

VIRGINIA COMMUNITY COLLEGE SYSTEM

**FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

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VCCS Financial Report 2015-2016

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VCCS Financial Report 2015-2016

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VIRGINIA COMMUNITY COLLEGE SYSTEM

Management's Discussion and Analysis

The Virginia Community College System (VCCS) was established by the Virginia General Assembly as an institution of higher education in 1965. The System includes the State Board for Community Colleges, a System Office located in Richmond, and twenty-three community colleges located on forty campuses throughout the Commonwealth. The VCCS mission is to give everyone the opportunity to learn and develop the right skills so lives and communities are strengthened.

The following discussion and analysis provides an overview of the financial position and activities of the VCCS for the year ended June 30, 2016. This discussion has been prepared by management and should be read in conjunction with the financial statements and footnotes.

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

Financial Highlights

The significant financial highlights for the VCCS in fiscal year 2016 were:

- Total net position increased by 4.70%. An increase in net position is generally considered indicative of improvement in an organization's overall financial condition.
- Total operating revenues remained relatively constant with a total percentage increase of only 1.61%. Student tuition and fees, net of scholarship discounts and allowances, represented 69.66% of total operating revenues.
- Effective fall 2015, the State Board for Community Colleges approved a tuition increase of \$6.50 per credit hour for all students. In addition, the State Board approved tuition differential rate increases of \$2.00 per credit hour for Northern Virginia Community College (NVCC) and \$1.00 per credit hour for each of the following: Reynolds Community College (JSRCC), Tidewater Community College (TCC), Virginia Western Community College (VWCC), Thomas Nelson Community College (TNCC), and Germanna Community College (GCC). These tuition rate increases accounted for additional tuition revenues of \$24.0 million in fiscal year 2016.
- From fiscal year 2015 to 2016, student full-time equivalent (FTE) enrollment decreased 4.41% from 116,249 FTEs to 111,124 FTEs. This decrease resulted in a decline in tuition and fee collections of approximately \$25.5 million in fiscal year 2016. 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) remained relatively flat with an increase of only 1.38%, while state capital appropriations revenue decreased by 20.71% due to completion of several large construction projects at NVCC and TCC.
- Total operating expenses also remained relatively unchanged with an overall decrease of 0.97%. Expenses for employee compensation represented 61.88% of the total.

Financial Statements

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

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, and deferred inflows of resources for the VCCS at the end of the fiscal year. The Statement also provides the net position of the VCCS at the end of the fiscal year. Net position is a residual amount equal to assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is presented in three categories. The first category, "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. The next category is "Restricted net position" which consists of restricted assets reduced by liabilities related to those assets. Restricted net position balances are further classified as 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 spent for purposes determined by external entities. Unrestricted net position balances are not subject to externally imposed restrictions and may be designated for specific purposes by management of the VCCS.

Effective fiscal year 2015, the Governmental Accounting Standards Board (GASB) issued Statement 68, *Accounting and Financial Reporting for Pensions*, and Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement 68*. These reporting changes require the VCCS to record a proportionate share of the pension liabilities, deferred inflows of resources, deferred outflows of resources, and expenses from the Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' System (VaLORS) Retirement Plan. Prior to implementation of these statements, VRS did not measure assets and pension benefit obligations separately for individual state institutions.

A summarized Statement of Net Position is as follows:

	(in thousands of dollars)			
	As of June 30:			
	2016	2015*	Dollar Change	Percentage Change
Assets				
Current assets	\$304,518	\$278,865	\$25,653	9.20%
Capital assets, net	1,367,965	1,337,302	30,663	2.29%
Other non-current assets	60,505	74,505	(14,000)	(18.79%)
Total Assets	\$1,732,988	\$1,690,672	\$42,316	2.50%
Deferred Outflows of Resources	66,042	52,562	13,480	25.65%
Total Assets and Deferred Outflows of Resources	\$1,799,030	\$1,743,234	\$55,796	3.20%

