

# **VIRGINIA COMMUNITY COLLEGE SYSTEM**

**FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2023  
(UNAUDITED)**

**Prepared by:  
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# VCCS Financial Report 2022-2023

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# VCCS Financial Report 2022-2023

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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, 2023. 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 2023 were:

- Total net position increased by 19.1% as a result of both increases and decreases in several operating and nonoperating revenue and expense categories. The results of operations for fiscal year 2023 reflected an overall increase in net position of \$201.6 million.
- Total operating revenues decreased 10%. Student tuition and fees, net of scholarship discounts and allowances, represented 57.6% of total operating revenues which is slightly lower than prior years.
- The State Board for Community Colleges, in May 2022, approved holding tuition rates (including the differentials at eight community colleges) steady for fiscal year 2023.
- From fiscal year 2022 to 2023, student full-time equivalent (FTE) enrollment decreased by .7% from 86,615 to 85,994 FTEs. This decrease resulted in a decline in net tuition and fee collections of approximately \$22.1 million in fiscal year 2023. 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 \$80.3 million to \$635 million as a result of an increase of \$69 in the State Appropriation Act (included FY22 salary increase and FY22 Affordable Access funds), \$10 million in State G3 funds, and \$7 million in carryover funds. State capital appropriations revenue increased by \$48.8 million. This increase is attributed to construction activity at Northern Virginia Community College, Virginia Peninsula Community College and Piedmont Virginia Community College.
- Total operating expenses decreased by 1.5% primarily as a result of student scholarships funded by federal Higher Education Emergency Relief Funds (HEERF) monies coming to an end. Expenses for employee compensation represented 52.19% of the total operating costs, which is slightly higher 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, 2023. 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)*

	2023	2022	Increase (Decrease)	
			Amount	Percentage
<b>Assets</b>				
Current assets	\$ 526,864	\$ 443,986	\$ 82,878	18.67%
Capital assets, net	1,395,595	1,404,167	(8,572)	(0.61%)
Other non-current assets	114,825	65,819	49,006	74.46%
<b>Total Assets</b>	<b>2,037,284</b>	<b>1,913,970</b>	<b>123,314</b>	<b>6.44%</b>
<b>Deferred Outflows of Resources</b>	<b>97,796</b>	<b>112,761</b>	<b>(14,965)</b>	<b>(13.27%)</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>2,135,080</b>	<b>2,026,731</b>	<b>108,349</b>	<b>5.35%</b>
<b>Liabilities</b>				
Current liabilities	193,748	175,712	18,036	10.26%
Non-current liabilities	537,614	490,867	46,747	9.52%
<b>Total Liabilities</b>	<b>731,363</b>	<b>666,579</b>	<b>64,783</b>	<b>9.72%</b>
<b>Deferred Inflows of Resources</b>	<b>144,619</b>	<b>302,640</b>	<b>(158,021)</b>	<b>(52.21%)</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>875,982</b>	<b>969,220</b>	<b>(93,238)</b>	<b>(9.62%)</b>
<b>Net Position</b>				
Net investment in capital assets	1,286,394	1,282,276	4,118	0.32%
Restricted-nonexpendable	117	132	(15)	(11.22%)
Restricted-expendable	171,666	100,489	71,177	70.83%
Unrestricted	(199,079)	(325,387)	126,308	(38.82%)
<b>Total Net Position</b>	<b>\$ 1,259,099</b>	<b>\$ 1,057,511</b>	<b>\$201,587</b>	<b>19.06%</b>

### Current Assets

Current assets consist of \$425.97 million in cash, cash equivalents, and short-term investments, \$28.20 million in accounts, notes, and interest receivable, \$32.75 in state appropriation available, \$10.29 million in amounts due from the commonwealth, \$28.16 million in prepaid expenses, and \$1.50 million in inventories. The \$82.88 million increase in current assets was primarily attributable to an increase of \$58.35 million in cash, cash equivalents, and short-term investments and the \$19.45 million increase in appropriation available from the Commonwealth.

Current assets cover current liabilities 2.74 times, an indicator of sound liquidity and the ability to weather short-term demands on working capital. Current assets also cover over 4.7 months of total operating expenses, excluding depreciation. Both ratios remained consistent with prior years. For fiscal year 2023, one month of operating expenses (excluding depreciation) equaled \$105.7 million.

### Capital Assets, Net of Accumulated Depreciation

The overall increase of \$32.02 million in net capital assets was due the implementation of Statement 96 of the Governmental Accounting Standards Board (GASB 96), which required governmental agencies to capitalize all subscription-based technology arrangements, which totaled \$1.5 million for the VCCS in FY23. There were other small decreases as a result of normal yearly depreciation.

The following tables compares fiscal year 2023 to fiscal year 2022 capital asset balances by category:

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

(in thousands)

	2023	2022	Increase (Decrease)	
			Amount	Percentage
Land	\$ 73,090	\$ 72,180	\$ 910	1.26%
Construction in progress	49,326	43,296	6,030	13.93%
Land improvements	34,868	35,100	(232)	(0.66%)
Infrastructure	32,622	33,763	(1,141)	(3.38%)
Building	1,108,379	1,114,103	(5,724)	(0.51%)
Equipment and historical treasures	58,468	58,649	(181)	(0.31%)
Intangibles	2,047	1,880	167	8.88%
Library books	2,914	3,477	(563)	(16.19%)
<b>TOTAL</b>	<b>\$ 1,361,714</b>	<b>\$ 1,362,448</b>	<b>\$ (734)</b>	<b>(0.05%)</b>

#### **Summary of leased assets, net of amortization**

(in thousands)

	2023	2022	Increase (Decrease)	
			Amount	Percentage
Land	\$ 69	\$ 99	\$ (30)	(30.30%)
Building	31,611	40,918	(9,307)	(21.75%)
Equipment and historical treasures	670	511	159	31.12%
<b>TOTAL</b>	<b>\$ 32,350</b>	<b>\$ 41,528</b>	<b>\$ (9,178)</b>	<b>(21.10%)</b>

per implementation of GASB 87, Leases.

#### **Summary of Right to Use assets, net of amortization**

(in thousands)

	2023	2022	Increase (Decrease)	
			Amount	Percentage
Subscription Asset	\$ 1,531	\$ -	\$ 1,531	100.00%
<b>TOTAL</b>	<b>\$ 1,531</b>	<b>\$ -</b>	<b>\$ 1,531</b>	<b>100.00%</b>

per implementation of GASB 96, SBITAs.

### Other Non-Current Assets

The balance in appropriation available consists of General and Central Capital Planning funds for capital projects. The increase in other noncurrent assets is due to increases appropriation available and long-term investments.

### 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 2023 and 2022 include amounts for certain pension and OPEB changes and will be recognized as pension and OPEB expenses in future fiscal years. The changes in pension and OPEB from year-to-year are primarily due to actuarial calculations related to the plans, including the impact of investment performance on the plan assets. In addition, the balances for both fiscal years include deferred losses on defeasance of debt related to refinancing of certain pooled bond issuances and will be recognized as expense in future fiscal years.

### Current Liabilities

Current liabilities consist of accounts and retainage payable of \$42.6 million, accrued payroll expense of \$56.9 million, unearned revenues of \$44.2 million, long-term obligations (current portion) of \$37.6 million, and deposits totaling \$8.4million.

Current liabilities increased by \$16.7 million in fiscal year 2023 primarily due to the Increase in the current portion of long-term liabilities resulting from the implementation of GASB 87. Unearned revenues increased by \$8.3 million. There were also increases in accounts payable (\$4.7 million) and accrued payroll (\$1.3 million).

### Non-Current Liabilities

Non-Current liabilities consist of a net pension obligation of \$343 million, the OPEB obligation of \$88.9 million, pooled bonds of \$66.6 million, accrued leave of \$14.8 million, and federal loan program amounts due of \$1.2 million. The overall increase of \$46.7 million in non-current liabilities was primarily due to the change in the VCCS' proportionate share of the Commonwealth's overall VRS pension liability and OPEB liabilities of \$434.6 million offset by a decrease in noncurrent lease liabilities.

### Deferred Inflows of Resources

The financial statement deferred inflows of resources category is used to report acquisition of resources applicable to a future reporting period. The balance reported for fiscal years 2023 and 2022 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. The changes in pension and OPEB from year-to-year are primarily due to actuarial calculations related to the plans, including the impact of investment performance on the plan assets. For fiscal year 2022, the balance also includes amounts related to leases associated with the implementation of GASB 87, Leases.

### Net Position

The increase in net investment in capital assets of \$4.1 million is explained by changes in capital assets, net of accumulated depreciation and in capital asset related debt. The increase of \$126.3 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 increase of \$62.5 million. offset by decreases in other liability categories and an increase in non-operating and other revenues of \$94.2 million that more than covered the \$27.1 million operating loss. The \$71.2 million increase in restricted expendable net position is largely due to the influx of HEERF funds. 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)*

	2023	2022	Increase (Decrease)	
			Amount	Percentage
Operating revenue	\$ 421,794	\$ 469,208	\$ (47,414)	(10.11%)
Operating expenses	1,337,684	1,357,959	(20,275)	(1.49%)
<b>Operating loss</b>	<b>(915,890)</b>	<b>(888,751)</b>	<b>(27,139)</b>	<b>3.05%</b>
Non-operating revenues and expenses	980,372	974,257	6,115	.63%
Income (loss) before other revenues, expenses, gains or losses	64,482	85,506	(21,024)	(24.59%)
Other revenues	137,105	48,967	88,138	180.00%
<b>Increase in net position</b>	<b>201,587</b>	<b>134,473</b>	<b>67,114</b>	<b>49.91%</b>
<b>Net position, beginning of year</b>	<b>1,057,511</b>	<b>923,038</b>	<b>134,473</b>	<b>14.57%</b>
<b>Net position, end of year</b>	<b>\$ 1,259,099</b>	<b>\$ 1,057,511</b>	<b>\$ 201,587</b>	<b>19.06%</b>



The following table is a more detailed representation and comparison of amounts included in operating, non-operating, and other (capital) revenues during the periods ended June 30, 2023, and 2022:

**Summary Statement of Revenues  
for the year ended June 30:**

(in thousands)

	2023	2022	Increase (Decrease)	
			Amount	Percentage
<b>Operating revenues</b>				
Student tuition and fees, net	\$ 242,728	\$ 288,897	\$ (46,169)	(15.98%)
Grants and contracts	123,774	113,960	9,814	8.61%
Auxiliary enterprises, net	18,570	23,688	(5,118)	(21.61%)
Other operating revenue*	36,723	42,663	(5,940)	(13.92%)
<b>Total Operating Revenues</b>	<b>421,795</b>	<b>469,208</b>	<b>(47,413)</b>	<b>(10.10%)</b>
<b>Non-operating activity</b>				
State operating appropriations	634,997	554,739	80,258	14.47%
Local operating appropriations	2,584	2,628	(44)	(1.68%)
Grants and gifts	323,604	419,420	(95,816)	(22.84%)
Investment income(loss)	5,076	(1,294)	6,370	(492.09%)
Interest expense	(3,179)	(3,048)	(131)	4.30%
Other	17,288	1,812	15,476	854.09%
<b>Total net non-operating revenue</b>	<b>980,372</b>	<b>974,257</b>	<b>6,115</b>	<b>0.63%</b>
<b>Other revenues (capital)</b>				
Capital appropriations-state	87,138	38,781	48,357	124.69%
Capital appropriations-local	4,025	2,469	1,556	63.02%
Capital gifts and grants	45,942	7,717	38,225	495.35%
<b>Total other revenues (capital)</b>	<b>137,105</b>	<b>48,967</b>	<b>88,138</b>	<b>180.00%</b>
<b>Total revenues</b>	<b>\$ 1,539,272</b>	<b>\$ 1,492,432</b>	<b>\$ 46,840</b>	<b>3.14%</b>

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

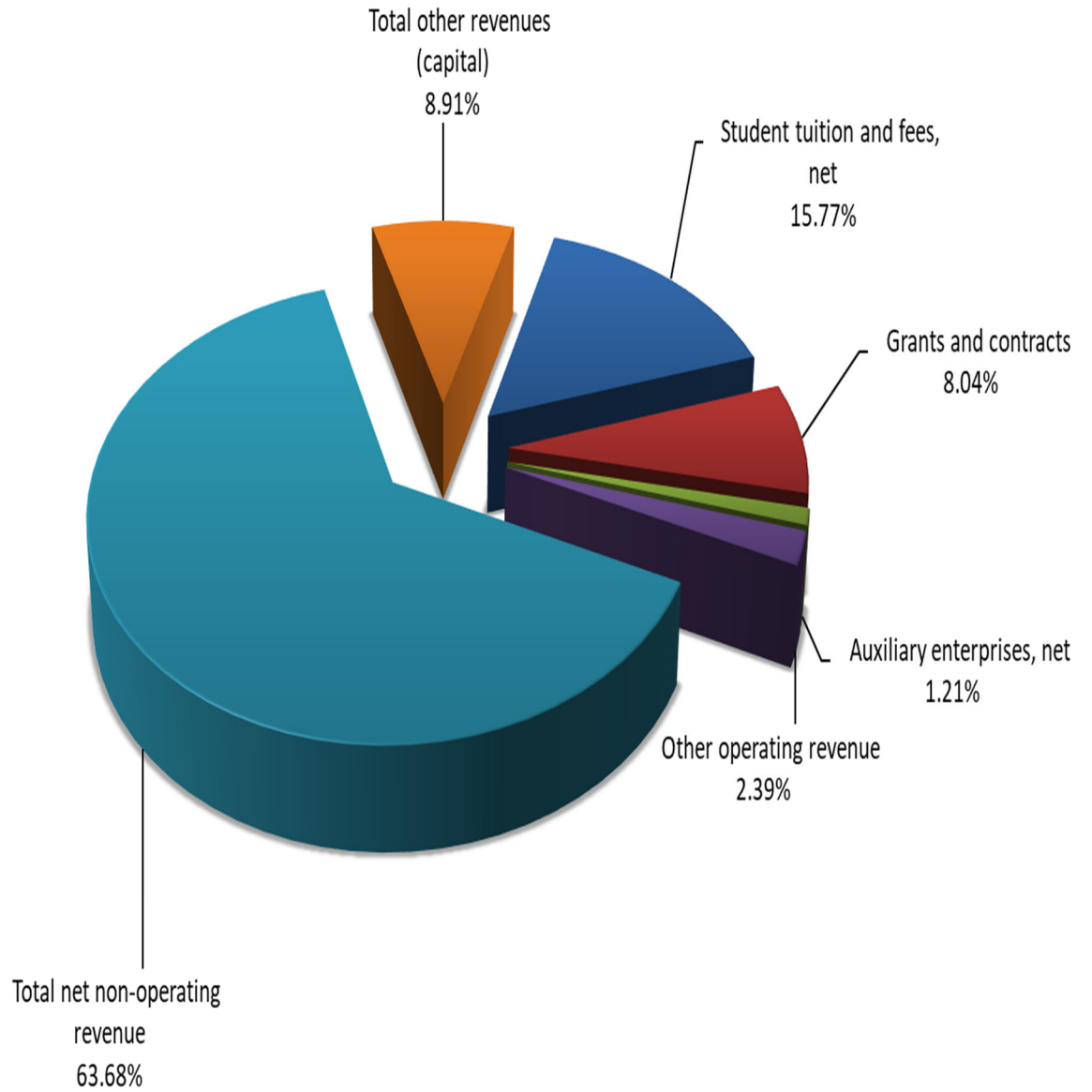
Operating Revenues

Total operating revenues decreased by 10% compared to the prior year. Gross student tuition and fee revenues (before scholarship discounts and allowances) decreased by \$29.1 million. Net tuition and fees revenue decreased by \$46.2 million or nearly 16%. Tuition and fee rates remained constant from FY22 contributing to this net revenue decline. Other operating revenue sources fluctuated slightly contributing to the overall decrease of \$47.2 million in operating revenues.

Non-operating and Other Revenues

Total net non-operating revenue increased by \$6.1 million. The largest factor was an increase in State Appropriation revenue of \$80.3 million but this was offset by a reduction in Grants and gifts revenue of \$95.8 million as a result of the HEERF funding for the pandemic coming to an end. A graphic presentation of fiscal year 2023 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, 2023, and 2022:

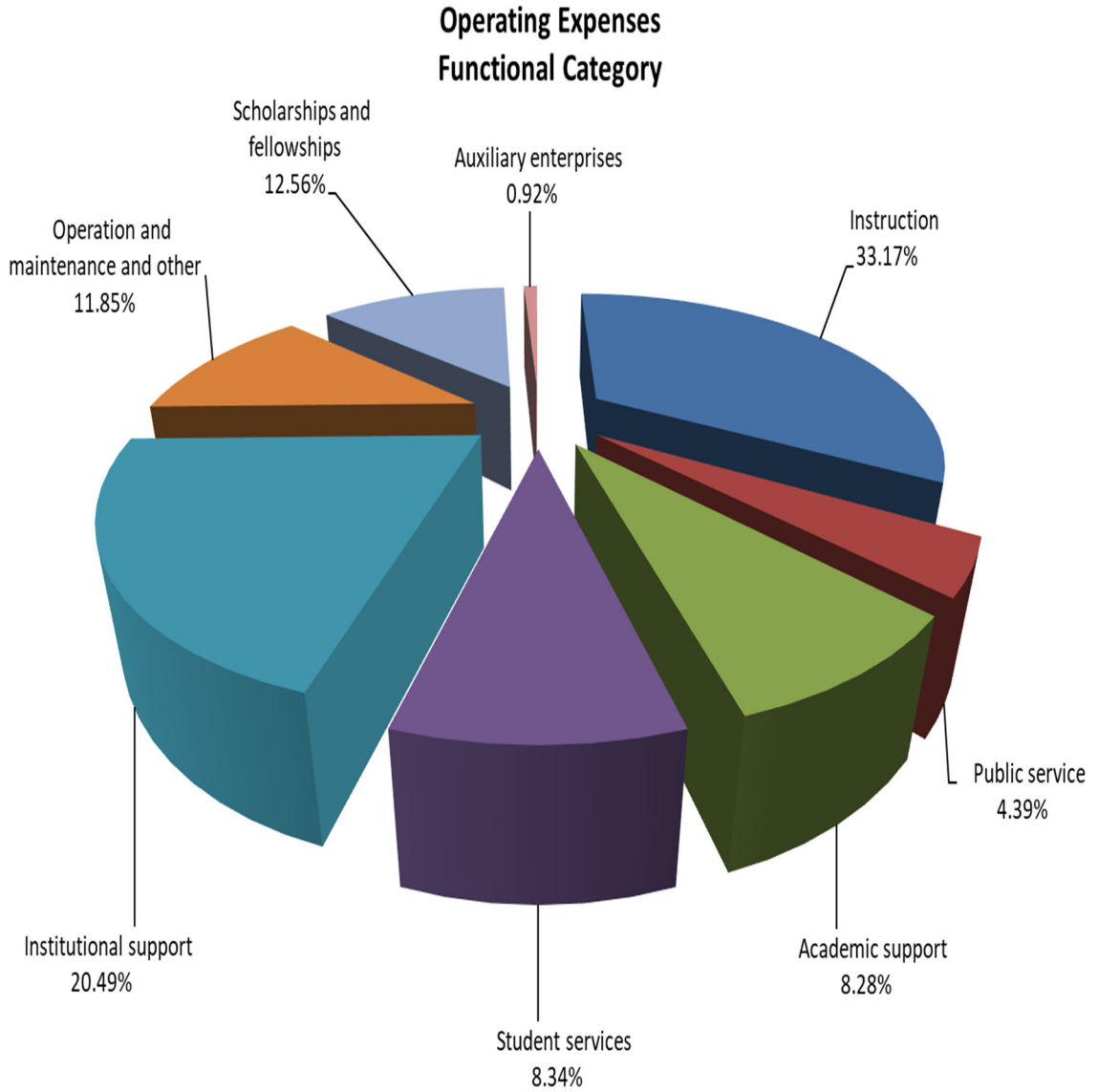
**Summary Statement of Expenses by Function  
for the year ended June 30:**  
*(in thousands)*

	2023	2022	Increase (Decrease)	
			Amount	Percentage
<b>Operating expenses:</b>				
Instruction	\$ 443,765	\$ 428,487	\$ 15,278	3.57%
Public service	58,668	51,176	7,492	14.64%
Academic support	110,749	96,231	14,517	15.09%
Student services	111,621	110,728	893	.81%
Institutional support	274,073	275,728	(1,655)	(.60%)
Operation and maintenance	156,303	127,213	29,090	22.87%
Scholarships and fellowships	167,987	256,967	(88,980)	(34.63%)
Auxiliary enterprises	12,249	9,843	2,408	24.46%
Other expenses	2,269	1,586	682	43.01%
<b>Total operating expenses</b>	<b>\$ 1,337,684</b>	<b>\$ 1,357,959</b>	<b>\$ (20,275)</b>	<b>(1.49%)</b>

Operating Expenses

Operating expenses totaled approximately \$1.34 billion for fiscal year 2023, a decrease of \$20.3 million. The natural expense category, compensation and benefits, comprised \$698.2 million of total VCCS operating expenses representing a 6.1% increase over fiscal year 2022. Scholarship expenses decreased \$89 million, largely due to the expiration of the HEERF funding received for fiscal year 2022. The net change across the other natural expense categories (i.e., utilities and depreciation) remained relatively flat.

A graphic presentation of fiscal year 2023 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)*

	<b>2023</b>	<b>2022</b>	<b>\$ Change</b>	<b>% Change</b>
Cash received from operations	\$431,058	\$444,342	(13,284)	(2.99%)
Cash used in operations	1,348,736	1,360,666	(11,930)	(0.88%)
Net cash used in operations	<u>(\$917,678)</u>	<u>(\$916,324)</u>	<u>(1,354)</u>	<u>(0.15%)</u>
Net cash provided by non-capital financing activities	\$978,899	\$975,222	3,677	0.38%
Net cash provided by (used in) capital and related financing activities	8,325	(30,871)	39,196	126.97%
Net cash provided by (used in) investing activities	(15,939)	(6,682)	(9,257)	(138.53%)
Net increase (decrease) in cash and cash equivalents	<u>\$53,607</u>	<u>\$21,345</u>	<u>32,262</u>	<u>151.15%</u>
Cash and cash equivalents, beginning of year	<u>\$344,927</u>	<u>\$323,582</u>		
Cash and cash equivalents, end of year	<u>\$398,534</u>	<u>\$344,927</u>		

The primary sources of cash for the VCCS included tuition and fees of \$253.58 million, operating grants and contracts of \$124.87 million, and auxiliary revenues of \$18.41 million. The primary uses of operating cash included employee salaries, wages, fringe benefits and pension benefits of \$771.66 million, operating expenses (payments to suppliers/others and utilities) of \$394.78 million and scholarships of \$182.30 million. Net cash used in operations is significantly greater than the cash received from operations on this statement due to the required presentation of state appropriation and grants/gifts as cash flows from non-capital financing activities. Net cash flows from capital and related financing activities increased \$39.20 million due to an increase of \$3.87 million in state and local capital appropriations, a decrease of \$1.83 million in capital grants and gifts, and a decrease of \$36.99 million for capital asset purchases. Net cash provided by (used in) investing activities decreased \$9.23 million as investment purchases were \$36.29 million higher, sale of investments was \$25.63 million higher, and investment income was \$1.40 million higher in fiscal year 2023. The overall increase in cash and cash equivalents was \$32.26 million at the end of fiscal year 2023.

**Economic Outlook**

For fiscal year 2023, the Commonwealth recorded a 3.5% decrease in unadjusted general fund revenues compared to fiscal year 2022. However, as a result of tax policy changes, adjusted general fund revenues increased by 5.1%.

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 2024 will be 31.6% of the average of the four-year institutions for total tuition and mandatory fees.

Effective with the fall 2023 session, the State Board for Community Colleges elected to increase tuition rates by \$4.61 per credit hour 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 1, 2023 Special Session I of the Virginia Acts of Assembly, authorized the funding to upgrade ADA accessibility at Tidewater Community College. This chapter also authorized funding for the development of a Commercial Driver's License Training Program and Driving Range at Blue Ridge Community College. In addition, this chapter approved the equipment funds for the construction of the Advanced Technology Center at Piedmont Virginia Community College.

The VCCS capitalized construction expenses totaling \$39.3 million during fiscal year 2023. These costs primarily included projects that were still in construction as of June 30, 2023 but also included a few projects that were complete as of June 30, 2023. Construction costs for projects completed during fiscal year 2023 totaled \$32.6 million.

The VCCS entered into contractual commitments for capital projects totaling \$194.7 million prior to June 30, 2023. Expenses processed against these commitments during fiscal year 2023 totaled \$98.2 million, leaving an unpaid commitment balance of \$96.5 million as of June 30, 2023.

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***CONSOLIDATED  
FINANCIAL  
STATEMENTS***

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**Virginia Community College System**  
**Consolidated**  
**Statement of Net Position**  
**As of June 30, 2023**

	<b>VCCS</b>	<b>Component Units Foundations</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	393,113,564	38,514,919
Appropriation available	32,752,616	
Short term investments (Note 2)	32,853,002	9,591,792
Accounts receivable, net (Note 3)	27,297,632	2,892,917
Pledges receivable (Note 3)		6,584,531
Due from commonwealth (Note 4)	10,289,327	
Interest receivable	328,024	43,982
Prepaid expenses	28,156,462	570,101
Inventories	1,502,451	
Notes receivable, net (Note 3)	571,050	51,946
<b>Total Current Assets</b>	<b>526,864,128</b>	<b>58,250,188</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)	5,489,296	
Endowment cash and cash equivalents (Note 2)	17,606	5,896,432
Appropriation available	32,035,411	
Endowment investments (Note 2)		240,571,375
Other long-term investments (Note 2)	47,607,563	86,485,749
Accounts receivable, net (Note 3)	615,814	
Investments in real estate (Note 2)		1,179,605
Pledges receivable (Note 3)		5,721,754
Due from commonwealth (Note 4)	7,760,223	
Notes receivable, net (Note 3)	225,036	
Post employment benefit assets (Note 18)	21,073,711	
Non-depreciable capital assets, net (Note 5)	122,564,207	27,800,905
Other capital assets, net (Note 5)	1,273,030,731	47,717,683
<b>Total Noncurrent Assets</b>	<b>1,510,419,598</b>	<b>415,373,503</b>
<b>Total Assets</b>	<b>2,037,283,726</b>	<b>473,623,691</b>
<b>Deferred Outflows of Resources</b> (Note 8)	97,796,497	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>2,135,080,223</b>	<b>473,623,691</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	42,647,852	4,372,291
Accrued payroll expense	56,873,983	439,598
Unearned revenue	44,178,061	1,197,455
Long-term liabilities-current portion (Note 9)	37,586,720	1,075,100
Securities lending obligation	86,074	
Post employment benefit obligations (Note 9)	2,673,263	
Deposits	9,703,464	278,838
<b>Total Current Liabilities</b>	<b>193,749,417</b>	<b>7,363,282</b>



**Virginia Community College System  
Consolidated  
Statement of Net Position  
As of June 30, 2023**

	<b>VCCS</b>	<b>Component Units Foundations</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue	382,544	
Long-term liabilities (Note 9)	104,098,633	40,751,446
Due to federal government (Note 9)	1,163,939	
Pension and post employment benefit obligations (Note 9)	431,968,422	
<b>Total Noncurrent Liabilities</b>	<b>537,613,538</b>	<b>40,751,446</b>
<b>Total Liabilities</b>	<b>731,362,955</b>	<b>48,114,728</b>
<b>Deferred Inflows of Resources</b> (Note 8)	144,618,565	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>875,981,520</b>	<b>48,114,728</b>
<b>Net Position</b>		
Net investment in capital assets	1,286,394,140	33,294,535
Restricted for:		
Nonexpendable	116,561	145,084,906
Expendable	171,667,565	134,450,179
Unrestricted	(199,079,563)	112,679,343
<b>Total Net Position</b>	<b>1,259,098,703</b>	<b>425,508,963</b>

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

**Virginia Community College System  
Consolidated**

**Statement of Revenues, Expenses and Changes in Net Position  
For the Year Ended June 30, 2023**

	<b>Component Units</b>	
	<b>VCCS</b>	<b>Foundations</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$191,861,193)	242,728,057	
Federal grants and contracts	96,042,241	45,000
State and local grants	18,074,016	3,730,126
Nongovernmental grants	9,657,339	2,454,951
Sales/services of education department	367,619	
Auxiliary enterprises (net of scholarship allowance of \$1,881,851)	18,569,593	
Gifts and contributions		27,820,893
Endowment income (loss)		(6,891,837)
Other operating revenues	36,355,495	10,967,798
<b>Total Operating Revenue</b>	<u>421,794,360</u>	<u>38,126,931</u>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	443,764,710	1,366,465
Public service	58,668,899	2,363,930
Academic support	110,748,939	11,394,149
Student services	111,620,740	197,779
Institutional support	274,072,613	13,486,159
Operation and maintenance	156,303,274	1,585,732
Scholarships and fellowships	167,987,018	13,247,545
Auxiliary enterprises	12,249,294	187,191
Fundraising		3,489,355
Other expenses	2,268,605	692,641
<b>Total Operating Expenses (Note 12)</b>	<u>1,337,684,092</u>	<u>48,010,946</u>
<b>Operating Income (Loss)</b>	<u>(915,889,732)</u>	<u>(9,884,015)</u>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	634,997,241	
Local appropriations	2,583,848	
Grants and gifts	323,603,959	
Investment income	5,076,198	2,190,563
Interest on capital asset related debt	(3,178,988)	
Other nonoperating revenue (expense)	17,289,431	
<b>Net Nonoperating Revenue</b>	<u>980,371,689</u>	<u>2,190,563</u>
<b>Income before other revenues, expenses gains (losses)</b>	64,481,957	(7,693,452)
Capital appropriations-state (Note 20)	87,137,701	
Capital appropriations-local	4,024,675	
Capital gifts, grants and contracts	45,943,034	254,122
Additions to permanent and term endowments		9,833,872
<b>Increase (Decrease) in Net Position</b>	<u>201,587,367</u>	<u>2,394,542</u>
<b>Net Position</b>		
<b>Net Position beginning of year (Note 1-T)</b>	<u>1,057,511,336</u>	<u>423,114,421</u>
<b>Net Position end of year</b>	<u>1,259,098,703</u>	<u>425,508,963</u>

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, 2023**

**Cash flows from operating activities:**

Tuition and fees	253,580,784
Grants and contracts	124,874,597
Payments to suppliers and others	(373,080,600)
Payments for employee wages	(559,742,217)
Payments for employee fringes and pension benefits	(211,915,592)
Payment for scholarships	(182,296,107)
Payments for utilities	(21,701,613)
Sales and services of education department	367,619
Auxiliary	18,405,302
Custodial receipts	20,015,482
Custodial disbursements	(19,649,987)
Loans issued to students	218,770
Loans collected from students	377,884
Other	33,233,281
Net cash used by operating activities	<u>(917,312,397)</u>

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

State appropriations	634,997,241
Local appropriations	2,583,848
Grants and gifts	324,387,742
PLUS, Stafford and Direct Lending loan receipts	49,800,651
PLUS, Stafford and Direct Lending loan disbursements	(50,584,238)
Other non-operating revenue(expense)	17,348,850
Net cash provided (used) by non-capital financing activities	<u>978,534,094</u>

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

Capital appropriations-state	30,229,042
Capital appropriations-local	4,024,675
Capital grants and gifts	5,787,001
Purchase capital assets	(12,773,299)
Proceeds from sale of capital assets	322,709
Debt interest payments	(3,552,276)
Debt principal payments	(15,712,776)
Net cash provided (used) by capital financing activities	<u>8,325,076</u>

**Cash flows from investing activities:**

Purchases of investments	(60,734,608)
Sale of investments	42,036,997
Investment income	2,758,582
Net cash provided (used) by investing activities	<u>(15,939,029)</u>

**Net increase (decrease) in cash and cash equivalents**

53,607,744

Cash and cash equivalents, beginning of year

344,926,648

**Cash and cash equivalents, End of Year**

398,534,392

**Virginia Community College System  
Consolidated  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(915,889,732)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	69,338,689
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and accounts receivable, net	4,692,980
Prepaid expenses and other	(9,915,982)
Post employment benefits asset	3,559,041
Accrued compensation and leave	3,497,972
Accounts payable and other	(309,982)
Unearned revenue	8,677,046
Deposits pending distribution	(731,353)
Custodial receipts(disbursements)	356,019
Pension liability	68,937,620
Post employment benefits liability	(6,436,395)
Deferred inflows of resources related to pensions and post employment benefits	(157,825,214)
Deferred outflows of resources related to pensions and post employment benefits	14,736,894
<b>Net cash used in operating activities</b>	<u><u>(917,312,397)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	398,620,466
Less: Securities Lending Cash Equivalents	86,074
Cash and cash equivalents end of year	<u><u>398,534,392</u></u>
<b>Noncash transactions</b>	
Donated capital assets	40,156,033
VRS Special Revenue Allocation	17,400,744
Amortization of bond premium	543,404
Unrealized gain/loss on investments	2,203,714
Amortization of deferral on debt defeasance	(227,200)
Capital assets acquired through the assumption of a liability	3,535,318
Retainage payable	2,439,529

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

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***NOTES TO THE  
FINANCIAL  
STATEMENTS***

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# VIRGINIA COMMUNITY COLLEGE SYSTEM

## NOTES TO FINANCIAL STATEMENTS

As of June 30, 2023

### 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, 2023, the foundations distributed \$19,510,924 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, 2023.

