u>

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, 2022

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	Community College
Cash flows from operating activities:	
Tuition and fees	2,852,406
Grants and contracts	1,102,315
Payments to suppliers and others	(6,867,400)
Payments for employee wages	(5,214,253)
Payments for employee fringes and pension benefits	(1,916,218)
Payment for scholarships	(709,570)
Payments for utilities	(329,735)
Sales and services of education department	
Auxiliary	15,681
Loans issued to students	
Loans collected from students	
Other	400,366
Net cash used by operating activities	<u>(10,666,408)</u>
Cash flows from non-capital financing activities:	
State appropriations	5,914,367
Local appropriations	75,459
Grants and gifts	2,548,051
Custodial receipts	1,745
Custodial disbursements	(2,460)
PLUS, Stafford and Direct Lending loan receipts	376,009
PLUS, Stafford and Direct Lending loan disbursements	(248,107)
Other non-operating revenue(expense)	3,103,059
Net cash provided (used) by non-capital financing activities	<u>11,768,123</u>
Cash flows from capital and related financing activities:	
Capital appropriations-state	116,267
Capital appropriations-local	
Capital grants and gifts	17,714
Purchase capital assets	(23,443)
Proceeds from sale of capital assets	1,502
Proceeds from bond issue	
Debt interest payments	(1,805)
Debt principal payments	(33,503)
Net cash provided (used) by capital financing activities	<u>76,732</u>
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	255,356
Investment income	545
Net cash provided (used) by investing activities	<u>255,901</u>
Net increase (decrease) in net position	
Net increase (decrease) in cash and cash equivalents	1,434,348
Cash and cash equivalents, beginning of year	<u>3,163,963</u>
Cash and cash equivalents, End of Year	<u><u>4,598,311</u></u>

**Virginia Community College System
Paul D. Camp Community College
Statement of Cash Flows
For the Year Ended June 30, 2022**

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Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(10,531,282)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	684,926
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(367,119)
Prepaid expenses and other	(1,105)
Post employment benefits asset	(91,547)
Accrued compensation and leave	24,710
Accounts payable and other	(114,086)
Unearned revenue	183,819
Deposits pending distribution	16,164
Pension liability	(2,779,844)
Post employment benefits liability	(241,795)
Deferred inflows of resources related to pensions and post employment benefits	2,049,444
Deferred outflows of resources related to pensions and post employment benefits	501,307
Net cash used in operating activities	(10,666,408)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	4,599,187
Less: Securities Lending Cash Equivalents	876
Cash and cash equivalents end of year	<u>4,598,311</u>

Noncash transactions

Donated capital assets
Amortization of bond premium
Unrealized gain/loss on investments
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, 2022**

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	Community College	Component Unit Piedmont Virginia Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	5,728,293	8,293,691
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	896,962	
Pledges receivable (Note 3)		1,874,508
Due from commonwealth (Note 4)		
Due from system office	118,763	
Interest receivable		
Prepaid expenses	66,817	8,029
Inventories	2,500	
Notes receivable, net (Note 3)	1,762	
Total Current Assets	<u>6,815,097</u>	<u>10,176,228</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	388,703	
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		384,654
Appropriation available		
Endowment investments (Note 2)		18,332,096
Other long-term investments (Note 2)		565,411
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		1,391,056
Due from commonwealth (Note 4)	155,998	
Notes receivable, net (Note 3)	12,258	
Post employment benefit assets (Note 18)	724,877	
Non-depreciable capital assets, net (Note 5)	5,254,694	
Depreciable capital assets, net (Note 5)	17,329,554	
Total Noncurrent Assets	<u>23,866,084</u>	<u>20,673,217</u>
Total Assets	<u>30,681,181</u>	<u>30,849,445</u>
Deferred Outflows of Resources (Note 8)	3,307,750	
Total Assets and Deferred Outflows of Resources	<u>33,988,931</u>	<u>30,849,445</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	870,825	3,153
Accrued payroll expense	2,489,374	123,750
Unearned revenue	1,210,035	
Long-term liabilities-current portion (Note 9)	567,293	4,250
Securities lending obligation	23,351	
Post employment benefit obligations (Note 9)	72,196	
Due to Commonwealth		
Due to system's office		
Deposits	388,499	
Total Current Liabilities	<u>5,621,573</u>	<u>131,153</u>

**Virginia Community College System
Piedmont Virginia Community College
Statement of Net Position
As of June 30, 2022**

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		Component Unit
	Community College	Piedmont Virginia Community College Educational Foundation
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 9)	528,631	4,411
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	10,650,811	
Total Noncurrent Liabilities	<u>11,179,442</u>	<u>4,411</u>
Total Liabilities	<u>16,801,015</u>	<u>135,564</u>
Deferred Inflows of Resources (Note 8)	8,179,111	
Total Liabilities and Deferred Inflows of Resources	<u>24,980,126</u>	<u>135,564</u>
Net Position		
Net investment in capital assets	22,363,193	
Restricted for:		
Nonexpendable	148	14,823,616
Expendable	830,335	3,008,209
Unrestricted	<u>(14,184,871)</u>	<u>12,882,056</u>
Total Net Position	<u>9,008,805</u>	<u>30,713,881</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, 2022

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		Component Unit
	Community College	Piedmont Virginia Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$184,101,160)	10,601,308	
Federal grants and contracts	2,012,749	
State and local grants	1,484,519	
Nongovernmental grants	139,065	
Sales/services of education department	91,235	
Auxiliary enterprises (net of scholarship allowance of \$14,037)	226,719	
Gifts and contributions		278,253
Endowment income		4,023,431
Other operating revenues	1,166,471	4,075
Total Operating Revenue	15,722,066	4,305,759
Expenses		
Operating Expenses		
Instruction	15,799,172	
Public service	3,063,622	
Academic support	2,840,708	1,169,783
Student services	3,018,302	
Institutional support	7,785,919	304,225
Operation and maintenance	2,489,288	
Scholarships and fellowships	7,283,830	291,228
Auxiliary enterprises	54,074	
Fundraising		329,197
Other expenses	16,614	
Total Operating Expenses (Note 12)	42,351,529	2,094,433
Operating Income (Loss)	(26,629,463)	2,211,326
Nonoperating Revenues(Expenses)		
State appropriations (Note 13)	14,907,692	
Local appropriations	63,812	
Grants and gifts	12,353,284	
Investment income	3,397	33,292
Interest on capital asset related debt	(9,042)	
Other nonoperating revenue (expense)	(61,539)	
Net Nonoperating Revenue	27,257,604	33,292
Income before other revenues, expenses gains (losses)	628,141	2,244,618
Capital appropriations-state (Note 20)	405,416	
Capital appropriations-local	8,637	
Capital gifts, grants and contracts	601,382	
Additions to permanent and term endowments		4,251,109
Increase (Decrease) in Net Position	1,643,576	6,495,727
Net Position		
Net Position beginning of year	7,365,229	24,218,154
Net Position end of year	9,008,805	30,713,881

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, 2022**

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	Community College
Cash flows from operating activities:	
Tuition and fees	10,106,435
Grants and contracts	3,342,951
Payments to suppliers and others	(8,301,621)
Payments for employee wages	(18,598,609)
Payments for employee fringes and pension benefits	(6,220,153)
Payment for scholarships	(8,808,762)
Payments for utilities	(324,977)
Sales and services of education department	91,235
Auxiliary	230,391
Loans issued to students	(3,500)
Loans collected from students	22,884
Other	1,115,734
Net cash used by operating activities	<u>(27,347,992)</u>
Cash flows from non-capital financing activities:	
State appropriations	14,907,692
Local appropriations	63,812
Grants and gifts	12,353,284
Custodial receipts	
Custodial disbursements	(621,845)
PLUS, Stafford and Direct Lending loan receipts	948,040
PLUS, Stafford and Direct Lending loan disbursements	(956,513)
Other non-operating revenue(expense)	(139,412)
Net cash provided (used) by non-capital financing activities	<u>26,555,058</u>
Cash flows from capital and related financing activities:	
Capital appropriations-state	673,843
Capital appropriations-local	8,637
Capital grants and gifts	572,317
Purchase capital assets	(649,282)
Proceeds from sale of capital assets	12,833
Proceeds from bond issue	
Debt interest payments	(9,042)
Debt principal payments	(164,992)
Net cash provided (used) by capital financing activities	<u>444,314</u>
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	3,341
Net cash provided (used) by investing activities	<u>3,341</u>
Net increase (decrease) in cash and cash equivalents	(345,279)
Cash and cash equivalents, beginning of year	6,438,924
Cash and cash equivalents, End of Year	<u>6,093,645</u>

**Virginia Community College System
Piedmont Virginia Community College
Statement of Cash Flows
For the Year Ended June 30, 2022**

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Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(26,629,463)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,255,171
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(307,739)
Prepaid expenses and other	(52,569)
Post employment benefits asset	(264,433)
Accrued compensation and leave	422,342
Accounts payable and other	141,188
Unearned revenue	(444,669)
Deposits pending distribution	30
Pension liability	(7,298,873)
Post employment benefits liability	(611,109)
Deferred inflows of resources related to pensions and post employment benefits	5,468,681
Deferred outflows of resources related to pensions and post employment benefits	973,451
Net cash used in operating activities	<u>(27,347,992)</u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	6,116,996
Less: Securities Lending Cash Equivalents	<u>23,351</u>
Cash and cash equivalents end of year	<u>6,093,645</u>

Noncash transactions

Donated capital assets	29,065
Amortization of bond premium	
Unrealized gain/loss on investments	
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, 2022**