Liabilities

Current liabilities	\$192,993	\$173,037	\$19,956	11.53%
Non-current liabilities	669,509	630,942	38,567	6.11%
Total Liabilities	\$862,502	\$803,979	\$58,523	7.28%
Deferred Inflows of Resources	45,905	88,646	(42,741)	(48.22%)
Total Liabilities and Deferred Inflows of Resources	\$908,407	\$892,625	\$15,782	1.77%

Net Position

Net investment in capital assets	\$1,249,618	\$1,223,211	\$26,407	2.16%
Restricted-nonexpendable	9	34	(25)	(73.53%)
Restricted-expendable				
Unrestricted	(359,004)	(372,636)	13,632	3.66%
Total Net Position	\$890,623	\$850,609	\$40,014	4.70%

* June 30, 2015 amounts have been restated (see footnote 1-O).

Current Assets

Current assets consist of \$264.8 million in cash, cash equivalents, and short-term investments, \$12.5 million in accounts, notes, and interest receivable, \$11.3 million in amounts due from the commonwealth, \$14.4 million in prepaid expenses, and \$1.5 million in inventories. The \$25.7 million increase in current assets was primarily attributable to an increase of \$34.7 million in cash, cash equivalents, and short-term investments, partially offset by a decrease of \$8 million in prepaid expenses.

The increase of \$34.7 million in cash, cash equivalents, and short-term investments represents a 15.1% increase as compared to prior year and was principally attributable to a change in the timing of cash disbursement recordation for state vendor payments processed in June, but for which actual payment was made subsequent to fiscal year-end. Prior to the Commonwealth of Virginia's implementation of a new accounting system in fiscal year 2016, cash was immediately reduced for all state vendor payments on the processing date, regardless of the payment due date. However, upon implementation of the new system, the Commonwealth transitioned to a more accurate method of reporting cash and accounts payable balances related to vendor payment processing. The VCCS is a component unit of the Commonwealth and is required to reconcile its internal accounting system to the Commonwealth's on a regular basis. Therefore, this change in method was adopted by the VCCS and resulted in significant increases in fiscal year-end cash and offsetting accounts payable balances.

The decrease in prepaid expenses was largely due to a deliberate decision by NVCC management to limit fiscal year 2017 related prepayments made in fiscal year 2016. As a result, prepaid expenses at NVCC decreased by \$6.4 million as compared to fiscal year 2015. In addition, TCC

and Blue Ridge Community College (BRCC) prepaid expense balances decreased by \$0.6 million and \$0.5 million, respectively, as a result of improvements in cash budgeting at both schools and a decision by BRCC to set aside operating funds for a capital project rather than using the funds for prepayments.

Capital Assets, Net of Accumulated Depreciation

The overall increase of \$30.7 million in net capital assets was due to changes across various capital asset categories. The following table compares fiscal year 2016 to fiscal year 2015 capital asset balances by category:

Capital Assets, Net (By Asset Category)
(in thousands of dollars)

Capital Asset Category	As of June 30:		Dollar Change	Percentage Change
	2016	2015*		
Land	\$69,734	\$66,455	\$3,279	4.93%
CIP	53,667	123,227	(69,560)	(56.45%)
Land Improvements	39,264	35,650	3,614	10.14%
Infrastructure	44,010	41,310	2,700	6.54%
Buildings	1,077,698	982,945	94,753	9.64%
Equipment	64,064	64,976	(912)	(1.40%)
Intangibles	7,500	9,581	(2,081)	(21.72%)
Library Books	12,028	13,158	(1,130)	(8.59%)
Total	\$1,367,965	\$1,337,302	\$30,663	2.29%

*June 30, 2015 CIP has been restated (see footnote 1-O)

Construction in Progress (CIP) decreased due to projects being moved to applicable depreciable and non-depreciable asset categories at NVCC, BRCC, TCC, and John Tyler Community College (JTCC). Depreciable Land Improvements, Infrastructure, Buildings, and Non-Depreciable Land Improvements all increased due to projects being moved out of CIP to the applicable asset categories. The decreases in Equipment, Intangibles, and Library Books are due to overall increases in accumulated depreciation in excess of asset additions.

Other Non-Current Assets

The \$14 million decrease in other non-current assets was predominately due to decreases of \$14.5 million in cash equivalents with trustees and \$9.8 million in amounts due from the commonwealth, partially offset by increases of \$4.2 million in restricted cash and cash equivalents and \$6.2 million in other long-term investments.