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, 2023 except for Dabney S. Lancaster (Educational Foundation), Eastern Shore, Germanna, Laurel Ridge, 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, 2022.

E. Lease Receivable

The System determines if an arrangement contains a long-term 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 recognized 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 System's 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. 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 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 long-term 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 reasonably 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 its 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 its 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, 2022 - previously reported	\$422,935,158
Mountain Gateway CC RE Foundation- additional capital assets	<u>179,263</u>
Net Position July 1, 2022, as restated	<u>\$423,114,421</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 year ended June 30, 2023, the System recognized a lease liability of \$33,220,218, a Right-of-Use Lease Assets net of accumulated amortization of \$32,348,090, a Lease Receivables of \$666,827, and Deferred Inflows of Resources 2, of \$662,259 on the Statement of Net Position as of June 30, 2023.

In May 2020, 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.

For the year ended June 30, 2023, the System recognized a subscription liability of \$1,147,513 and an intangible subscription asset, net of amortization, of \$1,531,052.

## 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 \$50,161,695 at June 30, 2023.

### 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, and the Virginia State Non-Arbitrage Program (SNAP) 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. VCCS did not have any SNAP investments at fiscal year end 2023. 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.

At June 30, 2023, the System had investments of \$54,438,924 in the Local Government Investment Pool (LGIP). The LGIP is an externally managed investment pool that is not registered with the Securities and Exchange Commission. Pursuant of the Code of Virginia, the Treasury Board of the

Commonwealth sponsors the LGIP. The LGIP values portfolio securities by the amortized cost method and the maturity is less than one year. The System classified LGIP as cash and cash equivalents.

At June 30, 2023, the System had investments of \$7,563,493 in the Local Government Investment Pool - Extended Maturity (LGIP-EM), which is an externally managed investment pool that is not registered with the Securities and Exchange Commission. Pursuant to the Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP-EM. The LGIP-EM portfolio reports its investments at fair value. The System classified LGIP-EM as short-term investments.

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*.

#### 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 or deposits exposed to custodial credit risk for 2023.

#### 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 2023.

#### 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 2023.

Summary of VCCS Cash and Cash Equivalents

Cash and Cash Equivalents:

Local Cash and Cash Equivalents	\$136,840,577
Treasurer of Virginia	256,186,913
Treasurer of Virginia (Securities Lending)	86,074
Subtotal	<u>\$393,113,564</u>

Restricted Cash and Cash Equivalents:

Local Cash and Cash Equivalents	\$8,512,176
Treasurer of Virginia (Unreimbursed Bond Payments)	(3,022,880)
Endowment Cash and Cash Equivalents	17,606
Subtotal	<u>\$5,506,902</u>

Total Cash and Cash Equivalents \$398,620,466

<u>Cash Equivalents</u>	<u>Value</u>	<u>Credit Rating</u>
Local Government Investment Pool	\$54,438,924	AAA
Repurchase Agreements	6,431,572	Not Rated
Mutual and Money Market Funds	18,784,001	Not Rated
Total	<u>\$79,654,497</u>	

<u>Investment Type</u>	<u>S&amp;P Credit Rating</u>	<u>Less than 1 year</u>	<u>1 - 5 Years</u>	<u>6 - 10 Years</u>	<u>6/30/2023</u>
LGIP EM	AAA	\$ 7,563,493	\$ -	\$ -	\$ 7,563,493
Agency Mortgage Backed Securities	AA+	-	8,704,435	955,670	9,660,105
Corporate Bonds	AA+	-	983,750	-	983,750
Corporate Bonds	AA	-	2,533,284	-	2,533,284
Corporate Bonds	AA-	-	2,115,278	-	2,115,278
Corporate Bonds	A+	176,758	5,871,841	-	6,048,599
Corporate Bonds	A	-	3,730,486	-	3,730,486
Corporate Bonds	A-	-	2,917,582	-	2,917,582
Corporate Bonds	BBB+	-	643,452	-	643,452
Negotiable CDs	Not Rated	4,788,874	3,211,039	-	7,999,913
Mutual Funds	Not Rated	1,739,122	-	-	1,739,122
U.S. Treasury and Agency Securities	N/A	14,429,733	14,527,582	1,413,164	30,370,479
Non-Negotiable CDs	Not Rated	4,155,022	-	-	4,155,022
Total		<u>\$ 32,853,002</u>	<u>\$45,238,729</u>	<u>\$ 2,368,834</u>	<u>\$ 80,460,565</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
Asset Backed Securities	\$ -	\$ 9,660,105	-
Corporate Bonds	-	18,972,432	-
Negotiable Certificates of Deposit	-	7,999,913	-
Mutual and Money Market Funds	18,784,001	1,739,122	-
U.S. Treasury and Agency Securities	30,370,479	-	-
Repurchase Agreements	-	6,431,572	-
Total Investments measured at Fair Value	\$49,154,480	\$44,803,144	-

Community College Foundations

The Foundations had the following cash, cash equivalents and investments as of June 30, 2023:

Cash and cash equivalents	\$44,411,351
Investments:	
Stocks	\$109,639,844
Mutual & Money Market Funds	87,581,229
Corporate bonds	28,449,229
Mortgage Backed Securities	22,524,330
Atlantic Union Wealth Management	21,660,646
Investments in Real Estate	16,407,306
UVA Investment Management Company	15,736,057
US Government Securities	11,073,097
Fixed Income Funds	10,084,981
Asset Backed Securities	5,864,462
Municipal Securities	2,895,543
Investments in Limited Partnerships	2,851,098
Certificates of Deposit	1,857,900
Cash Surrender Value Life Insurance	409,225
Private Business Developments	322,834
Alternative Investments	319,590
Other	151,150
Total investments	\$337,828,521

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, 2023:

Gross accounts receivable:	
Tuition and fees	\$ 22,989,673
Auxiliary enterprises	694,659
Federal, state, local and nongovernmental grants, gifts, contracts	3,804,814
Lease*	666,827
Other activities	1,103,955
Total gross accounts receivable	<u>\$29,259,928</u>
Less: Allowance for doubtful accounts	<u>(1,346,482)</u>
Net accounts receivable	<u>\$27,913,446</u>
Gross Loans and notes receivable	\$ 834,797
Less: Allowance for doubtful accounts	<u>(38,711)</u>
Net loans and notes receivable	<u>\$ 796,086</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, 2023, are as follows:

Year	Lease Receivable	Interest Receivable	Total
2024	\$ 139,626	\$ 22,378	\$ 162,004
2025	138,678	18,267	156,945
2026	137,750	13,898	151,648
2027	136,844	9,262	146,106
2028	96,025	4,646	100,671
2029-2033	17,904	705	18,609
Total	<u>\$ 666,827</u>	<u>\$ 69,156</u>	<u>\$ 735,983</u>

Receivables not expected to be collected within one year are \$840,850 in accounts, notes, and loans receivable.

#### Community College Foundations

The foundations have the following receivables as of June 30, 2023:

Gross accounts receivable	\$2,892,917
Less: Allowance for doubtful accounts	-
Net accounts receivable	<u>\$2,892,917</u>
Pledges receivable:	
Due in one year	\$7,560,297
Due in 1-5 years	4,461,771
Due in more than 5 years	846,241

Less: Allowance for doubtful accounts	(319,342)
Present value discount	<u>(242,682)</u>
Net pledges receivable	<u>\$12,306,285</u>
Gross loans, notes and interest receivable	\$51,946
Less: Allowance for doubtful accounts	<u>-</u>
Net loans and notes receivable	<u>\$51,946</u>

All accounts and notes receivable are expected to be collected within one year.

#### 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 2023, funding has been provided to the VCCS from three programs: general obligation bonds 9(b), 21<sup>st</sup> Century, and Equipment Trust Fund managed by the Virginia College Building Authority (VCBA). The VCBA issues bonds and uses the proceeds to reimburse the VCCS and other institutions of higher education for expenses incurred in the acquisition of equipment and facilities.

The line items, Due from Commonwealth, Current and Noncurrent, on the Statement of Net Position, for the year ended June 30, 2023, represent pending reimbursements from the following programs:

Due from Commonwealth, Current	
VCBA Equipment Trust Fund program	\$7,864,815
VCBA 21 <sup>st</sup> Century program	2,142,553
General Obligation Bond program	70,035
Other	<u>211,924</u>
Total Due from Commonwealth, Current	<u>\$10,289,327</u>
Due from Commonwealth, Noncurrent	
VCBA 21 <sup>st</sup> Century program	<u>\$7,760,223</u>
Total Due from Commonwealth, Noncurrent	<u>\$7,760,223</u>

#### 5. CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2023 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable capital assets:				
Land/Land Improvements	\$ 72,370,677	\$ 719,235	-	\$ 73,089,912
Inexhaustible Works of Art	148,174	-	-	148,174
Construction in Progress	43,296,272	38,619,413	\$(32,589,564)	49,326,121
Total capital assets not being depreciated	\$ 115,815,123	\$ 39,338,648	\$(32,589,564)	\$ 122,564,207
Depreciable capital assets:				
Buildings	\$ 1,659,615,231	\$ 29,966,891	\$ (1)	\$ 1,689,582,121
Infrastructure	85,024,182	2,365,618	-	87,389,800
Equipment	241,223,402	15,028,276	(13,735,067)	242,516,611
Land Improvements	109,248,705	3,340,846	(34,651)	112,554,900
Library Books	42,281,359	660,801	(2,335,810)	40,606,350
Intangible	48,564,852	167,823	(32,957,136)	15,775,539
Right to use intangible assets (GASB 87)				
Land Improvements	129,272	-	-	129,272
Buildings	51,778,602	1,468,153	(606,172)	52,640,583
Equipment	780,665	321,188	-	1,101,853
Right to use intangible assets (GASB 96)		1,914,310		1,914,310
Total other capital assets	\$ 2,238,646,270	\$ 55,233,906	\$(49,668,837)	\$ 2,244,211,339
Less accumulated depreciation/amortization for				
Buildings	\$ (545,511,791)	\$ (35,778,351)	-	\$ (581,290,142)
Infrastructure	(51,261,309)	(3,418,861)	-	(54,680,170)
Equipment	(182,721,689)	(14,827,601)	\$13,352,940	(184,196,350)
Land Improvements	(74,149,347)	(3,572,056)	34,651	(77,686,752)
Library Books	(38,804,013)	(1,223,705)	2,335,810	(37,691,908)
Intangible	(46,685,546)		32,957,136	(13,728,410)
Right to use intangible assets (GASB 87)				
Land Improvements	(30,048)	(30,048)	-	(60,096)
Buildings	(10,861,129)	(10,258,544)	271,172	(20,848,501)
Equipment	(269,591)	(345,430)	-	(615,021)
Right to use intangible assets (GASB 96)		(383,258)		(383,258)
Total accumulated depreciation	\$ (950,294,463)	\$ (69,837,854)	\$ 48,951,709	\$ (971,180,608)
Other capital assets, net	\$ 1,288,351,807	\$ (14,603,948)	\$ (717,128)	\$ 1,273,030,731
Total capital assets, net	\$ 1,404,166,930	\$ 24,734,700	\$(33,306,692)	\$ 1,395,594,938

### Community College Foundations

The foundations had the following capital assets as of June 30, 2023:

Non-depreciable capital assets:	
Land	\$13,849,078
Construction in Process	13,874,450
Works of art	77,377
Total nondepreciable capital assets	\$27,800,905

Depreciable capital assets:

Buildings	\$39,269,131
Equipment	2,116,919
Site improvement/Infrastructure	7,280,212
Intangible assets	<u>9,061,134</u>
Total depreciable capital assets	\$57,727,396
Less: Accumulated depreciation	<u>(10,009,713)</u>
Depreciable capital assets, net	<u>\$47,717,683</u>
Total capital assets, net	<u><u>\$75,518,588</u></u>

## 6. ACCOUNTS AND RETAINAGE PAYABLE

Accounts and retainage payable consisted of the following as of June 30, 2023:

	<u>VCCS</u>	<u>Foundations</u>
Vendors payable	\$38,309,790	\$4,372,291
Students payable	1,884,641	-
Retainage payable	2,439,529	-
Taxes payable	13,892	-
Total	<u>\$42,647,852</u>	<u>\$4,372,291</u>

## 7. COMMITMENTS

At June 30, 2023, the VCCS was committed to construction contracts totaling \$149,795,347 of which \$77,296,037 was unexpended. The System held \$2,439,529 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, 2023, is summarized as follows:

Deferred Loss on Debt Defeasance	\$ 1,333,323
Pension	70,990,850
Post Employment Benefit	<u>25,472,324</u>
Total Deferred Outflows of Resources	<u><u>\$97,796,497</u></u>

The composition of deferred inflows of resources on June 30, 2023, is summarized as follows:

Deferred Gain on Debt Refunding	\$ 451,100
Leases	662,259
Pension	83,903,690
Post Employment Benefit	<u>59,601,516</u>
Total Deferred Inflows of Resources	<u><u>\$144,618,565</u></u>

## 9. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2023 is as follows:

Debt:	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Leases (GASB 87)	\$ 42,024,903	\$ 1,793,513	\$ (10,598,198)	\$ 33,220,218	\$ 9,220,515
Subscription Assets (GASB 96)		\$ 1,741,804	\$ (594,291)	\$ 1,147,513	\$ 364,554
Notes Payable:					
Installment purchases	745,782	-	(265,286)	480,496	243,156
Pooled bonds	79,370,939	-	(4,798,404)	74,572,535	8,015,000
Total bonds, notes and long-term leases	<u>\$ 122,141,624</u>	<u>\$ 3,535,317</u>	<u>\$ (16,256,179)</u>	<u>\$ 109,420,762</u>	<u>\$ 17,843,225</u>
Other liabilities:					
Compensated absences	\$ 30,028,435	\$ 25,592,492	\$ (23,356,336)	\$ 32,264,591	\$ 19,743,495
Pension obligations	274,087,874	68,937,620		343,025,494	-
Postemployment benefits	98,052,586	-	(6,436,395)	91,616,191	2,673,263
Federal loan program contributions	1,872,855	-	(708,916)	1,163,939	-
Total other liabilities	<u>\$ 404,041,750</u>	<u>\$ 94,530,112</u>	<u>\$ (30,501,647)</u>	<u>\$ 468,070,215</u>	<u>\$ 22,416,758</u>
Total long-term liabilities	<u>\$ 526,183,374</u>	<u>\$ 98,065,429</u>	<u>\$ (46,757,826)</u>	<u>\$ 577,490,977</u>	<u>\$ 40,259,983</u>

In prior fiscal years, a portion of the VCBA Pooled Bonds, of which the VCCS has a share, has been defeased. Details relating to the current and prior years's defeasances are reported in the Commonwealth's Annual Comprehensive Financial Report. As of June 30, 2023, \$2,615,000 of VCCS defeased bonds remain outstanding.

#### Community College Foundations

The foundations had the following long-term liabilities as of June 30, 2023:

Notes payable	\$31,852,634
Trust & Annuity Obligations	103,404
Lease Obligations	<u>9,870,508</u>
Total long-term liabilities	<u>41,826,546</u>
Less current portion	1,075,100
Total long-term liabilities	<u><u>\$40,751,446</u></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 \$370,000 with coupon rates ranging from 0.50% to 5.00% payable semiannually. The final installment of \$370,000 is due September 1, 2023. The outstanding balance at June 30, 2023 is \$370,000.

Student Center for Tidewater Community College Norfolk Campus - The remaining balance is to be repaid in annual installments ranging from \$860,000 to \$1,095,000 with coupon rates

ranging from 1.33% to 5.00% payable semiannually. The final installment of \$870,000 is due September 1, 2030. The outstanding balance at June 30, 2023 is \$8,071,561.

Workforce Training and Technology Center for J. Sargeant Reynolds Community College - The remaining balance is to be repaid in annual installments ranging from \$50,000 to \$70,000 with coupon rates ranging from 3.00% to 5.00% payable semiannually. The final installment of \$70,000 is due September 1, 2029. The outstanding balance at June 30, 2023 is \$479,959.

Student Center for Tidewater Community College Virginia Beach Campus – The remaining balance is to be repaid in annual installments ranging from \$445,000 to \$1,010,000 with coupon rates ranging from 1.53% to 5.50% payable semiannually. The final installment of \$805,000 is due September 1, 2031. The outstanding balance at June 30, 2023 is \$4,287,799.

Student Center for Tidewater Community College Chesapeake Campus – The remaining balance is to be repaid in annual installments ranging from \$315,000 to \$705,000 with coupon rates ranging from 1.53% to 5.50% payable semiannually. The final installment of \$560,000 is due September 1, 2031. The outstanding balance at June 30, 2023 is \$3,032,194.

Academic Building (17787) & Student Center (17625) for Tidewater Community College Chesapeake Campus; Student Center for Virginia Beach Campus (17067) - The remaining balance is to be repaid in annual installments ranging from \$300,000 to \$325,000 with coupon rates ranging from 3.00% to 5.00% payable semiannually. The final installment of \$325,000 is due September 1, 2024 for Academic Building (17787) The final installment of \$325,000 is due September 1, 2031 for Student Center Chesapeake (17625) and Virginia Beach (17067) Campuses.. The outstanding balance at June 30, 2023 is \$15,134,774.

Student Center for Blue Ridge Community College Weyers Cave Campus - The remaining balance is to be repaid in annual installments ranging from \$505,000 to \$660,000 with coupon rates ranging from 4.35% to 5.50% payable semiannually. The final installment of \$660,000 is due September 1, 2030. The outstanding balance at June 30, 2023 is \$4,828,579.

Student Center for Tidewater Community College Portsmouth Campus - The remaining balance is to be repaid in annual installments ranging from \$815,000 to \$1,065,000 with coupon rates ranging from 4.35% to 5.50% payable semiannually. The final installment of \$1,065,000 is due September 1, 2030. The outstanding balance at June 30, 2023 is \$7,810,459.

Student Center for Virginia Western Community College - The remaining balance is to be repaid in annual installments ranging from \$45,000 to \$470,000 with coupon rates ranging from 0.48% to 1.71% payable semiannually. The final installment of \$470,000 is due September 1, 2031. The outstanding balance at June 30, 2023 is \$4,010,000.

Parking garage for Germanna Community College - The remaining balance is to be repaid in annual installments ranging from \$35,000 to \$405,000 with coupon rates ranging from 0.48% to 1.71% payable semiannually. The final installment of \$405,000 is due September 1, 2031. The outstanding balance at June 30, 2023 is \$3,485,000.

Parking garage for John Tyler Community College Midlothian Campus - The remaining balance is to be repaid in annual installments ranging from \$310,000 to \$440,000 with coupon rates ranging from 0.48% to 5.00% payable semiannually. The final installment of

\$440,000 is due September 1, 2032. The outstanding balance at June 30, 2023 is \$4,095,000.

Parking garage for Tidewater Community College Chesapeake Campus - The remaining balance is to be repaid in annual installments ranging from \$10,000 to \$1,625,000 with coupon rates ranging from 0.48% to 5.00% payable semiannually. The final installment of \$1,625,000 is due September 1, 2032. The outstanding balance at June 30, 2023 is \$15,325,000.

Parking garage for Blue Ridge Community College Weyers Cave Campus - The remaining balance is to be repaid in annual installments ranging from \$85,000 to \$325,000 with coupon rates ranging from 0.48% to 5.00% payable semiannually. The final installment of \$325,000 is due September 1, 2034. The outstanding balance at June 30, 2023 is \$3,642,210.

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
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	8,130,000	1,103,672	9,233,672
2029-2033	31,835,000	1,698,028	33,533,028
2034-2038	645,000	12,855	657,855
Sub Totals	\$ 72,170,000	\$ 9,681,789	\$ 81,851,789
Plus Bond Premium	2,402,535	-	2,402,535
Totals	\$ 74,572,535	\$ 9,681,789	\$ 84,254,324

**11. LEASE COMMITMENTS, SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS, 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. Discount rates ranging from 1.7% to 5.5% were used.

The future minimum lease obligations for fiscal years subsequent to June 30, 2023, are as follows:

GASB 87				
Year	Liability Reduction	Interest	Total	
2024	\$ 9,220,514	\$ 948,719	\$ 10,169,233	
2025	7,472,516	680,191	8,152,707	
2026	5,192,653	456,959	5,649,612	
2027	4,042,717	307,815	4,350,532	
2028	7,291,818	325,438	7,617,256	
2029-2032	-	-	-	
Total	\$ 33,220,218	\$ 2,719,122	\$ 35,939,340	

Future obligations under Subscription-Based Information Technology Agreements for fiscal years subsequent to June 30, 2023, are as follows:

GASB 96				
Year	Liability Reduction	Interest	Total	
2024	\$ 364,553	\$ 66,302	\$ 430,855	
2025	310,684	44,711	355,395	
2026	176,652	26,010	202,662	
2027	141,009	15,912	156,921	
2028	101,868	8,858	110,726	
2029-2032	52,747	31,186	83,933	
Total	\$ 1,147,513	\$ 192,979	\$ 1,340,492	

A summary of future obligations under lease agreements as of June 30, 2023, follows:

Year Ending	Installment Purchase Obligations	Short Term Lease Obligations (GASB 87)	Short Term Lease Obligations (GASB 96)
June 30			
2024	258,314	\$ 505,769	\$ 222,458
2025	117,769	328,751	4,484
2026	117,768	183,496	1,932
2027	8,189	67,828	
2028	8,189	16,862	
Total obligation and gross minimum lease payment	\$ 510,229	\$ 1,102,706	\$ 228,873
Less: Interest	(29,733)		
Present value of minimum lease payments	\$ 480,496	\$ 1,102,706	\$ 228,873



The System is committed under various lease and installment purchase agreements. The cost of assets capitalized under installment purchase agreements totals \$3,081,828. Rent expenses under short-term lease agreements amounted to \$1,200,565 for the year. Subscription-Based Information Technology Agreement expenses amounted to \$26,260,889 for the year.

**12. OPERATING EXPENSES BY NATURAL AND FUNCTIONAL CLASSIFICATIONS**

VCCS operating expenses for the year ended June 30, 2023 were as follows:

**Natural Classification**

<b>Functional Classification</b>	<b>Salaries &amp; Benefits</b>	<b>Utilities</b>	<b>Scholarships</b>	<b>Depreciation &amp; Amortization</b>	<b>Supplies Services &amp; Other</b>	<b>Total</b>
Instruction	\$ 339,230,123	\$ 387,790	\$ 324,048	\$ 45,267,383	\$ 58,555,365	\$ 443,764,709
Public Service	11,493,430	1,590	160,675	297,083	46,716,122	58,668,900
Academic Support	74,342,520	280,638	356,759	4,490,875	31,278,148	110,748,940
Student Services	95,097,857	2,215	554,980	2,577,377	13,388,311	111,620,740
Institutional Support	130,886,095	352,358	16,401,928	8,458,770	117,973,461	274,072,612
Operation & Maintenance	41,967,632	20,703,239	37,928	8,180,377	85,414,099	156,303,275
Scholarships and Fellowships	110,905	-	164,555,623	-	3,320,490	167,987,018
Auxiliary Enterprises	5,069,790	564,208	676	66,824	6,547,795	12,249,293
Other Expenses	-	-	-	-	2,268,605	2,268,605
<b>Total Expenses</b>	<b>\$ 698,198,352</b>	<b>\$ 22,292,038</b>	<b>\$ 182,392,617</b>	<b>\$ 69,338,689</b>	<b>\$ 365,462,396</b>	<b>\$ 1,337,684,092</b>

**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, 2023, 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	\$ 499,114,873
Subtractions:	
Net Central Accounts Distributions	21,520,389
Carryover (reappropriate) FY22 year end balances	146,178,109
Transfer from SCHEV - VIVA Course Redesign Grant Program	19,261
FY 2023 Open Course Grants to Publics	55,810
G3 Inovation Grant	8,000,000
Network to Work initiative	2,000,000
Receipt of funds from Online Virginia Network Authority	650,000
Tech Talent Investment Program funding	1,272,643
Interest Earnings and Credit Card rebates	230,883
Equipment Trust Fund payment (NGF)	(633,657)
Capital Fee transfers	(3,301,665)
Transfer to Institutional Reserve	(29,205,812)
Transfer to Capital to support planning for GA approved Capital projects	(1,200,000)
E&G transferred to Workforce non-credit	200,000
Reversion	(128,085,159)
Philpott manufacturing	(1,750,523)
Adjusted Unrestricted Appropriations	<u>\$ 515,065,152</u>

Other restricted appropriations were \$119,932,089 for a total of \$634,997,241.

#### 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, 2023. 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, 2023, the VCCS estimates that no material liabilities will result from such audits.

## 17. RETIREMENT PLANS

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

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

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

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

## RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>About Plan 1</b></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><b>About Plan 2</b></p> <p>Same as Plan 1.</p>	<p><b>About the Hybrid Retirement Plan</b></p> <p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</li> <li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li> <li>• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li> </ul>

**RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE**

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Eligible Members</b></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><b>Hybrid Opt-In Election</b> 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><b>Eligible Members</b></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><b>Hybrid Opt-In Election</b> Same as Plan 1.</p>	<p><b>Eligible Members</b></p> <p>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• Full-time permanent, salaried state employees.*</li> <li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014</li> </ul> <p><b>*Non-Eligible Members</b> 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><b>Retirement Contributions</b></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><b>Retirement Contributions</b></p> <p>Same as Plan 1.</p>	<p><b>Retirement Contributions</b></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><b>Service Credit</b></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><b>Service Credit</b></p> <p>Same as Plan 1.</p>	<p><b>Service Credit</b></p> <p><b>Defined Benefit Component:</b> 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><b>Defined Contributions Component:</b> 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><b>Vesting</b></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><b>Vesting</b></p> <p>Same as Plan 1.</p>	<p><b>Vesting</b></p> <p><b>Defined Benefit Component:</b>                      Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of 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><b>Defined Contributions Component:</b>                      Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distributions not required, except as governed by law.</p>

## RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE

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



## RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE

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

## RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE

### Cost-of-Living Adjustment (COLA) in Retirement

The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

#### Eligibility:

For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

#### Exceptions to COLA Effective Dates:

The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability.
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.

The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

### Cost-of-Living Adjustment (COLA) in Retirement

The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

#### Eligibility:

Same as Plan 1.

#### Exceptions to COLA Effective Dates:

Same as Plan 1.

### Cost-of-Living Adjustment (COLA) in Retirement

**Defined Benefit Component:**  
Same as Plan 2.

**Defined Contribution Component:**  
Not applicable.

#### Eligibility:

Same as Plan 1 and Plan 2.

#### Exceptions to COLA Effective Dates:

Same as Plan 1 and Plan 2.

## RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Disability Coverage</b></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><b>Disability Coverage</b></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><b>Disability Coverage</b></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><b>Purchase of Prior Service</b></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><b>Purchase of Prior Service</b></p> <p>Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b></p> <p><b>Defined Benefit Component:</b> Same as Plan 1, with the following exception: Hybrid Retirement Plan members are ineligible for ported service.</p> <p><b>Defined Contribution Component:</b> Not applicable.</p>

## **Contributions**

The contribution requirement for active employees is governed by § 51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each state agency's contractually required employer contribution rate for the fiscal year ended June 30, 2023, was 14.46% of covered employee compensation for employees in the VRS State Employee Retirement Plan. For employees in the VaLORS Retirement Plan, the contribution rate was 24.60% of covered employee compensation. These rates were based on an actuarially determined rate(s) from an actuarial valuation as of June 30, 2021. The actuarially determined rates, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from VCCS to the VRS State Employee Retirement Plan were \$48.1 million and \$45.9 million for the years ended June 30, 2023, and June 30, 2022, respectively. Contributions from the VCCS to the VaLORS Retirement Plan were \$1.2 million and \$1.5 million for the years ended June 30, 2023 and June 30, 2022, respectively.

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

At June 30, 2023, the VCCS reported a liability of \$332.5 million for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of \$10.5 million for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the VCCS' proportion of the VRS State Employee Retirement Plan was 7.33% as compared to 7.34% at June 30, 2021. At June 30, 2022, the VCCS' proportion of the VaLORS Retirement Plan was 1.66% as compared to 1.45% at June 30, 2021.

For the year ended June 30, 2023, the VCCS recognized pension expense of \$13.4 million for the VRS State Employee Retirement Plan and \$1.8 million for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2021, and June 30, 2022, a portion of the pension expense was related to deferred amounts from changes in proportion and differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2023, the VCCS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>VRS State Employer Retirement Plan</b> (\$ Thousands)	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 21,993
Net difference between projected and actual earnings on pension plan investments	-	48,463
Change in assumptions	13,341	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	6,858	12,383
Employer contributions subsequent to the measurement date	48,150	-
<b>Total</b>	<b>\$ 68,349</b>	<b>\$ 82,839</b>

<b>VaLORS Retirement Plan</b> (\$ Thousands)	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 118	\$ 54
Net difference between projected and actual earnings on pension plan investments	-	846
Change in assumptions	141	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	750	146
Employer contributions subsequent to the measurement date	164	-
<b>Total</b>	<b>\$ 1,173</b>	<b>\$ 1,046</b>

\$48.2 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30

(\$ thousands)	<u>VRS Retirement Plan</u>	<u>VaLORS Retirement Plan</u>
FY 2024	\$ (25,838)	\$ 501
FY 2025	(24,744)	(354)
FY 2026	(35,088)	(422)
FY 2027	22,923	448
FY 2028	-	-

### **Actuarial Assumptions**

The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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, 2021, 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, 2021, 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, 2022.

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, 2021, 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, 2022, NPL amounts for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan are as follows (amounts expressed in thousands):

	<b>State Employee Retirement Plan</b>	<b>VaLORS Retirement Plan</b>
Total Pension Liability	\$ 27,117,746	\$ 2,474,068
Plan Fiduciary Net Position	<u>22,579,326</u>	<u>1,841,041</u>
Employers' Net Pension Liability (Asset)	<u>\$ 4,538,420</u>	<u>\$ 633,027</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.26%	74.41%

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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
	Inflation		<u>2.50%</u>
	* Expected arithmetic nominal return		<u>7.83%</u>

\* The above allocation provides a one-year expected return of 7.83%. 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 6.72%, 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, 2022, 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, 2022, 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

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
VCCS' proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	\$ 568,270	\$ 332,511	\$ 137,107

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:

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
VCCS' proportionate share of the VaLORS Retirement Plan Net Pension Liability	\$ 15,998	\$ 10,515	\$ 6,043

***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 2022 Annual Report. A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2022-annual-report.pdf](http://varetire.org/pdf/publications/2022-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 \$56.1 million as Accrued Payroll Expenses as of June 30, 2023, 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 \$5.9 million and \$5.6 million for years ended June 30, 2023, and 2022, respectively. Contributions to the ORP plan were calculated using the base salary amount of \$62.4 million and \$58 million for fiscal years 2023 and 2022. The VCCS total payroll for fiscal years 2023 and 2022 was \$551 million and \$539.1 million respectively.