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	Community College	Component Unit Rappahannock Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	3,659,572	427,018
Appropriation available		
Short term investments (Note 2)	1,097,638	648,973
Accounts receivable, net (Note 3)	250,904	
Pledges receivable (Note 3)		15,900
Due from commonwealth (Note 4)	166,488	
Due from system office	2,552	
Interest receivable	16,811	
Prepaid expenses	35,600	4,200
Inventories	77,559	
Notes receivable, net (Note 3)		
Total Current Assets	<u>5,307,124</u>	<u>1,096,091</u>
Noncurrent Assets		
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)		14,773,310
Other long-term investments (Note 2)		
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		100,000
Pledges receivable (Note 3)		40,345
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	435,416	
Non-depreciable capital assets, net (Note 5)	301,534	6,857
Depreciable capital assets, net (Note 5)	11,317,522	
Total Noncurrent Assets	<u>12,054,472</u>	<u>14,920,512</u>
Total Assets	<u>17,361,596</u>	<u>16,016,603</u>
Deferred Outflows of Resources (Note 8)	2,083,875	
Total Assets and Deferred Outflows of Resources	<u>19,445,471</u>	<u>16,016,603</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	224,478	59,982
Accrued payroll expense	1,052,129	
Unearned revenue	361,241	
Long-term liabilities-current portion (Note 9)	467,828	
Securities lending obligation		
Post employment benefit obligations (Note 9)	39,121	
Due to Commonwealth		
Due to system's office		
Deposits	1,003,179	
Total Current Liabilities	<u>3,147,976</u>	<u>59,982</u>

**Virginia Community College System
Rappahannock Community College
Statement of Net Position
As of June 30, 2022**

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	Community College	Component Unit Rappahannock Community College Educational Foundation
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 9)	193,676	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	6,350,773	
Total Noncurrent Liabilities	<u>6,544,449</u>	
Total Liabilities	<u>9,692,425</u>	<u>59,982</u>
Deferred Inflows of Resources (Note 8)	4,865,246	
Total Liabilities and Deferred Inflows of Resources	<u>14,557,671</u>	<u>59,982</u>
Net Position		
Net investment in capital assets	11,541,338	6,857
Restricted for:		
Nonexpendable		6,606,570
Expendable	1,192,172	8,649,663
Unrestricted	(7,845,710)	693,531
Total Net Position	<u>4,887,800</u>	<u>15,956,621</u>

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, 2022

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	Community College	Component Unit Rappahannock Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$184,101,160)	5,380,611	
Federal grants and contracts	1,567,279	
State and local grants	30,296	
Nongovernmental grants	28,724	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$5,543)	117,142	
Gifts and contributions		1,047,629
Endowment income		(3,353,182)
Other operating revenues	346,385	17,061
Total Operating Revenue	<u>7,470,437</u>	<u>(2,288,492)</u>
Expenses		
Operating Expenses		
Instruction	9,302,476	134,859
Public service	435,790	
Academic support	1,829,308	265,281
Student services	1,717,773	
Institutional support	4,844,810	85,764
Operation and maintenance	1,910,561	3,415
Scholarships and fellowships	4,695,185	652,030
Auxiliary enterprises	2	
Fundraising		61,238
Other expenses		
Total Operating Expenses (Note 12)	<u>24,735,905</u>	<u>1,202,587</u>
Operating Income (Loss)	<u>(17,265,468)</u>	<u>(3,491,079)</u>
Nonoperating Revenues(Expenses)		
State appropriations (Note 13)	10,368,940	
Local appropriations	97,804	
Grants and gifts	6,779,008	
Investment income	6,947	967,654
Interest on capital asset related debt	(685)	
Other nonoperating revenue (expense)	1,110	
Net Nonoperating Revenue	<u>17,253,124</u>	<u>967,654</u>
Income before other revenues, expenses gains (losses)	<u>(12,344)</u>	<u>(2,523,425)</u>
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	35	
Additions to permanent and term endowments		110,659
Increase (Decrease) in Net Position	<u>(12,309)</u>	<u>(2,412,766)</u>
Net Position		
Net Position beginning of year	<u>4,900,109</u>	<u>18,369,387</u>
Net Position end of year	<u>4,887,800</u>	<u>15,956,621</u>

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, 2022**

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	Community College
Cash flows from operating activities:	
Tuition and fees	5,435,887
Grants and contracts	1,626,299
Payments to suppliers and others	(3,750,743)
Payments for employee wages	(11,971,200)
Payments for employee fringes and pension benefits	(3,603,159)
Payment for scholarships	(4,962,885)
Payments for utilities	(263,201)
Sales and services of education department	
Auxiliary	120,733
Loans issued to students	
Loans collected from students	
Other	404,308
Net cash used by operating activities	<u>(16,963,961)</u>
Cash flows from non-capital financing activities:	
State appropriations	10,368,940
Local appropriations	97,804
Grants and gifts	6,807,300
Custodial receipts	2,098
Custodial disbursements	(828)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Other non-operating revenue(expense)	(17,142)
Net cash provided (used) by non-capital financing activities	<u>17,258,172</u>
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	
Purchase capital assets	(272,993)
Proceeds from sale of capital assets	15,700
Proceeds from bond issue	
Debt interest payments	(685)
Debt principal payments	(79,072)
Net cash provided (used) by capital financing activities	<u>(337,050)</u>
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	1,784
Net cash provided (used) by investing activities	<u>1,784</u>
Net increase (decrease) in cash and cash equivalents	(41,055)
Cash and cash equivalents, beginning of year	3,700,627
Cash and cash equivalents, End of Year	<u><u>3,659,572</u></u>

**Virginia Community College System
Rappahannock Community College
Statement of Cash Flows
For the Year Ended June 30, 2022**

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Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(17,265,468)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,262,245
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	31,904
Prepaid expenses and other	(13,370)
Post employment benefits asset	(152,560)
Accrued compensation and leave	74,603
Accounts payable and other	(24,782)
Unearned revenue	21,965
Deposits pending distribution	62,921
Pension liability	(4,868,095)
Post employment benefits liability	(421,876)
Deferred inflows of resources related to pensions and post employment benefits	3,592,863
Deferred outflows of resources related to pensions and post employment benefits	735,689
Net cash used in operating activities	<u><u>(16,963,961)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	3,659,572
Less: Securities Lending Cash Equivalents	
Cash and cash equivalents end of year	<u><u>3,659,572</u></u>
Noncash transactions	
Donated capital assets	35
Amortization of bond premium	
Unrealized gain/loss on investments	6,221
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, 2022**

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	Community College	Component Unit Southside Virginia Community College Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	7,593,194	1,653,986
Appropriation available		
Short term investments (Note 2)		930,172
Accounts receivable, net (Note 3)	1,139,351	21,699
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)	137,413	
Due from system office	322,543	
Interest receivable		
Prepaid expenses	405,459	
Inventories		
Notes receivable, net (Note 3)		
Total Current Assets	<u>9,597,960</u>	<u>2,605,857</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	(110,000)	
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		6,278
Appropriation available		
Endowment investments (Note 2)		3,543,942
Other long-term investments (Note 2)		455,544
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)	130,182	
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	499,017	
Non-depreciable capital assets, net (Note 5)	612,536	133,318
Depreciable capital assets, net (Note 5)	28,914,207	1,075,230
Total Noncurrent Assets	<u>30,045,942</u>	<u>5,214,312</u>
Total Assets	<u>39,643,902</u>	<u>7,820,169</u>
Deferred Outflows of Resources (Note 8)	2,256,055	
Total Assets and Deferred Outflows of Resources	<u>41,899,957</u>	<u>7,820,169</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	888,195	250,330
Accrued payroll expense	940,577	
Unearned revenue	561,289	
Long-term liabilities-current portion (Note 9)	397,092	
Securities lending obligation	269	
Post employment benefit obligations (Note 9)	58,548	
Due to Commonwealth		
Due to system's office		275,113
Deposits	515,668	
Total Current Liabilities	<u>3,361,638</u>	<u>525,443</u>

**Virginia Community College System
Southside Virginia Community College
Statement of Net Position
As of June 30, 2022**

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	Community College	Component Unit Southside Virginia Community College Foundation
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 9)	320,864	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	8,027,332	
Total Noncurrent Liabilities	<u>8,348,196</u>	
Total Liabilities	<u>11,709,834</u>	<u>525,443</u>
Deferred Inflows of Resources (Note 8)	7,667,704	
Total Liabilities and Deferred Inflows of Resources	<u>19,377,538</u>	<u>525,443</u>
Net Position		
Net investment in capital assets	29,526,743	1,208,548
Restricted for:		
Nonexpendable		1,065,663
Expendable	1,043,980	1,099,572
Unrestricted	(8,048,304)	3,920,943
Total Net Position	<u>22,522,419</u>	<u>7,294,726</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 Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2022