Cash equivalents held with trustees consists of balances in State Non-Arbitrage Program (SNAP) accounts related to pooled bond capital projects. The overall balance decreased by \$14.5 million in fiscal year 2016 as payments continued on various pooled bond projects.

Amounts due from the commonwealth decreased by \$9.8 million because of large declines in unreimbursed cash basis expenditures at NVCC, JTCC, and TCC on projects eligible for reimbursement under the Virginia College Building Authority (VCBA) program.

Restricted cash and cash equivalents held in local accounts and restricted for specified capital projects decreased by \$1.3 million; however, negative cash balances related to unreimbursed VCBA expenditures were \$5.5 million less than in the previous year. The net effect of these two factors was an increase of \$4.2 million in the overall restricted cash and cash equivalents balance.

Other long-term investment balances increased significantly at TCC and GCC. TCC management continued the practice of investing excess student center related cash in nonnegotiable certificates of deposit and as a result, TCC's overall investment balance increased by \$5.1 million as compared to the prior year. GCC's balance increased by \$1.1 million because of management's decision to invest in corporate bonds using funds previously held as cash equivalents.

Deferred Outflows of Resources

The financial statement category deferred outflows of resources is used to report consumption of resources applicable to a future reporting period. The balances reported for fiscal years 2015 and 2016 included amounts for certain pension changes and will be recognized as pension expense in future fiscal years. In addition, the balances for both fiscal years included deferred losses on defeasance of debt related to refinancing of certain pooled bond issuances and will also be recognized as expense in future fiscal years.

Current Liabilities

Current liabilities consist of accounts and retainage payable of \$49.9 million, accrued payroll expense of \$50.7 million, unearned revenue of \$53.3 million, long-term obligations (current portion) of \$30.1 million, and securities and lending obligations and deposits totaling \$9 million.

Current liabilities increased by \$20 million in fiscal year 2016 primarily due to increases of \$15.3 million in accounts and retainage payable, \$1.8 million in accrued payroll expense, and \$2.6 million in deposits.

As mentioned above, the Commonwealth of Virginia's transition to a new accounting system facilitated a more accurate method of reporting cash and accounts payable balances related to vendor payment processing. As a component unit of the Commonwealth, the VCCS elected to adopt this change in method and as a result, fiscal year-end cash and offsetting accounts payable balances increased significantly. Partially offsetting this increase in accounts payable was a \$1.5 million decrease in retainage payable as final payment was made on several large projects during fiscal year 2016.

The change in accrued payroll represented a 3.66% increase from the prior fiscal year and was spread across multiple colleges. Such a minimal change is considered normal given personnel changes occurring in the ordinary course of business (e.g. turnover of personnel, pay rate changes).

The increase in the deposits balance was primarily due to NVCC's receipt, as of June 30, 2016, of Federal Pell Grant funds in excess of amounts disbursed to students or applied against eligible tuition and fee balances. The balance each fiscal year is the result of timing differences between receipt and disbursement of Pell Grant funds.

Non-Current Liabilities

Non-Current liabilities consist of a net pension obligation of \$528.7 million, capital lease liabilities of \$3.3 million, installment purchases payable of \$3 million, pooled bonds of \$117.5 million, accrued leave of \$11.9 million, federal loan program amounts due of \$4.4 million, and unearned revenue of

\$0.7 million. The increase of \$38.6 million in non-current liabilities was primarily due to an increase of \$48.4 million in the VCCS' proportionate share of the overall VRS pension liability. Beginning in fiscal year 2015, with implementation of a new accounting standard, VRS began providing information on the measurement of assets and pension benefit obligations separately for individual colleges. The liability amount fluctuates each year based on many factors including rate of return on retirement investments, changes to actuarial assumptions, etc. The impact of the pension liability increase was partially offset by decreases of \$5.7 million and \$1.8 million, respectively, in long-term pooled bond debt and long-term compensated absences. The decrease in pooled bond debt was due to refunding of old debt and reclassification from long-term to short-term. The decrease in long-term compensated absences was mostly due to long-term versus short-term classification differences between fiscal years. The total compensated absences decrease was \$0.57 million, a percentage decrease of less than 2%.