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

The VCCS recognized \$56.1 million as Accrued Payroll Expenses as of June 30, 2023, 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 \$545 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 \$1.4 million for fiscal year 2023.

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

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><b>Benefit Amounts</b></p> <p>The State Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> <li>• <b>At Retirement</b> – For State employees, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.</li> <li>• <b>Disability Retirement</b> – For State employees, other than state police officers, who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP), the monthly benefit is \$120.00 or \$4.00 per year of service, whichever is higher.</li> </ul> <p>For State police 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><b>Benefit Amounts</b></p> <p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"> <li>• <b>Natural Death Benefit</b> – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</li> <li>• <b>Accidental Death Benefit</b> – The accidental death benefit is double the natural death benefit.</li> <li>• <b>Other Benefit Provisions</b> – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> <li>○ Accidental dismemberment benefit</li> <li>○ Seatbelt benefit</li> <li>○ Repatriation benefit</li> <li>○ Felonious assault benefit</li> <li>○ Accelerated death benefit option</li> </ul> </li> </ul>	<p><b>Benefit Amounts</b></p> <p>LODA provides death and health insurance benefits for eligible individuals:</p> <ul style="list-style-type: none"> <li>• <b>Death:</b> The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: <ul style="list-style-type: none"> <li>○ \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after.</li> <li>○ \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date.</li> <li>○ An additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.</li> </ul> </li> <li>• <b>Health Insurance:</b> The LODA program provides health insurance benefits. 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.</li> </ul>	<p><b>Benefit Amounts</b></p> <p>The Virginia Sickness and Disability Program (VSDP) provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> <li>• <b>Leave:</b> Sick, family and personal leave. Eligible leave benefits are paid by the employer.</li> <li>• <b>Short-Term Disability:</b> The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. The benefit provides income replacement beginning at 100% of the employee's pre-disability income, reducing to 80% and then 60% based on the period of the disability and the length of service of the employee. Short-term disability benefits are paid by the employer.</li> <li>• <b>Long-Term Disability (LTD):</b> The program provides a long-term disability benefit beginning after 125 workdays of short-term disability and continuing until the employee reaches his or her normal retirement age. The benefit provides income replacement of 60% of the employee's pre-disability income. If an employee becomes disabled within five years of his or her normal retirement age, the employee will receive up to five years of VSDP benefits, provided he or she remains medically eligible. Long-term disability benefits are paid for by the Virginia Disability Insurance Program (VSDP) OPEB Plan.</li> <li>• <b>Income Replacement Adjustment:</b> The program provides for an income replacement adjustment to 80% for catastrophic conditions.</li> <li>• <b>VSDP Long-Term Care Plan:</b> The program also includes a self-funded long-term care plan that assists with the cost of covered long-term care services.</li> </ul>

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

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

**Contributions**

The contribution requirement for active employees in the VRS State Employee Health Insurance Credit Program is governed by §51.1-1400(D) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each state agency’s contractually required employer contribution rate for the year ended June 30, 2023, 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, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the VCCS to the VRS State Employee Health Insurance Credit Program were \$4.8 million and \$4.5 million for the years ended June 30, 2023 and June 30, 2022, 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, 2023, was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$2.3 million and \$2.1 million for the years ended June 30, 2023, and June 30, 2022, 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, 2023, was \$681.84 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021, and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the VCCS were \$64 thousand and \$69 thousand for the years ended June 30, 2023 and June 30, 2022, 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, 2023, was 0.61% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate 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 \$2.1 million and \$2 million for the years ended June 30, 2023 and June 30, 2022, 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, 2023, the VCCS reported a liability of \$43.4 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, 2023 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, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022, relative to the total of the actuarially determined employer contributions for all participating state employers. At June 30, 2022, the VCCS' proportion of the VRS State Employee Health Insurance Credit Program was 5.3% as compared to 5.34% at June 30, 2021.

For the year ended June 30, 2023, the VCCS recognized VRS State Employee Health Insurance Credit Program OPEB expense of \$1.9 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.

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

At June 30, 2023, the VCCS reported a liability of \$22.2 million for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022, 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, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the VCCS proportion was 1.85% as compared to 1.89% at June 30, 2021.

For the year ended June 30, 2023, the VCCS recognized GLI OPEB expense of (\$305) 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, 2023, the VCCS reported a liability of \$1.9 million for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2022, 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, 2021, 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, 2022, relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2022, the VCCS' proportion was 0.50% as compared 0.50% at June 30, 2021.

For the year ended June 30, 2023, the VCCS recognized LODA OPEB expense of \$251 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.

***Disability Insurance Program (VSDP) OPEB Liabilities (Assets), VSDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to VSDP OPEB***

At June 30, 2023, the VCCS reported a liability (asset) of (\$21) million for its proportionate share of the Net VSDP OPEB Liability (Asset). The Net VSDP OPEB Liability (Asset) was measured as of June 30, 2022, 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, 2022. 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, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the VCCS' proportion was 7.04% as compared to 7.18% at June 30, 2021.

For the year ended June 30, 2023, the VCCS recognized VSDP OPEB expense of \$513 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, 2023, the VCCS reported deferred outflows of resources and deferred inflows of resources related to the VRS OPEB plans from the following sources:

<b>VRS Health Insurance Credit Program</b> (\$ Thousands)	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 7	\$ 2,623
Net difference between projected and actual earnings on HIC OPEB program investments	-	23
Change in assumptions	1,452	22
Changes in proportionate share	1,254	4,112
Employer contributions subsequent to the measurement date	4,776	-
<b>Total</b>	<b>\$ 7,489</b>	<b>\$ 6,780</b>

<b>VRS Group Life Insurance Program</b> (\$ Thousands)	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,761	\$ 874
Net difference between projected and actual earnings on GLI OPEB program investments	-	1,390
Change in assumptions	830	2,166
Changes in proportionate share	664	2,751
Employer contributions subsequent to the measurement date	2,253	-
<b>Total</b>	<b>\$ 5,508</b>	<b>\$ 7,181</b>

<b>VRS Line of Duty Act Program</b> (\$ Thousands)	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 146	\$ 356
Net difference between projected and actual earnings on LODA OPEB program investments	-	8
Change in assumptions	532	470
Changes in proportionate share	405	522
Employer contributions subsequent to the measurement date	64	-
<b>Total</b>	<b>\$ 1,147</b>	<b>\$ 1,356</b>

<b>VRS Virginia Sickness and Disability Plan</b> (\$ Thousands)	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,121	\$ 3,146
Net difference between projected and actual earnings on VSDP OPEB program investments	-	1,164
Change in assumptions	122	525
Changes in proportionate share	1,460	545
Employer contributions subsequent to the measurement date	2,121	-
<b>Total</b>	<b>\$ 5,824</b>	<b>\$ 5,380</b>

\$4.8 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, 2024.

\$2.3 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, 2024.

\$64 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, 2024.

\$2.1 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, 2024.

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 (\$ thousands)	<u>VRS Retirement Plan</u>	<u>VaLORS Retirement Plan</u>
FY 2024	\$ (25,838)	\$ 501
FY 2025	(24,744)	(354)
FY 2026	(35,088)	(422)
FY 2027	22,923	448
FY 2028	-	-

***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, 2021, 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, 2022.

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	4.00%
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, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 20220 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, 2021, 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, 2021, 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, 2021, 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, 2021, 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, 2022.

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	4.00%
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, 2021, 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, 2021, 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
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, 2021, 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, 2021, 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, 2021, 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, 2021, 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, 2021, 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, 2021, 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, 2021, 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, 2021, 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, 2022.

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	5.25% – 4.75%
Year of ultimate trend rate	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	3.69%, including inflation*

*\* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.69% 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, 2021, 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, 2021, 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, 2021, 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, 2021, 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, 2021, 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, 2021, 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, 2022.

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, 2021, 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, 2021, 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, 2021, 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, 2022, Net OPEB liability (asset) amounts for VRS administered programs are as follows (amounts expressed in thousands):

	HIC	GLI	LODA	VSDP
Total OPEB Liability	\$ 1,043,748	\$ 3,672,085	\$ 385,669	\$ 307,764
Plan Fiduciary Net Position	224,575	2,467,989	7,214	602,916
Net OPEB Liability (Asset)	\$ 819,173	\$ 1,204,096	\$ 378,455	\$ (295,152)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	21.52%	67.21%	1.87%	195.90%

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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
<b>Total</b>	<b>100.00%</b>		<b>5.33%</b>
	Inflation		2.50%
	* Expected arithmetic nominal return		<b>7.83%</b>

\* The above allocation provides a one-year return of 7.83%. 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 6.72%, 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 40<sup>th</sup> 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 3.69% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments’ 6.75% assumption. Instead, the assumed annual rate of return of 3.69% 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, 2022.

**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, 2022, 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, 2022 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, 2022, 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, 2022 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 3.69%. 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, 2022, 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, 2022, 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, 2022, 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	\$ 48,739	\$ 43,404	\$ 38,824

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	\$ 32,361	\$ 22,240	\$ 14,060

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 (2.69%)	Current Discount Rate (3.69%)	1.00% Increase (4.69%)
VCCS' proportionate share of the total LODA Net OPEB Liability	\$ 2,176	\$ 1,906	\$ 1,685

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)	\$ (19,396)	\$ (21,074)	\$ (22,547)

**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:

	1.00% Decrease (6.00% decreasing to 2.16%)	Current Trend Rate (7.00% decreasing to 4.75%)	1.00% Increase (8.00% decreasing to 2.16%)
VCCS' proportionate share of the LODA Net OPEB Liability (Asset)	\$ 1,606	\$ 1,906	\$ 2,282

***VRS OPEB Programs Fiduciary Net Position***

Detailed information about the VRS OPEB Programs Fiduciary Net Position is available in the separately issued VRS 2022 Annual Report. A copy of the 2022 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 \$56.1 million as Accrued Payroll Expenses as of June 30, 2023, 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 \$188 thousand.

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

The VCCS recognized \$56.1 million as Accrued Payroll Expenses as of June 30, 2023, 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 \$224 thousand.

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

The VCCS recognized \$56.1 million as Accrued Payroll Expenses as of June 30, 2023, 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 \$92 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 3,647 retirees and 99,839 active employees in the program as of June 30, 2022. 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, 2023, the VCCS reported a liability of \$24 million for its proportionate share of the collective total Pre-Medicare Retiree Healthcare OPEB liability of \$363.4 million. The Pre-Medicare Retiree Healthcare OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2022. 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, 2022, the VCCS' proportion was 6.6% as compared to 6.56% at June 30, 2021. For the year ended June 30, 2023, the VCCS recognized Pre-Medicare Retiree Healthcare OPEB expense of \$(15.5) million.

At June 30, 2023, 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 actual and expected experience	\$ -	\$ 10,991
Change in assumptions	-	22,278
Changes in proportionate share	2,902	5,738
Amounts associated with transactions subsequent to the measurement date	2,631	-
<b>Total</b>	<b>\$ 5,533</b>	<b>\$ 39,007</b>

\$2.6 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, 2024. 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**

2024	(15,274)
2025	(9,996)
2026	(5,635)
2027	(3,233)
2028	(1,419)
Thereafter	-

**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, 2022 (one year prior to the end of the fiscal year). The Department of Human Resource Management selected the economic, demographic and healthcare claim cost assumptions. The actuary provided guidance with respect to these assumptions. Initial healthcare costs trend rates used were 8.00 percent for medical and pharmacy and 4.00 percent for dental. The ultimate trend rates used were 4.50 percent for medical and pharmacy and 4.00 percent for dental.

Valuation Date	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.
Measurement Date	June 30, 2022 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed

Effective Amortization Period	5.86 years
Discount Rate	3.54%
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: 8.00% 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, 2022.

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

The following actuarial assumptions were updated since the June 30, 2021 valuation based on recent experience:

- Retiree participation – reduced the rate from 40% to 35%

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

The trend rates were updated based on economic conditions as of June 30, 2022. Additionally, the discount rate was increased from 2.16% to 2.54% based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2023.

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

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

The following presents the VCCS' proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability using the discount rate of 3.54%, as well as what the VCCS' proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current rate:

	1% Decrease (2.54%)	Current Rate (3.54%)	1% Increase (4.54%)
OPEB Liability	\$ 25,406	\$ 24,067	\$ 22,755

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

The following presents the VCCS' proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability using healthcare cost trend rate of 8.00% 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 (7.00% decreasing to 3.50%) or one percentage point higher (9.00% decreasing to 5.50%) than the current rate:

	1% Decrease (7.00% decreasing to 3.50%)	Trend Rate (8.00% decreasing to 4.50%)	1% Increase (9.00% decreasing to 5.50%)
OPEB Liability	\$ 21,910	\$ 24,067	\$ 26,550

**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	\$35,680,799
General Fund appropriation revenue	51,377,970
Capital contributions from Treasury	<u>78,932</u>
Total	<u>\$87,137,701</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 Virginia 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 Real Estate 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 2023, Piedmont Community College Educational Foundation, Southwest Virginia Community College Educational Foundation, Mountain Empire Community College Educational Foundation, Northern Virginia Community College Educational Foundation and Virginia Western Community College Educational Foundation were considered major component units as a result of their ending net position.

Virginia Community College System Foundations  
Statement of Net Position  
As of June 30, 2023\*

	Southwest Virginia Community College Educational Foundation	Mountain Empire 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
<b>ASSETS</b>							
Total current assets	\$ 536,361	\$ 1,183,624	\$ 5,616,959	\$ 382,492	\$ 13,231,835	\$ 37,298,917	\$ 58,250,188
Noncurrent assets:							
Other noncurrent assets	31,312,966	30,298,822	30,180,727	25,387,073	16,578,805	206,096,522	339,854,915
Capital assets, net	8,115,785	-	-	-	-	67,402,803	75,518,588
Total noncurrent assets	<u>39,428,751</u>	<u>30,298,822</u>	<u>30,180,727</u>	<u>25,387,073</u>	<u>16,578,805</u>	<u>273,499,325</u>	<u>415,373,503</u>
Total assets	<u>39,965,112</u>	<u>31,482,446</u>	<u>35,797,686</u>	<u>25,769,565</u>	<u>29,810,640</u>	<u>310,798,242</u>	<u>473,623,691</u>
<b>LIABILITIES</b>							
Total current liabilities	132,913	186,100	586,034	157,138	419,840	5,881,257	7,363,282
Noncurrent liabilities:							
Long-term liabilities	3,419,556	500,000	-	-	29,945	36,801,945	40,751,446
Other noncurrent liabilities	-	-	-	-	-	-	-
Total noncurrent liabilities	<u>3,419,556</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>29,945</u>	<u>36,801,945</u>	<u>40,751,446</u>
Total liabilities	<u>3,552,469</u>	<u>686,100</u>	<u>586,034</u>	<u>157,138</u>	<u>449,785</u>	<u>42,683,202</u>	<u>48,114,728</u>
<b>NET POSITION</b>							
Net investment in capital assets	4,616,108	-	-	-	-	28,678,427	33,294,535
Restricted for:							
Nonexpendable	3,288,603	12,036,091	9,304,166	8,644,296	14,482,952	97,328,798	145,084,906
Expendable	7,585,264	12,359,038	13,810,249	14,092,009	2,207,003	84,396,616	134,450,179
Unrestricted	<u>20,922,668</u>	<u>6,401,217</u>	<u>12,097,237</u>	<u>2,876,122</u>	<u>12,670,900</u>	<u>57,711,199</u>	<u>112,679,343</u>
Total Net Position	<u>\$ 36,412,643</u>	<u>\$ 30,796,346</u>	<u>\$ 35,211,652</u>	<u>\$ 25,612,427</u>	<u>\$ 29,360,855</u>	<u>\$ 268,115,040</u>	<u>\$ 425,508,963</u>

\* Refer to Footnote 1D

Virginia Community College System Foundations  
Statement of Revenues, Expenses, and Changes in Net Position  
As of June 30, 2023\*

	Southwest Virginia Community College Educational Foundation	Mountain Empire 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	\$ 4,231,797	\$ (2,604,400)	\$ 3,493,105	\$ (1,684,810)	\$ (1,294,812)	\$ 35,986,051	\$ 38,126,931
Total operating expenses	3,752,723	1,450,841	2,788,137	3,023,519	2,349,921	34,645,805	48,010,946
Operating income (loss)	479,074	(4,055,241)	704,968	(4,708,329)	(3,644,733)	1,340,246	(9,884,015)
Nonoperating revenues (expenses):							
Investment Income (loss)	2,116,665	-	1,987,439	(1,100,322)	26,787	(840,006)	2,190,563
Other nonoperating revenues (expenses)	-	-	-	-	-	-	-
Net nonoperating revenue	2,116,665	-	1,987,439	(1,100,322)	26,787	(840,006)	2,190,563
Income before other revenues, expenses gains and losses	2,595,739	(4,055,241)	2,692,407	(5,808,651)	(3,617,946)	500,240	(7,693,452)
Capital gifts, grants and contracts	-	-	-	-	-	254,122	254,122
Additions to permanent and term endowments	155,548	-	1,356,932	609,269	2,264,920	5,447,203	9,833,872
Increase (decrease) in net position	2,751,287	(4,055,241)	4,049,339	(5,199,382)	(1,353,026)	6,201,565	2,394,542
Net Position - beginning of year	33,661,356	34,851,587	31,162,313	30,811,809	30,713,881	261,913,475	423,114,421
Net Position - end of year	\$ 36,412,643	\$ 30,796,346	\$ 35,211,652	\$ 25,612,427	\$ 29,360,855	\$ 268,115,040	\$ 425,508,963

\*Refer to Footnote 1D

## 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. 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

In prior years, 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. ARPA funded capital project and financial aid spending began commenced in FY2023 and will continue into later subsequent fiscal years.

In prior years, the Virginia Department of Education (VDOE) 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 commenced in fiscal year 2023 and will conclude in FY2024.

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 \$293.1million 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 also received \$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. InFY2022 the VCCS reverted \$19.7 million in CRF not spent by the December 31, 2021, deadline.

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***REQUIRED  
SUPPLEMENTARY  
INFORMATION***

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**REQUIRED SUPPLEMENTARY INFORMATION**

**As of June 30, 2023**

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

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

	<b>2022*</b>	<b>2021*</b>	<b>2020*</b>	<b>2019*</b>	<b>2018*</b>	<b>2017*</b>	<b>2016*</b>	<b>2015*</b>	<b>2014*</b>
VCCS' Proportion of the Net Pension Liability (Asset)	7.33%	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)	\$332,510,974	\$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	\$357,515,749	\$319,448,276	\$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	93.01%	83.43%	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	83.26%	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**

	<b>2022*</b>	<b>2021*</b>	<b>2020*</b>	<b>2019*</b>	<b>2018*</b>	<b>2017*</b>	<b>2016*</b>	<b>2015*</b>	<b>2014*</b>
VCCS' Proportion of the Net Pension Liability (Asset)	1.66%	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)	\$10,514,520	\$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	\$5,620,186	\$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	187.08%	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	74.41%	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 ninth year for this presentation, there are only nine 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**

<b>Date</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
2023	\$50,886,311	\$48,443,139	\$2,443,172	\$357,515,749	13.55%
2022	\$48,821,521	\$48,821,521	-	\$337,638,468	14.46%
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**

<b>Date</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
2023	\$1,382,656	\$1,382,565		\$5,620,186	24.60%
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, 2023**

**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, 2021 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 actuarial assumptions used in the June 30, 2021, 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 the 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	2017
VCCS' Proportion of the Net GLI OPEB Liability (Asset)	0.02%	1.89%	1.91%	1.96%	2.06%	2.14%
VCCS' Proportionate Share of the Net GLI OPEB Liability (Asset)	\$22,239,660	\$21,614,468	\$31,946,869	\$31,846,900	\$31,274,000	\$32,268,000
VCCS' Covered Payroll	\$419,770,154	\$ 383,290,595	\$ 393,971,211	\$ 383,653,769	\$ 391,539,930	\$ 395,579,732
the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	5.30%	5.64%	8.11%	8.30%	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

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

**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
2023	\$ 2,278,187	\$ 2,278,187	-	\$ 419,770,154	0.54%
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 2023 is the sixth year for this presentation, only six 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	2017
VCCS' Proportion of the Net HIC OPEB Liability (Asset)	5.30%	5.34%	5.44%	5.60%	5.78%	6.10%
VCCS' Proportionate Share of the Net HIC OPEB Liability (Asset)	\$43,403,952	\$44,762,175	\$49,901,710	\$51,728,631	\$52,749,000	\$55,585,000
VCCS' Covered Payroll	\$421,321,102	\$381,943,222	\$ 391,633,015	\$ 381,875,067	\$ 389,321,850	\$ 394,447,967
the Net HIC OPEB Liability (Asset) as a Percentage of its Covered Payroll	10.30%	11.72%	12.74%	13.55%	13.55%	14.09%
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	21.52%	19.75%	12.02%	10.56%	9.51%	8.03%

*Schedule is intended to show information for 10 years. Since 2022 is the sixth year for this presentation, there are only six years 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	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)		
2023	\$ 4,718,794	\$ 4,718,794	\$ -	\$ 421,321,102	1.12%
2022	\$ 4,496,529	\$ 4,496,529	\$ -	\$ 401,475,699	1.12%
2021	\$ 4,277,766	\$ 4,277,766	\$ -	\$ 381,943,222	1.12%
2020	\$ 4,582,106	\$ 4,582,106	\$ -	\$ 391,633,015	1.17%
2019	\$ 4,468,478	\$ 4,468,478	\$ -	\$ 381,875,067	1.17%
2018	\$ 4,593,998	\$ 4,593,998	\$ -	\$ 389,321,850	1.18%

*Schedule is intended to show information for 10 years. Since 2023 is the sixth year for this presentation, there are only six years 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	2017
VCCS' Proportion of the Net LODA OPEB Liability (Asset)	0.50%	0.50%	0.60%	0.52%	0.53%	0.55%
VCCS' Proportionate Share of the Net LODA OPEB Liability (Asset)	\$1,906,055	\$ 2,228,641	\$ 2,523,073	\$ 1,849,043	\$ 1,670,000	\$ 1,449,000
VCCS' Covered-Employee Payroll	\$6,189,737	\$ 5,906,588	\$ 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	30.79%	37.73%	40.88%	32.45%	31.24%	27.09%
Plan Fiduciary Net Position as a Percentage of the Net OPEB Liability	1.87%	1.68%	1.02%	0.79%	0.60%	1.30%

*Schedule is intended to show information for 10 years. Since 2022 is the sixth year for this presentation, there are only six years 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 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*
2023	\$ 1,382,565	\$ 1,382,565	-	\$ 5,620,186	24.60%
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 2023 is the sixth year for this presentation, only six years 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	2017
VCCS' Proportion of the Net VSDP OPEB Liability (Asset)	7.33%	(7.18%)	(7.25%)	(7.52%)	(7.74%)	(8.11%)
VCCS' Proportionate Share of the Net VSDP OPEB Liability (Asset)	(\$21,073,711)	(\$24,632,752)	(\$15,996,216)	(\$14,744,584)	(\$17,433,000)	(\$16,659,000)
VCCS' Covered Payroll	\$349,925,466	\$308,845,113	\$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	(6.02%)	(8.00%)	(5.09%)	(4.85%)	(5.71%)	(5.44%)
Plan Fiduciary Net Position as a Percentage of the Total VSDP OPEB Liability	195.90%	229.01%	181.88%	167.18%	194.74%	186.63%

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

**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
2023	\$ 2,134,545	\$ 2,134,545	-	\$ 349,925,466	0.61%
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 2023 is the sixth year for this presentation, there are only six years 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, 2023**

**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, 2021 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 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

## SPORS Employees (HIC, GLI, LODA, VSDP)

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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

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## 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	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

## JRS Employees (HIC, GLI)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service 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 - General Employees (GLI)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service 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)

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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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service 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 – Hazardous Duty Employees (GLI)

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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

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## Largest Ten Locality Employers – Public Safety Employees (LODA)

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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

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

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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

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**Required Supplementary Information**

**Commonwealth of Virginia State Health Plans  
Program for Pre-Medicare Retirees  
For the Fiscal Year Ended June 30, 2023**

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

	2018*	2019*	2020*	2021*	2022*	2023*
VCCS' Proportion of the collective total OPEB Liability	7.14%	6.91%	6.77%	6.65%	6.56%	6.62%
VCCS' Proportionate Share of the collective total OPEB Liability	\$92,753,806	\$69,451,303	\$45,992,947	\$37,813,303	\$29,447,302	\$24,006,524
VCCS' Covered-Employee Payroll	\$356,495,630	\$348,687,142	\$363,562,657	\$345,959,338	\$362,456,806	\$424,099,978
VCCS' Proportionate Share of the collective total OPEB Liability as a Percentage of its Covered-Employee Payroll	26.02%	19.92%	12.65%	10.93%	8.12%	5.66%

*Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only six years of data are 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, 2023**

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, 2021 valuation based on recent experience:

- Retiree Participation - reduced the rate from 40% to 35%

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

The trend rates were updated based on economic conditions as of June 30, 2022. Additionally, the discount rate was increased from 2.16% to 3.54% based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2023.

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***INDIVIDUAL  
COLLEGE  
FINANCIAL  
STATEMENTS***

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**Virginia Community College System  
Blue Ridge Community College  
Statement of Net Position  
As of June 30, 2023**

	<b>Community College</b>	<b>Component Unit  Blue Ridge Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	9,240,666	231,980
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	209,991	
Pledges receivable (Note 3)		47,056
Due from commonwealth (Note 4)	370,368	
Due from system office	273,135	
Interest receivable	71,553	
Prepaid expenses	128,795	21,416
Inventories	13,900	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<b>10,308,408</b>	<b>300,452</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)	2,639,157	
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		12,026,288
Other long-term investments (Note 2)		5,100,793
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		392,205
Pledges receivable (Note 3)		22,843
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	581,362	
Non-depreciable capital assets, net (Note 5)	1,793,537	5,000
Other capital assets, net (Note 5)	63,753,816	
<b>Total Noncurrent Assets</b>	<b>68,767,872</b>	<b>17,547,129</b>
<b>Total Assets</b>	<b>79,076,280</b>	<b>17,847,581</b>
<b>Deferred Outflows of Resources</b> (Note 8)	2,787,787	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>81,864,067</b>	<b>17,847,581</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	613,812	822
Accrued payroll expense	2,225,570	
Unearned revenue	912,217	
Long-term liabilities-current portion (Note 9)	1,333,753	15,540
Securities lending obligation	17	
Post employment benefit obligations (Note 9)	85,386	
Due to system's office		
Deposits	54,311	
<b>Total Current Liabilities</b>	<b>5,225,066</b>	<b>16,362</b>

**Virginia Community College System  
Blue Ridge Community College  
Statement of Net Position  
As of June 30, 2023**

	<b>Community College</b>	<b>Component Unit Blue Ridge Community College Educational Foundation</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	8,045,227	39,970
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	11,450,761	
<b>Total Noncurrent Liabilities</b>	<u>19,495,988</u>	<u>39,970</u>
<b>Total Liabilities</b>	<u>24,721,054</u>	<u>56,332</u>
<b>Deferred Inflows of Resources</b> (Note 8)	3,540,046	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>28,261,100</u>	<u>56,332</u>
<b>Net Position</b>		
Net investment in capital assets	57,123,110	5,000
Restricted for:		
Nonexpendable		8,311,976
Expendable	4,565,589	4,104,163
Unrestricted	<u>(8,085,732)</u>	<u>5,370,110</u>
<b>Total Net Position</b>	<u>53,602,967</u>	<u>17,791,249</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, 2023**

	<b>Community College</b>	<b>Component Unit Blue Ridge Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$5,287,192)	5,875,374	
Federal grants and contracts	569,762	
State and local grants	1,045,916	
Nongovernmental grants	660,441	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$16,763)	1,553,290	
Gifts and contributions		678,309
Endowment income		922,194
Other operating revenues	1,145,202	488,919
<b>Total Operating Revenue</b>	<b>10,849,985</b>	<b>2,089,422</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	14,383,900	513,903
Public service	239,058	50,000
Academic support	1,893,901	46,588
Student services	2,658,900	
Institutional support	6,452,345	181,406
Operation and maintenance	2,597,474	
Scholarships and fellowships	5,587,492	646,678
Auxiliary enterprises	317,988	
Fundraising		52,677
Other expenses	372,481	
<b>Total Operating Expenses (Note 12)</b>	<b>34,503,539</b>	<b>1,491,252</b>
<b>Operating Income (Loss)</b>	<b>(23,653,554)</b>	<b>598,170</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	17,303,972	
Local appropriations	26,000	
Grants and gifts	7,867,893	
Investment income	322,320	408,431
Interest on capital asset related debt	(248,190)	
Other nonoperating revenue (expense)	920,279	
<b>Net Nonoperating Revenue</b>	<b>26,192,274</b>	<b>408,431</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>2,538,720</b>	<b>1,006,601</b>
Capital appropriations-state (Note 20)		
Capital appropriations-local	400,000	
Capital gifts, grants and contracts	367,331	
Additions to permanent and term endowments		283,057
<b>Increase (Decrease) in Net Position</b>	<b>3,306,051</b>	<b>1,289,658</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>50,296,916</b>	<b>16,501,591</b>
<b>Net Position end of year</b>	<b>53,602,967</b>	<b>17,791,249</b>

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



**Virginia Community College System  
Blue Ridge Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	5,930,244
Grants and contracts	2,250,967
Payments to suppliers and others	(4,839,625)
Payments for employee wages	(15,264,033)
Payments for employee fringes and pension benefits	(6,473,786)
Payment for scholarships	(5,752,453)
Payments for utilities	(805,618)
Sales and services of education department	
Auxiliary	1,553,290
Custodial receipts	5,928,327
Custodial disbursements	(5,950,787)
Loans issued to students	
Loans collected from students	
Other	772,721
Net cash used by operating activities	(22,650,753)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	17,303,972
Local appropriations	26,000
Grants and gifts	7,704,899
PLUS, Stafford and Direct Lending loan receipts	1,284,592
PLUS, Stafford and Direct Lending loan disbursements	(1,284,592)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	1,153,783
Net cash provided (used) by non-capital financing activities	26,188,654
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	400,000
Capital grants and gifts	321,548
Purchase capital assets	(1,719,650)
Proceeds from sale of capital assets	10,984
Debt interest payments	(299,949)
Debt principal payments	(846,446)
Net cash provided (used) by capital financing activities	(2,133,513)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	328,686
Net cash provided (used) by investing activities	328,686
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,733,074</b>
Cash and cash equivalents, beginning of year	10,146,732
<b>Cash and cash equivalents, End of Year</b>	<b>11,879,806</b>

**Virginia Community College System  
Blue Ridge Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(23,653,554)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	2,630,178
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	42,896
Prepaid expenses and other	(12,476)
Post employment benefits asset	80,984
Accrued compensation and leave	384,661
Accounts payable and other	(75,393)
Unearned revenue	(16,292)
Deposits pending distribution	(704)
Custodial receipts(disbursements)	(22,460)
Pension liability	1,969,922
Post employment benefits liability	(150,884)
Deferred inflows of resources related to pensions and post employment benefits	(3,909,383)
Deferred outflows of resources related to pensions and post employment benefits	81,752
<b>Net cash used in operating activities</b>	<u><u>(22,650,753)</u></u>

Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	11,879,823
Less: Securities Lending Cash Equivalents	17
Cash and cash equivalents end of year	<u><u>11,879,806</u></u>

**Noncash transactions**

Donated capital assets	45,783
VRS Special Revenue Allocation	460,025
Amortization of bond premium	70,507
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	(5,200)
Capital assets acquired through the assumption of a liability	14,656
Retainage payable	24,026