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	Community College	Component Unit Southside Virginia Community College Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$184,101,160)	5,821,337	
Federal grants and contracts	1,107,775	
State and local grants		298,718
Nongovernmental grants	3,000	73,014
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$14,280)	78,491	
Gifts and contributions		453,436
Endowment income		(648,802)
Other operating revenues	1,826,431	104,745
Total Operating Revenue	<u>8,837,034</u>	<u>281,111</u>
Expenses		
Operating Expenses		
Instruction	11,744,739	
Public service	17,752	
Academic support	2,269,289	
Student services	2,140,433	
Institutional support	6,206,379	257,235
Operation and maintenance	3,096,721	70,790
Scholarships and fellowships	4,242,716	395,126
Auxiliary enterprises	8,515	
Fundraising		18,883
Other expenses		
Total Operating Expenses (Note 12)	<u>29,726,544</u>	<u>742,034</u>
Operating Income (Loss)	<u>(20,889,510)</u>	<u>(460,923)</u>
Nonoperating Revenues(Expenses)		
State appropriations (Note 13)	14,224,552	
Local appropriations	95,688	
Grants and gifts	8,253,308	
Investment income	10,907	
Interest on capital asset related debt		
Other nonoperating revenue (expense)	829,037	
Net Nonoperating Revenue	<u>23,413,492</u>	
Income before other revenues, expenses gains (losses)	2,523,982	(460,923)
Capital appropriations-state (Note 20)	226,752	
Capital appropriations-local		
Capital gifts, grants and contracts	364,924	
Additions to permanent and term endowments		199,600
Increase (Decrease) in Net Position	<u>3,115,658</u>	<u>(261,323)</u>
Net Position		
Net Position beginning of year (Note 1-T)	<u>19,406,761</u>	<u>7,556,049</u>
Net Position end of year	<u>22,522,419</u>	<u>7,294,726</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, 2022

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	Community College
Cash flows from operating activities:	
Tuition and fees	5,423,735
Grants and contracts	1,149,480
Payments to suppliers and others	(7,594,427)
Payments for employee wages	(13,371,243)
Payments for employee fringes and pension benefits	(4,459,966)
Payment for scholarships	(4,279,826)
Payments for utilities	(398,370)
Sales and services of education department	
Auxiliary	78,491
Loans issued to students	
Loans collected from students	
Other	1,826,431
Net cash used by operating activities	<u>(21,625,695)</u>
Cash flows from non-capital financing activities:	
State appropriations	14,224,552
Local appropriations	95,688
Grants and gifts	8,199,547
Custodial receipts	176,912
Custodial disbursements	(123,247)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Other non-operating revenue(expense)	540,635
Net cash provided (used) by non-capital financing activities	<u>23,114,087</u>
Cash flows from capital and related financing activities:	
Capital appropriations-state	252,944
Capital appropriations-local	
Capital grants and gifts	342,866
Purchase capital assets	(892,939)
Proceeds from sale of capital assets	23,830
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	<u>(273,299)</u>
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	10,892
Net cash provided (used) by investing activities	<u>10,892</u>
Net increase (decrease) in cash and cash equivalents	1,225,985
Cash and cash equivalents, beginning of year	6,256,940
Cash and cash equivalents, End of Year	<u><u>7,482,925</u></u>

**Virginia Community College System
Southside Virginia Community College
Statement of Cash Flows
For the Year Ended June 30, 2022**

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Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(20,889,510)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,386,767
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(501,835)
Prepaid expenses and other	(181,313)
Post employment benefits asset	(164,542)
Accrued compensation and leave	80,281
Accounts payable and other	693,815
Unearned revenue	144,141
Deposits pending distribution	(356)
Pension liability	(6,432,844)
Post employment benefits liability	(643,289)
Deferred inflows of resources related to pensions and post employment benefits	4,018,252
Deferred outflows of resources related to pensions and post employment benefits	864,738
Net cash used in operating activities	(21,625,695)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	7,483,194
Less: Securities Lending Cash Equivalents	269
Cash and cash equivalents end of year	<u>7,482,925</u>

Noncash transactions

Donated capital assets	22,058
Amortization of bond premium	
Unrealized gain/loss on investments	
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, 2022

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	Community College	Component Unit Southwest Virginia Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	3,123,823	429,771
Appropriation available		
Short term investments (Note 2)	345,433	24,658,750
Accounts receivable, net (Note 3)	520,026	
Pledges receivable (Note 3)		220,211
Due from commonwealth (Note 4)		
Due from system office	17,404	
Interest receivable		
Prepaid expenses		
Inventories	8,500	
Notes receivable, net (Note 3)		
Total Current Assets	<u>4,015,186</u>	<u>25,308,732</u>
Noncurrent Assets		
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)		3,133,055
Other long-term investments (Note 2)	1,539,271	28,391
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		267,013
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	415,802	
Non-depreciable capital assets, net (Note 5)	619,636	903,769
Depreciable capital assets, net (Note 5)	22,413,449	4,207,620
Total Noncurrent Assets	<u>24,988,158</u>	<u>8,539,848</u>
Total Assets	<u>29,003,344</u>	<u>33,848,580</u>
Deferred Outflows of Resources (Note 8)	3,293,243	
Total Assets and Deferred Outflows of Resources	<u>32,296,587</u>	<u>33,848,580</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	486,452	187,224
Accrued payroll expense	1,465,085	
Unearned revenue	140,076	
Long-term liabilities-current portion (Note 9)	740,598	
Securities lending obligation	331	
Post employment benefit obligations (Note 9)	55,958	
Due to Commonwealth		
Due to system's office		
Deposits	84,708	
Total Current Liabilities	<u>2,973,208</u>	<u>187,224</u>

**Virginia Community College System
Southwest Virginia Community College
Statement of Net Position
As of June 30, 2022**

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		Component Unit
	Community College	Southwest Virginia Community College Educational Foundation
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 9)	826,102	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	7,429,800	
Total Noncurrent Liabilities	<u>8,255,902</u>	
Total Liabilities	<u>11,229,110</u>	<u>187,224</u>
Deferred Inflows of Resources (Note 8)	5,711,620	
Total Liabilities and Deferred Inflows of Resources	<u>16,940,730</u>	<u>187,224</u>
Net Position		
Net investment in capital assets	22,337,379	5,111,389
Restricted for:		
Nonexpendable		4,846,888
Expendable	155,772	20,614,195
Unrestricted	(7,137,294)	3,088,884
Total Net Position	<u>15,355,857</u>	<u>33,661,356</u>

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, 2022

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		Component Unit
	Community College	Southwest Virginia Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$184,101,160)	3,334,603	
Federal grants and contracts	5,480,231	
State and local grants	178,357	
Nongovernmental grants	130,106	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$13,074)	57,849	
Gifts and contributions		341,233
Endowment income		1,337,026
Other operating revenues	348,722	
Total Operating Revenue	<u>9,529,868</u>	<u>1,678,259</u>
Expenses		
Operating Expenses		
Instruction	8,656,253	
Public service	1,042,469	
Academic support	1,890,645	55,447
Student services	4,780,932	
Institutional support	5,021,146	185,246
Operation and maintenance	1,506,611	418,720
Scholarships and fellowships	5,060,680	717,368
Auxiliary enterprises	217,927	
Fundraising		393
Other expenses		
Total Operating Expenses (Note 12)	<u>28,176,663</u>	<u>1,377,174</u>
Operating Income (Loss)	<u>(18,646,795)</u>	<u>301,085</u>
Nonoperating Revenues(Expenses)		
State appropriations (Note 13)	11,890,846	
Local appropriations	199,690	
Grants and gifts	5,879,215	
Investment income	(115,916)	(5,346,580)
Interest on capital asset related debt	(26,618)	
Other nonoperating revenue (expense)	(35,993)	
Net Nonoperating Revenue	<u>17,791,224</u>	<u>(5,346,580)</u>
Income before other revenues, expenses gains (losses)	(855,571)	(5,045,495)
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	191,147	
Additions to permanent and term endowments		2,340,290
Increase (Decrease) in Net Position	<u>(664,424)</u>	<u>(2,705,205)</u>
Net Position		
Net Position beginning of year	<u>16,020,281</u>	<u>36,366,561</u>
Net Position end of year	<u>15,355,857</u>	<u>33,661,356</u>

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, 2022**

Page 204

	Community College
Cash flows from operating activities:	
Tuition and fees	3,192,009
Grants and contracts	5,704,323
Payments to suppliers and others	(4,958,368)
Payments for employee wages	(11,512,269)
Payments for employee fringes and pension benefits	(4,381,775)
Payment for scholarships	(6,181,450)
Payments for utilities	(510,781)
Sales and services of education department	
Auxiliary	57,849
Loans issued to students	
Loans collected from students	
Other	349,717
Net cash used by operating activities	<u>(18,240,745)</u>
Cash flows from non-capital financing activities:	
State appropriations	11,890,846
Local appropriations	199,690
Grants and gifts	5,879,215
Custodial receipts	20,255
Custodial disbursements	(10,210)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Other non-operating revenue(expense)	62,896
Net cash provided (used) by non-capital financing activities	<u>18,042,692</u>
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	189,267
Purchase capital assets	(529,049)
Proceeds from sale of capital assets	
Proceeds from bond issue	
Debt interest payments	(26,618)
Debt principal payments	(230,339)
Net cash provided (used) by capital financing activities	<u>(596,739)</u>
Cash flows from investing activities:	
Purchases of investments	(288,298)
Sale of investments	250,045
Investment income	45,943
Net cash provided (used) by investing activities	<u>7,690</u>
Net increase (decrease) in cash and cash equivalents	(787,102)
Cash and cash equivalents, beginning of year	<u>3,910,594</u>
Cash and cash equivalents, End of Year	<u><u>3,123,492</u></u>

**Virginia Community College System
Southwest Virginia Community College
Statement of Cash Flows
For the Year Ended June 30, 2022**

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Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(18,646,795)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,448,674
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(167,053)
Prepaid expenses and other	40
Post employment benefits asset	(184,034)
Accrued compensation and leave	164,146
Accounts payable and other	190,848
Unearned revenue	(58,917)
Deposits pending distribution	
Pension liability	(4,294,681)
Post employment benefits liability	(262,561)
Deferred inflows of resources related to pensions and post employment benefits	3,741,983
Deferred outflows of resources related to pensions and post employment benefits	(172,395)
Net cash used in operating activities	(18,240,745)

Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	3,123,823
Less: Securities Lending Cash Equivalents	331
Cash and cash equivalents end of year	<u>3,123,492</u>