Deferred Inflows of Resources

The financial statement category deferred inflows of resources is used to report acquisition of resources applicable to a future reporting period. The balance in fiscal year 2016 reflects certain amounts related to pensions and will impact pension expense in future fiscal years.

Net Position

The \$26.4 million increase in net investment in capital assets is explained by an increase of \$30.7 million in capital assets, net of accumulated depreciation, reduced by a net increase of \$4.3 million in capital asset related debt and deferred outflow balances. The increase of \$13.6 million in the unrestricted net position category represents a percentage increase of 3.66% and was a result of slight increases in unrestricted revenue, coupled with an overall slight decrease in operating expense. 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. The increase of 4.70% is an indication that the overall financial condition of the VCCS improved in fiscal year 2016.

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:

(in thousands of dollars)

	For the year ended June 30:		Dollar Change	Percentage Change
	2016	2015*		
Operating revenue	\$518,529	\$510,322	\$8,207	1.61%
Operating expenses	1,209,058	1,220,949	(11,891)	(0.97%)
Operating loss	(\$690,529)	(\$710,627)	\$20,098	(2.83%)
Non-operating revenues and expenses	\$648,434	\$668,424	(\$19,990)	(2.99%)
Income (loss) before other revenues, expenses, gains or losses	(\$42,095)	(\$42,203)	\$108	(0.26%)
Other revenues	\$82,109	\$96,241	(\$14,132)	(14.68%)
Increase in net position	\$40,014	\$54,038	(\$14,024)	(25.95%)
Net position, beginning of year	\$850,609	\$796,571	\$54,038	6.78%
Net position, end of year	\$890,623	\$850,609	\$40,014	4.70%

* June 30, 2015 beginning net position has been restated to reflect an audit adjustment (see footnote 1-O).

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, 2016 and 2015:

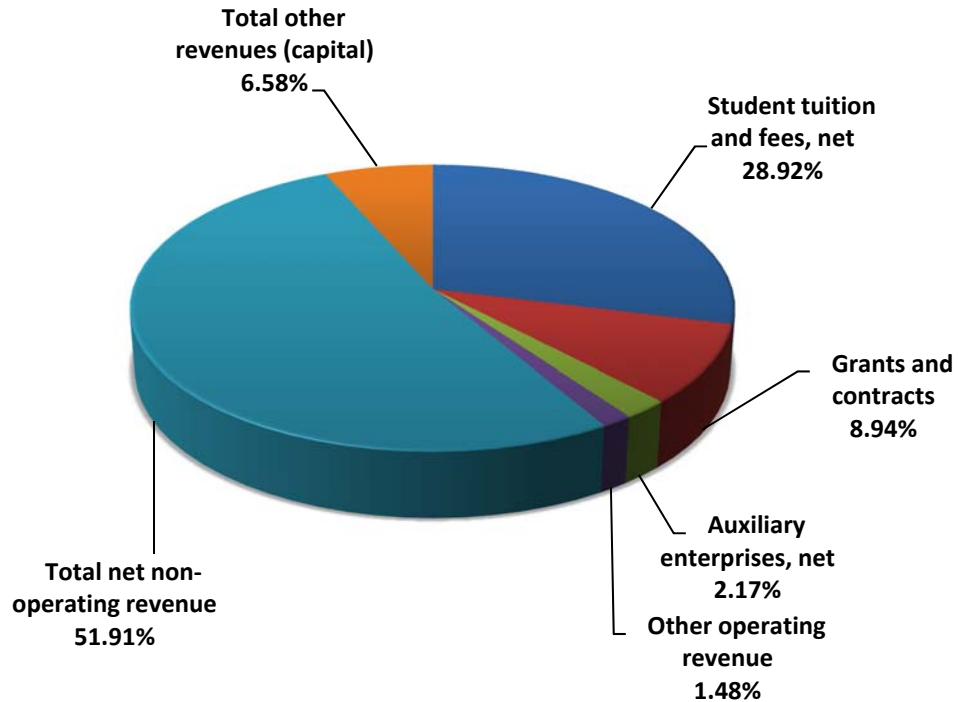
Summary of Revenues
For the years ended June 30, 2016 and 2015
(in thousands of dollars)