**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, 2023**

	<b>Community College</b>	<b>Component Unit Central Virginia Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	6,700,941	822,091
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	276,065	2,534
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)	818,011	
Due from system office	15,135	
Interest receivable		
Prepaid expenses	314,932	
Inventories	15,842	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<b>8,140,926</b>	<b>824,625</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Endowment cash and cash equivalents (Note 2)		276,128
Appropriation available	104,125	
Endowment investments (Note 2)		1,864,232
Other long-term investments (Note 2)		2,247,998
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)	516,370	
Non-depreciable capital assets, net (Note 5)	1,633,219	
Other capital assets, net (Note 5)	13,620,364	
<b>Total Noncurrent Assets</b>	<b>15,874,078</b>	<b>4,388,358</b>
<b>Total Assets</b>	<b>24,015,004</b>	<b>5,212,983</b>
<b>Deferred Outflows of Resources</b> (Note 8)	2,897,513	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>26,912,517</b>	<b>5,212,983</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	1,049,010	52,521
Accrued payroll expense	940,749	
Unearned revenue	713,890	
Long-term liabilities-current portion (Note 9)	666,196	
Securities lending obligation	12	
Post employment benefit obligations (Note 9)	73,730	
Due to system's office		
Deposits	356,509	
<b>Total Current Liabilities</b>	<b>3,800,096</b>	<b>52,521</b>

**Virginia Community College System  
Central Virginia Community College  
Statement of Net Position  
As of June 30, 2023**

	<u>Community College</u>	<u>Component Unit Central Virginia Community College Educational Foundation</u>
<b>Noncurrent Liabilities</b>		
Unearned revenue	201,310	
Long-term liabilities (Note 9)	732,907	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	10,878,649	
<b>Total Noncurrent Liabilities</b>	<u>11,812,866</u>	
<b>Total Liabilities</b>	<u>15,612,962</u>	<u>52,521</u>
<b>Deferred Inflows of Resources</b> (Note 8)	3,262,821	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>18,875,783</u>	<u>52,521</u>
<b>Net Position</b>		
Net investment in capital assets	14,511,031	
Restricted for:		
Nonexpendable		1,132,549
Expendable	1,276,620	2,832,278
Unrestricted	<u>(7,750,917)</u>	<u>1,195,635</u>
<b>Total Net Position</b>	<u>8,036,734</u>	<u>5,160,462</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, 2023**

	<b>Community College</b>	<b>Component Unit Central Virginia Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$4,166,016)	6,285,652	
Federal grants and contracts	1,091,021	
State and local grants	416,716	
Nongovernmental grants	65,000	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$13,335)	94,520	
Gifts and contributions		871,830
Endowment income		234,543
Other operating revenues	1,140,461	162,945
<b>Total Operating Revenue</b>	<b>9,093,370</b>	<b>1,269,318</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	12,200,848	
Public service	73,990	
Academic support	2,299,147	
Student services	2,823,373	
Institutional support	6,659,213	452,478
Operation and maintenance	4,051,363	
Scholarships and fellowships	3,372,280	323,083
Auxiliary enterprises	44,445	
Fundraising		32,974
Other expenses		
<b>Total Operating Expenses (Note 12)</b>	<b>31,524,659</b>	<b>808,535</b>
<b>Operating Income (Loss)</b>	<b>(22,431,289)</b>	<b>460,783</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	16,708,981	
Local appropriations	6,350	
Grants and gifts	8,642,387	
Investment income	12,692	312,279
Interest on capital asset related debt	(29,753)	
Other nonoperating revenue (expense)	316,910	
<b>Net Nonoperating Revenue</b>	<b>25,657,567</b>	<b>312,279</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>3,226,278</b>	<b>773,062</b>
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	207,389	
Additions to permanent and term endowments		188,350
<b>Increase (Decrease) in Net Position</b>	<b>3,433,667</b>	<b>961,412</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>4,603,067</b>	<b>4,199,050</b>
<b>Net Position end of year</b>	<b>8,036,734</b>	<b>5,160,462</b>

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

**Virginia Community College System  
Central Virginia Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	6,288,740
Grants and contracts	1,624,610
Payments to suppliers and others	(5,896,945)
Payments for employee wages	(14,629,950)
Payments for employee fringes and pension benefits	(5,588,459)
Payment for scholarships	(4,753,912)
Payments for utilities	(656,529)
Sales and services of education department	
Auxiliary	92,595
Custodial receipts	429,448
Custodial disbursements	(416,196)
Loans issued to students	
Loans collected from students	
Other	1,140,461
Net cash used by operating activities	(22,366,137)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	16,708,981
Local appropriations	6,350
Grants and gifts	8,382,918
PLUS, Stafford and Direct Lending loan receipts	658,697
PLUS, Stafford and Direct Lending loan disbursements	(661,340)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	406,335
Net cash provided (used) by non-capital financing activities	25,501,941
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	207,389
Purchase capital assets	(1,219,591)
Proceeds from sale of capital assets	4,792
Debt interest payments	(29,753)
Debt principal payments	(405,385)
Net cash provided (used) by capital financing activities	(1,442,548)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	12,685
Net cash provided (used) by investing activities	12,685
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,705,941</b>
Cash and cash equivalents, beginning of year	4,994,988
<b>Cash and cash equivalents, End of Year</b>	<b>6,700,929</b>

**Virginia Community College System  
Central Virginia Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(22,431,289)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,114,876
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(239,593)
Prepaid expenses and other	29,090
Post employment benefits asset	56,349
Accrued compensation and leave	42,960
Accounts payable and other	405,962
Unearned revenue	168,861
Deposits pending distribution	
Custodial receipts(disbursements)	2,429
Pension liability	2,112,491
Post employment benefits liability	14,577
Deferred inflows of resources related to pensions and post employment benefits	(3,455,897)
Deferred outflows of resources related to pensions and post employment benefits	(186,953)
<b>Net cash used in operating activities</b>	<u><u>(22,366,137)</u></u>

Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	6,700,941
Less: Securities Lending Cash Equivalents	<u>12</u>
Cash and cash equivalents end of year	<u><u>6,700,929</u></u>

**Noncash transactions**

Donated capital assets	
VRS Special Revenue Allocation	433,532
Amortization of bond premium	
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	194,720
Retainage payable	11,991

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

**Virginia Community College System  
Mountain Gateway Community College  
Statement of Net Position  
As of June 30, 2023**

	Component Unit		
	Community College	Mountain Gateway Community College Educational Foundation	Mountain Gateway Community College Real Estate Foundation
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents (Note 2)	3,573,355	1,057,742	404,326
Appropriation available			
Short term investments (Note 2)		-	
Accounts receivable, net (Note 3)	316,692	-	
Pledges receivable (Note 3)		-	47,000
Due from commonwealth (Note 4)	498,468	-	
Due from system office	15,667	-	
Interest receivable		13,667	
Prepaid expenses	201,206	16,525	
Inventories	26,910	-	
Notes receivable, net (Note 3)		-	
<b>Total Current Assets</b>	<u>4,632,298</u>	<u>1,087,934</u>	<u>451,326</u>
<b>Noncurrent Assets</b>			
Restricted cash and cash equivalents (Note 2)			
Endowment cash and cash equivalents (Note 2)			
Appropriation available			
Endowment investments (Note 2)		7,736,597	
Other long-term investments (Note 2)			
Accounts receivable, net (Note 3)			
Investments in real estate (Note 2)			132,100
Pledges receivable (Note 3)			
Due from commonwealth (Note 4)			
Notes receivable, net (Note 3)			
Post employment benefit assets (Note 18)	199,464		
Non-depreciable capital assets, net (Note 5)	309,236		798,273
Other capital assets, net (Note 5)	10,936,504		
<b>Total Noncurrent Assets</b>	<u>11,445,204</u>	<u>7,736,597</u>	<u>930,373</u>
<b>Total Assets</b>	<u>16,077,502</u>	<u>8,824,531</u>	<u>1,381,699</u>
<b>Deferred Outflows of Resources</b> (Note 8)	1,030,814		
<b>Total Assets and Deferred Outflows of Resources</b>	<u>17,108,316</u>	<u>8,824,531</u>	<u>1,381,699</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts and retainage payable (Note 6)	312,442	143,353	
Accrued payroll expense	440,948		
Unearned revenue	55,049		
Long-term liabilities-current portion (Note 9)	321,627		
Securities lending obligation	4		
Post employment benefit obligations (Note 9)	28,675		
Due to system's office			
Deposits	59,669		
<b>Total Current Liabilities</b>	<u>1,218,414</u>	<u>143,353</u>	



**Virginia Community College System  
Mountain Gateway Community College  
Statement of Net Position  
As of June 30, 2023**

	Component Unit		
	Community College	Mountain Gateway Community College Educational Foundation	Mountain Gateway Community College Real Estate Foundation
<b>Noncurrent Liabilities</b>			
Unearned revenue			
Long-term liabilities (Note 9)	376,517		
Due to federal government (Note 9)			
Pension and post employment benefit obligations (Note 9)	4,126,150		
<b>Total Noncurrent Liabilities</b>	<u>4,502,667</u>		
<b>Total Liabilities</b>	<u>5,721,081</u>	<u>143,353</u>	
<b>Deferred Inflows of Resources</b> (Note 8)	1,419,344		
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>7,140,425</u>	<u>143,353</u>	
<b>Net Position</b>			
Net investment in capital assets	10,887,469		798,273
Restricted for:			
Nonexpendable		4,182,868	503,074
Expendable	963,349	3,109,000	
Unrestricted	(1,882,927)	1,389,310	80,352
<b>Total Net Position</b>	<u>9,967,891</u>	<u>8,681,178</u>	<u>1,381,699</u>

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

**Virginia Community College System**  
**Mountain Gateway Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2023**

	Community College	Component Unit Mountain Gateway Community College Educational Foundation	Component Unit Mountain Gateway Community College Real Estate Foundation
<b>Revenues</b>			
<b>Operating Revenue</b>			
Tuition and fees (net of scholarship allowance of \$1,041,091)	1,830,178		
Federal grants and contracts	1,374,419		
State and local grants	662,603		
Nongovernmental grants	365,264	30,000	
Sales/services of education department	2,341		
Auxiliary enterprises (net of scholarship allowance of \$3,352)	19,936		
Gifts and contributions		711,162	459,896
Endowment income		(626,973)	
Other operating revenues	413,904	127,562	
<b>Total Operating Revenue</b>	4,668,645	241,751	459,896
<b>Expenses</b>			
<b>Operating Expenses</b>			
Instruction	4,813,483		
Public service	54,345		
Academic support	594,844	488,948	
Student services	1,460,805		
Institutional support	2,951,241	84,452	9,369
Operation and maintenance	1,324,910		22,375
Scholarships and fellowships	1,703,058	170,919	
Auxiliary enterprises	7,569		
Fundraising		40,814	
Other expenses			
<b>Total Operating Expenses (Note 12)</b>	12,910,255	785,133	31,744
<b>Operating Income (Loss)</b>	(8,241,610)	(543,382)	428,152
<b>Nonoperating Revenues(Expenses)</b>			
State appropriations (Note 13)	6,606,663		
Local appropriations	120,408		
Grants and gifts	2,630,669		
Investment income	23,931	1,416	484
Interest on capital asset related debt	(19,961)		
Other nonoperating revenue (expense)	94,604		
<b>Net Nonoperating Revenue</b>	9,456,314	1,416	484
<b>Income before other revenues, expenses gains (losses)</b>	1,214,704	(541,966)	428,636
Capital appropriations-state (Note 20)			
Capital appropriations-local	73,883		
Capital gifts, grants and contracts	376,431		
Additions to permanent and term endowments		121,585	
<b>Increase (Decrease) in Net Position</b>	1,665,018	(420,381)	428,636
<b>Net Position</b>			
<b>Net Position beginning of year (Note 1-T)</b>	8,302,873	9,101,559	953,063
<b>Net Position end of year</b>	9,967,891	8,681,178	1,381,699

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

**Virginia Community College System  
Mountain Gateway Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	1,830,344
Grants and contracts	2,459,548
Payments to suppliers and others	(3,000,473)
Payments for employee wages	(5,428,533)
Payments for employee fringes and pension benefits	(2,198,062)
Payment for scholarships	(1,702,836)
Payments for utilities	(419,185)
Sales and services of education department	2,341
Auxiliary	19,936
Custodial receipts	727,891
Custodial disbursements	(730,912)
Loans issued to students	
Loans collected from students	
Other	463,075
Net cash used by operating activities	(7,976,866)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	6,606,663
Local appropriations	120,408
Grants and gifts	2,296,332
PLUS, Stafford and Direct Lending loan receipts	537,402
PLUS, Stafford and Direct Lending loan disbursements	(537,402)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	191,532
Net cash provided (used) by non-capital financing activities	9,214,935
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	73,883
Capital grants and gifts	341,599
Purchase capital assets	(341,866)
Proceeds from sale of capital assets	(49,165)
Debt interest payments	(15,789)
Debt principal payments	(137,709)
Net cash provided (used) by capital financing activities	(129,047)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	23,928
Net cash provided (used) by investing activities	23,928
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,132,950</b>
Cash and cash equivalents, beginning of year	2,440,401
<b>Cash and cash equivalents, End of Year</b>	<b>3,573,351</b>

**Virginia Community College System  
Mountain Gateway Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(8,241,610)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	849,572
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	114,734
Prepaid expenses and other	34,259
Post employment benefits asset	23,570
Accrued compensation and leave	(34,549)
Accounts payable and other	103,203
Unearned revenue	(8,135)
Deposits pending distribution	
Custodial receipts(disbursements)	(3,021)
Pension liability	738,984
Post employment benefits liability	(30,016)
Deferred inflows of resources related to pensions and post employment benefits	(1,581,140)
Deferred outflows of resources related to pensions and post employment benefits	57,283
<b>Net cash used in operating activities</b>	<u><u>(7,976,866)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	3,573,355
Less: Securities Lending Cash Equivalents	<u>4</u>
Cash and cash equivalents end of year	<u><u>3,573,351</u></u>
<b>Noncash transactions</b>	
Donated capital assets	34,832
VRS Special Revenue Allocation	168,962
Amortization of bond premium	
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	78,947
Retainage payable	

**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, 2023**

	<b>Community College</b>	<b>Component Unit  Danville Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	9,946,933	1,413,139
Appropriation available		
Short term investments (Note 2)	663,012	
Accounts receivable, net (Note 3)	2,997,758	13,000
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)		
Due from system office	2,201	
Interest receivable		29,813
Prepaid expenses	83,595	
Inventories	271,731	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<b>13,965,230</b>	<b>1,455,952</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Endowment cash and cash equivalents (Note 2)		978,496
Appropriation available		
Endowment investments (Note 2)		11,710,666
Other long-term investments (Note 2)		698,462
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)	401,762	
Non-depreciable capital assets, net (Note 5)	891,968	
Other capital assets, net (Note 5)	27,337,956	
<b>Total Noncurrent Assets</b>	<b>28,631,686</b>	<b>13,387,624</b>
<b>Total Assets</b>	<b>42,596,916</b>	<b>14,843,576</b>
<b>Deferred Outflows of Resources</b> (Note 8)	2,383,176	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>44,980,092</b>	<b>14,843,576</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	817,131	24,992
Accrued payroll expense	1,402,527	
Unearned revenue	621,180	
Long-term liabilities-current portion (Note 9)	337,631	
Securities lending obligation	2,555	
Post employment benefit obligations (Note 9)	52,496	
Due to system's office		
Deposits	450,481	
<b>Total Current Liabilities</b>	<b>3,684,001</b>	<b>24,992</b>

**Virginia Community College System  
 Danville Community College  
 Statement of Net Position  
 As of June 30, 2023**

	<u>Community College</u>	<u>Component Unit Danville Community College Educational Foundation</u>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	272,295	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	8,406,204	
<b>Total Noncurrent Liabilities</b>	<u>8,678,499</u>	
<b>Total Liabilities</b>	<u>12,362,500</u>	<u>24,992</u>
<b>Deferred Inflows of Resources</b> (Note 8)	2,862,718	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>15,225,218</u>	<u>24,992</u>
<b>Net Position</b>		
Net investment in capital assets	28,200,716	
Restricted for:		
Nonexpendable		7,810,999
Expendable	5,033,418	4,323,452
Unrestricted	<u>(3,479,260)</u>	<u>2,684,133</u>
<b>Total Net Position</b>	<u>29,754,874</u>	<u>14,818,584</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, 2023**

	<b>Community College</b>	<b>Component Unit Danville Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$4,029,826)	528,267	
Federal grants and contracts	1,008,773	
State and local grants	2,272,721	
Nongovernmental grants	28,573	320,698
Sales/services of education department	291	
Auxiliary enterprises (net of scholarship allowance of \$859,603)	4,055	
Gifts and contributions		21,518
Endowment income		1,161,637
Other operating revenues	357,474	175,911
<b>Total Operating Revenue</b>	<b>4,200,154</b>	<b>1,679,764</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	8,189,165	
Public service	165,332	
Academic support	1,520,937	
Student services	2,922,784	
Institutional support	7,470,513	773,848
Operation and maintenance	2,839,912	
Scholarships and fellowships	3,761,993	193,230
Auxiliary enterprises	332,067	
Fundraising		319,346
Other expenses		
<b>Total Operating Expenses (Note 12)</b>	<b>27,202,703</b>	<b>1,286,424</b>
<b>Operating Income (Loss)</b>	<b>(23,002,549)</b>	<b>393,340</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	11,645,554	
Local appropriations	27,000	
Grants and gifts	14,350,935	
Investment income	10,873	119,189
Interest on capital asset related debt		
Other nonoperating revenue (expense)	178,054	
<b>Net Nonoperating Revenue</b>	<b>26,212,416</b>	<b>119,189</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>3,209,867</b>	<b>512,529</b>
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	112,100	
Additions to permanent and term endowments		377,973
<b>Increase (Decrease) in Net Position</b>	<b>3,321,967</b>	<b>890,502</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>26,432,907</b>	<b>13,928,082</b>
<b>Net Position end of year</b>	<b>29,754,874</b>	<b>14,818,584</b>

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

**Virginia Community College System  
Danville Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	1,500,957
Grants and contracts	3,449,057
Payments to suppliers and others	(7,291,587)
Payments for employee wages	(10,076,667)
Payments for employee fringes and pension benefits	(4,084,331)
Payment for scholarships	(3,831,944)
Payments for utilities	(733,193)
Sales and services of education department	291
Auxiliary	(1,269)
Custodial receipts	455,028
Custodial disbursements	(536,967)
Loans issued to students	
Loans collected from students	
Other	357,474
Net cash used by operating activities	(20,793,151)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	11,645,554
Local appropriations	27,000
Grants and gifts	14,350,935
PLUS, Stafford and Direct Lending loan receipts	707,671
PLUS, Stafford and Direct Lending loan disbursements	(794,900)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	210,260
Net cash provided (used) by non-capital financing activities	26,146,520
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	112,100
Purchase capital assets	(573,916)
Proceeds from sale of capital assets	27,246
Debt interest payments	
Debt principal payments	(19,699)
Net cash provided (used) by capital financing activities	(454,269)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	9,678
Net cash provided (used) by investing activities	9,678
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>4,908,778</b>
Cash and cash equivalents, beginning of year	5,035,600
<b>Cash and cash equivalents, End of Year</b>	<b>9,944,378</b>



**Virginia Community College System  
Danville Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(23,002,549)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,875,641
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	1,041,914
Prepaid expenses and other	119,872
Post employment benefits asset	17,659
Accrued compensation and leave	450,223
Accounts payable and other	296,605
Unearned revenue	64,442
Deposits pending distribution	
Custodial receipts(disbursements)	(81,939)
Pension liability	1,873,094
Post employment benefits liability	26,123
Deferred inflows of resources related to pensions and post employment benefits	(2,991,103)
Deferred outflows of resources related to pensions and post employment benefits	(483,133)
<b>Net cash used in operating activities</b>	<u><u>(20,793,151)</u></u>

Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	9,946,933
Less: Securities Lending Cash Equivalents	<u>2,555</u>
Cash and cash equivalents end of year	<u><u>9,944,378</u></u>

**Noncash transactions**

Donated capital assets	
VRS Special Revenue Allocation	345,026
Amortization of bond premium	
Unrealized gain/loss on investments	1,130
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	48,907
Retainage payable	

**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, 2023**

	<u>Community College</u>	<u>Component Unit Eastern Shore Community College Foundation</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	2,024,065	1,729,658
Appropriation available		
Short term investments (Note 2)		31,318
Accounts receivable, net (Note 3)	745,392	8,785
Pledges receivable (Note 3)		55,678
Due from commonwealth (Note 4)		
Due from system office	265,779	
Interest receivable		
Prepaid expenses	56,350	
Inventories	8,500	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<b>3,100,086</b>	<b>1,825,439</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Endowment cash and cash equivalents (Note 2)		92,016
Appropriation available		
Endowment investments (Note 2)		1,198,159
Other long-term investments (Note 2)		1,296,905
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		94,525
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	137,689	
Non-depreciable capital assets, net (Note 5)	1,204,413	
Other capital assets, net (Note 5)	20,830,597	1,265
<b>Total Noncurrent Assets</b>	<b>22,172,699</b>	<b>2,682,870</b>
<b>Total Assets</b>	<b>25,272,785</b>	<b>4,508,309</b>
<b>Deferred Outflows of Resources</b> (Note 8)	880,333	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>26,153,118</b>	<b>4,508,309</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	308,842	27,444
Accrued payroll expense	402,933	
Unearned revenue	88,466	
Long-term liabilities-current portion (Note 9)	154,023	
Securities lending obligation	43	
Post employment benefit obligations (Note 9)	22,683	
Due to system's office		
Deposits	160,670	
<b>Total Current Liabilities</b>	<b>1,137,660</b>	<b>27,444</b>

**Virginia Community College System  
Eastern Shore Community College  
Statement of Net Position  
As of June 30, 2023**

	<b>Community College</b>	<b>Component Unit Eastern Shore Community College Foundation</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	42,918	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	2,919,902	
<b>Total Noncurrent Liabilities</b>	<b>2,962,820</b>	
<b>Total Liabilities</b>	<b>4,100,480</b>	<b>27,444</b>
<b>Deferred Inflows of Resources</b> (Note 8)	1,176,409	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>5,276,889</b>	<b>27,444</b>
<b>Net Position</b>		
Net investment in capital assets	22,011,706	1,265
Restricted for:		
Nonexpendable		1,290,175
Expendable	698,673	2,182,834
Unrestricted	(1,834,150)	1,006,591
<b>Total Net Position</b>	<b>20,876,229</b>	<b>4,480,865</b>

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

**Virginia Community College System  
Eastern Shore Community College  
Statement of Revenues, Expenses and Changes in Net Position  
For the Year Ended June 30, 2023**

	<b>Community College</b>	<b>Component Unit</b>
		<b>Eastern Shore Community College Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$1,358,903)	748,310	
Federal grants and contracts	1,005,306	
State and local grants	1,524,900	
Nongovernmental grants	72,081	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$4,313)	40,281	
Gifts and contributions		690,455
Endowment income		(114,575)
Other operating revenues	87,714	146,765
<b>Total Operating Revenue</b>	<b>3,478,592</b>	<b>722,645</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	3,647,083	
Public service	161,869	
Academic support	205,708	215,770
Student services	661,372	
Institutional support	2,000,217	153,076
Operation and maintenance	1,394,742	
Scholarships and fellowships	755,962	362,272
Auxiliary enterprises	5,476	
Fundraising		24,074
Other expenses		
<b>Total Operating Expenses (Note 12)</b>	<b>8,832,429</b>	<b>755,192</b>
<b>Operating Income (Loss)</b>	<b>(5,353,837)</b>	<b>(32,547)</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	3,626,368	
Local appropriations	67,722	
Grants and gifts	2,114,916	
Investment income	10,973	(222,264)
Interest on capital asset related debt	(1,715)	
Other nonoperating revenue (expense)	346,726	
<b>Net Nonoperating Revenue</b>	<b>6,164,990</b>	<b>(222,264)</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>811,153</b>	<b>(254,811)</b>
Capital appropriations-state (Note 20)	261,367	
Capital appropriations-local		
Capital gifts, grants and contracts		
Additions to permanent and term endowments		
<b>Increase (Decrease) in Net Position</b>	<b>1,072,520</b>	<b>(254,811)</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>19,803,709</b>	<b>4,735,676</b>
<b>Net Position end of year</b>	<b>20,876,229</b>	<b>4,480,865</b>

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

**Virginia Community College System  
Eastern Shore Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	772,489
Grants and contracts	2,530,206
Payments to suppliers and others	(2,290,416)
Payments for employee wages	(3,789,799)
Payments for employee fringes and pension benefits	(1,608,748)
Payment for scholarships	(758,089)
Payments for utilities	(202,749)
Sales and services of education department	
Auxiliary	40,241
Custodial receipts	78,550
Custodial disbursements	(63,415)
Loans issued to students	
Loans collected from students	
Other	87,714
Net cash used by operating activities	(5,204,016)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	3,626,368
Local appropriations	67,722
Grants and gifts	2,114,916
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	91,160
Net cash provided (used) by non-capital financing activities	5,900,166
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	376,775
Capital appropriations-local	
Capital grants and gifts	
Purchase capital assets	(46,541)
Proceeds from sale of capital assets	
Debt interest payments	(1,715)
Debt principal payments	(11,285)
Net cash provided (used) by capital financing activities	317,234
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	10,970
Net cash provided (used) by investing activities	10,970
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,024,354</b>
Cash and cash equivalents, beginning of year	999,668
<b>Cash and cash equivalents, End of Year</b>	<b>2,024,022</b>

**Virginia Community College System  
Eastern Shore Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(5,353,837)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	733,315
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(74,410)
Prepaid expenses and other	(40,749)
Post employment benefits asset	9,093
Accrued compensation and leave	(57,365)
Accounts payable and other	254,194
Unearned revenue	26,508
Deposits pending distribution	
Custodial receipts(disbursements)	15,135
Pension liability	618,640
Post employment benefits liability	11,337
Deferred inflows of resources related to pensions and post employment benefits	(1,151,069)
Deferred outflows of resources related to pensions and post employment benefits	(194,808)
<b>Net cash used in operating activities</b>	<u><u>(5,204,016)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	2,024,065
Less: Securities Lending Cash Equivalents	43
Cash and cash equivalents end of year	<u><u>2,024,022</u></u>
<b>Noncash transactions</b>	
Donated capital assets	
VRS Special Revenue Allocation	116,802
Amortization of bond premium	
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	34,589
Retainage payable	13,723

**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, 2023**

	<b>Community College</b>	<b>Component Unit Germanna Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	16,401,857	1,538,482
Appropriation available		
Short term investments (Note 2)	1,285,327	
Accounts receivable, net (Note 3)	1,966,485	51,664
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)	963,301	
Due from system office	561	
Interest receivable		
Prepaid expenses	961,353	
Inventories	15,949	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<u>21,594,833</u>	<u>1,590,146</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)	3,805,348	
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		4,294,927
Other long-term investments (Note 2)	908,463	4,645,153
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		1,600,000
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	917,364	
Non-depreciable capital assets, net (Note 5)	4,428,838	6,995,369
Other capital assets, net (Note 5)	39,329,690	7,456,687
<b>Total Noncurrent Assets</b>	<u>49,389,703</u>	<u>24,992,136</u>
<b>Total Assets</b>	<u>70,984,536</u>	<u>26,582,282</u>
<b>Deferred Outflows of Resources</b> (Note 8)	5,050,474	
<b>Total Assets and Deferred Outflows of Resources</b>	<u>76,035,010</u>	<u>26,582,282</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	1,935,586	204,817
Accrued payroll expense	2,991,975	
Unearned revenue	2,499,990	
Long-term liabilities-current portion (Note 9)	1,371,047	73,824
Securities lending obligation	2,557	
Post employment benefit obligations (Note 9)	102,017	
Due to system's office		
Deposits	113,887	
<b>Total Current Liabilities</b>	<u>9,017,059</u>	<u>278,641</u>

**Virginia Community College System  
 Germanna Community College  
 Statement of Net Position  
 As of June 30, 2023**

	<b>Community College</b>	<b>Component Unit Germanna Community College Educational Foundation</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue	137,566	
Long-term liabilities (Note 9)	4,020,132	9,732,763
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	17,508,418	
<b>Total Noncurrent Liabilities</b>	<u>21,666,116</u>	<u>9,732,763</u>
<b>Total Liabilities</b>	<u>30,683,175</u>	<u>10,011,404</u>
<b>Deferred Inflows of Resources</b> (Note 8)	4,928,980	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>35,612,155</u>	<u>10,011,404</u>
<b>Net Position</b>		
Net investment in capital assets	39,628,825	2,860,228
Restricted for:		
Nonexpendable		3,594,673
Expendable	5,250,699	7,159,179
Unrestricted	<u>(4,456,669)</u>	<u>2,956,798</u>
<b>Total Net Position</b>	<u>40,422,855</u>	<u>16,570,878</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, 2023**

	<b>Community College</b>	<b>Component Unit Germanna Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$11,071,093)	12,271,816	
Federal grants and contracts	1,255,951	
State and local grants	1,509,536	
Nongovernmental grants	676,230	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$35,268)	1,033,753	
Gifts and contributions		3,200,963
Endowment income		(743,524)
Other operating revenues	1,038,048	649,104
<b>Total Operating Revenue</b>	<b>17,785,334</b>	<b>3,106,543</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	23,655,476	
Public service	109,050	
Academic support	7,958,133	167,650
Student services	7,824,955	
Institutional support	15,304,066	658,108
Operation and maintenance	5,337,185	
Scholarships and fellowships	6,006,034	1,069,622
Auxiliary enterprises	150,698	
Fundraising		350,044
Other expenses		
<b>Total Operating Expenses (Note 12)</b>	<b>66,345,597</b>	<b>2,245,424</b>
<b>Operating Income (Loss)</b>	<b>(48,560,263)</b>	<b>861,119</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	32,776,054	
Local appropriations	229,153	
Grants and gifts	17,970,964	
Investment income	109,888	(1,161,305)
Interest on capital asset related debt	(99,092)	
Other nonoperating revenue (expense)	181,125	
<b>Net Nonoperating Revenue</b>	<b>51,168,092</b>	<b>(1,161,305)</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>2,607,829</b>	<b>(300,186)</b>
Capital appropriations-state (Note 20)		
Capital appropriations-local	778,534	
Capital gifts, grants and contracts	260,662	
Additions to permanent and term endowments		833,734
<b>Increase (Decrease) in Net Position</b>	<b>3,647,025</b>	<b>533,548</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>36,775,830</b>	<b>16,037,330</b>
<b>Net Position end of year</b>	<b>40,422,855</b>	<b>16,570,878</b>

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

**Virginia Community College System  
 Germanna Community College  
 Statement of Cash Flows  
 For the Year Ended June 30, 2023**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	13,593,576
Grants and contracts	2,763,148
Payments to suppliers and others	(15,511,066)
Payments for employee wages	(28,786,637)
Payments for employee fringes and pension benefits	(9,858,745)
Payment for scholarships	(9,925,322)
Payments for utilities	(701,990)
Sales and services of education department	
Auxiliary	1,033,753
Custodial receipts	270,619
Custodial disbursements	(252,013)
Loans issued to students	
Loans collected from students	
Other	1,043,297
Net cash used by operating activities	(46,331,380)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	32,776,054
Local appropriations	229,153
Grants and gifts	17,501,009
PLUS, Stafford and Direct Lending loan receipts	2,220,729
PLUS, Stafford and Direct Lending loan disbursements	(2,220,729)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	247,668
Net cash provided (used) by non-capital financing activities	50,753,884
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	778,534
Capital grants and gifts	260,662
Purchase capital assets	(927,287)
Proceeds from sale of capital assets	12,039
Debt interest payments	(64,732)
Debt principal payments	(634,066)
Net cash provided (used) by capital financing activities	(574,850)
<b>Cash flows from investing activities:</b>	
Purchases of investments	(1,691,498)
Sale of investments	1,674,284
Investment income	119,748
Net cash provided (used) by investing activities	102,534
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,950,188</b>
Cash and cash equivalents, beginning of year	16,254,460
<b>Cash and cash equivalents, End of Year</b>	<b>20,204,648</b>