Noncash transactions

Donated capital assets	1,880
Amortization of bond premium	
Unrealized gain/loss on investments	(161,862)
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, 2022**

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	Community College	Component Unit Thomas Nelson Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	14,827,797	210,461
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	226,440	2,107
Pledges receivable (Note 3)		108,048
Due from commonwealth (Note 4)		
Due from system office	71,565	
Interest receivable		
Prepaid expenses	108,570	
Inventories	7,016	
Notes receivable, net (Note 3)		
Total Current Assets	<u>15,241,388</u>	<u>320,616</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		430
Appropriation available		
Endowment investments (Note 2)		7,403,596
Other long-term investments (Note 2)		3,120,751
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		532,300
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	1,017,683	
Non-depreciable capital assets, net (Note 5)	5,940,170	
Depreciable capital assets, net (Note 5)	45,549,592	
Total Noncurrent Assets	<u>52,507,445</u>	<u>11,057,077</u>
Total Assets	<u>67,748,833</u>	<u>11,377,693</u>
Deferred Outflows of Resources (Note 8)	4,240,881	
Total Assets and Deferred Outflows of Resources	<u>71,989,714</u>	<u>11,377,693</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	1,303,766	521
Accrued payroll expense	1,582,292	
Unearned revenue	1,747,823	
Long-term liabilities-current portion (Note 9)	1,129,901	14,155
Securities lending obligation	6,891	
Post employment benefit obligations (Note 9)	92,657	
Due to Commonwealth		
Due to system's office		3,676
Deposits	281,706	
Total Current Liabilities	<u>6,145,036</u>	<u>18,352</u>

**Virginia Community College System
Thomas Nelson Community College
Statement of Net Position
As of June 30, 2022**

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	Community College	Component Unit Thomas Nelson Community College Educational Foundation
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 9)	1,152,828	141,485
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	14,993,978	
Total Noncurrent Liabilities	<u>16,146,806</u>	<u>141,485</u>
Total Liabilities	<u>22,291,842</u>	<u>159,837</u>
Deferred Inflows of Resources (Note 8)	17,289,453	
Total Liabilities and Deferred Inflows of Resources	<u>39,581,295</u>	<u>159,837</u>
Net Position		
Net investment in capital assets	50,215,695	
Restricted for:		
Nonexpendable		3,614,673
Expendable	973,240	5,716,220
Unrestricted	(18,780,516)	1,886,963
Total Net Position	<u>32,408,419</u>	<u>11,217,856</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, 2022

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		Component Unit
	Community College	Thomas Nelson Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$184,101,160)	11,443,417	
Federal grants and contracts	1,318,975	
State and local grants		
Nongovernmental grants	11,562	129,798
Sales/services of education department	318	
Auxiliary enterprises (net of scholarship allowance of \$21,075)	287,387	
Gifts and contributions		257,780
Endowment income		(1,015,013)
Other operating revenues	6,353,114	316,350
Total Operating Revenue	<u>19,414,773</u>	<u>(311,085)</u>
Expenses		
Operating Expenses		
Instruction	18,917,740	67,142
Public service	619,380	7,819
Academic support	1,848,725	29,809
Student services	4,318,859	
Institutional support	13,709,930	272,553
Operation and maintenance	3,661,958	
Scholarships and fellowships	15,860,631	273,696
Auxiliary enterprises	136,129	
Fundraising		140,755
Other expenses		4,098
Total Operating Expenses (Note 12)	<u>59,073,352</u>	<u>795,872</u>
Operating Income (Loss)	<u>(39,658,579)</u>	<u>(1,106,957)</u>
Nonoperating Revenues(Expenses)		
State appropriations (Note 13)	19,477,763	
Local appropriations		
Grants and gifts	23,731,924	
Investment income	6,090	(213,307)
Interest on capital asset related debt	(13,686)	
Other nonoperating revenue (expense)	(638,829)	
Net Nonoperating Revenue	<u>42,563,262</u>	<u>(213,307)</u>
Income before other revenues, expenses gains (losses)	2,904,683	(1,320,264)
Capital appropriations-state (Note 20)		
Capital appropriations-local	640,153	
Capital gifts, grants and contracts	264,202	
Additions to permanent and term endowments		31,803
Increase (Decrease) in Net Position	<u>3,809,038</u>	<u>(1,288,461)</u>
Net Position		
Net Position beginning of year	<u>28,599,381</u>	<u>12,506,317</u>
Net Position end of year	<u>32,408,419</u>	<u>11,217,856</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, 2022**

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	Community College
Cash flows from operating activities:	
Tuition and fees	12,022,251
Grants and contracts	1,491,671
Payments to suppliers and others	(17,113,803)
Payments for employee wages	(20,943,520)
Payments for employee fringes and pension benefits	(7,547,971)
Payment for scholarships	(15,887,364)
Payments for utilities	(842,889)
Sales and services of education department	318
Auxiliary	287,387
Loans issued to students	
Loans collected from students	
Other	6,315,742
Net cash used by operating activities	<u>(42,218,178)</u>
Cash flows from non-capital financing activities:	
State appropriations	19,477,763
Local appropriations	
Grants and gifts	23,731,924
Custodial receipts	
Custodial disbursements	(35,107)
PLUS, Stafford and Direct Lending loan receipts	3,192,948
PLUS, Stafford and Direct Lending loan disbursements	(3,160,260)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	349,362
Net cash provided (used) by non-capital financing activities	<u>43,556,630</u>
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	640,153
Capital grants and gifts	262,303
Purchase capital assets	(1,882,690)
Proceeds from sale of capital assets	12,795
Proceeds from insurance recoveries	
Proceeds from bond issue	
Debt interest payments	(13,686)
Debt principal payments	(244,232)
Net cash provided (used) by capital financing activities	<u>(1,225,357)</u>
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	6,066
Net cash provided (used) by investing activities	<u>6,066</u>
Net increase (decrease) in cash and cash equivalents	119,161
Cash and cash equivalents, beginning of year	14,701,745
Cash and cash equivalents, End of Year	<u>14,820,906</u>

**Virginia Community College System
Thomas Nelson Community College
Statement of Cash Flows
For the Year Ended June 30, 2022**

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Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(39,658,579)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	2,717,405
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	451,119
Prepaid expenses and other	120,810
Post employment benefits asset	(291,773)
Accrued compensation and leave	(1,036,560)
Accounts payable and other	758,550
Unearned revenue	189,838
Deposits pending distribution	59,978
Pension liability	(13,095,225)
Post employment benefits liability	(1,565,089)
Deferred inflows of resources related to pensions and post employment benefits	7,175,911
Deferred outflows of resources related to pensions and post employment benefits	1,955,437
Net cash used in operating activities	<u>(42,218,178)</u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	14,827,797
Less: Securities Lending Cash Equivalents	<u>6,891</u>
Cash and cash equivalents end of year	<u>14,820,906</u>

Noncash transactions

Donated capital assets	1,899
Amortization of bond premium	
Unrealized gain/loss on investments	
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, 2022**

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		Component Units	
	Community College	Tidewater Community College Educational Foundation	Tidewater Community College Real Estate Foundation
Assets			
Current Assets			
Cash and cash equivalents (Note 2)	61,873,940	342,349	312,268
Appropriation available			
Short term investments (Note 2)	9,925,002		
Accounts receivable, net (Note 3)	2,168,461		
Pledges receivable (Note 3)		89,949	
Due from commonwealth (Note 4)	559,890		
Due from system office	221,034		
Interest receivable	244,133		
Prepaid expenses	1,441,582	27,988	20,861
Inventories	500,896		
Notes receivable, net (Note 3)			
Total Current Assets	76,934,938	460,286	333,129
Noncurrent Assets			
Restricted cash and cash equivalents (Note 2)	59,192		
Cash equivalents with trustees (Note 2)			
Endowment cash and cash equivalents (Note 2)		595,122	
Appropriation available			
Endowment investments (Note 2)		2,684,458	
Other long-term investments (Note 2)	983,560	6,739,284	6,552,475
Accounts receivable, net (Note 3)			
Investments in real estate (Note 2)			
Pledges receivable (Note 3)		76,099	
Due from commonwealth (Note 4)			
Notes receivable, net (Note 3)			
Post employment benefit assets (Note 18)	2,914,473		
Non-depreciable capital assets, net (Note 5)	15,005,352		5,396,106
Depreciable capital assets, net (Note 5)	268,563,120		3,460,887
Total Noncurrent Assets	287,525,697	10,094,963	15,409,468
Total Assets	364,460,635	10,555,249	15,742,597
Deferred Outflows of Resources (Note 8)	13,517,181		
Total Assets and Deferred Outflows of Resources	377,977,816	10,555,249	15,742,597
Liabilities			
Current Liabilities			
Accounts and retainage payable (Note 6)	3,792,674	10,461	242,496
Accrued payroll expense	7,081,558		
Unearned revenue	4,892,540		273,041
Long-term liabilities-current portion (Note 9)	4,658,679	1,322	2,186,950
Securities lending obligation	3,444		
Post employment benefit obligations (Note 9)	262,086		
Due to Commonwealth			
Due to system's office		109,819	
Deposits	547,498		
Total Current Liabilities	21,238,479	121,602	2,702,487