	2016	2015	Dollar Change	Percentage Change
Operating revenues				
Student tuition and fees, net	\$361,227	\$356,578	\$4,649	1.30%
Grants and contracts	111,703	105,754	5,949	5.63%
Auxiliary enterprises, net	27,068	28,087	(1,019)	(3.63%)
Other operating revenue**	18,531	19,903	(1,372)	(6.89%)
Total Operating Revenues	\$518,529	\$510,322	\$8,207	1.61%
Non-operating activity				
State operating appropriations	\$416,741	\$411,086	\$5,655	1.38%
Local operating appropriations	2,379	2,182	197	9.03%
Grants and gifts	232,235	262,451	(30,216)	(11.51%)
Investment income	1,382	917	465	50.71%
Interest expense	(3,765)	(4,159)	394	(9.47%)
Other	(538)	(4,053)	3,515	(86.73%)
Total net non-operating revenue	\$648,434	\$668,424	(\$19,990)	(2.99%)
Other revenues (capital)				
Capital appropriations-state	\$68,530	\$86,429	(\$17,899)	(20.71%)
Capital appropriations-local	7,338	6,831	507	7.42%
Capital gifts and grants	6,241	2,981	3,260	109.36%
Total other revenues (capital)	\$82,109	\$96,241	(\$14,132)	(14.68%)
Total revenues	\$1,249,072	\$1,274,987	(\$25,915)	(2.03%)

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

A graphic presentation of fiscal year 2016 revenues by source (per the Statement of Revenues, Expenses and Changes in Net Position) is below.

Total Revenue - By Source



Operating Revenues

Total operating revenues remained relatively constant as compared to the prior year with a total percentage increase of only 1.61%. Gross student tuition and fee revenues (before scholarship discounts and allowances) declined by \$0.16 million, a decrease of only 0.03%. Increased revenue from higher tuition and fee rates was offset by decreased revenue due to fewer student FTEs. However, scholarship discounts and allowances decreased slightly in the current year with a percentage decline of 2.66%; therefore, net tuition and fees revenue increased by 1.30% primarily due to a reduction in scholarship discounts and allowances applied against tuition and fees in fiscal year 2016 as compared to fiscal year 2015.

Non-operating and Other Revenues

Total net non-operating revenue (non-operating and other) decreased by \$34.1 million or 4.5% primarily as a result of a \$26.9 million decrease in gifts, grants, and contracts (non-operating and capital) driven by a significant reduction in Federal Pell Grant revenue due to reduced student enrollment and a \$17.9 million reduction in state capital appropriation revenue related to decreased VCBA funded activity. These decreases were partially offset by a \$5.7 million increase, approximately 1.38%, in state operating appropriations, and by a reduction of \$3.5 million in other non-operating expense.