**Virginia Community College System  
 Germanna Community College  
 Statement of Cash Flows  
 For the Year Ended June 30, 2023**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(48,560,263)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	2,517,916
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	1,080,680
Prepaid expenses and other	(243,647)
Post employment benefits asset	105,973
Accrued compensation and leave	619,918
Accounts payable and other	972,866
Unearned revenue	(432,423)
Deposits pending distribution	
Custodial receipts(disbursements)	18,606
Pension liability	3,323,487
Post employment benefits liability	(103,425)
Deferred inflows of resources related to pensions and post employment benefits	(5,696,325)
Deferred outflows of resources related to pensions and post employment benefits	65,257
<b>Net cash used in operating activities</b>	<u><u>(46,331,380)</u></u>

Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	20,207,205
Less: Securities Lending Cash Equivalents	<u>2,557</u>
Cash and cash equivalents end of year	<u><u>20,204,648</u></u>

**Noncash transactions**

Donated capital assets	
VRS Special Revenue Allocation	712,705
Amortization of bond premium	-
Unrealized gain/loss on investments	(10,220)
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	154,400
Retainage payable	

**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, 2023**

	<b>Community College</b>	<b>Component Units</b>
		<b>J. Sargeant Reynolds Community College Educational and Real Estate Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	14,383,262	1,319,949
Appropriation available		
Short term investments (Note 2)	3,042,314	1,269,006
Accounts receivable, net (Note 3)	701,617	5,963
Pledges receivable (Note 3)		469,345
Due from commonwealth (Note 4)	343,056	
Due from system office	567,700	
Interest receivable	3,911	
Prepaid expenses	546,356	387,235
Inventories	11,500	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<b>19,599,716</b>	<b>3,451,498</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)	1,706,284	
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		14,443,536
Other long-term investments (Note 2)	774,950	2,573,249
Accounts receivable, net (Note 3)	95,529	
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		846,241
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	1,196,372	
Non-depreciable capital assets, net (Note 5)	7,681,950	105,999
Other capital assets, net (Note 5)	68,864,144	13,097,885
<b>Total Noncurrent Assets</b>	<b>80,319,229</b>	<b>31,066,910</b>
<b>Total Assets</b>	<b>99,918,945</b>	<b>34,518,408</b>
<b>Deferred Outflows of Resources</b> (Note 8)	4,878,813	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>104,797,758</b>	<b>34,518,408</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	1,678,882	70,543
Accrued payroll expense	3,169,976	
Unearned revenue	2,538,713	
Long-term liabilities-current portion (Note 9)	1,801,951	387,321
Securities lending obligation	27,924	
Post employment benefit obligations (Note 9)	158,516	
Due to system's office		
Deposits	288,188	
<b>Total Current Liabilities</b>	<b>9,664,150</b>	<b>457,864</b>

**Virginia Community College System  
J. Sargeant Reynolds Community College  
Statement of Net Position  
As of June 30, 2023**

	<u>Community College</u>	<u>Component Units J. Sargeant Reynolds Community College Educational and Real Estate Foundation</u>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	1,844,004	9,326,600
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	25,202,198	
<b>Total Noncurrent Liabilities</b>	<u>27,046,202</u>	<u>9,326,600</u>
<b>Total Liabilities</b>	<u>36,710,352</u>	<u>9,784,464</u>
<b>Deferred Inflows of Resources</b> (Note 8)	9,191,658	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>45,902,010</u>	<u>9,784,464</u>
<b>Net Position</b>		
Net investment in capital assets	74,593,668	3,779,152
Restricted for:		
Nonexpendable		11,214,050
Expendable	3,648,952	7,149,073
Unrestricted	(19,346,872)	2,591,669
<b>Total Net Position</b>	<u>58,895,748</u>	<u>24,733,944</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, 2023**

	<b>Community College</b>	<b>Component Units J. Sargeant Reynolds Community College Educational and Real Estate Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$9,644,220)	16,913,620	
Federal grants and contracts	1,423,455	
State and local grants	288,465	
Nongovernmental grants	1,209,560	
Sales/services of education department	19,332	
Auxiliary enterprises (net of scholarship allowance of \$31,104)	1,002,060	
Gifts and contributions		2,080,871
Endowment income		1,581,626
Other operating revenues	425,724	141,926
<b>Total Operating Revenue</b>	<b>21,282,216</b>	<b>3,804,423</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	24,935,547	
Public service	1,048,874	
Academic support	3,416,002	774,456
Student services	4,990,664	
Institutional support	16,190,452	388,399
Operation and maintenance	6,238,560	
Scholarships and fellowships	15,107,739	864,500
Auxiliary enterprises	825,491	
Fundraising		44,358
Other expenses		
<b>Total Operating Expenses (Note 12)</b>	<b>72,753,329</b>	<b>2,071,713</b>
<b>Operating Income (Loss)</b>	<b>(51,471,113)</b>	<b>1,732,710</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	29,201,622	
Local appropriations	201,189	
Grants and gifts	25,982,078	
Investment income	476,180	35,571
Interest on capital asset related debt	(69,549)	
Other nonoperating revenue (expense)	1,175,753	
<b>Net Nonoperating Revenue</b>	<b>56,967,273</b>	<b>35,571</b>
<b>Income before other revenues, expenses gains (losses)</b>	5,496,160	1,768,281
Capital appropriations-state (Note 20)		
Capital appropriations-local	2,119,548	
Capital gifts, grants and contracts	533,552	
Additions to permanent and term endowments		308,492
<b>Increase (Decrease) in Net Position</b>	<b>8,149,260</b>	<b>2,076,773</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>50,746,488</b>	<b>22,657,171</b>
<b>Net Position end of year</b>	<b>58,895,748</b>	<b>24,733,944</b>

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

**Virginia Community College System**  
**J. Sargeant Reynolds Community College**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2023**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	16,333,333
Grants and contracts	3,156,601
Payments to suppliers and others	(16,080,168)
Payments for employee wages	(30,628,004)
Payments for employee fringes and pension benefits	(11,577,095)
Payment for scholarships	(15,102,637)
Payments for utilities	(1,444,995)
Sales and services of education department	19,332
Auxiliary	1,002,060
Custodial receipts	51,234
Custodial disbursements	(1,719)
Loans issued to students	
Loans collected from students	
Other	447,415
Net cash used by operating activities	(53,824,643)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	29,201,622
Local appropriations	201,189
Grants and gifts	25,639,022
PLUS, Stafford and Direct Lending loan receipts	2,351,365
PLUS, Stafford and Direct Lending loan disbursements	(2,352,440)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	623,184
Net cash provided (used) by non-capital financing activities	55,663,942
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	2,119,548
Capital grants and gifts	533,552
Purchase capital assets	(4,828,990)
Proceeds from sale of capital assets	4,280
Debt interest payments	(92,523)
Debt principal payments	(927,513)
Net cash provided (used) by capital financing activities	(3,191,646)
<b>Cash flows from investing activities:</b>	
Purchases of investments	(2,945,673)
Sale of investments	3,692,751
Investment income	231,502
Net cash provided (used) by investing activities	978,580
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(373,767)</b>
Cash and cash equivalents, beginning of year	16,435,389
<b>Cash and cash equivalents, End of Year</b>	<b>16,061,622</b>

**Virginia Community College System**  
**J. Sargeant Reynolds Community College**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2023**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(51,471,113)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	3,901,567
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(568,083)
Prepaid expenses and other	54,254
Post employment benefits asset	233,080
Accrued compensation and leave	(85,455)
Accounts payable and other	(265,537)
Unearned revenue	244,608
Deposits pending distribution	
Custodial receipts(disbursements)	49,515
Pension liability	3,652,853
Post employment benefits liability	(597,212)
Deferred inflows of resources related to pensions and post employment benefits	(10,154,460)
Deferred outflows of resources related to pensions and post employment benefits	1,181,340
<b>Net cash used in operating activities</b>	<u><u>(53,824,643)</u></u>

Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	16,089,546
Less: Securities Lending Cash Equivalents	27,924
Cash and cash equivalents end of year	<u><u>16,061,622</u></u>

**Noncash transactions**

Donated capital assets	
VRS Special Revenue Allocation	1,013,704
Amortization of bond premium	12,359
Unrealized gain/loss on investments	221,511
Amortization of deferral on debt defeasance	(4,100)
Capital assets acquired through the assumption of a liability	-
Retainage payable	183,100

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



**Virginia Community College System  
Brightpoint Community College  
Statement of Net Position  
As of June 30, 2023**

	Component Unit		
	Community College	Brightpoint Community College Educational Foundation	Brightpoint Community College Real Estate Foundation
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents (Note 2)	13,726,195	857,261	118,804
Appropriation available			
Short term investments (Note 2)	3,107,136		
Accounts receivable, net (Note 3)	950,453		
Pledges receivable (Note 3)		571,210	
Due from commonwealth (Note 4)			
Due from system office	35,960		
Interest receivable			
Prepaid expenses	260,627		
Inventories	6,056		
Notes receivable, net (Note 3)			
<b>Total Current Assets</b>	<u>18,086,427</u>	<u>1,428,471</u>	<u>118,804</u>
<b>Noncurrent Assets</b>			
Restricted cash and cash equivalents (Note 2)	(1,838)		
Endowment cash and cash equivalents (Note 2)		273,484	
Appropriation available			
Endowment investments (Note 2)		7,389,044	
Other long-term investments (Note 2)			
Accounts receivable, net (Note 3)			
Investments in real estate (Note 2)			
Pledges receivable (Note 3)		6,828	
Due from commonwealth (Note 4)	155,498		
Notes receivable, net (Note 3)			
Post employment benefit assets (Note 18)	896,290		
Non-depreciable capital assets, net (Note 5)	10,241,720		
Other capital assets, net (Note 5)	90,426,326		
<b>Total Noncurrent Assets</b>	<u>101,717,996</u>	<u>7,669,356</u>	<u></u>
<b>Total Assets</b>	<u>119,804,423</u>	<u>9,097,827</u>	<u>118,804</u>
<b>Deferred Outflows of Resources</b> (Note 8)	3,660,798		
<b>Total Assets and Deferred Outflows of Resources</b>	<u>123,465,221</u>	<u>9,097,827</u>	<u>118,804</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts and retainage payable (Note 6)	3,963,146	228,888	
Accrued payroll expense	1,785,875		
Unearned revenue	2,102,202		
Long-term liabilities-current portion (Note 9)	1,150,152		
Securities lending obligation	14		
Post employment benefit obligations (Note 9)	124,395		
Due to system's office			
Deposits	2,557,480		
<b>Total Current Liabilities</b>	<u>11,683,264</u>	<u>228,888</u>	<u></u>

**Virginia Community College System  
Brightpoint Community College  
Statement of Net Position  
As of June 30, 2023**

	<u>Community College</u>	<u>Component Unit</u>	
		<u>Brightpoint Community College Educational Foundation</u>	<u>Brightpoint Community College Real Estate Foundation</u>
<b>Noncurrent Liabilities</b>			
Unearned revenue			
Long-term liabilities (Note 9)	4,216,141		
Due to federal government (Note 9)			
Pension and post employment benefit obligations (Note 9)	17,758,031		
<b>Total Noncurrent Liabilities</b>	<u>21,974,172</u>		
<b>Total Liabilities</b>	<u>33,657,436</u>	<u>228,888</u>	
<b>Deferred Inflows of Resources</b> (Note 8)	5,580,576		
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>39,238,012</u>	<u>228,888</u>	
<b>Net Position</b>			
Net investment in capital assets	96,504,246		
Restricted for:			
Nonexpendable		2,687,206	
Expendable	794,025	3,954,537	
Unrestricted	(13,071,062)	2,227,196	118,804
<b>Total Net Position</b>	<u>84,227,209</u>	<u>8,868,939</u>	<u>118,804</u>

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

**Virginia Community College System**  
**Brightpoint Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2023**

	<b>Community College</b>	<b>Component Unit</b>	
		<b>Brightpoint Community College Educational Foundation</b>	<b>Brightpoint Community College Real Estate Foundation</b>
<b>Revenues</b>			
<b>Operating Revenue</b>			
Tuition and fees (net of scholarship allowance of \$10,833,198)	7,349,156		
Federal grants and contracts	735,868		
State and local grants	435,971	606,564	
Nongovernmental grants	165,120		
Sales/services of education department			
Auxiliary enterprises (net of scholarship allowance of \$34,430)	553,421		
Gifts and contributions		1,099,881	20,000
Endowment income		740,812	
Other operating revenues	6,813,432	513,219	5,000
<b>Total Operating Revenue</b>	<u>16,052,968</u>	<u>2,960,476</u>	<u>25,000</u>
<b>Expenses</b>			
<b>Operating Expenses</b>			
Instruction	21,534,253		
Public service	446,185		
Academic support	5,376,299	1,067,818	
Student services	6,288,197		
Institutional support	18,294,947	413,034	4,695
Operation and maintenance	8,753,408		
Scholarships and fellowships	6,065,781	363,066	
Auxiliary enterprises	67,484		
Fundraising		347,347	
Other expenses			
<b>Total Operating Expenses (Note 12)</b>	<u>66,826,554</u>	<u>2,191,265</u>	<u>4,695</u>
<b>Operating Income (Loss)</b>	<u>(50,773,586)</u>	<u>769,211</u>	<u>20,305</u>
<b>Nonoperating Revenues(Expenses)</b>			
State appropriations (Note 13)	34,003,436		
Local appropriations	91,125		
Grants and gifts	17,467,722		
Investment income	160,860	195	367
Interest on capital asset related debt	(22,208)		
Other nonoperating revenue (expense)	644,015		
<b>Net Nonoperating Revenue</b>	<u>52,344,950</u>	<u>195</u>	<u>367</u>
<b>Income before other revenues, expenses gains (losses)</b>	1,571,364	769,406	20,672
Capital appropriations-state (Note 20)	236,316		
Capital appropriations-local			
Capital gifts, grants and contracts	1,604		
Additions to permanent and term endowments		41,790	
<b>Increase (Decrease) in Net Position</b>	<u>1,809,284</u>	<u>811,196</u>	<u>20,672</u>
<b>Net Position</b>			
<b>Net Position beginning of year</b>	<u>82,417,925</u>	<u>8,057,743</u>	<u>98,132</u>
<b>Net Position end of year</b>	<u>84,227,209</u>	<u>8,868,939</u>	<u>118,804</u>

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

**Virginia Community College System  
Brightpoint Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	7,790,232
Grants and contracts	1,570,048
Payments to suppliers and others	(21,205,393)
Payments for employee wages	(26,120,307)
Payments for employee fringes and pension benefits	(9,714,534)
Payment for scholarships	(6,235,757)
Payments for utilities	(1,176,461)
Sales and services of education department	
Auxiliary	470,071
Custodial receipts	4,705
Custodial disbursements	(1,578)
Loans issued to students	
Loans collected from students	
Other	6,813,432
Net cash used by operating activities	(47,805,542)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	34,003,436
Local appropriations	91,125
Grants and gifts	17,467,722
PLUS, Stafford and Direct Lending loan receipts	1,972,362
PLUS, Stafford and Direct Lending loan disbursements	(1,808,193)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	606,754
Net cash provided (used) by non-capital financing activities	52,333,206
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	99,078
Capital appropriations-local	
Capital grants and gifts	
Purchase capital assets	187,713
Proceeds from sale of capital assets	1,301
Debt interest payments	(78,275)
Debt principal payments	(310,000)
Net cash provided (used) by capital financing activities	(100,183)
<b>Cash flows from investing activities:</b>	
Purchases of investments	(2,540,446)
Sale of investments	
Investment income	84,155
Net cash provided (used) by investing activities	(2,456,291)
<b>Net increase (decrease) in cash and cash equivalents</b>	1,971,190
Cash and cash equivalents, beginning of year	11,753,153
<b>Cash and cash equivalents, End of Year</b>	<b>13,724,343</b>

**Virginia Community College System  
Brightpoint Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(50,773,586)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	2,849,218
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	890,120
Prepaid expenses and other	(247,949)
Post employment benefits asset	159,141
Accrued compensation and leave	(30,927)
Accounts payable and other	2,994,431
Unearned revenue	79,668
Deposits pending distribution	(378,973)
Custodial receipts(disbursements)	3,127
Pension liability	2,750,160
Post employment benefits liability	(268,867)
Deferred inflows of resources related to pensions and post employment benefits	(6,477,298)
Deferred outflows of resources related to pensions and post employment benefits	646,193
<b>Net cash used in operating activities</b>	<u><u>(47,805,542)</u></u>

Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	13,724,357
Less: Securities Lending Cash Equivalents	<u>14</u>
Cash and cash equivalents end of year	<u><u>13,724,343</u></u>

**Noncash transactions**

Donated capital assets	1,604
VRS Special Revenue Allocation	717,942
Amortization of bond premium	17,838
Unrealized gain/loss on investments	76,690
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	-
Retainage payable	17,720

**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, 2023**

	<b>Community College</b>	<b>Component Unit Laurel Ridge Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	16,865,633	7,117,052
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	567,071	
Pledges receivable (Note 3)		174,471
Due from commonwealth (Note 4)	1,330,928	
Due from system office		
Interest receivable		
Prepaid expenses	846,015	
Inventories	20,200	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<b>19,629,847</b>	<b>7,291,523</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)	(170,741)	
Endowment cash and cash equivalents (Note 2)		1,951,352
Appropriation available		
Endowment investments (Note 2)		6,590,036
Other long-term investments (Note 2)		275,021
Accounts receivable, net (Note 3)	88,613	
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		283,018
Due from commonwealth (Note 4)	724,878	
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	729,823	
Non-depreciable capital assets, net (Note 5)	2,855,348	4,571,583
Other capital assets, net (Note 5)	64,633,455	14,040,722
<b>Total Noncurrent Assets</b>	<b>68,861,376</b>	<b>27,711,732</b>
<b>Total Assets</b>	<b>88,491,223</b>	<b>35,003,255</b>
<b>Deferred Outflows of Resources</b> (Note 8)	3,202,358	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>91,693,581</b>	<b>35,003,255</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	628,218	676,034
Accrued payroll expense	2,071,758	
Unearned revenue	1,184,326	810,000
Long-term liabilities-current portion (Note 9)	1,110,094	387,463
Securities lending obligation	17,743	
Post employment benefit obligations (Note 9)	106,389	
Due to system's office		
Deposits	397,053	
<b>Total Current Liabilities</b>	<b>5,515,581</b>	<b>1,873,497</b>

**Virginia Community College System  
Laurel Ridge Community College  
Statement of Net Position  
As of June 30, 2023**

	<b>Community College</b>	<b>Component Unit Laurel Ridge Community College Educational Foundation</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	948,229	9,286,476
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	14,506,239	
<b>Total Noncurrent Liabilities</b>	<u>15,454,468</u>	<u>9,286,476</u>
<b>Total Liabilities</b>	<u>20,970,049</u>	<u>11,159,973</u>
<b>Deferred Inflows of Resources</b> (Note 8)	4,782,402	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>25,752,451</u>	<u>11,159,973</u>
<b>Net Position</b>		
Net investment in capital assets	66,410,823	8,938,366
Restricted for:		
Nonexpendable		8,541,388
Expendable	2,804,145	3,384,425
Unrestricted	<u>(3,273,838)</u>	<u>2,979,103</u>
<b>Total Net Position</b>	<u>65,941,130</u>	<u>23,843,282</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, 2023**

	<b>Community College</b>	<b>Component Unit Laurel Ridge Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$4,618,030)	11,383,322	
Federal grants and contracts	1,361,331	
State and local grants	1,046,585	
Nongovernmental grants	163,092	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$14,672)	349,942	
Gifts and contributions		3,128,354
Endowment income		(1,168,619)
Other operating revenues	2,594,180	1,295,639
<b>Total Operating Revenue</b>	<b>16,898,452</b>	<b>3,255,374</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	16,578,477	
Public service	920,090	
Academic support	3,087,850	
Student services	3,861,607	
Institutional support	13,309,560	1,971,514
Operation and maintenance	4,829,073	
Scholarships and fellowships	5,697,517	427,428
Auxiliary enterprises	91,697	
Fundraising		155,706
Other expenses	1,200,907	363,631
<b>Total Operating Expenses (Note 12)</b>	<b>49,576,778</b>	<b>2,918,279</b>
<b>Operating Income (Loss)</b>	<b>(32,678,326)</b>	<b>337,095</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	21,979,216	
Local appropriations	326,956	
Grants and gifts	10,954,613	
Investment income	54,516	52,928
Interest on capital asset related debt	(48,506)	
Other nonoperating revenue (expense)	186,904	
<b>Net Nonoperating Revenue</b>	<b>33,453,699</b>	<b>52,928</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>775,373</b>	<b>390,023</b>
Capital appropriations-state (Note 20)	3,601,495	
Capital appropriations-local		
Capital gifts, grants and contracts	130,573	
Additions to permanent and term endowments		
<b>Increase (Decrease) in Net Position</b>	<b>4,507,441</b>	<b>390,023</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>61,433,689</b>	<b>23,453,259</b>
<b>Net Position end of year</b>	<b>65,941,130</b>	<b>23,843,282</b>

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, 2023**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	11,963,297
Grants and contracts	2,862,121
Payments to suppliers and others	(15,343,843)
Payments for employee wages	(20,445,036)
Payments for employee fringes and pension benefits	(7,575,829)
Payment for scholarships	(5,980,347)
Payments for utilities	(865,265)
Sales and services of education department	
Auxiliary	349,942
Custodial receipts	534,811
Custodial disbursements	(516,877)
Loans issued to students	
Loans collected from students	
Other	1,368,827
Net cash used by operating activities	(33,648,199)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	21,979,216
Local appropriations	326,956
Grants and gifts	10,767,488
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	244,204
Net cash provided (used) by non-capital financing activities	33,317,864
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	4,174,838
Capital appropriations-local	
Capital grants and gifts	130,021
Purchase capital assets	(5,536,072)
Proceeds from sale of capital assets	20,379
Debt interest payments	(48,506)
Debt principal payments	(761,494)
Net cash provided (used) by capital financing activities	(2,020,834)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	53,701
Net cash provided (used) by investing activities	53,701
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,297,468)</b>
Cash and cash equivalents, beginning of year	18,974,617
<b>Cash and cash equivalents, End of Year</b>	<b>16,677,149</b>

**Virginia Community College System  
Laurel Ridge Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(32,678,326)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	3,102,723
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	329,086
Prepaid expenses and other	346,482
Post employment benefits asset	148,904
Accrued compensation and leave	185,280
Accounts payable and other	(3,067,122)
Unearned revenue	667,088
Deposits pending distribution	
Custodial receipts(disbursements)	17,934
Pension liability	1,967,411
Post employment benefits liability	(379,150)
Deferred inflows of resources related to pensions and post employment benefits	(4,998,501)
Deferred outflows of resources related to pensions and post employment benefits	709,992
<b>Net cash used in operating activities</b>	<u><u>(33,648,199)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	16,694,892
Less: Securities Lending Cash Equivalents	17,743
Cash and cash equivalents end of year	<u><u>16,677,149</u></u>
<b>Noncash transactions</b>	
Donated capital assets	552
VRS Special Revenue Allocation	572,821
Amortization of bond premium	
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	-
Retainage payable	76,712

**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, 2023**

	<b>Community College</b>	<b>Component Unit  Mountain Empire Community College Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	3,450,545	320,337
Appropriation available	64	
Short term investments (Note 2)	1,000,000	
Accounts receivable, net (Note 3)	369,818	851,594
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)	40,902	
Due from system office	11,556	
Interest receivable		
Prepaid expenses		11,693
Inventories	445,645	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<u>5,318,530</u>	<u>1,183,624</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Endowment cash and cash equivalents (Note 2)		67,848
Appropriation available		
Endowment investments (Note 2)		29,697,589
Other long-term investments (Note 2)		
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		23,000
Pledges receivable (Note 3)		510,385
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	348,339	
Non-depreciable capital assets, net (Note 5)	1,460,091	
Other capital assets, net (Note 5)	15,043,453	
<b>Total Noncurrent Assets</b>	<u>16,851,883</u>	<u>30,298,822</u>
<b>Total Assets</b>	<u>22,170,413</u>	<u>31,482,446</u>
<b>Deferred Outflows of Resources</b> (Note 8)	2,242,054	
<b>Total Assets and Deferred Outflows of Resources</b>	<u>24,412,467</u>	<u>31,482,446</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	151,054	186,100
Accrued payroll expense	1,179,571	
Unearned revenue	16,146	
Long-term liabilities-current portion (Note 9)	484,917	
Securities lending obligation	1,674	
Post employment benefit obligations (Note 9)	63,701	
Due to system's office		
Deposits	163,584	
<b>Total Current Liabilities</b>	<u>2,060,647</u>	<u>186,100</u>

**Virginia Community College System  
Mountain Empire Community College  
Statement of Net Position  
As of June 30, 2023**

	<b>Community College</b>	<b>Component Unit  Mountain Empire Community College Foundation</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	282,940	500,000
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	8,653,801	
<b>Total Noncurrent Liabilities</b>	8,936,741	500,000
<b>Total Liabilities</b>	10,997,388	686,100
<b>Deferred Inflows of Resources</b> (Note 8)	2,634,952	
<b>Total Liabilities and Deferred Inflows of Resources</b>	13,632,340	686,100
<b>Net Position</b>		
Net investment in capital assets	16,382,617	
Restricted for:		
Nonexpendable		12,036,091
Expendable	1,327,642	12,359,038
Unrestricted	(6,930,132)	6,401,217
<b>Total Net Position</b>	10,780,127	30,796,346

**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, 2023**

	<b>Community College</b>	<b>Component Unit Mountain Empire Community College Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$3,263,802)	2,550,190	
Federal grants and contracts	2,271,705	45,000
State and local grants	397,972	374,274
Nongovernmental grants	387,862	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$436,533)	269,849	
Gifts and contributions		1,400,397
Endowment income		(4,659,325)
Other operating revenues	1,168,218	235,254
<b>Total Operating Revenue</b>	<b>7,045,796</b>	<b>(2,604,400)</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	9,216,412	
Public service	314,608	
Academic support	1,746,027	1,017,163
Student services	2,585,871	
Institutional support	3,879,057	307,994
Operation and maintenance	1,930,828	
Scholarships and fellowships	3,370,954	
Auxiliary enterprises	1,063,530	
Fundraising		125,684
Other expenses		
<b>Total Operating Expenses (Note 12)</b>	<b>24,107,287</b>	<b>1,450,841</b>
<b>Operating Income (Loss)</b>	<b>(17,061,491)</b>	<b>(4,055,241)</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	11,769,988	
Local appropriations	106,850	
Grants and gifts	6,098,009	
Investment income	17,900	
Interest on capital asset related debt	(3,908)	
Other nonoperating revenue (expense)	286,737	
<b>Net Nonoperating Revenue</b>	<b>18,275,576</b>	
<b>Income before other revenues, expenses gains (losses)</b>	<b>1,214,085</b>	<b>(4,055,241)</b>
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	208,842	
Additions to permanent and term endowments		
<b>Increase (Decrease) in Net Position</b>	<b>1,422,927</b>	<b>(4,055,241)</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>9,357,200</b>	<b>34,851,587</b>
<b>Net Position end of year</b>	<b>10,780,127</b>	<b>30,796,346</b>

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

**Virginia Community College System  
Mountain Empire Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	2,516,737
Grants and contracts	2,959,342
Payments to suppliers and others	(6,873,914)
Payments for employee wages	(9,783,736)
Payments for employee fringes and pension benefits	(4,417,257)
Payment for scholarships	(2,690,498)
Payments for utilities	(590,905)
Sales and services of education department	
Auxiliary	204,024
Custodial receipts	844,036
Custodial disbursements	(791,275)
Loans issued to students	
Loans collected from students	
Other	1,168,218
Net cash used by operating activities	(17,455,228)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	11,769,988
Local appropriations	106,850
Grants and gifts	6,065,344
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	291,799
Net cash provided (used) by non-capital financing activities	18,233,981
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	208,842
Purchase capital assets	(306,080)
Proceeds from sale of capital assets	29,278
Debt interest payments	(3,908)
Debt principal payments	(45,176)
Net cash provided (used) by capital financing activities	(117,044)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	17,880
Net cash provided (used) by investing activities	17,880
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>679,589</b>
Cash and cash equivalents, beginning of year	2,769,282
<b>Cash and cash equivalents, End of Year</b>	<b>3,448,871</b>

**Virginia Community College System  
Mountain Empire Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(17,061,491)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,059,483
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(197,040)
Prepaid expenses and other	(34,599)
Post employment benefits asset	34,025
Accrued compensation and leave	237,458
Accounts payable and other	(283,001)
Unearned revenue	(2,302)
Deposits pending distribution	1,803
Custodial receipts(disbursements)	52,761
Pension liability	1,356,762
Post employment benefits liability	(97,145)
Deferred inflows of resources related to pensions and post employment benefits	(2,981,688)
Deferred outflows of resources related to pensions and post employment benefits	459,746
<b>Net cash used in operating activities</b>	<u><u>(17,455,228)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	3,450,545
Less: Securities Lending Cash Equivalents	1,674
Cash and cash equivalents end of year	<u><u>3,448,871</u></u>
<b>Noncash transactions</b>	
Donated capital assets	
VRS Special Revenue Allocation	348,596
Amortization of bond premium	
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	31,241
Retainage payable	

**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, 2023**

	<b>Community College</b>	<b>Component Unit  New River Community College  Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	13,333,992	441,890
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	144,044	
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)	385,951	
Due from system office		
Interest receivable		
Prepaid expenses	1,050,579	
Inventories	5,772	
Notes receivable, net (Note 3)		51,946
<b>Total Current Assets</b>	<b>14,920,338</b>	<b>493,836</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Endowment cash and cash equivalents (Note 2)		218,999
Appropriation available		
Endowment investments (Note 2)		17,615,704
Other long-term investments (Note 2)		4,044,942
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)	399,430	
Non-depreciable capital assets, net (Note 5)	786,922	870,000
Other capital assets, net (Note 5)	12,136,412	138,489
<b>Total Noncurrent Assets</b>	<b>13,322,764</b>	<b>22,888,134</b>
<b>Total Assets</b>	<b>28,243,102</b>	<b>23,381,970</b>
<b>Deferred Outflows of Resources</b> (Note 8)	1,987,383	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>30,230,485</b>	<b>23,381,970</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	373,922	1,256
Accrued payroll expense	866,363	
Unearned revenue	1,200,809	
Long-term liabilities-current portion (Note 9)	919,721	
Securities lending obligation	56	
Post employment benefit obligations (Note 9)	58,800	
Due to system's office		
Deposits		
<b>Total Current Liabilities</b>	<b>3,419,671</b>	<b>1,256</b>



**Virginia Community College System  
New River Community College  
Statement of Net Position  
As of June 30, 2023**

	<b>Community College</b>	<b>Component Unit New River Community College Educational Foundation</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	633,327	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	9,161,962	
<b>Total Noncurrent Liabilities</b>	9,795,289	
<b>Total Liabilities</b>	13,214,960	1,256
<b>Deferred Inflows of Resources</b> (Note 8)	2,709,189	
<b>Total Liabilities and Deferred Inflows of Resources</b>	15,924,149	1,256
<b>Net Position</b>		
Net investment in capital assets	12,076,832	1,008,489
Restricted for:		
Nonexpendable		11,112,978
Expendable	2,173,594	2,352,704
Unrestricted	55,910	8,906,543
<b>Total Net Position</b>	14,306,336	23,380,714