**Virginia Community College System
Tidewater Community College
Statement of Net Position
As of June 30, 2022**

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		Component Units	
		Tidewater Community College Educational Foundation	Tidewater Community College Real Estate Foundation
	Community College		
Noncurrent Liabilities			
Unearned revenue			
Long-term liabilities (Note 9)	55,260,890	10,759	821,207
Due to federal government (Note 9)			
Pension and post employment benefit obligations (Note 9)	44,560,348		
Total Noncurrent Liabilities	<u>99,821,238</u>	<u>10,759</u>	<u>821,207</u>
Total Liabilities	<u>121,059,717</u>	<u>132,361</u>	<u>3,523,694</u>
Deferred Inflows of Resources (Note 8)	39,972,992		
Total Liabilities and Deferred Inflows of Resources	<u>161,032,709</u>	<u>132,361</u>	<u>3,523,694</u>
Net Position			
Net investment in capital assets	228,282,709		8,002,054
Restricted for:			
Nonexpendable		3,285,807	
Expendable	3,748,836	4,785,890	
Unrestricted	(15,086,438)	2,351,191	4,216,849
Total Net Position	<u>216,945,107</u>	<u>10,422,888</u>	<u>12,218,903</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, 2022

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		Component Units	
	Community College	Tidewater Community College Educational Foundation	Tidewater Community College Real Estate Foundation
Revenues			
Operating Revenue			
Tuition and fees (net of scholarship allowance of \$184,101,160)	20,395,599		
Federal grants and contracts	3,576,169		
State and local grants			
Nongovernmental grants	235,206		
Sales/services of education department	9,225		
Auxiliary enterprises (net of scholarship allowance of \$77,843)	9,646,852		
Gifts and contributions		872,701	
Endowment income			
Other operating revenues	3,308,383	51,044	582,773
Total Operating Revenue	37,171,434	923,745	582,773
Expenses			
Operating Expenses			
Instruction	50,003,284	26,135	
Public service	477,439		
Academic support	7,915,436	53,047	
Student services	13,233,618	260,634	
Institutional support	32,062,334	920,589	374,648
Operation and maintenance	11,881,810		378,724
Scholarships and fellowships	38,601,333	288,550	
Auxiliary enterprises	3,327,788		
Fundraising		73,716	
Other expenses		1,324	
Total Operating Expenses (Note 12)	157,503,042	1,623,995	753,372
Operating Income (Loss)	(120,331,608)	(700,250)	(170,599)
Nonoperating Revenues(Expenses)			
State appropriations (Note 13)	65,387,738		
Local appropriations	84,500		
Grants and gifts	64,315,879		
Investment income	423,306	1,254,230	675,979
Interest on capital asset related debt	(1,393,965)		
Other nonoperating revenue (expense)	(880,625)		
Net Nonoperating Revenue	127,936,833	1,254,230	675,979
Income before other revenues, expenses gains (losses)	7,605,225	553,980	505,380
Capital appropriations-state (Note 20)			
Capital appropriations-local			
Capital gifts, grants and contracts	585,387		
Additions to permanent and term endowments		5,241	
Increase (Decrease) in Net Position	8,190,612	559,221	505,380
Net Position			
Net Position beginning of year	208,754,495	9,863,667	11,713,523
Net Position end of year	216,945,107	10,422,888	12,218,903

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, 2022**

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	Community College
Cash flows from operating activities:	
Tuition and fees	19,336,319
Grants and contracts	3,874,944
Payments to suppliers and others	(30,441,894)
Payments for employee wages	(63,789,269)
Payments for employee fringes and pension benefits	(22,691,890)
Payment for scholarships	(39,898,952)
Payments for utilities	(3,142,357)
Sales and services of education department	9,225
Auxiliary	9,646,852
Loans issued to students	
Loans collected from students	
Other	3,321,243
Net cash used by operating activities	<u>(123,775,779)</u>
Cash flows from non-capital financing activities:	
State appropriations	65,387,738
Local appropriations	84,500
Grants and gifts	64,523,115
Custodial receipts	817,104
Custodial disbursements	(768,638)
PLUS, Stafford and Direct Lending loan receipts	8,825,795
PLUS, Stafford and Direct Lending loan disbursements	(8,821,682)
Other non-operating revenue(expense)	(1,211,051)
Net cash provided (used) by non-capital financing activities	<u>128,836,881</u>
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	579,005
Purchase capital assets	(2,029,772)
Proceeds from sale of capital assets	128,753
Proceeds from bond issue	
Debt interest payments	(2,104,581)
Debt principal payments	(1,825,000)
Net cash provided (used) by capital financing activities	<u>(5,251,595)</u>
Cash flows from investing activities:	
Purchases of investments	(11,020,000)
Sale of investments	1,470,000
Investment income	555,677
Net cash provided (used) by investing activities	<u>(8,994,323)</u>
Net increase (decrease) in cash and cash equivalents	(9,184,816)
Cash and cash equivalents, beginning of year	71,114,504
Cash and cash equivalents, End of Year	<u>61,929,688</u>

**Virginia Community College System
Tidewater Community College
Statement of Cash Flows
For the Year Ended June 30, 2022**

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Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(120,331,608)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	10,160,493
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	121,845
Prepaid expenses and other	(772,763)
Post employment benefits asset	(1,024,719)
Accrued compensation and leave	(195,603)
Accounts payable and other	1,617,972
Unearned revenue	(1,788,632)
Deposits pending distribution	(1,335)
Pension liability	(34,419,142)
Post employment benefits liability	(2,933,524)
Deferred inflows of resources related to pensions and post employment benefits	20,807,494
Deferred outflows of resources related to pensions and post employment benefits	4,983,743
Net cash used in operating activities	<u>(123,775,779)</u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	61,933,132
Less: Securities Lending Cash Equivalents	<u>3,444</u>
Cash and cash equivalents end of year	<u>61,929,688</u>
Noncash transactions	
Donated capital assets	6,382
Amortization of bond premium	714,776
Unrealized gain/loss on investments	(113,788)
Amortization of deferral on debt defeasance	(250,200)

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, 2022**

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	Community College	Component Unit Virginia Highlands Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	3,423,916	800,291
Appropriation available		
Short term investments (Note 2)	240,768	
Accounts receivable, net (Note 3)	1,149,195	1,925,667
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)	353,997	
Due from system office	107,388	
Interest receivable		
Prepaid expenses	108,223	
Inventories		
Notes receivable, net (Note 3)		
Total Current Assets	<u>5,383,487</u>	<u>2,725,958</u>
Noncurrent Assets		
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)		2,493,590
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 (Note 18)	345,891	
Non-depreciable capital assets, net (Note 5)	446,290	2,282,260
Depreciable capital assets, net (Note 5)	5,986,799	7,068
Total Noncurrent Assets	<u>6,778,980</u>	<u>4,782,918</u>
Total Assets	<u>12,162,467</u>	<u>7,508,876</u>
Deferred Outflows of Resources (Note 8)	1,587,661	
Total Assets and Deferred Outflows of Resources	<u>13,750,128</u>	<u>7,508,876</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	302,942	
Accrued payroll expense	1,037,723	
Unearned revenue	213,921	
Long-term liabilities-current portion (Note 9)	286,112	
Securities lending obligation		
Post employment benefit obligations (Note 9)	43,042	
Due to Commonwealth		
Due to system's office		644,015
Deposits	53,238	
Total Current Liabilities	<u>1,936,978</u>	<u>644,015</u>

**Virginia Community College System
Virginia Highlands Community College
Statement of Net Position
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		Component Unit
	Community College	Virginia Highlands Community College Educational Foundation
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 9)	133,412	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	5,363,646	
Total Noncurrent Liabilities	<u>5,497,058</u>	
Total Liabilities	<u>7,434,036</u>	<u>644,015</u>
Deferred Inflows of Resources (Note 8)	5,053,205	
Total Liabilities and Deferred Inflows of Resources	<u>12,487,241</u>	<u>644,015</u>
Net Position		
Net investment in capital assets	6,433,089	2,289,328
Restricted for:		
Nonexpendable		3,375,700
Expendable	1,149,610	1,105,386
Unrestricted	(6,319,812)	94,447
Total Net Position	<u>1,262,887</u>	<u>6,864,861</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, 2022

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	Community College	Component Unit Virginia Highlands Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$184,101,160)	2,217,725	
Federal grants and contracts	1,666,261	
State and local grants	521,838	340,263
Nongovernmental grants	386,538	
Sales/services of education department	8,699	
Auxiliary enterprises (net of scholarship allowance of \$15,367)	58,429	
Gifts and contributions		240,523
Endowment income		(196,864)
Other operating revenues	69,192	185,146
Total Operating Revenue	<u>4,928,682</u>	<u>569,068</u>
Expenses		
Operating Expenses		
Instruction	8,227,379	189,008
Public service	283,920	
Academic support	1,006,343	137,331
Student services	1,784,295	
Institutional support	2,480,895	474,887
Operation and maintenance	1,486,863	
Scholarships and fellowships	4,249,249	124,128
Auxiliary enterprises	155,302	
Fundraising		69,591
Other expenses		
Total Operating Expenses (Note 12)	<u>19,674,246</u>	<u>994,945</u>
Operating Income (Loss)	<u>(14,745,564)</u>	<u>(425,877)</u>
Nonoperating Revenues(Expenses)		
State appropriations (Note 13)	8,988,783	
Local appropriations	103,165	
Grants and gifts	7,268,713	
Investment income	237	217
Interest on capital asset related debt		
Other nonoperating revenue (expense)	(4,679)	
Net Nonoperating Revenue	<u>16,356,219</u>	<u>217</u>
Income before other revenues, expenses gains (losses)	1,610,655	(425,660)
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	151,001	
Additions to permanent and term endowments		
Increase (Decrease) in Net Position	<u>1,761,656</u>	<u>(425,660)</u>
Net Position		
Net Position beginning of year	<u>(498,769)</u>	<u>7,290,521</u>
Net Position end of year	<u>1,262,887</u>	<u>6,864,861</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 Cash Flows
For the Year Ended June 30, 2022**