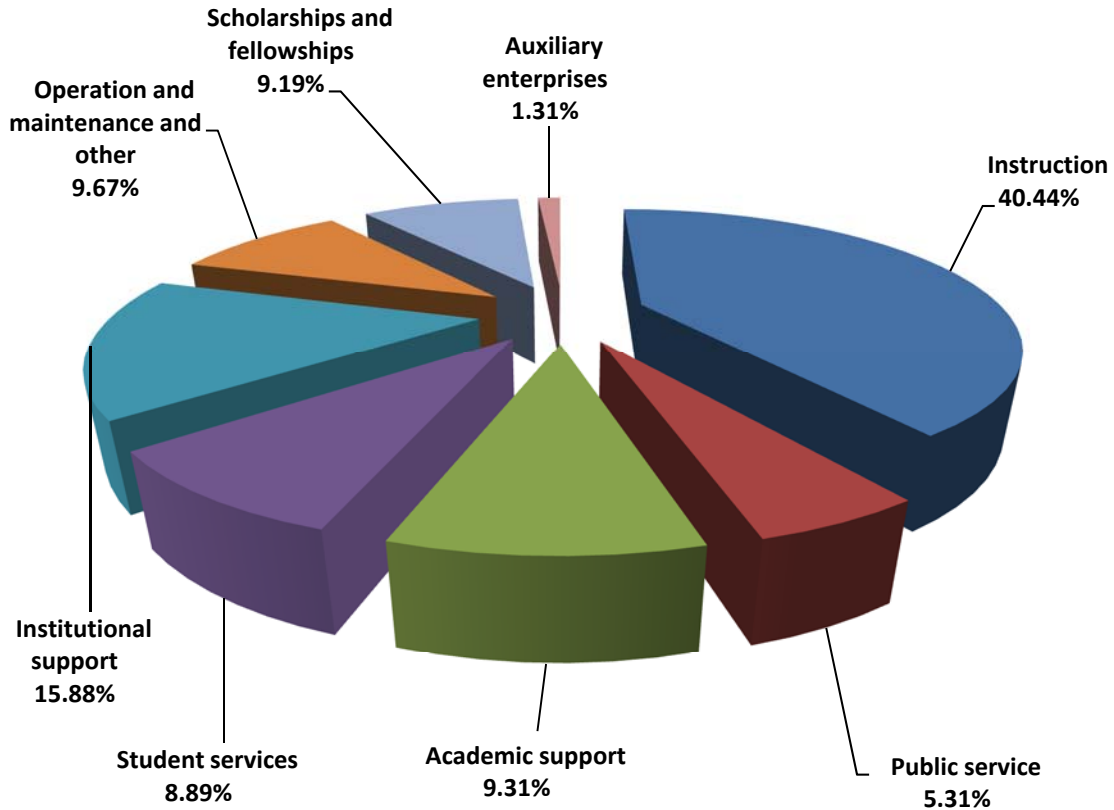
The following table is a detailed breakdown of operating expenses by function and a comparison of changes by category for the periods ended June 30, 2016 and 2015:

Summary of Expenses by Function
For the years ended June 30, 2016 and 2015
(in thousands of dollars)

	2016	2015	Dollar Change	Percentage Change
Operating expenses:				
Instruction	\$488,947	\$495,025	(\$6,078)	(1.23%)
Public service	64,169	49,387	14,782	29.93%
Academic support	112,559	116,777	(4,218)	(3.61%)
Student services	107,509	101,771	5,738	5.64%
Institutional support	192,026	190,839	1,187	0.62%
Operation and maintenance	116,759	120,148	(3,389)	(2.82%)
Scholarships and fellowships	111,131	129,240	(18,109)	(14.01%)
Auxiliary enterprises	15,782	17,630	(1,848)	(10.48%)
Other expenses	176	132	44	33.33%
Total operating expenses	\$1,209,058	\$1,220,949	(\$11,891)	(0.97%)

A graphic presentation of fiscal year 2016 operating expenses by function (per the Statement of Revenues, Expenses and Changes in Net Position) is below.

Operating Expenses Functional Category



Operating Expenses

Operating expenses totaled approximately \$1.2 billion for fiscal 2016 and declined by \$11.9 million. The natural expense category, compensation and benefits, comprised \$748.2 million of total VCCS operating expenses. This category increased by \$14.6 million (1.98%) due to normal fluctuations in staffing levels and increased employee benefit costs. Scholarship expenses declined by \$17.8 million (13.58%) due to decreased enrollment coupled with reduced federal grant funding, and the net change across the other natural expense categories (i.e. utilities, depreciation, and supplies, services, and other expenses) was a decrease of \$8.7 million (2.43%). These changes resulted in fluctuations between functional categories, but the overall effect was a decrease in total operating expenses of 0.97%.

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.