**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, 2023**

	<b>Community College</b>	<b>Component Unit New River Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$4,144,485)	7,588,585	
Federal grants and contracts	1,065,889	
State and local grants	201,242	
Nongovernmental grants	52,402	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$13,142)	119,633	
Gifts and contributions		1,215,855
Endowment income		(3,390,674)
Other operating revenues	702,973	239,364
<b>Total Operating Revenue</b>	<b>9,730,724</b>	<b>(1,935,455)</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	13,153,716	
Public service	158,696	
Academic support	2,528,281	
Student services	1,849,885	
Institutional support	5,474,191	101,746
Operation and maintenance	2,287,504	
Scholarships and fellowships	4,735,938	1,548,853
Auxiliary enterprises	33,649	
Fundraising		42,000
Other expenses		
<b>Total Operating Expenses (Note 12)</b>	<b>30,221,860</b>	<b>1,692,599</b>
<b>Operating Income (Loss)</b>	<b>(20,491,136)</b>	<b>(3,628,054)</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	16,090,343	
Local appropriations	87,256	
Grants and gifts	7,248,769	
Investment income	(1,106,243)	
Interest on capital asset related debt	(40,907)	
Other nonoperating revenue (expense)	91,296	
<b>Net Nonoperating Revenue</b>	<b>22,370,514</b>	
<b>Income before other revenues, expenses gains (losses)</b>	1,879,378	(3,628,054)
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	223,052	
Additions to permanent and term endowments		1,409,660
<b>Increase (Decrease) in Net Position</b>	<b>2,102,430</b>	<b>(2,218,394)</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>12,203,906</b>	<b>25,599,108</b>
<b>Net Position end of year</b>	<b>14,306,336</b>	<b>23,380,714</b>

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

**Virginia Community College System  
New River Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	8,165,427
Grants and contracts	1,319,533
Payments to suppliers and others	(6,214,935)
Payments for employee wages	(15,283,549)
Payments for employee fringes and pension benefits	(4,641,041)
Payment for scholarships	(4,369,535)
Payments for utilities	(461,049)
Sales and services of education department	
Auxiliary	119,633
Custodial receipts	37,102
Custodial disbursements	(67,701)
Loans issued to students	
Loans collected from students	
Other	704,280
Net cash used by operating activities	(20,691,835)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	16,090,343
Local appropriations	87,256
Grants and gifts	7,258,007
PLUS, Stafford and Direct Lending loan receipts	868,356
PLUS, Stafford and Direct Lending loan disbursements	(868,356)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	94,256
Net cash provided (used) by non-capital financing activities	23,529,862
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	222,332
Purchase capital assets	(724,639)
Proceeds from sale of capital assets	
Debt interest payments	(40,907)
Debt principal payments	(467,996)
Net cash provided (used) by capital financing activities	(1,011,210)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	(1,106,253)
Net cash provided (used) by investing activities	(1,106,253)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>720,564</b>
Cash and cash equivalents, beginning of year	12,613,372
<b>Cash and cash equivalents, End of Year</b>	<b>13,333,936</b>

**Virginia Community College System  
New River Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(20,491,136)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,556,865
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	223,035
Prepaid expenses and other	342,769
Post employment benefits asset	57,808
Accrued compensation and leave	(337,397)
Accounts payable and other	(763,028)
Unearned revenue	315,303
Deposits pending distribution	30,599
Custodial receipts(disbursements)	(30,599)
Pension liability	1,593,260
Post employment benefits liability	(67,894)
Deferred inflows of resources related to pensions and post employment benefits	(3,229,738)
Deferred outflows of resources related to pensions and post employment benefits	108,318
<b>Net cash used in operating activities</b>	<u><u>(20,691,835)</u></u>

Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	13,333,992
Less: Securities Lending Cash Equivalents	56
Cash and cash equivalents end of year	<u><u>13,333,936</u></u>

**Noncash transactions**

Donated capital assets	720
VRS Special Revenue Allocation	374,628
Amortization of bond premium	
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	-
Retainage payable	

**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, 2023**

	<b>Community College</b>	<b>Component Unit Northern Virginia Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	125,443,366	740,529
Appropriation available		
Short term investments (Note 2)	1,184,436	2,387,541
Accounts receivable, net (Note 3)	6,366,879	
Pledges receivable (Note 3)		2,485,074
Due from commonwealth (Note 4)	794,137	
Due from system office	54,092	
Interest receivable	18,467	
Prepaid expenses	6,029,156	3,815
Inventories		
Notes receivable, net (Note 3)	560,872	
<b>Total Current Assets</b>	<u>140,451,405</u>	<u>5,616,959</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)	(187,809)	
Endowment cash and cash equivalents (Note 2)		
Appropriation available	13,608,286	
Endowment investments (Note 2)		12,380,412
Other long-term investments (Note 2)	34,297,451	17,138,045
Accounts receivable, net (Note 3)	431,672	
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		662,270
Due from commonwealth (Note 4)	2,441,809	
Notes receivable, net (Note 3)	216,070	
Post employment benefit assets (Note 18)	5,909,602	
Non-depreciable capital assets, net (Note 5)	37,097,338	
Other capital assets, net (Note 5)	334,582,780	
<b>Total Noncurrent Assets</b>	<u>428,397,199</u>	<u>30,180,727</u>
<b>Total Assets</b>	<u>568,848,604</u>	<u>35,797,686</u>
<b>Deferred Outflows of Resources</b> (Note 8)	23,928,803	
<b>Total Assets and Deferred Outflows of Resources</b>	<u>592,777,407</u>	<u>35,797,686</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	12,900,560	144,099
Accrued payroll expense	16,417,519	48,348
Unearned revenue	17,260,401	114,749
Long-term liabilities-current portion (Note 9)	10,550,787	
Securities lending obligation	2,188	
Post employment benefit obligations (Note 9)	638,732	
Due to system's office		
Deposits		278,838
<b>Total Current Liabilities</b>	<u>57,770,187</u>	<u>586,034</u>

**Virginia Community College System  
Northern Virginia Community College  
Statement of Net Position  
As of June 30, 2023**

	<b>Community College</b>	<b>Component Unit Northern Virginia Community College Educational Foundation</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	20,426,112	
Due to federal government (Note 9)	1,163,939	
Pension and post employment benefit obligations (Note 9)	121,357,785	
<b>Total Noncurrent Liabilities</b>	142,947,836	
<b>Total Liabilities</b>	200,718,023	586,034
<b>Deferred Inflows of Resources</b> (Note 8)	37,928,270	
<b>Total Liabilities and Deferred Inflows of Resources</b>	238,646,293	586,034
<b>Net Position</b>		
Net investment in capital assets	348,807,907	
Restricted for:		
Nonexpendable	117,215	9,304,166
Expendable	68,754,737	13,810,249
Unrestricted	(63,548,745)	12,097,237
<b>Total Net Position</b>	354,131,114	35,211,652

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, 2023**

	<b>Community College</b>	<b>Component Unit Northern Virginia Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$52,823,089)	103,802,508	
Federal grants and contracts	10,493,191	
State and local grants	1,824,349	
Nongovernmental grants	3,747,742	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$167,662)	4,126,354	
Gifts and contributions		1,800,470
Endowment income		1,025,369
Other operating revenues	8,343,516	667,266
<b>Total Operating Revenue</b>	<b>132,337,660</b>	<b>3,493,105</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	126,910,012	
Public service	1,315,449	1,959,535
Academic support	27,640,073	
Student services	31,155,383	
Institutional support	52,189,535	175,915
Operation and maintenance	59,876,582	
Scholarships and fellowships	41,873,844	522,075
Auxiliary enterprises	2,877,173	
Fundraising		130,612
Other expenses	147,536	
<b>Total Operating Expenses (Note 12)</b>	<b>343,985,587</b>	<b>2,788,137</b>
<b>Operating Income (Loss)</b>	<b>(211,647,927)</b>	<b>704,968</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	151,177,797	
Local appropriations	257,634	
Grants and gifts	72,154,434	
Investment income	1,199,292	1,987,439
Interest on capital asset related debt	(800,091)	
Other nonoperating revenue (expense)	1,938,571	
<b>Net Nonoperating Revenue</b>	<b>225,927,637</b>	<b>1,987,439</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>14,279,710</b>	<b>2,692,407</b>
Capital appropriations-state (Note 20)	21,394,780	
Capital appropriations-local		
Capital gifts, grants and contracts	40,455,657	
Additions to permanent and term endowments		1,356,932
<b>Increase (Decrease) in Net Position</b>	<b>76,130,147</b>	<b>4,049,339</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>278,000,967</b>	<b>31,162,313</b>
<b>Net Position end of year</b>	<b>354,131,114</b>	<b>35,211,652</b>

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

**Virginia Community College System  
Northern Virginia Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	108,062,621
Grants and contracts	16,475,231
Payments to suppliers and others	(86,399,652)
Payments for employee wages	(157,310,005)
Payments for employee fringes and pension benefits	(56,526,394)
Payment for scholarships	(41,114,014)
Payments for utilities	(3,779,751)
Sales and services of education department Auxiliary	4,126,534
Custodial receipts	3,055,781
Custodial disbursements	(3,059,766)
Loans issued to students	218,770
Loans collected from students	372,415
Other	7,561,528
Net cash used by operating activities	(208,316,702)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	151,177,797
Local appropriations	257,634
Grants and gifts	72,845,619
PLUS, Stafford and Direct Lending loan receipts	23,962,872
PLUS, Stafford and Direct Lending loan disbursements	(24,564,279)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	2,345,263
Net cash provided (used) by non-capital financing activities	226,024,906
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	5,503,322
Capital appropriations-local	
Capital grants and gifts	437,504
Purchase capital assets	30,171,516
Proceeds from sale of capital assets	89,965
Debt interest payments	(809,004)
Debt principal payments	(5,126,943)
Net cash provided (used) by capital financing activities	30,266,360
<b>Cash flows from investing activities:</b>	
Purchases of investments	(13,448,140)
Sale of investments	12,908,429
Investment income	1,419,194
Net cash provided (used) by investing activities	879,483
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>48,854,047</b>
Cash and cash equivalents, beginning of year	76,399,322
<b>Cash and cash equivalents, End of Year</b>	<b>125,253,369</b>



**Virginia Community College System  
Northern Virginia Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(211,647,927)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	18,139,379
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	894,799
Prepaid expenses and other	108,538
Post employment benefits asset	1,158,855
Accrued compensation and leave	(311,043)
Accounts payable and other	(451,320)
Unearned revenue	4,149,123
Deposits pending distribution	193,581
Custodial receipts(disbursements)	(3,985)
Pension liability	17,949,800
Post employment benefits liability	(2,105,311)
Deferred inflows of resources related to pensions and post employment benefits	(41,355,725)
Deferred outflows of resources related to pensions and post employment benefits	4,964,534
<b>Net cash used in operating activities</b>	<u><u>(208,316,702)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	125,255,557
Less: Securities Lending Cash Equivalents	2,188
Cash and cash equivalents end of year	<u><u>125,253,369</u></u>
<b>Noncash transactions</b>	
Donated capital assets	40,018,153
VRS Special Revenue Allocation	4,835,843
Amortization of bond premium	8,593
Unrealized gain/loss on investments	(339,569)
Amortization of deferral on debt defeasance	(7,000)
Capital assets acquired through the assumption of a liability	321,188
Retainage payable	817,034

**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, 2023**

	<b>Community College</b>	<b>Component Unit Patrick &amp; Henry Community College Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	3,290,666	280,439
Appropriation available		
Short term investments (Note 2)	867,067	377,000
Accounts receivable, net (Note 3)	1,024,968	
Pledges receivable (Note 3)		3,175
Due from commonwealth (Note 4)	679,690	
Due from system office	226,148	
Interest receivable		
Prepaid expenses	39,935	
Inventories	6,000	
Notes receivable, net (Note 3)	10,178	
<b>Total Current Assets</b>	<u>6,144,652</u>	<u>660,614</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)	(1,100)	
Endowment cash and cash equivalents (Note 2)		93,190
Appropriation available		
Endowment investments (Note 2)		9,610,769
Other long-term investments (Note 2)		9,658,603
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)	70,035	
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	660,551	
Non-depreciable capital assets, net (Note 5)	929,803	111,906
Other capital assets, net (Note 5)	26,782,400	796,302
<b>Total Noncurrent Assets</b>	<u>28,441,689</u>	<u>20,270,770</u>
<b>Total Assets</b>	<u>34,586,341</u>	<u>20,931,384</u>
<b>Deferred Outflows of Resources</b> (Note 8)	2,950,287	
<b>Total Assets and Deferred Outflows of Resources</b>	<u>37,536,628</u>	<u>20,931,384</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	1,151,582	200,330
Accrued payroll expense	844,341	
Unearned revenue	298,689	
Long-term liabilities-current portion (Note 9)	603,367	
Securities lending obligation	6	
Post employment benefit obligations (Note 9)	87,306	
Due to system's office		
Deposits	110,779	
<b>Total Current Liabilities</b>	<u>3,096,070</u>	<u>200,330</u>

**Virginia Community College System  
Patrick & Henry Community College  
Statement of Net Position  
As of June 30, 2023**

	<u>Community College</u>	<u>Component Unit Patrick &amp; Henry Community College Foundation</u>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	780,214	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	12,647,058	
<b>Total Noncurrent Liabilities</b>	<u>13,427,272</u>	
<b>Total Liabilities</b>	<u>16,523,342</u>	<u>200,330</u>
<b>Deferred Inflows of Resources</b> (Note 8)	3,943,689	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>20,467,031</u>	<u>200,330</u>
<b>Net Position</b>		
Net investment in capital assets	27,599,156	908,208
Restricted for:		
Nonexpendable		7,408,812
Expendable	237,299	2,825,923
Unrestricted	(10,766,858)	9,588,111
<b>Total Net Position</b>	<u>17,069,597</u>	<u>20,731,054</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, 2023**

	<b>Community College</b>	<b>Component Unit Patrick Henry Community College Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$4,099,309)	2,290,462	
Federal grants and contracts	2,431,648	
State and local grants	994,596	
Nongovernmental grants	740,553	912,522
Sales/services of education department	147	
Auxiliary enterprises (net of scholarship allowance of \$13,356)	33,780	
Gifts and contributions		825,528
Endowment income		1,692,971
Other operating revenues	985,205	55,272
<b>Total Operating Revenue</b>	<b>7,476,391</b>	<b>3,486,293</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	8,173,315	56,155
Public service	1,014,998	4,752
Academic support	2,447,444	1,708,641
Student services	3,567,944	16,728
Institutional support	4,916,820	223,835
Operation and maintenance	1,666,016	132,650
Scholarships and fellowships	4,249,114	543,026
Auxiliary enterprises	31,361	187,191
Fundraising		22,459
Other expenses		211,195
<b>Total Operating Expenses (Note 12)</b>	<b>26,067,012</b>	<b>3,106,632</b>
<b>Operating Income (Loss)</b>	<b>(18,590,621)</b>	<b>379,661</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	12,542,008	
Local appropriations	119,249	
Grants and gifts	7,920,007	
Investment income	42,758	14,600
Interest on capital asset related debt	(4,299)	
Other nonoperating revenue (expense)	17,772	
<b>Net Nonoperating Revenue</b>	<b>20,637,495</b>	<b>14,600</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>2,046,874</b>	<b>394,261</b>
Capital appropriations-state (Note 20)	78,932	
Capital appropriations-local		
Capital gifts, grants and contracts	326,992	
Additions to permanent and term endowments		6,150
<b>Increase (Decrease) in Net Position</b>	<b>2,452,798</b>	<b>400,411</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>14,616,799</b>	<b>20,330,643</b>
<b>Net Position end of year</b>	<b>17,069,597</b>	<b>20,731,054</b>

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

**Virginia Community College System  
Patrick & Henry Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	2,299,533
Grants and contracts	4,142,536
Payments to suppliers and others	(4,878,280)
Payments for employee wages	(11,802,877)
Payments for employee fringes and pension benefits	(5,287,508)
Payment for scholarships	(3,699,605)
Payments for utilities	(417,610)
Sales and services of education department	147
Auxiliary	31,769
Custodial receipts	500,342
Custodial disbursements	(462,142)
Loans issued to students	
Loans collected from students	415
Other	984,589
Net cash used by operating activities	(18,588,691)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	12,542,008
Local appropriations	119,249
Grants and gifts	7,353,288
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	333,597
Net cash provided (used) by non-capital financing activities	20,348,142
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	9,170
Capital appropriations-local	
Capital grants and gifts	325,726
Purchase capital assets	(2,351,307)
Proceeds from sale of capital assets	5,760
Debt interest payments	(4,299)
Debt principal payments	(35,301)
Net cash provided (used) by capital financing activities	(2,050,251)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	232
Net cash provided (used) by investing activities	232
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(290,568)</b>
Cash and cash equivalents, beginning of year	3,580,128
<b>Cash and cash equivalents, End of Year</b>	<b>3,289,560</b>

**Virginia Community College System  
Patrick & Henry Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(18,590,621)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,324,904
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(311,191)
Prepaid expenses and other	49,012
Post employment benefits asset	134,615
Accrued compensation and leave	333,971
Accounts payable and other	41,547
Unearned revenue	298,689
Deposits pending distribution	
Custodial receipts(disbursements)	38,200
Pension liability	1,812,527
Post employment benefits liability	(214,402)
Deferred inflows of resources related to pensions and post employment benefits	(4,374,355)
Deferred outflows of resources related to pensions and post employment benefits	868,413
<b>Net cash used in operating activities</b>	<u><u>(18,588,691)</u></u>

Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	3,289,566
Less: Securities Lending Cash Equivalents	<u>6</u>
Cash and cash equivalents end of year	<u><u>3,289,560</u></u>

**Noncash transactions**

Donated capital assets	1,266
VRS Special Revenue Allocation	517,404
Amortization of bond premium	
Unrealized gain/loss on investments	42,521
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	-
Retainage payable	229,776

**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, 2023**

	<b>Community College</b>	<b>Component Unit  Paul D. Camp Community College Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	4,035,142	274,694
Appropriation available		
Short term investments (Note 2)		681,715
Accounts receivable, net (Note 3)	756,652	193,096
Pledges receivable (Note 3)		765
Due from commonwealth (Note 4)		
Due from system office	51,486	
Interest receivable		
Prepaid expenses	188,708	
Inventories	13,000	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<b>5,044,988</b>	<b>1,150,270</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Endowment cash and cash equivalents (Note 2)	17,606	
Appropriation available		
Endowment investments (Note 2)		664,849
Other long-term investments (Note 2)		
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		4,750
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	220,922	
Non-depreciable capital assets, net (Note 5)	594,274	2,500
Other capital assets, net (Note 5)	7,985,398	3,400
<b>Total Noncurrent Assets</b>	<b>8,818,200</b>	<b>675,499</b>
<b>Total Assets</b>	<b>13,863,188</b>	<b>1,825,769</b>
<b>Deferred Outflows of Resources</b> (Note 8)	830,163	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>14,693,351</b>	<b>1,825,769</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	311,117	
Accrued payroll expense	491,396	
Unearned revenue	1,034	
Long-term liabilities-current portion (Note 9)	188,213	
Securities lending obligation	2,542	
Post employment benefit obligations (Note 9)	28,257	
Due to system's office		
Deposits	667,020	
<b>Total Current Liabilities</b>	<b>1,689,579</b>	

**Virginia Community College System  
Paul D. Camp Community College  
Statement of Net Position  
As of June 30, 2023**

	<b>Community College</b>	<b>Component Unit Paul D. Camp Community College Foundation</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue	1,034	
Long-term liabilities (Note 9)	106,397	2,200
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	4,244,417	
<b>Total Noncurrent Liabilities</b>	4,351,848	2,200
<b>Total Liabilities</b>	6,041,427	2,200
<b>Deferred Inflows of Resources</b> (Note 8)	1,331,163	
<b>Total Liabilities and Deferred Inflows of Resources</b>	7,372,590	2,200
<b>Net Position</b>		
Net investment in capital assets	8,541,348	5,900
Restricted for:		
Nonexpendable		315,565
Expendable	2,468,510	1,288,395
Unrestricted	(3,689,097)	213,709
<b>Total Net Position</b>	7,320,761	1,823,569

**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, 2023**

	<b>Community College</b>	<b>Component Unit Paul D. Camp Community College Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$1,769,651)	1,576,093	
Federal grants and contracts	1,534,587	
State and local grants	116,159	
Nongovernmental grants	1,231	143,720
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$4,989)	44,036	
Gifts and contributions		193,891
Endowment income		19,103
Other operating revenues	478,607	84,378
<b>Total Operating Revenue</b>	<b>3,750,713</b>	<b>441,092</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	4,923,509	
Public service	113,169	29,569
Academic support	347,760	85,930
Student services	1,977,274	
Institutional support	3,395,959	967,783
Operation and maintenance	1,911,666	
Scholarships and fellowships	1,120,414	96,365
Auxiliary enterprises	9,986	
Fundraising		4,777
Other expenses		
<b>Total Operating Expenses (Note 12)</b>	<b>13,799,737</b>	<b>1,184,424</b>
<b>Operating Income (Loss)</b>	<b>(10,049,024)</b>	<b>(743,332)</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	8,143,906	
Local appropriations	291,559	
Grants and gifts	1,177,351	
Investment income	9,297	22,349
Interest on capital asset related debt	(1,337)	
Other nonoperating revenue (expense)	395,617	
<b>Net Nonoperating Revenue</b>	<b>10,016,393</b>	<b>22,349</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>(32,631)</b>	<b>(720,983)</b>
Capital appropriations-state (Note 20)	24,536	
Capital appropriations-local		
Capital gifts, grants and contracts		
Additions to permanent and term endowments		
<b>Increase (Decrease) in Net Position</b>	<b>(8,095)</b>	<b>(720,983)</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>7,328,856</b>	<b>2,544,552</b>
<b>Net Position end of year</b>	<b>7,320,761</b>	<b>1,823,569</b>

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

**Virginia Community College System  
Paul D. Camp Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	1,602,832
Grants and contracts	1,446,063
Payments to suppliers and others	(4,773,071)
Payments for employee wages	(5,528,883)
Payments for employee fringes and pension benefits	(2,112,958)
Payment for scholarships	(1,130,974)
Payments for utilities	(462,049)
Sales and services of education department	
Auxiliary	44,036
Custodial receipts	12,985
Custodial disbursements	(11,730)
Loans issued to students	
Loans collected from students	
Other	478,607
Net cash used by operating activities	(10,435,142)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	8,143,906
Local appropriations	291,559
Grants and gifts	1,177,351
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	(263,231)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	533,710
Net cash provided (used) by non-capital financing activities	9,883,295
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	25,992
Capital appropriations-local	
Capital grants and gifts	
Purchase capital assets	(20)
Proceeds from sale of capital assets	3,800
Debt interest payments	(1,337)
Debt principal payments	(33,971)
Net cash provided (used) by capital financing activities	(5,536)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	9,278
Net cash provided (used) by investing activities	9,278
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(548,105)</b>
Cash and cash equivalents, beginning of year	4,598,311
<b>Cash and cash equivalents, End of Year</b>	<b>4,050,206</b>

**Virginia Community College System  
Paul D. Camp Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(10,049,024)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	655,811
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	242,668
Prepaid expenses and other	(155,678)
Post employment benefits asset	41,548
Accrued compensation and leave	110,404
Accounts payable and other	(85,571)
Unearned revenue	(185,050)
Deposits pending distribution	(236,793)
Custodial receipts(disbursements)	1,255
Pension liability	663,627
Post employment benefits liability	(66,153)
Deferred inflows of resources related to pensions and post employment benefits	(1,567,883)
Deferred outflows of resources related to pensions and post employment benefits	195,697
<b>Net cash used in operating activities</b>	<u><u>(10,435,142)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	4,052,748
Less: Securities Lending Cash Equivalents	<u>2,542</u>
Cash and cash equivalents end of year	<u><u>4,050,206</u></u>
<b>Noncash transactions</b>	
Donated capital assets	
VRS Special Revenue Allocation	173,884
Amortization of bond premium	
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	-
Retainage payable	1,467

**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, 2023**

	<b>Community College</b>	<b>Component Unit Piedmont Virginia Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	6,610,824	11,621,016
Appropriation available		
Short term investments (Note 2)		2,009
Accounts receivable, net (Note 3)	1,106,994	15,721
Pledges receivable (Note 3)		1,593,089
Due from commonwealth (Note 4)	75,551	
Due from system office	93,104	
Interest receivable		
Prepaid expenses	55,859	
Inventories	3,000	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<u>7,945,332</u>	<u>13,231,835</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)	(2,359,197)	
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		15,736,057
Other long-term investments (Note 2)		203,359
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		639,389
Due from commonwealth (Note 4)	4,368,003	
Notes receivable, net (Note 3)	8,966	
Post employment benefit assets (Note 18)	615,363	
Non-depreciable capital assets, net (Note 5)	21,686,016	
Other capital assets, net (Note 5)	16,742,304	
<b>Total Noncurrent Assets</b>	<u>41,061,455</u>	<u>16,578,805</u>
<b>Total Assets</b>	<u>49,006,787</u>	<u>29,810,640</u>
<b>Deferred Outflows of Resources</b> (Note 8)	2,603,584	
<b>Total Assets and Deferred Outflows of Resources</b>	<u>51,610,371</u>	<u>29,810,640</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	3,492,808	24,340
Accrued payroll expense	2,390,531	391,250
Unearned revenue	1,191,157	
Long-term liabilities-current portion (Note 9)	512,694	4,250
Securities lending obligation	13,463	
Post employment benefit obligations (Note 9)	89,351	
Due to system's office		
Deposits	24,028	
<b>Total Current Liabilities</b>	<u>7,714,032</u>	<u>419,840</u>

**Virginia Community College System  
Piedmont Virginia Community College  
Statement of Net Position  
As of June 30, 2023**

	<b>Community College</b>	<b>Component Unit Piedmont Virginia Community College Educational Foundation</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	468,862	29,945
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	12,312,760	
<b>Total Noncurrent Liabilities</b>	<u>12,781,622</u>	<u>29,945</u>
<b>Total Liabilities</b>	<u>20,495,654</u>	<u>449,785</u>
<b>Deferred Inflows of Resources</b> (Note 8)	3,830,518	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>24,326,172</u>	<u>449,785</u>
<b>Net Position</b>		
Net investment in capital assets	38,303,081	
Restricted for:		
Nonexpendable	(654)	14,482,952
Expendable	227,595	2,207,003
Unrestricted	(11,245,823)	12,670,900
<b>Total Net Position</b>	<u>27,284,199</u>	<u>29,360,855</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, 2023**

	<b>Community College</b>	<b>Component Unit Piedmont Virginia Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$5,288,934)	7,679,108	
Federal grants and contracts	1,925,417	
State and local grants	1,427,965	
Nongovernmental grants	71,975	
Sales/services of education department	303,452	
Auxiliary enterprises (net of scholarship allowance of \$16,841)	167,359	
Gifts and contributions		309,911
Endowment income		(1,628,671)
Other operating revenues	713,318	23,948
<b>Total Operating Revenue</b>	<b>12,288,594</b>	<b>(1,294,812)</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	15,700,736	
Public service	1,975,203	
Academic support	2,890,762	1,437,050
Student services	4,064,100	
Institutional support	4,481,760	342,288
Operation and maintenance	2,826,179	
Scholarships and fellowships	3,640,262	362,378
Auxiliary enterprises	89,722	
Fundraising		208,205
Other expenses		
<b>Total Operating Expenses (Note 12)</b>	<b>35,668,724</b>	<b>2,349,921</b>
<b>Operating Income (Loss)</b>	<b>(23,380,130)</b>	<b>(3,644,733)</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	16,266,662	
Local appropriations	59,769	
Grants and gifts	9,683,187	
Investment income	9,329	26,787
Interest on capital asset related debt	(5,370)	
Other nonoperating revenue (expense)	554,310	
<b>Net Nonoperating Revenue</b>	<b>26,567,887</b>	<b>26,787</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>3,187,757</b>	<b>(3,617,946)</b>
Capital appropriations-state (Note 20)	14,830,794	
Capital appropriations-local		
Capital gifts, grants and contracts	256,843	
Additions to permanent and term endowments		2,264,920
<b>Increase (Decrease) in Net Position</b>	<b>18,275,394</b>	<b>(1,353,026)</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>9,008,805</b>	<b>30,713,881</b>
<b>Net Position end of year</b>	<b>27,284,199</b>	<b>29,360,855</b>

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

**Virginia Community College System  
Piedmont Virginia Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	6,986,938
Grants and contracts	3,417,514
Payments to suppliers and others	(7,618,032)
Payments for employee wages	(17,323,020)
Payments for employee fringes and pension benefits	(6,462,509)
Payment for scholarships	(5,020,647)
Payments for utilities	(373,457)
Sales and services of education department	303,452
Auxiliary	165,590
Custodial receipts	378,722
Custodial disbursements	(267,427)
Loans issued to students	
Loans collected from students	5,054
Other	695,351
Net cash used by operating activities	(25,112,471)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	16,266,662
Local appropriations	59,769
Grants and gifts	9,607,636
PLUS, Stafford and Direct Lending loan receipts	1,183,088
PLUS, Stafford and Direct Lending loan disbursements	(1,173,519)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	576,136
Net cash provided (used) by non-capital financing activities	26,519,772
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	10,618,789
Capital appropriations-local	
Capital grants and gifts	256,843
Purchase capital assets	(14,049,809)
Proceeds from sale of capital assets	3,833
Debt interest payments	(5,370)
Debt principal payments	(95,816)
Net cash provided (used) by capital financing activities	(3,271,530)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	8,748
Net cash provided (used) by investing activities	8,748
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,855,481)</b>
Cash and cash equivalents, beginning of year	6,093,645
<b>Cash and cash equivalents, End of Year</b>	<b>4,238,164</b>

**Virginia Community College System  
Piedmont Virginia Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(23,380,130)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	954,749
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(204,978)
Prepaid expenses and other	10,458
Post employment benefits asset	109,514
Accrued compensation and leave	(117,395)
Accounts payable and other	(126,448)
Unearned revenue	(18,878)
Deposits pending distribution	(485,335)
Custodial receipts(disbursements)	111,295
Pension liability	1,861,531
Post employment benefits liability	(182,427)
Deferred inflows of resources related to pensions and post employment benefits	(4,348,593)
Deferred outflows of resources related to pensions and post employment benefits	704,166
<b>Net cash used in operating activities</b>	<u><u>(25,112,471)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	4,251,627
Less: Securities Lending Cash Equivalents	13,463
Cash and cash equivalents end of year	<u><u>4,238,164</u></u>
<b>Noncash transactions</b>	
Donated capital assets	
VRS Special Revenue Allocation	484,989
Amortization of bond premium	
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	-
Retainage payable	797,750

**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, 2023**

	<b>Community College</b>	<b>Component Unit Rappahannock Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	4,907,162	356,696
Appropriation available	706	
Short term investments (Note 2)	1,116,773	2,399,721
Accounts receivable, net (Note 3)	325,038	39,739
Pledges receivable (Note 3)		29,100
Due from commonwealth (Note 4)		
Due from system office	15,515	
Interest receivable	5,361	
Prepaid expenses	86,519	
Inventories	75,400	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<b>6,532,474</b>	<b>2,825,256</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		14,867,083
Other long-term investments (Note 2)		
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		100,000
Pledges receivable (Note 3)		34,279
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	404,329	
Non-depreciable capital assets, net (Note 5)	495,208	6,857
Other capital assets, net (Note 5)	11,043,284	
<b>Total Noncurrent Assets</b>	<b>11,942,821</b>	<b>15,008,219</b>
<b>Total Assets</b>	<b>18,475,295</b>	<b>17,833,475</b>
<b>Deferred Outflows of Resources</b> (Note 8)	2,289,401	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>20,764,696</b>	<b>17,833,475</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	416,943	5,816
Accrued payroll expense	1,119,860	
Unearned revenue	610,833	
Long-term liabilities-current portion (Note 9)	460,420	
Securities lending obligation	10	
Post employment benefit obligations (Note 9)	51,411	
Due to system's office		
Deposits	1,065,686	
<b>Total Current Liabilities</b>	<b>3,725,163</b>	<b>5,816</b>

**Virginia Community College System  
Rappahannock Community College  
Statement of Net Position  
As of June 30, 2023**

	<b>Community College</b>	<b>Component Unit Rappahannock Community College Educational Foundation</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	156,894	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	8,036,565	
<b>Total Noncurrent Liabilities</b>	<b>8,193,459</b>	
<b>Total Liabilities</b>	<b>11,918,622</b>	<b>5,816</b>
<b>Deferred Inflows of Resources</b> (Note 8)	2,390,488	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>14,309,110</b>	<b>5,816</b>
<b>Net Position</b>		
Net investment in capital assets	11,538,492	6,857
Restricted for:		
Nonexpendable		6,845,959
Expendable	1,580,411	10,129,459
Unrestricted	(6,663,317)	845,384
<b>Total Net Position</b>	<b>6,455,586</b>	<b>17,827,659</b>