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	Community College
Cash flows from operating activities:	
Tuition and fees	1,792,599
Grants and contracts	2,348,878
Payments to suppliers and others	(4,661,926)
Payments for employee wages	(8,508,577)
Payments for employee fringes and pension benefits	(3,228,960)
Payment for scholarships	(3,791,209)
Payments for utilities	(226,968)
Sales and services of education department	8,699
Auxiliary	58,429
Loans issued to students	
Loans collected from students	
Other	69,434
Net cash used by operating activities	<u>(16,139,601)</u>
Cash flows from non-capital financing activities:	
State appropriations	8,988,783
Local appropriations	103,165
Grants and gifts	6,992,197
Custodial receipts	718,028
Custodial disbursements	(712,532)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Other non-operating revenue(expense)	(119,635)
Net cash provided (used) by non-capital financing activities	<u>15,970,006</u>
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	151,001
Purchase capital assets	(228,642)
Proceeds from sale of capital assets	17,351
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	<u>(60,290)</u>
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	1
Net cash provided (used) by investing activities	<u>1</u>
Net increase (decrease) in cash and cash equivalents	(229,884)
Cash and cash equivalents, beginning of year	3,653,800
Cash and cash equivalents, End of Year	<u><u>3,423,916</u></u>

**Virginia Community College System
Virginia Highlands Community College
Statement of Cash Flows
For the Year Ended June 30, 2022**

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Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(14,745,564)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	530,721
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(505,886)
Prepaid expenses and other	10,603
Post employment benefits asset	(109,424)
Accrued compensation and leave	86,926
Accounts payable and other	140,863
Unearned revenue	(196,171)
Deposits pending distribution	
Pension liability	(4,512,764)
Post employment benefits liability	(553,123)
Deferred inflows of resources related to pensions and post employment benefits	3,113,897
Deferred outflows of resources related to pensions and post employment benefits	600,321
Net cash used in operating activities	<u>(16,139,601)</u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	3,423,916
Less: Securities Lending Cash Equivalents	
Cash and cash equivalents end of year	<u>3,423,916</u>
Noncash transactions	
Donated capital assets	
Amortization of bond premium	
Unrealized gain/loss on investments	237
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, 2022**

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		Component Unit
	Community College	Virginia Western Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	16,942,470	536,836
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	4,512,951	11,695
Pledges receivable (Note 3)		357,555
Due from commonwealth (Note 4)		
Due from system office	67,180	
Interest receivable		
Prepaid expenses	606,639	29,355
Inventories		
Notes receivable, net (Note 3)		8,642
Total Current Assets	<u>22,129,240</u>	<u>944,083</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		1,784,833
Appropriation available		
Endowment investments (Note 2)		21,519,652
Other long-term investments (Note 2)		6,462,801
Accounts receivable, net (Note 3)		62,510
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		153,822
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	889,447	
Non-depreciable capital assets, net (Note 5)	2,887,498	
Depreciable capital assets, net (Note 5)	65,668,166	1,239
Total Noncurrent Assets	<u>69,445,111</u>	<u>29,984,857</u>
Total Assets	<u>91,574,351</u>	<u>30,928,940</u>
Deferred Outflows of Resources (Note 8)	3,792,235	
Total Assets and Deferred Outflows of Resources	<u><u>95,366,586</u></u>	<u><u>30,928,940</u></u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	922,599	117,131
Accrued payroll expense	1,528,744	
Unearned revenue	1,507,784	
Long-term liabilities-current portion (Note 9)	952,681	
Securities lending obligation	2,690	
Post employment benefit obligations (Note 9)	89,552	
Due to Commonwealth		
Due to system's office		
Deposits	190,145	
Total Current Liabilities	<u>5,194,195</u>	<u>117,131</u>

**Virginia Community College System
Virginia Western Community College
Statement of Net Position
As of June 30, 2022**

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		<u>Component Unit</u> <u>Virginia Western</u> <u>Community</u> <u>College</u> <u>Educational</u> <u>Foundation</u>
	<u>Community</u> <u>College</u>	
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 9)	4,399,119	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	13,870,967	
Total Noncurrent Liabilities	<u>18,270,086</u>	
Total Liabilities	<u>23,464,281</u>	<u>117,131</u>
Deferred Inflows of Resources (Note 8)	10,673,769	
Total Liabilities and Deferred Inflows of Resources	<u>34,138,050</u>	<u>117,131</u>
Net Position		
Net investment in capital assets	64,235,422	1,239
Restricted for:		
Nonexpendable		8,805,149
Expendable	1,527,045	18,353,098
Unrestricted	<u>(4,533,931)</u>	<u>3,652,323</u>
Total Net Position	<u>61,228,536</u>	<u>30,811,809</u>

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, 2022

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		<u>Component Unit</u> <u>Virginia Western</u> <u>Community</u> <u>College</u> <u>Educational</u> <u>Foundation</u>
	<u>Community</u> <u>College</u>	
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$184,101,160)	14,246,381	
Federal grants and contracts	1,442,712	
State and local grants		
Nongovernmental grants	56,999	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$22,276)	643,255	
Gifts and contributions		2,059,386
Endowment income		3,340,030
Other operating revenues	2,798,595	537,762
Total Operating Revenue	<u>19,187,942</u>	<u>5,937,178</u>
Expenses		
Operating Expenses		
Instruction	20,023,678	
Public service	1,130,470	
Academic support	4,808,627	
Student services	3,640,908	
Institutional support	8,119,542	658,828
Operation and maintenance	4,395,532	
Scholarships and fellowships	9,700,413	1,860,899
Auxiliary enterprises	38,326	
Fundraising		161,642
Other expenses	840,913	232,163
Total Operating Expenses (Note 12)	<u>52,698,409</u>	<u>2,913,532</u>
Operating Income (Loss)	<u>(33,510,467)</u>	<u>3,023,646</u>
Nonoperating Revenues(Expenses)		
State appropriations (Note 13)	21,544,985	
Local appropriations		
Grants and gifts	18,340,947	
Investment income	14,938	1,044,835
Interest on capital asset related debt	(20,552)	
Other nonoperating revenue (expense)	84,406	
Net Nonoperating Revenue	<u>39,964,724</u>	<u>1,044,835</u>
Income before other revenues, expenses gains (losses)	6,454,257	4,068,481
Capital appropriations-state (Note 20)	81,159	
Capital appropriations-local		
Capital gifts, grants and contracts	100,466	
Additions to permanent and term endowments		301,964
Increase (Decrease) in Net Position	<u>6,635,882</u>	<u>4,370,445</u>
Net Position		
Net Position beginning of year	<u>54,592,654</u>	<u>26,441,364</u>
Net Position end of year	<u>61,228,536</u>	<u>30,811,809</u>

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, 2022**

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	Community College
Cash flows from operating activities:	
Tuition and fees	10,620,591
Grants and contracts	1,499,711
Payments to suppliers and others	(12,085,325)
Payments for employee wages	(20,146,714)
Payments for employee fringes and pension benefits	(7,456,273)
Payment for scholarships	(10,076,321)
Payments for utilities	(1,163,440)
Sales and services of education department	
Auxiliary	643,255
Loans issued to students	
Loans collected from students	
Other	1,957,682
Net cash used by operating activities	<u>(36,206,834)</u>
Cash flows from non-capital financing activities:	
State appropriations	21,544,985
Local appropriations	
Grants and gifts	18,340,947
Custodial receipts	1,822,601
Custodial disbursements	(1,784,761)
PLUS, Stafford and Direct Lending loan receipts	2,104,090
PLUS, Stafford and Direct Lending loan disbursements	(2,097,442)
Other non-operating revenue(expense)	(12,744)
Net cash provided (used) by non-capital financing activities	<u>39,917,676</u>
Cash flows from capital and related financing activities:	
Capital appropriations-state	143,116
Capital appropriations-local	
Capital grants and gifts	99,389
Purchase capital assets	(369,346)
Proceeds from sale of capital assets	32,943
Proceeds from bond issue	
Debt interest payments	(103,426)
Debt principal payments	(864,095)
Net cash provided (used) by capital financing activities	<u>(1,061,419)</u>
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	14,912
Net cash provided (used) by investing activities	<u>14,912</u>
Net increase (decrease) in cash and cash equivalents	2,664,335
Cash and cash equivalents, beginning of year	14,275,445
Cash and cash equivalents, End of Year	<u>16,939,780</u>

**Virginia Community College System
Virginia Western Community College
Statement of Cash Flows
For the Year Ended June 30, 2022**

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Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(33,510,467)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	3,348,540
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(3,823,304)
Prepaid expenses and other	212,517
Post employment benefits asset	(313,516)
Accrued compensation and leave	(278,754)
Accounts payable and other	235,707
Unearned revenue	197,014
Deposits pending distribution	500
Pension liability	(9,807,709)
Post employment benefits liability	(865,032)
Deferred inflows of resources related to pensions and post employment benefits	7,067,927
Deferred outflows of resources related to pensions and post employment benefits	1,329,743
Net cash used in operating activities	<u>(36,206,834)</u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	16,942,470
Less: Securities Lending Cash Equivalents	<u>2,690</u>
Cash and cash equivalents end of year	<u>16,939,780</u>

Noncash transactions

Donated capital assets	1,077
Amortization of bond premium	30,421
Unrealized gain/loss on investments	
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, 2022**

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		Component Units	
	Community College	Wytheville Community College Educational Foundation	Wytheville Community College Scholarship Foundation
Assets			
Current Assets			
Cash and cash equivalents (Note 2)	9,279,945	372,397	75,100
Appropriation available			
Short term investments (Note 2)	639,768	1,131,571	
Accounts receivable, net (Note 3)	89,026	82,161	
Pledges receivable (Note 3)		5,120	
Due from commonwealth (Note 4)	179,340		
Due from system office			
Interest receivable			
Prepaid expenses	368,105		
Inventories	47,697		
Notes receivable, net (Note 3)			
Total Current Assets	10,603,881	1,591,249	75,100
Noncurrent Assets			
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)		7,297,220	542,187
Other long-term investments (Note 2)		6,078,485	312,841
Accounts receivable, net (Note 3)			
Investments in real estate (Note 2)			
Pledges receivable (Note 3)		1,855	
Due from commonwealth (Note 4)			
Notes receivable, net (Note 3)			
Post employment benefit assets (Note 18)	303,423		
Non-depreciable capital assets, net (Note 5)	833,309	43,393	
Depreciable capital assets, net (Note 5)	13,637,561		
Total Noncurrent Assets	14,774,293	13,420,953	855,028
Total Assets	25,378,174	15,012,202	930,128
Deferred Outflows of Resources (Note 8)	1,363,715		
Total Assets and Deferred Outflows of Resources	26,741,889	15,012,202	930,128
Liabilities			
Current Liabilities			
Accounts and retainage payable (Note 6)	715,860	15,510	25,000
Accrued payroll expense	904,487		
Unearned revenue	785,916		
Long-term liabilities-current portion (Note 9)	599,202		
Securities lending obligation	94		
Post employment benefit obligations (Note 9)	34,673		
Due to Commonwealth			
Due to system's office			
Deposits	426,787		
Total Current Liabilities	3,467,019	15,510	25,000

**Virginia Community College System
Wytheville Community College
Statement of Net Position
As of June 30, 2022**

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		Component Units	
		Wytheville Community College Educational Foundation	Wytheville Community College Scholarship Foundation
	Community College		
Noncurrent Liabilities			
Unearned revenue			
Long-term liabilities (Note 9)	310,084		
Due to federal government (Note 9)			
Pension and post employment benefit obligations (Note 9)	4,788,706		
Total Noncurrent Liabilities	<u>5,098,790</u>		
Total Liabilities	<u>8,565,809</u>	<u>15,510</u>	<u>25,000</u>
Deferred Inflows of Resources (Note 8)	5,237,164		
Total Liabilities and Deferred Inflows of Resources	<u>13,802,973</u>	<u>15,510</u>	<u>25,000</u>
Net Position			
Net investment in capital assets	14,013,870	43,393	
Restricted for:			
Nonexpendable		7,299,075	542,187
Expendable	1,148,689	7,455,709	362,693
Unrestricted	(2,223,643)	198,515	248
Total Net Position	<u>12,938,916</u>	<u>14,996,692</u>	<u>905,128</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, 2022

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		Component Units	
	Community College	Wytheville Community College Educational Foundation	Wytheville Community College Scholarship Foundation
Revenues			
Operating Revenue			
Tuition and fees (net of scholarship allowance of \$184,101,160)	2,104,743		
Federal grants and contracts	2,296,653		
State and local grants		201,799	
Nongovernmental grants	20,065	583,404	
Sales/services of education department	12,393		
Auxiliary enterprises (net of scholarship allowance of \$10,374)	94,188		
Gifts and contributions		2,763	
Endowment income		247,067	31,921
Other operating revenues	931,522	384,751	
Total Operating Revenue	5,459,564	1,419,784	31,921
Expenses			
Operating Expenses			
Instruction	6,362,883	6,120	
Public service	247,688	1,490	
Academic support	2,466,946	23,236	
Student services	1,785,627		
Institutional support	3,779,136	247,264	100
Operation and maintenance	1,155,827		
Scholarships and fellowships	4,261,674	989,130	50,000
Auxiliary enterprises	18		
Fundraising		129,256	
Other expenses	46,739		
Total Operating Expenses (Note 12)	20,106,538	1,396,496	50,100
Operating Income (Loss)	(14,646,974)	23,288	(18,179)
Nonoperating Revenues(Expenses)			
State appropriations (Note 13)	9,881,853		
Local appropriations	153,670		
Grants and gifts	6,561,845		
Investment income	6,369	1,571,381	56,222
Interest on capital asset related debt	(15,761)		
Other nonoperating revenue (expense)	(128,146)		
Net Nonoperating Revenue	16,459,830	1,571,381	56,222
Income before other revenues, expenses gains (losses)	1,812,856	1,594,669	38,043
Capital appropriations-state (Note 20)			
Capital appropriations-local			
Capital gifts, grants and contracts	454,019		
Additions to permanent and term endowments		354,098	26,500
Increase (Decrease) in Net Position	2,266,875	1,948,767	64,543
Net Position			
Net Position beginning of year	10,672,041	13,047,925	840,585
Net Position end of year	12,938,916	14,996,692	905,128

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, 2022**

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	Community College
Cash flows from operating activities:	
Tuition and fees	1,976,762
Grants and contracts	2,826,402
Payments to suppliers and others	(4,741,764)
Payments for employee wages	(7,614,599)
Payments for employee fringes and pension benefits	(2,807,812)
Payment for scholarships	(4,279,132)
Payments for utilities	(239,726)
Sales and services of education department	12,393
Auxiliary	94,259
Loans issued to students	
Loans collected from students	
Other	905,078
Net cash used by operating activities	<u>(13,868,139)</u>
Cash flows from non-capital financing activities:	
State appropriations	9,881,853
Local appropriations	153,670
Grants and gifts	6,546,676
Custodial receipts	4,576,015
Custodial disbursements	(4,471,112)
PLUS, Stafford and Direct Lending loan receipts	383,989
PLUS, Stafford and Direct Lending loan disbursements	(383,989)
Other non-operating revenue(expense)	(128,146)
Net cash provided (used) by non-capital financing activities	<u>16,558,956</u>
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	453,829
Purchase capital assets	(676,687)
Proceeds from sale of capital assets	
Proceeds from bond issue	
Debt interest payments	(15,761)
Debt principal payments	(306,530)
Net cash provided (used) by capital financing activities	<u>(545,149)</u>
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	4,854
Net cash provided (used) by investing activities	<u>4,854</u>
Net increase (decrease) in net position	
Net increase (decrease) in cash and cash equivalents	2,150,522
Cash and cash equivalents, beginning of year	<u>7,129,329</u>
Cash and cash equivalents, End of Year	<u><u>9,279,851</u></u>

**Virginia Community College System
Wytheville Community College
Statement of Cash Flows
For the Year Ended June 30, 2022**

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Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(14,646,974)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,628,478
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	1,264
Prepaid expenses and other	(21,709)
Post employment benefits asset	(72,914)
Accrued compensation and leave	145,721
Accounts payable and other	88,978
Unearned revenue	396,956
Deposits pending distribution	
Pension liability	(4,700,131)
Post employment benefits liability	(635,478)
Deferred inflows of resources related to pensions and post employment benefits	3,287,058
Deferred outflows of resources related to pensions and post employment benefits	660,612
Net cash used in operating activities	<u>(13,868,139)</u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	9,279,945
Less: Securities Lending Cash Equivalents	94
Cash and cash equivalents end of year	<u>9,279,851</u>
Noncash transactions	
Donated capital assets	190
Amortization of bond premium	
Unrealized gain/loss on investments	1,497
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, 2022

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	<u>System Office</u>	<u>Component Unit Community Colleges of VA Educational Foundation</u>
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	31,164,766	3,123,075
Appropriation available	13,305,162	
Short term investments (Note 2)		
Accounts receivable, net (Note 3)		30,860
Pledges receivable (Note 3)		1,520,608
Due from commonwealth (Note 4)	5,627,614	
Due from colleges		
Interest receivable		
Prepaid expenses	3,808,706	
Inventories	2,000	
Notes receivable, net (Note 3)		
Total Current Assets	<u>53,908,248</u>	<u>4,674,543</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees (Note 2)		
Endowment cash and cash equivalents (Note 2)		637,245
Appropriation available		
Endowment investments (Note 2)		8,824,197
Other long-term investments (Note 2)		
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		133,510
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	1,336,378	
Non-depreciable capital assets, net (Note 5)		
Depreciable capital assets, net (Note 5)	12,295,589	
Total Noncurrent Assets	<u>13,631,967</u>	<u>9,594,952</u>
Total Assets	<u>67,540,215</u>	<u>14,269,495</u>
Deferred Outflows of Resources (Note 8)	7,054,677	
Total Assets and Deferred Outflows of Resources	<u>74,594,892</u>	<u>14,269,495</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	4,533,145	415,150
Accrued payroll expense	1,721,333	
Unearned revenue		
Long-term liabilities-current portion (Note 9)	2,455,635	6,720
Securities lending obligation		
Post employment benefit obligations (Note 9)	77,992	
Due to Commonwealth		
Due to colleges	2,887,648	
Deposits	866,381	
Total Current Liabilities	<u>12,542,134</u>	<u>421,870</u>

Virginia Community College System
System Office
Statement of Net Position
As of June 30, 2022

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	<u>System Office</u>	<u>Component Unit Community Colleges of VA Educational Foundation</u>
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 9)	4,443,581	8,784
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	18,278,561	
Total Noncurrent Liabilities	<u>22,722,142</u>	<u>8,784</u>
Total Liabilities	<u>35,264,276</u>	<u>430,654</u>
Deferred Inflows of Resources (Note 8)	14,696,839	
Total Liabilities and Deferred Inflows of Resources	<u>49,961,115</u>	<u>430,654</u>
Net Position		
Net investment in capital assets	7,614,247	
Restricted for:		
Nonexpendable		3,426,068
Expendable	38,512,154	6,615,136
Unrestricted	(21,492,624)	3,797,637
Total Net Position	<u>24,633,777</u>	<u>13,838,841</u>