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, 2023**

	<u>Community College</u>	<u>Component Unit Rappahannock Community College Educational Foundation</u>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$2,420,026)	2,459,561	
Federal grants and contracts	1,906,189	
State and local grants	475,327	
Nongovernmental grants	85,606	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$7,670)	120,910	
Gifts and contributions		235,479
Endowment income		(369,652)
Other operating revenues	455,854	27,186
<b>Total Operating Revenue</b>	<u>5,503,447</u>	<u>(106,987)</u>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	7,858,437	179,749
Public service	466,881	
Academic support	1,804,111	279,381
Student services	2,016,956	
Institutional support	5,270,825	107,256
Operation and maintenance	2,250,605	
Scholarships and fellowships	1,935,211	648,934
Auxiliary enterprises	79,447	
Fundraising		76,931
Other expenses		
<b>Total Operating Expenses (Note 12)</b>	<u>21,682,473</u>	<u>1,292,251</u>
<b>Operating Income (Loss)</b>	<u>(16,179,026)</u>	<u>(1,399,238)</u>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	12,638,086	
Local appropriations	97,804	
Grants and gifts	4,543,836	
Investment income	11,145	2,002,209
Interest on capital asset related debt	(1,192)	
Other nonoperating revenue (expense)	457,031	
<b>Net Nonoperating Revenue</b>	<u>17,746,710</u>	<u>2,002,209</u>
<b>Income before other revenues, expenses gains (losses)</b>	1,567,684	602,971
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	102	
Additions to permanent and term endowments		1,268,067
<b>Increase (Decrease) in Net Position</b>	<u>1,567,786</u>	<u>1,871,038</u>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<u>4,887,800</u>	<u>15,956,621</u>
<b>Net Position end of year</b>	<u>6,455,586</u>	<u>17,827,659</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, 2023**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	2,682,262
Grants and contracts	2,467,122
Payments to suppliers and others	(4,450,385)
Payments for employee wages	(10,292,786)
Payments for employee fringes and pension benefits	(4,038,073)
Payment for scholarships	(2,048,084)
Payments for utilities	(315,021)
Sales and services of education department	
Auxiliary	120,910
Custodial receipts	2,409
Custodial disbursements	(2,036)
Loans issued to students	
Loans collected from students	
Other	470,745
Net cash used by operating activities	(15,402,937)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	12,638,086
Local appropriations	97,804
Grants and gifts	4,710,324
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	421,183
Net cash provided (used) by non-capital financing activities	17,867,397
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	
Purchase capital assets	(1,165,126)
Proceeds from sale of capital assets	22,885
Debt interest payments	(345)
Debt principal payments	(77,718)
Net cash provided (used) by capital financing activities	(1,220,304)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	3,424
Net cash provided (used) by investing activities	3,424
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,247,580</b>
Cash and cash equivalents, beginning of year	3,659,572
<b>Cash and cash equivalents, End of Year</b>	<b>4,907,152</b>

**Virginia Community College System  
Rappahannock Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(16,179,026)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,245,792
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(74,840)
Prepaid expenses and other	(48,760)
Post employment benefits asset	31,087
Accrued compensation and leave	101,259
Accounts payable and other	191,654
Unearned revenue	249,592
Deposits pending distribution	62,134
Custodial receipts(disbursements)	373
Pension liability	1,681,963
Post employment benefits liability	16,119
Deferred inflows of resources related to pensions and post employment benefits	(2,474,758)
Deferred outflows of resources related to pensions and post employment benefits	(205,526)
<b>Net cash used in operating activities</b>	<u><u>(15,402,937)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	4,907,162
Less: Securities Lending Cash Equivalents	10
Cash and cash equivalents end of year	<u><u>4,907,152</u></u>
<b>Noncash transactions</b>	
Donated capital assets	102
VRS Special Revenue Allocation	327,887
Amortization of bond premium	
Unrealized gain/loss on investments	19,135
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	-
Retainage payable	

**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, 2023**

	<b>Community College</b>	<b>Component Unit  Southside Virginia Community College Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	11,143,016	367,494
Appropriation available		
Short term investments (Note 2)		1,709,324
Accounts receivable, net (Note 3)	1,209,242	422,595
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)	319,446	
Due from system office	56,492	
Interest receivable		
Prepaid expenses	309,865	
Inventories		
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<b>13,038,061</b>	<b>2,499,413</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Endowment cash and cash equivalents (Note 2)		6,278
Appropriation available		
Endowment investments (Note 2)		4,675,974
Other long-term investments (Note 2)		227,044
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)	445,562	
Non-depreciable capital assets, net (Note 5)	612,536	133,318
Other capital assets, net (Note 5)	27,961,602	1,024,811
<b>Total Noncurrent Assets</b>	<b>29,019,700</b>	<b>6,067,425</b>
<b>Total Assets</b>	<b>42,057,761</b>	<b>8,566,838</b>
<b>Deferred Outflows of Resources</b> (Note 8)	2,130,867	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>44,188,628</b>	<b>8,566,838</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	440,077	416,284
Accrued payroll expense	1,355,582	
Unearned revenue	705,696	
Long-term liabilities-current portion (Note 9)	427,188	
Securities lending obligation	319	
Post employment benefit obligations (Note 9)	69,401	
Due to system's office		
Deposits	442,997	
<b>Total Current Liabilities</b>	<b>3,441,260</b>	<b>416,284</b>

**Virginia Community College System  
 Southside Virginia Community College  
 Statement of Net Position  
 As of June 30, 2023**

	<u>Community College</u>	<u>Component Unit Southside Virginia Community College Foundation</u>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	432,737	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	9,576,193	
<b>Total Noncurrent Liabilities</b>	<u>10,008,930</u>	
<b>Total Liabilities</b>	<u>13,450,190</u>	<u>416,284</u>
<b>Deferred Inflows of Resources</b> (Note 8)	3,668,571	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>17,118,761</u>	<u>416,284</u>
<b>Net Position</b>		
Net investment in capital assets	28,574,138	1,509,583
Restricted for:		
Nonexpendable		1,066,163
Expendable	1,591,599	2,391,631
Unrestricted	(3,095,870)	3,183,177
<b>Total Net Position</b>	<u>27,069,867</u>	<u>8,150,554</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, 2023**

	<b>Community College</b>	<b>Component Unit  Southside Virginia Community College Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$5,760,460)	3,096,312	
Federal grants and contracts	1,548,060	
State and local grants	577,810	845,735
Nongovernmental grants		68,166
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$18,315)	77,664	
Gifts and contributions		584,774
Endowment income		439,807
Other operating revenues	247,319	290,800
<b>Total Operating Revenue</b>	<b>5,547,165</b>	<b>2,229,282</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	11,041,650	
Public service	327,589	
Academic support	2,420,107	93,898
Student services	1,839,367	
Institutional support	7,805,965	436,256
Operation and maintenance	2,854,540	220,876
Scholarships and fellowships	3,240,820	593,521
Auxiliary enterprises	26,236	
Fundraising		52,830
Other expenses		
<b>Total Operating Expenses (Note 12)</b>	<b>29,556,274</b>	<b>1,397,381</b>
<b>Operating Income (Loss)</b>	<b>(24,009,109)</b>	<b>831,901</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	15,869,145	
Local appropriations	85,320	
Grants and gifts	11,459,261	
Investment income	11,557	
Interest on capital asset related debt	(1,130)	
Other nonoperating revenue (expense)	854,033	
<b>Net Nonoperating Revenue</b>	<b>28,278,186</b>	
<b>Income before other revenues, expenses gains (losses)</b>	<b>4,269,077</b>	<b>831,901</b>
Capital appropriations-state (Note 20)	159,433	
Capital appropriations-local		
Capital gifts, grants and contracts	118,938	
Additions to permanent and term endowments		23,927
<b>Increase (Decrease) in Net Position</b>	<b>4,547,448</b>	<b>855,828</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>22,522,419</b>	<b>7,294,726</b>
<b>Net Position end of year</b>	<b>27,069,867</b>	<b>8,150,554</b>

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, 2023**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	3,203,800
Grants and contracts	2,121,105
Payments to suppliers and others	(9,161,075)
Payments for employee wages	(12,286,206)
Payments for employee fringes and pension benefits	(4,953,627)
Payment for scholarships	(3,267,856)
Payments for utilities	(435,432)
Sales and services of education department	
Auxiliary	77,664
Custodial receipts	25,696
Custodial disbursements	(98,312)
Loans issued to students	
Loans collected from students	
Other	247,319
Net cash used by operating activities	(24,526,924)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	15,869,145
Local appropriations	85,320
Grants and gifts	11,277,228
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	1,128,580
Net cash provided (used) by non-capital financing activities	28,360,273
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	289,615
Capital appropriations-local	
Capital grants and gifts	69,202
Purchase capital assets	(476,344)
Proceeds from sale of capital assets	4,291
Debt interest payments	(1,130)
Debt principal payments	(70,642)
Net cash provided (used) by capital financing activities	(185,008)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	11,431
Net cash provided (used) by investing activities	11,431
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,659,772</b>
Cash and cash equivalents, beginning of year	7,482,925
<b>Cash and cash equivalents, End of Year</b>	<b>11,142,697</b>

**Virginia Community College System  
Southside Virginia Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(24,009,109)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,536,540
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(69,891)
Prepaid expenses and other	95,594
Post employment benefits asset	53,455
Accrued compensation and leave	556,974
Accounts payable and other	(447,992)
Unearned revenue	144,407
Deposits pending distribution	(55)
Custodial receipts(disbursements)	(72,616)
Pension liability	1,716,254
Post employment benefits liability	(156,540)
Deferred inflows of resources related to pensions and post employment benefits	(3,999,133)
Deferred outflows of resources related to pensions and post employment benefits	125,188
<b>Net cash used in operating activities</b>	<u><u>(24,526,924)</u></u>

Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	11,143,016
Less: Securities Lending Cash Equivalents	319
Cash and cash equivalents end of year	<u><u>11,142,697</u></u>

**Noncash transactions**

Donated capital assets	49,736
VRS Special Revenue Allocation	389,963
Amortization of bond premium	
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	70,642
Retainage payable	5,000

**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, 2023**

	<b>Community College</b>	<b>Component Unit Southwest Virginia Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	5,683,383	340,002
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	657,351	
Pledges receivable (Note 3)		147,910
Due from commonwealth (Note 4)		
Due from system office	42,774	
Interest receivable		
Prepaid expenses		48,449
Inventories	12,000	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<u>6,395,508</u>	<u>536,361</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		17,266,747
Other long-term investments (Note 2)		13,988,126
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		58,093
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	403,266	
Non-depreciable capital assets, net (Note 5)	637,134	914,176
Other capital assets, net (Note 5)	21,092,660	7,201,609
<b>Total Noncurrent Assets</b>	<u>22,133,060</u>	<u>39,428,751</u>
<b>Total Assets</b>	<u>28,528,568</u>	<u>39,965,112</u>
<b>Deferred Outflows of Resources</b> (Note 8)	3,277,390	
<b>Total Assets and Deferred Outflows of Resources</b>	<u>31,805,958</u>	<u>39,965,112</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	809,094	52,792
Accrued payroll expense	1,820,988	
Unearned revenue	1,100,386	
Long-term liabilities-current portion (Note 9)	715,059	80,121
Securities lending obligation	34	
Post employment benefit obligations (Note 9)	73,234	
Due to system's office		
Deposits	90,722	
<b>Total Current Liabilities</b>	<u>4,609,517</u>	<u>132,913</u>

**Virginia Community College System  
Southwest Virginia Community College  
Statement of Net Position  
As of June 30, 2023**

	<b>Community College</b>	<b>Component Unit Southwest Virginia Community College Educational Foundation</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue	42,634	
Long-term liabilities (Note 9)	576,056	3,419,556
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	9,362,716	
<b>Total Noncurrent Liabilities</b>	9,981,406	3,419,556
<b>Total Liabilities</b>	14,590,923	3,552,469
<b>Deferred Inflows of Resources</b> (Note 8)	2,873,917	
<b>Total Liabilities and Deferred Inflows of Resources</b>	17,464,840	3,552,469
<b>Net Position</b>		
Net investment in capital assets	21,281,431	4,616,108
Restricted for:		
Nonexpendable		3,288,603
Expendable	1,101,783	7,585,264
Unrestricted	(8,042,096)	20,922,668
<b>Total Net Position</b>	14,341,118	36,412,643

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, 2023**

	<b>Community College</b>	<b>Component Unit Southwest Virginia Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$5,124,652)	2,527,820	
Federal grants and contracts	5,430,814	
State and local grants	684,459	
Nongovernmental grants	69,696	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$15,926)	219,042	
Gifts and contributions		1,219,310
Endowment income		621,889
Other operating revenues	435,885	2,390,598
<b>Total Operating Revenue</b>	<u>9,367,716</u>	<u>4,231,797</u>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	9,172,348	
Public service	1,482,466	
Academic support	2,538,002	23,874
Student services	3,048,392	
Institutional support	6,328,659	2,200,787
Operation and maintenance	4,516,977	744,986
Scholarships and fellowships	7,017,299	657,914
Auxiliary enterprises	178,040	
Fundraising		23,439
Other expenses		101,723
<b>Total Operating Expenses (Note 12)</b>	<u>34,282,183</u>	<u>3,752,723</u>
<b>Operating Income (Loss)</b>	<u>(24,914,467)</u>	<u>479,074</u>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	13,052,777	
Local appropriations		
Grants and gifts	10,560,417	
Investment income	(3,761)	2,116,665
Interest on capital asset related debt	(11,994)	
Other nonoperating revenue (expense)	300,563	
<b>Net Nonoperating Revenue</b>	<u>23,898,002</u>	<u>2,116,665</u>
<b>Income before other revenues, expenses gains (losses)</b>	<u>(1,016,465)</u>	<u>2,595,739</u>
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	1,726	
Additions to permanent and term endowments		155,548
<b>Increase (Decrease) in Net Position</b>	<u>(1,014,739)</u>	<u>2,751,287</u>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<u>15,355,857</u>	<u>33,661,356</u>
<b>Net Position end of year</b>	<u>14,341,118</u>	<u>36,412,643</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, 2023**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	3,342,561
Grants and contracts	6,239,696
Payments to suppliers and others	(8,338,478)
Payments for employee wages	(11,772,037)
Payments for employee fringes and pension benefits	(5,068,917)
Payment for scholarships	(7,178,711)
Payments for utilities	(727,172)
Sales and services of education department	
Auxiliary	219,042
Custodial receipts	23,044
Custodial disbursements	(17,030)
Loans issued to students	
Loans collected from students	
Other	432,036
Net cash used by operating activities	(22,845,966)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	13,052,777
Local appropriations	
Grants and gifts	10,560,417
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	275,193
Net cash provided (used) by non-capital financing activities	23,888,387
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	
Purchase capital assets	(88,859)
Proceeds from sale of capital assets	
Debt interest payments	(11,994)
Debt principal payments	(262,589)
Net cash provided (used) by capital financing activities	(363,442)
<b>Cash flows from investing activities:</b>	
Purchases of investments	(1,736,097)
Sale of investments	3,620,792
Investment income	(3,817)
Net cash provided (used) by investing activities	1,880,878
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,559,857</b>
Cash and cash equivalents, beginning of year	3,123,492
<b>Cash and cash equivalents, End of Year</b>	<b>5,683,349</b>

**Virginia Community College System**  
**Southwest Virginia Community College**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2023**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(24,914,467)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,412,697
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(137,325)
Prepaid expenses and other	(3,500)
Post employment benefits asset	12,536
Accrued compensation and leave	327,661
Accounts payable and other	319,132
Unearned revenue	1,002,944
Deposits pending distribution	
Custodial receipts(disbursements)	6,014
Pension liability	1,932,643
Post employment benefits liability	17,549
Deferred inflows of resources related to pensions and post employment benefits	(2,837,703)
Deferred outflows of resources related to pensions and post employment benefits	15,853
<b>Net cash used in operating activities</b>	<u><u>(22,845,966)</u></u>

Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	5,683,383
Less: Securities Lending Cash Equivalents	<u>34</u>
Cash and cash equivalents end of year	<u><u>5,683,349</u></u>

**Noncash transactions**

Donated capital assets	1,726
VRS Special Revenue Allocation	368,296
Amortization of bond premium	
Unrealized gain/loss on investments	(9)
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	15,246
Retainage payable	

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

**Virginia Community College System  
Virginia Peninsula Community College  
Statement of Net Position  
As of June 30, 2023**

	<b>Community College</b>	<b>Component Unit Virginia Peninsula Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	20,912,788	211,880
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	810,699	1,245
Pledges receivable (Note 3)		123,797
Due from commonwealth (Note 4)	173,966	
Due from system office	237,808	
Interest receivable		
Prepaid expenses	55,402	
Inventories	900	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<b>22,191,563</b>	<b>336,922</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Endowment cash and cash equivalents (Note 2)		13,597
Appropriation available	18,323,000	
Endowment investments (Note 2)		8,049,373
Other long-term investments (Note 2)		3,011,599
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)	831,680	
Non-depreciable capital assets, net (Note 5)	8,470,186	
Other capital assets, net (Note 5)	43,135,773	
<b>Total Noncurrent Assets</b>	<b>70,760,639</b>	<b>11,606,869</b>
<b>Total Assets</b>	<b>92,952,202</b>	<b>11,943,791</b>
<b>Deferred Outflows of Resources</b> (Note 8)	3,248,866	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>96,201,068</b>	<b>11,943,791</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	3,232,355	7,917
Accrued payroll expense	1,625,496	
Unearned revenue	1,819,077	
Long-term liabilities-current portion (Note 9)	1,044,022	14,155
Securities lending obligation	7,097	
Post employment benefit obligations (Note 9)	103,573	
Due to system's office		
Deposits	289,755	
<b>Total Current Liabilities</b>	<b>8,121,375</b>	<b>22,072</b>



**Virginia Community College System  
Virginia Peninsula Community College  
Statement of Net Position  
As of June 30, 2023**

	<b>Community College</b>	<b>Component Unit Virginia Peninsula Community College Educational Foundation</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	844,286	127,330
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	16,803,793	
<b>Total Noncurrent Liabilities</b>	<u>17,648,079</u>	<u>127,330</u>
<b>Total Liabilities</b>	<u>25,769,454</u>	<u>149,402</u>
<b>Deferred Inflows of Resources</b> (Note 8)	8,839,411	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>34,608,865</u>	<u>149,402</u>
<b>Net Position</b>		
Net investment in capital assets	50,843,273	
Restricted for:		
Nonexpendable		3,645,608
Expendable	18,700,446	6,305,042
Unrestricted	(7,951,516)	1,843,739
<b>Total Net Position</b>	<u>61,592,203</u>	<u>11,794,389</u>

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

**Virginia Community College System**  
**Virginia Peninsula Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2023**

	<b>Community College</b>	<b>Component Unit Virginia Peninsula Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$9,150,875)	9,664,893	
Federal grants and contracts	2,201,422	
State and local grants		
Nongovernmental grants		211,000
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$28,843)	325,498	
Gifts and contributions		112,305
Endowment income		878,403
Other operating revenues	6,374,275	307,443
<b>Total Operating Revenue</b>	<b>18,566,088</b>	<b>1,509,151</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	16,996,801	150,300
Public service	808,659	73,802
Academic support	2,682,203	145,022
Student services	3,726,903	
Institutional support	16,181,661	295,013
Operation and maintenance	9,328,215	
Scholarships and fellowships	6,125,693	220,272
Auxiliary enterprises	122,459	
Fundraising		250,009
Other expenses	130,251	4,022
<b>Total Operating Expenses (Note 12)</b>	<b>56,102,845</b>	<b>1,138,440</b>
<b>Operating Income (Loss)</b>	<b>(37,536,757)</b>	<b>370,711</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	28,682,640	
Local appropriations	28,229	
Grants and gifts	15,842,481	
Investment income	201,722	172,715
Interest on capital asset related debt	(36,021)	
Other nonoperating revenue (expense)	1,148,264	
<b>Net Nonoperating Revenue</b>	<b>45,867,315</b>	<b>172,715</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>8,330,558</b>	<b>543,426</b>
Capital appropriations-state (Note 20)	20,118,936	
Capital appropriations-local	652,710	
Capital gifts, grants and contracts	81,580	
Additions to permanent and term endowments		33,107
<b>Increase (Decrease) in Net Position</b>	<b>29,183,784</b>	<b>576,533</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>32,408,419</b>	<b>11,217,856</b>
<b>Net Position end of year</b>	<b>61,592,203</b>	<b>11,794,389</b>

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

**Virginia Community College System  
Virginia Peninsula Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	9,497,612
Grants and contracts	2,068,084
Payments to suppliers and others	(20,293,066)
Payments for employee wages	(20,959,843)
Payments for employee fringes and pension benefits	(7,791,400)
Payment for scholarships	(6,214,981)
Payments for utilities	(1,033,113)
Sales and services of education department	
Auxiliary	325,498
Custodial receipts	19,415
Custodial disbursements	(8,442)
Loans issued to students	
Loans collected from students	
Other	6,032,039
Net cash used by operating activities	(38,358,197)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	28,682,640
Local appropriations	28,229
Grants and gifts	15,668,515
PLUS, Stafford and Direct Lending loan receipts	2,773,339
PLUS, Stafford and Direct Lending loan disbursements	(2,776,803)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	984,710
Net cash provided (used) by non-capital financing activities	45,360,630
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	1,795,936
Capital appropriations-local	652,710
Capital grants and gifts	81,580
Purchase capital assets	(3,129,936)
Proceeds from sale of capital assets	28,125
Debt interest payments	(36,021)
Debt principal payments	(511,381)
Net cash provided (used) by capital financing activities	(1,118,987)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	201,339
Net cash provided (used) by investing activities	201,339
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>6,084,785</b>
Cash and cash equivalents, beginning of year	14,820,906
<b>Cash and cash equivalents, End of Year</b>	<b>20,905,691</b>

**Virginia Community College System  
Virginia Peninsula Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(37,536,757)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	2,940,859
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(584,259)
Prepaid expenses and other	59,284
Post employment benefits asset	186,003
Accrued compensation and leave	160,164
Accounts payable and other	1,971,038
Unearned revenue	71,254
Deposits pending distribution	(2,228)
Custodial receipts(disbursements)	13,741
Pension liability	2,332,210
Post employment benefits liability	(511,479)
Deferred inflows of resources related to pensions and post employment benefits	(8,450,042)
Deferred outflows of resources related to pensions and post employment benefits	992,015
<b>Net cash used in operating activities</b>	<u><u>(38,358,197)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	20,912,788
Less: Securities Lending Cash Equivalents	<u>7,097</u>
Cash and cash equivalents end of year	<u><u>20,905,691</u></u>
<b>Noncash transactions</b>	
Donated capital assets	
VRS Special Revenue Allocation	672,094
Amortization of bond premium	
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	-
Retainage payable	190,234

**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, 2023**

	Component Units		
	Community College	Tidewater Community College Educational Foundation	Tidewater Community College Real Estate Foundation
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents (Note 2)	47,066,353	732,370	296,748
Appropriation available			
Short term investments (Note 2)	19,701,700		
Accounts receivable, net (Note 3)	2,641,453	15,000	
Pledges receivable (Note 3)		153,917	
Due from commonwealth (Note 4)	673,233		
Due from system office	73,277		
Interest receivable	228,732		
Prepaid expenses	1,410,227	35,734	14,656
Inventories	473,729		
Notes receivable, net (Note 3)			
<b>Total Current Assets</b>	<u>72,268,704</u>	<u>937,021</u>	<u>311,404</u>
<b>Noncurrent Assets</b>			
Restricted cash and cash equivalents (Note 2)	59,192		
Endowment cash and cash equivalents (Note 2)		637,632	
Appropriation available			
Endowment investments (Note 2)		2,676,733	
Other long-term investments (Note 2)	11,626,699	5,095,134	5,650,357
Accounts receivable, net (Note 3)			
Investments in real estate (Note 2)			
Pledges receivable (Note 3)		394,920	
Due from commonwealth (Note 4)			
Notes receivable, net (Note 3)			
Post employment benefit assets (Note 18)	2,422,051		
Non-depreciable capital assets, net (Note 5)	15,053,866		10,962,625
Other capital assets, net (Note 5)	260,285,077		3,949,445
<b>Total Noncurrent Assets</b>	<u>289,446,885</u>	<u>8,804,419</u>	<u>20,562,427</u>
<b>Total Assets</b>	<u>361,715,589</u>	<u>9,741,440</u>	<u>20,873,831</u>
<b>Deferred Outflows of Resources</b> (Note 8)	11,071,808		
<b>Total Assets and Deferred Outflows of Resources</b>	<u>372,787,397</u>	<u>9,741,440</u>	<u>20,873,831</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts and retainage payable (Note 6)	1,904,875	39,558	884,837
Accrued payroll expense	6,777,224		
Unearned revenue	6,135,449		272,706
Long-term liabilities-current portion (Note 9)	7,936,324	570	106,056
Securities lending obligation	4,946		
Post employment benefit obligations (Note 9)	311,158		
Due to system's office			
Deposits	605,920		
<b>Total Current Liabilities</b>	<u>23,675,896</u>	<u>40,128</u>	<u>1,263,599</u>

**Virginia Community College System  
Tidewater Community College  
Statement of Net Position  
As of June 30, 2023**

	<u>Community College</u>	<u>Component Units</u>	
		<u>Tidewater Community College Educational Foundation</u>	<u>Tidewater Community College Real Estate Foundation</u>
<b>Noncurrent Liabilities</b>			
Unearned revenue			
Long-term liabilities (Note 9)	49,430,048	2,495	8,279,277
Due to federal government (Note 9)			
Pension and post employment benefit obligations (Note 9)	50,529,906		
<b>Total Noncurrent Liabilities</b>	<u>99,959,954</u>	<u>2,495</u>	<u>8,279,277</u>
<b>Total Liabilities</b>	<u>123,635,850</u>	<u>42,623</u>	<u>9,542,876</u>
<b>Deferred Inflows of Resources</b> (Note 8)	19,172,741		
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>142,808,591</u>	<u>42,623</u>	<u>9,542,876</u>
<b>Net Position</b>			
Net investment in capital assets	222,411,329		6,526,738
Restricted for:			
Nonexpendable		3,314,365	
Expendable	2,287,762	5,009,972	
Unrestricted	5,279,715	1,374,480	4,804,217
<b>Total Net Position</b>	<u>229,978,806</u>	<u>9,698,817</u>	<u>11,330,955</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, 2023**

	<b>Community College</b>	<b>Component Units</b>	
		<b>Tidewater Community College Educational Foundation</b>	<b>Tidewater Community College Real Estate Foundation</b>
<b>Revenues</b>			
<b>Operating Revenue</b>			
Tuition and fees (net of scholarship allowance of \$30,043,939)	26,749,807		
Federal grants and contracts	3,722,778		
State and local grants	1,709,558		
Nongovernmental grants	36,291	122,824	
Sales/services of education department	16,394		
Auxiliary enterprises (net of scholarship allowance of \$95,115)	7,727,193		
Gifts and contributions		1,672,228	
Endowment income			
Other operating revenues	530,479	318,790	886,631
<b>Total Operating Revenue</b>	<u>40,492,500</u>	<u>2,113,842</u>	<u>886,631</u>
<b>Expenses</b>			
<b>Operating Expenses</b>			
Instruction	50,298,415	43,815	
Public service	825,306		
Academic support	8,360,844	63,225	
Student services	14,028,075	181,051	
Institutional support	41,481,291	629,838	386,255
Operation and maintenance	16,251,983		464,845
Scholarships and fellowships	29,015,323	381,085	
Auxiliary enterprises	3,878,067		
Fundraising		131,477	
Other expenses		570	
<b>Total Operating Expenses (Note 12)</b>	<u>164,139,304</u>	<u>1,431,061</u>	<u>851,100</u>
<b>Operating Income (Loss)</b>	<u>(123,646,804)</u>	<u>682,781</u>	<u>35,531</u>
<b>Nonoperating Revenues(Expenses)</b>			
State appropriations (Note 13)	74,057,382		
Local appropriations	84,500		
Grants and gifts	58,466,982		
Investment income	3,130,594	(1,441,102)	(923,479)
Interest on capital asset related debt	(1,513,130)		
Other nonoperating revenue (expense)	1,945,878		
<b>Net Nonoperating Revenue</b>	<u>136,172,206</u>	<u>(1,441,102)</u>	<u>(923,479)</u>
<b>Income before other revenues, expenses gains (losses)</b>	12,525,402	(758,321)	(887,948)
Capital appropriations-state (Note 20)			
Capital appropriations-local			
Capital gifts, grants and contracts	508,297		
Additions to permanent and term endowments		34,250	
<b>Increase (Decrease) in Net Position</b>	<u>13,033,699</u>	<u>(724,071)</u>	<u>(887,948)</u>
<b>Net Position</b>			
<b>Net Position beginning of year</b>	<u>216,945,107</u>	<u>10,422,888</u>	<u>12,218,903</u>
<b>Net Position end of year</b>	<u>229,978,806</u>	<u>9,698,817</u>	<u>11,330,955</u>

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

**Virginia Community College System  
Tidewater Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	26,807,717
Grants and contracts	5,712,806
Payments to suppliers and others	(34,949,706)
Payments for employee wages	(66,334,344)
Payments for employee fringes and pension benefits	(24,698,753)
Payment for scholarships	(37,809,475)
Payments for utilities	(3,981,633)
Sales and services of education department	16,394
Auxiliary	7,727,193
Custodial receipts	476,699
Custodial disbursements	(494,696)
Loans issued to students	
Loans collected from students	
Other	530,479
Net cash used by operating activities	(126,997,319)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	74,057,382
Local appropriations	84,500
Grants and gifts	58,353,639
PLUS, Stafford and Direct Lending loan receipts	8,950,995
PLUS, Stafford and Direct Lending loan disbursements	(8,940,864)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	2,064,622
Net cash provided (used) by non-capital financing activities	134,570,274
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	507,935
Purchase capital assets	(1,439,913)
Proceeds from sale of capital assets	38,646
Debt interest payments	(1,770,708)
Debt principal payments	(2,443,013)
Net cash provided (used) by capital financing activities	(5,107,053)
<b>Cash flows from investing activities:</b>	
Purchases of investments	(38,252,013)
Sale of investments	20,020,000
Investment income	957,022
Net cash provided (used) by investing activities	(17,274,991)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(14,809,089)</b>
Cash and cash equivalents, beginning of year	61,929,688
<b>Cash and cash equivalents, End of Year</b>	<b>47,120,599</b>



**Virginia Community College System  
Tidewater Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(123,646,804)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	10,045,188
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(472,992)
Prepaid expenses and other	58,522
Post employment benefits asset	492,422
Accrued compensation and leave	(317,682)
Accounts payable and other	(1,929,225)
Unearned revenue	1,242,909
Deposits pending distribution	66,288
Custodial receipts(disbursements)	(17,997)
Pension liability	7,071,705
Post employment benefits liability	(1,053,075)
Deferred inflows of resources related to pensions and post employment benefits	(20,771,051)
Deferred outflows of resources related to pensions and post employment benefits	2,234,473
<b>Net cash used in operating activities</b>	<u><u>(126,997,319)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	47,125,545
Less: Securities Lending Cash Equivalents	4,946
Cash and cash equivalents end of year	<u><u>47,120,599</u></u>
<b>Noncash transactions</b>	
Donated capital assets	362
VRS Special Revenue Allocation	2,072,482
Amortization of bond premium	434,107
Unrealized gain/loss on investments	2,187,824
Amortization of deferral on debt defeasance	(210,900)
Capital assets acquired through the assumption of a liability	337,271
Retainage payable	25,628

**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, 2023**

	<b>Community College</b>	<b>Component Unit Virginia Highlands Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	5,935,780	1,779,217
Appropriation available		
Short term investments (Note 2)	241,389	
Accounts receivable, net (Note 3)	573,193	1,014,138
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)	88,145	
Due from system office	14,662	
Interest receivable		
Prepaid expenses	99,088	
Inventories		
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<u>6,952,257</u>	<u>2,793,355</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		2,671,154
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)	308,022	
Non-depreciable capital assets, net (Note 5)	446,290	2,279,906
Other capital assets, net (Note 5)	5,935,350	7,068
<b>Total Noncurrent Assets</b>	<u>6,689,662</u>	<u>4,958,128</u>
<b>Total Assets</b>	<u>13,641,919</u>	<u>7,751,483</u>
<b>Deferred Outflows of Resources</b> (Note 8)	1,650,985	
<b>Total Assets and Deferred Outflows of Resources</b>	<u>15,292,904</u>	<u>7,751,483</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	853,140	109,306
Accrued payroll expense	1,171,989	
Unearned revenue	387,935	
Long-term liabilities-current portion (Note 9)	264,967	
Securities lending obligation	2	
Post employment benefit obligations (Note 9)	52,128	
Due to system's office		
Deposits	91,022	
<b>Total Current Liabilities</b>	<u>2,821,183</u>	<u>109,306</u>

**Virginia Community College System  
Virginia Highlands Community College  
Statement of Net Position  
As of June 30, 2023**

	<b>Community College</b>	<b>Component Unit Virginia Highlands Community College Educational Foundation</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	176,643	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	6,431,542	
<b>Total Noncurrent Liabilities</b>	6,608,185	
<b>Total Liabilities</b>	9,429,368	109,306
<b>Deferred Inflows of Resources</b> (Note 8)	2,569,252	
<b>Total Liabilities and Deferred Inflows of Resources</b>	11,998,620	109,306
<b>Net Position</b>		
Net investment in capital assets	6,381,640	2,286,975
Restricted for:		
Nonexpendable		2,671,154
Expendable	1,754,659	2,565,571
Unrestricted	(4,842,015)	118,477
<b>Total Net Position</b>	3,294,284	7,642,177

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, 2023**

	<b>Community College</b>	<b>Component Unit Virginia Highlands Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$4,119,083)	823,643	
Federal grants and contracts	1,643,393	
State and local grants	13,750	482,122
Nongovernmental grants	53,014	
Sales/services of education department	5,843	
Auxiliary enterprises (net of scholarship allowance of \$13,071)		
Gifts and contributions		426,937
Endowment income		(6,160)
Other operating revenues	115,716	303,869
<b>Total Operating Revenue</b>	<b>2,655,359</b>	<b>1,206,768</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	6,551,074	252,570
Public service	157,596	
Academic support	1,472,870	102,734
Student services	2,186,324	
Institutional support	3,374,783	449,719
Operation and maintenance	2,422,462	
Scholarships and fellowships	3,873,870	17,500
Auxiliary enterprises	13,071	
Fundraising		55,675
Other expenses		
<b>Total Operating Expenses (Note 12)</b>	<b>20,052,050</b>	<b>878,198</b>
<b>Operating Income (Loss)</b>	<b>(17,396,691)</b>	<b>328,570</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	12,436,130	
Local appropriations	116,105	
Grants and gifts	6,664,456	
Investment income	51,253	194,624
Interest on capital asset related debt		
Other nonoperating revenue (expense)	34,041	
<b>Net Nonoperating Revenue</b>	<b>19,301,985</b>	<b>194,624</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>1,905,294</b>	<b>523,194</b>
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	126,103	254,122
Additions to permanent and term endowments		
<b>Increase (Decrease) in Net Position</b>	<b>2,031,397</b>	<b>777,316</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>1,262,887</b>	<b>6,864,861</b>
<b>Net Position end of year</b>	<b>3,294,284</b>	<b>7,642,177</b>

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

**Virginia Community College System  
Virginia Highlands Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	1,285,862
Grants and contracts	2,247,239
Payments to suppliers and others	(3,415,648)
Payments for employee wages	(9,315,271)
Payments for employee fringes and pension benefits	(3,634,146)
Payment for scholarships	(3,601,104)
Payments for utilities	(287,362)
Sales and services of education department	5,843
Auxiliary	-
Custodial receipts	477,750
Custodial disbursements	(440,069)
Loans issued to students	
Loans collected from students	
Other	66,629
Net cash used by operating activities	(16,610,277)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	12,436,130
Local appropriations	116,105
Grants and gifts	6,760,860
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	120,799
Net cash provided (used) by non-capital financing activities	19,433,894
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	125,181
Purchase capital assets	(494,662)
Proceeds from sale of capital assets	7,098
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(362,383)
<b>Cash flows from investing activities:</b>	
Purchases of investments	(120,741)
Sale of investments	120,741
Investment income	50,628
Net cash provided (used) by investing activities	50,628
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,511,862</b>
Cash and cash equivalents, beginning of year	3,423,916
<b>Cash and cash equivalents, End of Year</b>	<b>5,935,778</b>

**Virginia Community College System  
Virginia Highlands Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(17,396,691)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	545,903
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	745,450
Prepaid expenses and other	9,135
Post employment benefits asset	37,869
Accrued compensation and leave	156,352
Accounts payable and other	550,202
Unearned revenue	174,014
Deposits pending distribution	103
Custodial receipts(disbursements)	37,681
Pension liability	1,199,337
Post employment benefits liability	(122,355)
Deferred inflows of resources related to pensions and post employment benefits	(2,483,953)
Deferred outflows of resources related to pensions and post employment benefits	(63,324)
<b>Net cash used in operating activities</b>	<u><u>(16,610,277)</u></u>

Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	5,935,780
Less: Securities Lending Cash Equivalents	<u>2</u>
Cash and cash equivalents end of year	<u><u>5,935,778</u></u>

**Noncash transactions**

Donated capital assets	922
VRS Special Revenue Allocation	254,233
Amortization of bond premium	
Unrealized gain/loss on investments	621
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	-
Retainage payable	14,662

**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, 2023**

	<b>Community College</b>	<b>Component Unit Virginia Western Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	18,115,437	150,525
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	2,497,481	
Pledges receivable (Note 3)		200,887
Due from commonwealth (Note 4)		
Due from system office	98,708	
Interest receivable		502
Prepaid expenses	619,232	30,578
Inventories		
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<u>21,330,858</u>	<u>382,492</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Endowment cash and cash equivalents (Note 2)		461,883
Appropriation available		
Endowment investments (Note 2)		18,850,203
Other long-term investments (Note 2)		5,756,043
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		318,944
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	767,573	
Non-depreciable capital assets, net (Note 5)	2,421,005	
Other capital assets, net (Note 5)	66,954,309	
<b>Total Noncurrent Assets</b>	<u>70,142,887</u>	<u>25,387,073</u>
<b>Total Assets</b>	<u>91,473,745</u>	<u>25,769,565</u>
<b>Deferred Outflows of Resources</b> (Note 8)	3,420,456	
<b>Total Assets and Deferred Outflows of Resources</b>	<u>94,894,201</u>	<u>25,769,565</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	1,485,130	157,138
Accrued payroll expense	1,995,346	
Unearned revenue	2,078,097	
Long-term liabilities-current portion (Note 9)	1,442,170	
Securities lending obligation	2,735	
Post employment benefit obligations (Note 9)	110,692	
Due to system's office		
Deposits	170,385	
<b>Total Current Liabilities</b>	<u>7,284,555</u>	<u>157,138</u>

**Virginia Community College System  
Virginia Western Community College  
Statement of Net Position  
As of June 30, 2023**

	<b>Community College</b>	<b>Component Unit Virginia Western Community College Educational Foundation</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	4,933,749	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	16,439,458	
<b>Total Noncurrent Liabilities</b>	<b>21,373,207</b>	
<b>Total Liabilities</b>	<b>28,657,762</b>	<b>157,138</b>
<b>Deferred Inflows of Resources</b> (Note 8)	4,917,795	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>33,575,557</b>	<b>157,138</b>
<b>Net Position</b>		
Net investment in capital assets	64,089,758	
Restricted for:		
Nonexpendable		8,644,296
Expendable	1,180,997	14,092,009
Unrestricted	(3,952,111)	2,876,122
<b>Total Net Position</b>	<b>61,318,644</b>	<b>25,612,427</b>

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



**Virginia Community College System**  
**Virginia Western Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2023**

	<b>Community College</b>	<b>Component Unit Virginia Western Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$8,227,882)	6,554,592	
Federal grants and contracts	1,599,602	
State and local grants	8,189	
Nongovernmental grants		
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$26,233)	587,237	
Gifts and contributions		1,464,059
Endowment income		(3,577,929)
Other operating revenues	323,321	429,060
<b>Total Operating Revenue</b>	<b>9,072,941</b>	<b>(1,684,810)</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	20,389,332	
Public service	1,084,790	
Academic support	5,043,946	
Student services	3,870,149	
Institutional support	8,818,033	770,588
Operation and maintenance	7,131,538	
Scholarships and fellowships	7,072,218	2,077,278
Auxiliary enterprises	1,974,289	
Fundraising		164,153
Other expenses		11,500
<b>Total Operating Expenses (Note 12)</b>	<b>55,384,295</b>	<b>3,023,519</b>
<b>Operating Income (Loss)</b>	<b>(46,311,354)</b>	<b>(4,708,329)</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	27,247,140	
Local appropriations		
Grants and gifts	17,210,253	
Investment income	241,064	(1,100,322)
Interest on capital asset related debt	(50,700)	
Other nonoperating revenue (expense)	1,271,484	
<b>Net Nonoperating Revenue</b>	<b>45,919,241</b>	<b>(1,100,322)</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>(392,113)</b>	<b>(5,808,651)</b>
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	482,221	
Additions to permanent and term endowments		609,269
<b>Increase (Decrease) in Net Position</b>	<b>90,108</b>	<b>(5,199,382)</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>61,228,536</b>	<b>30,811,809</b>
<b>Net Position end of year</b>	<b>61,318,644</b>	<b>25,612,427</b>

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

**Virginia Community College System  
Virginia Western Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	9,158,602
Grants and contracts	1,607,791
Payments to suppliers and others	(15,749,467)
Payments for employee wages	(21,419,928)
Payments for employee fringes and pension benefits	(8,167,343)
Payment for scholarships	(7,210,615)
Payments for utilities	(1,432,130)
Sales and services of education department	
Auxiliary	587,237
Custodial receipts	2,012,438
Custodial disbursements	(2,042,018)
Loans issued to students	
Loans collected from students	
Other	323,321
Net cash used by operating activities	(42,332,112)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	27,247,140
Local appropriations	
Grants and gifts	17,210,253
PLUS, Stafford and Direct Lending loan receipts	1,908,988
PLUS, Stafford and Direct Lending loan disbursements	(1,917,395)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	1,200,133
Net cash provided (used) by non-capital financing activities	45,649,119
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	482,221
Purchase capital assets	(2,479,151)
Proceeds from sale of capital assets	47,585
Debt interest payments	(66,076)
Debt principal payments	(369,262)
Net cash provided (used) by capital financing activities	(2,384,683)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	240,598
Net cash provided (used) by investing activities	240,598
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,172,922</b>
Cash and cash equivalents, beginning of year	16,939,780
<b>Cash and cash equivalents, End of Year</b>	<b>18,112,702</b>

**Virginia Community College System  
Virginia Western Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(46,311,354)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	3,036,896
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	2,015,470
Prepaid expenses and other	(12,593)
Post employment benefits asset	121,874
Accrued compensation and leave	517,807
Accounts payable and other	527,792
Unearned revenue	570,313
Deposits pending distribution	18,227
Custodial receipts(disbursements)	(29,580)
Pension liability	2,784,637
Post employment benefits liability	(195,006)
Deferred inflows of resources related to pensions and post employment benefits	(5,748,374)
Deferred outflows of resources related to pensions and post employment benefits	371,779
<b>Net cash used in operating activities</b>	<u><u>(42,332,112)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	18,115,437
Less: Securities Lending Cash Equivalents	<u>2,735</u>
Cash and cash equivalents end of year	<u><u>18,112,702</u></u>
<b>Noncash transactions</b>	
Donated capital assets	
VRS Special Revenue Allocation	650,599
Amortization of bond premium	
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	1,342,176
Retainage payable	30,706

**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, 2023**

	Component Units		
	Community College	Wytheville Community College Educational Foundation	Wytheville Community College Scholarship Foundation
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents (Note 2)	10,576,796	459,396	44,613
Appropriation available			
Short term investments (Note 2)	643,848	716,412	17,746
Accounts receivable, net (Note 3)	82,296	143,858	
Pledges receivable (Note 3)		5,500	
Due from commonwealth (Note 4)	521,586		
Due from system office			
Interest receivable			
Prepaid expenses	195,342		
Inventories	49,563		
Notes receivable, net (Note 3)			
<b>Total Current Assets</b>	<u>12,069,431</u>	<u>1,325,166</u>	<u>62,359</u>
<b>Noncurrent Assets</b>			
Restricted cash and cash equivalents (Note 2)			
Endowment cash and cash equivalents (Note 2)			
Appropriation available			
Endowment investments (Note 2)		7,636,790	579,712
Other long-term investments (Note 2)		4,740,971	133,945
Accounts receivable, net (Note 3)			
Investments in real estate (Note 2)			
Pledges receivable (Note 3)		1,860	
Due from commonwealth (Note 4)			
Notes receivable, net (Note 3)			
Post employment benefit assets (Note 18)	279,627		
Non-depreciable capital assets, net (Note 5)	833,309	43,393	
Other capital assets, net (Note 5)	12,514,148		
<b>Total Noncurrent Assets</b>	<u>13,627,084</u>	<u>12,423,014</u>	<u>713,657</u>
<b>Total Assets</b>	<u>25,696,515</u>	<u>13,748,180</u>	<u>776,016</u>
<b>Deferred Outflows of Resources</b> (Note 8)	1,666,719		
<b>Total Assets and Deferred Outflows of Resources</b>	<u>27,363,234</u>	<u>13,748,180</u>	<u>776,016</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts and retainage payable (Note 6)	674,695	27,044	37,259
Accrued payroll expense	950,829		
Unearned revenue	656,319		
Long-term liabilities-current portion (Note 9)	423,199		
Securities lending obligation	133		
Post employment benefit obligations (Note 9)	43,402		
Due to system's office			
Deposits	398,877		
<b>Total Current Liabilities</b>	<u>3,147,454</u>	<u>27,044</u>	<u>37,259</u>

**Virginia Community College System  
Wytheville Community College  
Statement of Net Position  
As of June 30, 2023**

	Community College	Component Units	
		Wytheville Community College Educational Foundation	Wytheville Community College Scholarship Foundation
<b>Noncurrent Liabilities</b>			
Unearned revenue			
Long-term liabilities (Note 9)	182,145		
Due to federal government (Note 9)			
Pension and post employment benefit obligations (Note 9)	6,003,389		
<b>Total Noncurrent Liabilities</b>	6,185,534		
<b>Total Liabilities</b>	9,332,988	27,044	37,259
<b>Deferred Inflows of Resources</b> (Note 8)	2,740,221		
<b>Total Liabilities and Deferred Inflows of Resources</b>	12,073,209	27,044	37,259
<b>Net Position</b>			
Net investment in capital assets	13,202,182	43,393	
Restricted for:			
Nonexpendable		7,638,650	579,712
Expendable	736,961	5,857,014	158,794
Unrestricted	1,350,882	182,079	251
<b>Total Net Position</b>	15,290,025	13,721,136	738,757

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, 2023**

	<b>Component Units</b>		
	<b>Community College</b>	<b>Wytheville Community College Educational Foundation</b>	<b>Wytheville Community College Scholarship Foundation</b>
<b>Revenues</b>			
<b>Operating Revenue</b>			
Tuition and fees (net of scholarship allowance of \$3,575,437)	2,178,788		
Federal grants and contracts	1,799,084		
State and local grants	213,598	371,431	
Nongovernmental grants		646,021	
Sales/services of education department	19,819		
Auxiliary enterprises (net of scholarship allowance of \$11,315)	99,780		
Gifts and contributions		4,729	
Endowment income		(870,405)	(176,768)
Other operating revenues	1,051,100	474,345	
<b>Total Operating Revenue</b>	<u>5,362,169</u>	<u>626,121</u>	<u>(176,768)</u>
<b>Expenses</b>			
<b>Operating Expenses</b>			
Instruction	8,452,147	169,973	
Public service	235,738		
Academic support	2,860,222	1,828	
Student services	1,924,167		
Institutional support	4,128,646	314,755	100
Operation and maintenance	1,501,091		
Scholarships and fellowships	2,658,202	1,102,546	55,000
Auxiliary enterprises	29,349		
Fundraising		159,230	
Other expenses	417,430		
<b>Total Operating Expenses (Note 12)</b>	<u>22,206,992</u>	<u>1,748,332</u>	<u>55,100</u>
<b>Operating Income (Loss)</b>	<u>(16,844,823)</u>	<u>(1,122,211)</u>	<u>(231,868)</u>
<b>Nonoperating Revenues(Expenses)</b>			
State appropriations (Note 13)	12,606,938		
Local appropriations	153,670		
Grants and gifts	5,855,480		
Investment income	78,058	(596,633)	27,972
Interest on capital asset related debt	(10,566)		
Other nonoperating revenue (expense)	85,265		
<b>Net Nonoperating Revenue</b>	<u>18,768,845</u>	<u>(596,633)</u>	<u>27,972</u>
<b>Income before other revenues, expenses gains (losses)</b>	1,924,022	(1,718,844)	(203,896)
Capital appropriations-state (Note 20)			
Capital appropriations-local			
Capital gifts, grants and contracts	427,087		
Additions to permanent and term endowments		443,288	37,525
<b>Increase (Decrease) in Net Position</b>	<u>2,351,109</u>	<u>(1,275,556)</u>	<u>(166,371)</u>
<b>Net Position</b>			
<b>Net Position beginning of year</b>	<u>12,938,916</u>	<u>14,996,692</u>	<u>905,128</u>
<b>Net Position end of year</b>	<u>15,290,025</u>	<u>13,721,136</u>	<u>738,757</u>

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

**Virginia Community College System  
Wytheville Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	1,965,068
Grants and contracts	2,110,418
Payments to suppliers and others	(6,514,133)
Payments for employee wages	(8,467,046)
Payments for employee fringes and pension benefits	(3,405,844)
Payment for scholarships	(2,896,711)
Payments for utilities	(316,960)
Sales and services of education department	19,819
Auxiliary	95,553
Custodial receipts	3,132,436
Custodial disbursements	(3,158,925)
Loans issued to students	
Loans collected from students	
Other	630,154
Net cash used by operating activities	(16,806,171)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	12,606,938
Local appropriations	153,670
Grants and gifts	5,513,234
PLUS, Stafford and Direct Lending loan receipts	420,195
PLUS, Stafford and Direct Lending loan disbursements	(420,195)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	75,678
Net cash provided (used) by non-capital financing activities	18,349,520
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	426,812
Purchase capital assets	(434,470)
Proceeds from sale of capital assets	9,587
Debt interest payments	(10,566)
Debt principal payments	(311,725)
Net cash provided (used) by capital financing activities	(320,362)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	73,825
Net cash provided (used) by investing activities	73,825
<b>Net increase (decrease) in cash and cash equivalents</b>	1,296,812
Cash and cash equivalents, beginning of year	9,279,851
<b>Cash and cash equivalents, End of Year</b>	<b>10,576,663</b>

**Virginia Community College System  
Wytheville Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(16,844,823)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,558,158
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	6,730
Prepaid expenses and other	170,897
Post employment benefits asset	23,796
Accrued compensation and leave	54,125
Accounts payable and other	(41,012)
Unearned revenue	(129,597)
Deposits pending distribution	
Custodial receipts(disbursements)	(27,910)
Pension liability	1,239,320
Post employment benefits liability	(15,908)
Deferred inflows of resources related to pensions and post employment benefits	(2,496,943)
Deferred outflows of resources related to pensions and post employment benefits	(303,004)
<b>Net cash used in operating activities</b>	<u><u>(16,806,171)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	10,576,796
Less: Securities Lending Cash Equivalents	133
Cash and cash equivalents end of year	<u><u>10,576,663</u></u>

**Noncash transactions**

Donated capital assets	275
VRS Special Revenue Allocation	244,070
Amortization of bond premium	
Unrealized gain/loss on investments	4,080
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	-
Retainage payable	

**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, 2023**

	<b>System Office</b>	<b>Component Unit Community Colleges of VA Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	19,711,566	3,486,589
Appropriation available	32,751,846	
Short term investments (Note 2)		
Accounts receivable, net (Note 3)		113,985
Pledges receivable (Note 3)		476,557
Due from commonwealth (Note 4)	2,212,588	
Due from colleges		
Interest receivable		
Prepaid expenses	14,415,910	
Inventories	2,000	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<b>69,093,910</b>	<b>4,077,131</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Endowment cash and cash equivalents (Note 2)		825,529
Appropriation available		
Endowment investments (Note 2)		10,338,741
Other long-term investments (Note 2)		
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		243,409
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	1,163,609	
Non-depreciable capital assets, net (Note 5)		
Other capital assets, net (Note 5)	9,618,076	
<b>Total Noncurrent Assets</b>	<b>10,781,685</b>	<b>11,407,679</b>
<b>Total Assets</b>	<b>79,875,595</b>	<b>15,484,810</b>
<b>Deferred Outflows of Resources</b> (Note 8)	5,746,318	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>85,621,913</b>	<b>15,484,810</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 6)	3,093,650	648,801
Accrued payroll expense	1,895,980	
Unearned revenue		
Long-term liabilities-current portion (Note 9)	2,704,584	5,800
Securities lending obligation		
Post employment benefit obligations (Note 9)	98,793	
Due to colleges	2,151,760	
Deposits	1,144,441	
<b>Total Current Liabilities</b>	<b>11,089,208</b>	<b>654,601</b>

**Virginia Community College System  
System Office  
Statement of Net Position  
As of June 30, 2023**

	<b>System Office</b>	<b>Component Unit Community Colleges of VA Educational Foundation</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 9)	3,219,187	4,834
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	21,966,371	
<b>Total Noncurrent Liabilities</b>	25,185,558	4,834
<b>Total Liabilities</b>	36,274,766	659,435
<b>Deferred Inflows of Resources</b> (Note 8)	6,485,400	
<b>Total Liabilities and Deferred Inflows of Resources</b>	42,760,166	659,435
<b>Net Position</b>		
Net investment in capital assets	6,186,766	
Restricted for:		
Nonexpendable		3,460,874
Expendable	42,190,811	7,313,170
Unrestricted	(5,515,830)	4,051,331
<b>Total Net Position</b>	42,861,747	14,825,375

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

**Virginia Community College System  
System Office**

**Statement of Revenues, Expenses and Changes in Net Position  
For the Year Ended June 30, 2023**

	<b>System's Office</b>	<b>Component Unit  Community Colleges of VA Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$0)		
Federal grants and contracts	46,642,576	
State and local grants	225,629	1,050,000
Nongovernmental grants	1,005,606	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$0)		
Gifts and contributions		3,391,781
Endowment income		1,123,084
Other operating revenues	3,834	526,604
<b>Total Operating Revenue</b>	<b>47,877,645</b>	<b>6,091,469</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	4,988,574	
Public service	45,168,958	246,272
Academic support	19,613,466	3,674,173
Student services	287,293	
Institutional support	8,372,616	685,652
Operation and maintenance	1,514,612	
Scholarships and fellowships		
Auxiliary enterprises		
Fundraising		674,534
Other expenses		
<b>Total Operating Expenses (Note 12)</b>	<b>79,945,519</b>	<b>5,280,631</b>
<b>Operating Income (Loss)</b>	<b>(32,067,874)</b>	<b>810,838</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 13)	48,974,169	
Local appropriations		
Grants and gifts	(19,263,141)	
Investment income		139,448
Interest on capital asset related debt	(133,633)	
Other nonoperating revenue (expense)	(6,448,615)	
<b>Net Nonoperating Revenue</b>	<b>23,128,780</b>	<b>139,448</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>(8,939,094)</b>	<b>950,286</b>
Capital appropriations-state (Note 20)	26,431,112	
Capital appropriations-local		
Capital gifts, grants and contracts	735,952	
Additions to permanent and term endowments		36,248
<b>Increase (Decrease) in Net Position</b>	<b>18,227,970</b>	<b>986,534</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>24,633,777</b>	<b>13,838,841</b>
<b>Net Position end of year</b>	<b>42,861,747</b>	<b>14,825,375</b>

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

**Virginia Community College System  
System Office  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

	<b>System Office</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	
Grants and contracts	47,873,811
Payments to suppliers and others	(61,418,085)
Payments for employee wages	(20,722,885)
Payments for employee fringes and pension benefits	(9,056,946)
Payment for scholarships	
Payments for utilities	(2)
Sales and services of education department	
Auxiliary	
Custodial receipts	536,014
Custodial disbursements	(257,954)
Loans issued to students	
Loans collected from students	
Other	3,834
Net cash used by operating activities	(43,042,213)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	48,974,169
Local appropriations	
Grants and gifts	(16,199,214)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	(7,184,503)
Net cash provided (used) by non-capital financing activities	25,590,452
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	7,335,527
Capital appropriations-local	
Capital grants and gifts	735,952
Purchase capital assets	(798,299)
Proceeds from sale of capital assets	
Debt interest payments	(24,587)
Debt principal payments	(1,250,032)
Net cash provided (used) by capital financing activities	5,998,561
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	
Net cash provided (used) by investing activities	
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(11,453,200)</b>
Cash and cash equivalents, beginning of year	31,164,766
<b>Cash and cash equivalents, End of Year</b>	<b>19,711,566</b>

**Virginia Community College System  
System Office  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(32,067,874)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	3,475,812
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	
Prepaid expenses and other	(10,607,204)
Post employment benefits asset	172,769
Accrued compensation and leave	449,234
Accounts payable and other	(1,548,541)
Unearned revenue	
Deposits pending distribution	
Custodial receipts(disbursements)	278,060
Pension liability	3,820,101
Post employment benefits liability	(111,490)
Deferred inflows of resources related to pensions and post employment benefits	(8,211,439)
Deferred outflows of resources related to pensions and post employment benefits	1,308,359
<b>Net cash used in operating activities</b>	<u><u>(43,042,213)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	19,711,566
Less: Securities Lending Cash Equivalents	
Cash and cash equivalents end of year	<u><u>19,711,566</u></u>
<b>Noncash transactions</b>	
Donated capital assets	
VRS Special Revenue Allocation	912,542
Amortization of bond premium	
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	-
Retainage payable	

**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, 2023**

	<b>Shared Services Center</b>
<b>Assets</b>	
<b>Current Assets</b>	
Cash and cash equivalents (Note 2)	33,841
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	201,411
Inventories	24,854
Notes receivable, net (Note 3)	
<b>Total Current Assets</b>	<b>260,106</b>
<b>Noncurrent Assets</b>	
Restricted cash and cash equivalents (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)	317,289
Non-depreciable capital assets, net (Note 5)	
Other capital assets, net (Note 5)	1,484,853
<b>Total Noncurrent Assets</b>	<b>1,802,142</b>
<b>Total Assets</b>	<b>2,062,248</b>
<b>Deferred Outflows of Resources</b> (Note 8)	1,979,347
<b>Total Assets and Deferred Outflows of Resources</b>	<b>4,041,595</b>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts and retainage payable (Note 6)	49,781
Accrued payroll expense	538,657
Unearned revenue	
Long-term liabilities-current portion (Note 9)	662,614
Securities lending obligation	
Post employment benefit obligations (Note 9)	39,037
Due to colleges	
Deposits	
<b>Total Current Liabilities</b>	<b>1,290,089</b>

**Virginia Community College System  
 Shared Services Center  
 Statement of Net Position  
 As of June 30, 2023**

	<b>Shared Services Center</b>
<b>Noncurrent Liabilities</b>	
Unearned revenue	
Long-term liabilities (Note 9)	950,666
Due to federal government (Note 9)	
Pension and post employment benefit obligations (Note 9)	5,684,154
<b>Total Noncurrent Liabilities</b>	<b>6,634,820</b>
<b>Total Liabilities</b>	<b>7,924,909</b>
<b>Deferred Inflows of Resources</b> (Note 8)	1,838,034
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>9,762,943</b>
<b>Net Position</b>	
Net investment in capital assets	302,596
Restricted for:	
Nonexpendable	
Expendable	317,289
Unrestricted	(6,341,233)
<b>Total Net Position</b>	<b>(5,721,348)</b>

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

**Virginia Community College System**  
**Shared Services Center**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2023**

	<b>Shared Services Center</b>
<b>Revenues</b>	
<b>Operating Revenue</b>	
Tuition and fees (net of scholarship allowance of \$0)	
Federal grants and contracts	
State and local grants	
Nongovernmental grants	
Sales/services of education department	
Auxiliary enterprises (net of scholarship allowance of \$0)	
Gifts and contributions	
Endowment income	
Other operating revenues	409,736
<b>Total Operating Revenue</b>	<b>409,736</b>
<b>Expenses</b>	
<b>Operating Expenses</b>	
Instruction	
Public service	
Academic support	
Student services	
Institutional support	9,340,258
Operation and maintenance	665,849
Scholarships and fellowships	
Auxiliary enterprises	
Fundraising	
Other expenses	
<b>Total Operating Expenses (Note 12)</b>	<b>10,006,107</b>
<b>Operating Income (Loss)</b>	<b>(9,596,371)</b>
<b>Nonoperating Revenues(Expenses)</b>	
State appropriations (Note 13)	(409,736)
Local appropriations	
Grants and gifts	
Investment income	
Interest on capital asset related debt	(25,736)
Other nonoperating revenue (expense)	10,312,814
<b>Net Nonoperating Revenue</b>	<b>9,877,342</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>280,971</b>
Capital appropriations-state (Note 20)	
Capital appropriations-local	
Capital gifts, grants and contracts	
Additions to permanent and term endowments	
<b>Increase (Decrease) in Net Position</b>	<b>280,971</b>
<b>Net Position</b>	
<b>Net Position beginning of year</b>	<b>(6,002,319)</b>
<b>Net Position end of year</b>	<b>(5,721,348)</b>

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, 2023**

	<b>Shared Services</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	
Grants and contracts	
Payments to suppliers and others	(573,157)
Payments for employee wages	(5,970,835)
Payments for employee fringes and pension benefits	(2,973,287)
Payment for scholarships	
Payments for utilities	(81,982)
Sales and services of education department	
Auxiliary	
Custodial receipts	
Custodial disbursements	
Loans issued to students	
Loans collected from students	
Other	409,736
Net cash used by operating activities	(9,189,525)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	(409,736)
Local appropriations	
Grants and gifts	
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	10,312,814
Net cash provided (used) by non-capital financing activities	9,903,078
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	
Purchase capital assets	
Proceeds from sale of capital assets	
Debt interest payments	(134,782)
Debt principal payments	(557,614)
Net cash provided (used) by capital financing activities	(692,396)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	
Net cash provided (used) by investing activities	
<b>Net increase (decrease) in cash and cash equivalents</b>	21,157
Cash and cash equivalents, beginning of year	12,684
<b>Cash and cash equivalents, End of Year</b>	<b>33,841</b>

**Virginia Community College System  
Shared Services Center  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(9,596,371)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	274,647
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	
Prepaid expenses and other	3,007
Post employment benefits asset	56,112
Accrued compensation and leave	101,334
Accounts payable and other	145,582
Unearned revenue	
Deposits pending distribution	
Custodial receipts(disbursements)	
Pension liability	914,901
Post employment benefits liability	(93,361)
Deferred inflows of resources related to pensions and post employment benefits	(2,078,660)
Deferred outflows of resources related to pensions and post employment benefits	1,083,284
<b>Net cash used in operating activities</b>	<u><u>(9,189,525)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	33,841
Less: Securities Lending Cash Equivalents	
Cash and cash equivalents end of year	<u><u>33,841</u></u>
<b>Noncash transactions</b>	
Donated capital assets	
VRS Special Revenue Allocation	231,715
Amortization of bond premium	
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	891,335
Retainage payable	

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