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

**Virginia Community College System
System Office**

Page 233

**Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2022**

	System's Office	Component Unit Community Colleges of VA Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$184,101,160)		
Federal grants and contracts	39,071,799	
State and local grants	4,585	
Nongovernmental grants	1,760,885	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$0)		
Gifts and contributions		4,898,568
Endowment income		(1,664,368)
Other operating revenues	1,370,968	485,845
Total Operating Revenue	42,208,237	3,720,045
Expenses		
Operating Expenses		
Instruction	58,087	
Public service	38,796,818	152,500
Academic support	15,446,097	2,549,085
Student services	366,188	
Institutional support	19,669,102	529,303
Operation and maintenance	2,008,958	
Scholarships and fellowships		
Auxiliary enterprises		
Fundraising		651,107
Other expenses		
Total Operating Expenses (Note 12)	76,345,250	3,881,995
Operating Income (Loss)	(34,137,013)	(161,950)
Nonoperating Revenues(Expenses)		
State appropriations (Note 13)	39,488,862	
Local appropriations		
Grants and gifts	18,719,852	
Investment income		(4,578)
Interest on capital asset related debt	(157,198)	
Other nonoperating revenue (expense)	(8,214,196)	
Net Nonoperating Revenue	49,837,320	(4,578)
Income before other revenues, expenses gains (losses)	15,700,307	(166,528)
Capital appropriations-state (Note 20)	20,526,411	
Capital appropriations-local		
Capital gifts, grants and contracts	3,039,366	
Additions to permanent and term endowments		65,436
Increase (Decrease) in Net Position	39,266,084	(101,092)
Net Position		
Net Position beginning of year (Note 1-T)	(14,632,307)	13,939,933
Net Position end of year	24,633,777	13,838,841

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, 2022

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	<u>System Office</u>
Cash flows from operating activities:	
Tuition and fees	
Grants and contracts	40,837,269
Payments to suppliers and others	(45,489,510)
Payments for employee wages	(20,371,151)
Payments for employee fringes and pension benefits	(8,165,734)
Payment for scholarships	
Payments for utilities	(1,977)
Sales and services of education department	
Auxiliary	
Loans issued to students	
Loans collected from students	
Other	1,370,968
Net cash used by operating activities	<u>(31,820,135)</u>
Cash flows from non-capital financing activities:	
State appropriations	39,488,862
Local appropriations	
Grants and gifts	16,264,579
Custodial receipts	275,332
Custodial disbursements	(132,852)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Other non-operating revenue(expense)	(7,295,133)
Net cash provided (used) by non-capital financing activities	<u>48,600,788</u>
Cash flows from capital and related financing activities:	
Capital appropriations-state	7,090,904
Capital appropriations-local	
Capital grants and gifts	3,039,366
Purchase capital assets	(3,683,084)
Proceeds from sale of capital assets	
Proceeds from bond issue	
Debt interest payments	(157,198)
Debt principal payments	(1,199,389)
Net cash provided (used) by capital financing activities	<u>5,090,599</u>
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	
Net cash provided (used) by investing activities	
Net increase (decrease) in cash and cash equivalents	21,871,252
Cash and cash equivalents, beginning of year	9,293,514
Cash and cash equivalents, End of Year	<u><u>31,164,766</u></u>

**Virginia Community College System
System Office
Statement of Cash Flows
For the Year Ended June 30, 2022**

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Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(34,137,013)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	3,414,010
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	
Prepaid expenses and other	(330,306)
Post employment benefits asset	(550,794)
Accrued compensation and leave	110,123
Accounts payable and other	2,275,010
Unearned revenue	
Deposits pending distribution	
Pension liability	(11,561,635)
Post employment benefits liability	(683,599)
Deferred inflows of resources related to pensions and post employment benefits	9,851,045
Deferred outflows of resources related to pensions and post employment benefits	(206,976)
Net cash used in operating activities	<u><u>(31,820,135)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	31,164,766
Less: Securities Lending Cash Equivalents	
Cash and cash equivalents end of year	<u><u>31,164,766</u></u>

Noncash transactions

Donated capital assets
Amortization of bond premium
Unrealized gain/loss on investments
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, 2022**

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	Shared Services Center
Assets	
Current Assets	
Cash and cash equivalents (Note 2)	12,684
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	191,800
Inventories	37,472
Notes receivable, net (Note 3)	
Total Current Assets	<u>241,956</u>
Noncurrent Assets	
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 (Note 18)	373,401
Non-depreciable capital assets, net (Note 5)	
Depreciable capital assets, net (Note 5)	868,165
Total Noncurrent Assets	<u>1,241,566</u>
Total Assets	<u>1,483,522</u>
Deferred Outflows of Resources (Note 8)	3,062,631
Total Assets and Deferred Outflows of Resources	<u><u>4,546,153</u></u>
Liabilities	
Current Liabilities	
Accounts and retainage payable (Note 6)	13,245
Accrued payroll expense	478,328
Unearned revenue	
Long-term liabilities-current portion (Note 9)	402,254
Securities lending obligation	
Post employment benefit obligations (Note 9)	33,083
Due to Commonwealth	
Due to colleges	
Deposits	
Total Current Liabilities	<u>926,910</u>

**Virginia Community College System
Shared Services Center
Statement of Net Position
As of June 30, 2022**

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	Shared Services Center
Noncurrent Liabilities	
Unearned revenue	
Long-term liabilities (Note 9)	836,300
Due to federal government (Note 9)	
Pension and post employment benefit obligations (Note 9)	4,868,568
Total Noncurrent Liabilities	<u>5,704,868</u>
Total Liabilities	<u>6,631,778</u>
Deferred Inflows of Resources (Note 8)	3,916,694
Total Liabilities and Deferred Inflows of Resources	<u>10,548,472</u>
Net Position	
Net investment in capital assets	19,629
Restricted for:	
Nonexpendable	
Expendable	403,336
Unrestricted	(6,425,284)
Total Net Position	<u>(6,002,319)</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, 2022**

	Shared Services Center
Revenues	
Operating Revenue	
Tuition and fees (net of scholarship allowance of \$184,101,160)	
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	272,471
Total Operating Revenue	<u>272,471</u>
Expenses	
Operating Expenses	
Instruction	
Public service	
Academic support	
Student services	
Institutional support	9,729,788
Operation and maintenance	548,198
Scholarships and fellowships	
Auxiliary enterprises	
Fundraising	
Other expenses	
Total Operating Expenses (Note 12)	<u>10,277,986</u>
Operating Income (Loss)	<u>(10,005,515)</u>
Nonoperating Revenues(Expenses)	
State appropriations (Note 13)	(272,471)
Local appropriations	
Grants and gifts	(5,157)
Investment income	
Interest on capital asset related debt	(28,208)
Other nonoperating revenue (expense)	9,230,527
Net Nonoperating Revenue	<u>8,924,691</u>
Income before other revenues, expenses gains (losses)	<u>(1,080,824)</u>
Capital appropriations-state (Note 20)	
Capital appropriations-local	
Capital gifts, grants and contracts	
Additions to permanent and term endowments	
Increase (Decrease) in Net Position	<u>(1,080,824)</u>
Net Position	
Net Position beginning of year	<u>(4,921,495)</u>
Net Position end of year	<u>(6,002,319)</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, 2022**

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	<u>Shared Services</u>
Cash flows from operating activities:	
Tuition and fees	
Grants and contracts	
Payments to suppliers and others	(1,264,964)
Payments for employee wages	(5,192,118)
Payments for employee fringes and pension benefits	(2,530,288)
Payment for scholarships	
Payments for utilities	(88,738)
Sales and services of education department	
Auxiliary	
Loans issued to students	
Loans collected from students	
Other	272,471
Net cash used by operating activities	<u>(8,803,637)</u>
Cash flows from non-capital financing activities:	
State appropriations	(272,471)
Local appropriations	
Grants and gifts	(5,157)
Custodial receipts	
Custodial disbursements	
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Other non-operating revenue(expense)	9,230,527
Net cash provided (used) by non-capital financing activities	<u>8,952,899</u>
Cash flows from capital and related financing activities:	
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	(28,208)
Debt principal payments	(198,300)
Net cash provided (used) by capital financing activities	<u>(226,508)</u>
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	
Net cash provided (used) by investing activities	
Net increase (decrease) in cash and cash equivalents	(77,246)
Cash and cash equivalents, beginning of year	89,930
Cash and cash equivalents, End of Year	<u><u>12,684</u></u>

**Virginia Community College System
Shared Services Center
Statement of Cash Flows
For the Year Ended June 30, 2022**

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Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(10,005,515)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	217,883
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	
Prepaid expenses and other	(47,780)
Post employment benefits asset	(126,186)
Accrued compensation and leave	140,462
Accounts payable and other	(64,597)
Unearned revenue	
Deposits pending distribution	
Pension liability	(3,758,554)
Post employment benefits liability	(356,980)
Deferred inflows of resources related to pensions and post employment benefits	2,830,856
Deferred outflows of resources related to pensions and post employment benefits	2,366,774
Net cash used in operating activities	<u><u>(8,803,637)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	12,684
Less: Securities Lending Cash Equivalents	
Cash and cash equivalents end of year	<u><u>12,684</u></u>

Noncash transactions

Donated capital assets
Amortization of bond premium
Unrealized gain/loss on investments
Amortization of deferral on debt defeasance

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