A summary of the cash flows is as follows:

	(in thousands of dollars)			
	For the year ended June 30:			
	2016	2015	Dollar Change	Percentage Change
Cash received from operations	\$521,161	\$516,527	\$4,634	0.90%
Cash used in operations	1,114,950	1,146,107	(31,157)	(2.72%)
Net cash used in operations	<u>(\$593,789)</u>	<u>(\$629,580)</u>	<u>\$35,791</u>	<u>(5.68%)</u>
Net cash provided by non-capital financing activities	\$646,599	\$662,850	(\$16,251)	(2.45%)
Net cash used in capital and related financing activities	(23,586)	(30,400)	6,814	(22.41%)
Net cash provided by (used in) investing activities	(15,000)	5,586	(20,586)	(368.53%)
Net increase (decrease) in cash and cash equivalents	<u>\$14,224</u>	<u>\$8,456</u>	<u>\$5,768</u>	<u>68.21%</u>
Cash and cash equivalents, beginning of year as adjusted	<u>\$258,542</u>	<u>\$250,086</u>		
Cash and cash equivalents, end of year	<u>\$272,766</u>	<u>\$258,542</u>		

The primary operating sources of cash for the VCCS included tuition and fees of \$363.5 million, operating grants and contracts of \$111.4 million, and auxiliary revenues of \$26.8 million. The primary uses of operating cash included employee salaries, wages, fringe benefits and pension benefits of \$753.5 million, operating expenses (payments to suppliers/others and utilities) of \$247.2 million and scholarships of \$113.9 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 provided by non-capital financing was lower due to a decrease in grants and gifts. Net cash flows from capital and related financing activities increased \$6.8 million due primarily to a decrease in cash disbursements of \$14.4 million for capital asset purchases offset by a decrease of \$5.9 million in state capital appropriations and \$1.8 million in additional debt principal payments in fiscal year 2016. Net cash provided by (used in) investing activities decreased \$20 million largely due to a

reduction in sales of investments. The overall increase in cash and cash equivalents was \$14.2 million at the end of fiscal year 2016.

Economic Outlook

In fiscal year 2016, the Commonwealth predicted a 3.2% increase in general fund revenues and actually collected at a rate that was 1.7% above fiscal year 2015. In response to revenue shortfalls in previous years, the Commonwealth permanently reduced the VCCS general fund by approximately \$75.5 million between fiscal years 2008 and 2012; however, as of the fiscal year 2017 budget, \$76.4 million has been added since that time including \$27.2 million for fiscal year 2017. The net effect for fiscal year 2017 and future years is that VCCS general funds will have returned to the level attained in fiscal year 2008.

The State Board for Community Colleges has adopted a concept of maintaining as much stability and predictability in tuition as possible, and has implemented manageable annual tuition rate increases. Further, the Board 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 2016 will be 36.1% of the average of the four-year institutions for total tuition and mandatory fees.

Effective with the fall 2016 session, the State Board for Community Colleges approved a tuition increase of \$3.75 per credit hour applicable to all students. Within the VCCS, eight colleges have tuition differential rates ranging from \$0.50 per credit hour to \$28.05 per credit hour. The VCCS estimates that the tuition rate increases will generate approximately \$1.3 million in additional tuition and deferred revenues in fiscal year 2017, assuming a 3.5% decline in FTEs.

Chapter 759, Virginia Acts of Assembly, 2016 Reconvened Session, authorized the funding for construction of nine projects at various VCCS colleges. This chapter also authorized funding for detailed planning from amounts in the Central Capital Planning Fund for four VCCS projects.

The VCCS capitalized construction expenses totaling \$74.3 million during fiscal year 2016. These costs primarily included some projects that are still in progress, but also included numerous projects that were completed during fiscal year 2016. Construction costs for projects completed during fiscal year 2016 totaled \$140.6 million.

The VCCS entered into contractual commitments for capital projects totaling \$218.5 million prior to June 30, 2016. Expenses processed against these commitments during fiscal year 2016 totaled \$182 million, leaving an unpaid commitment balance of \$36.5 million.

***CONSOLIDATED
FINANCIAL
STATEMENTS***

Virginia Community College System
Consolidated
Statement of Net Position
As of June 30, 2016

	<u>VCCS</u>	<u>Component Units Foundations</u>
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	254,102,176	16,173,555
Appropriation available	5,911	
Short term investments (Note 2)	10,740,135	34,418,246
Accounts receivable, net (Note 3)	10,111,400	751,872
Pledges receivable (Note 3)		3,584,366
Due from commonwealth	11,319,512	
Interest receivable	401,915	218,896
Prepaid expenses	14,362,485	158,518
Inventories	1,469,592	
Notes receivable, net (Note 3)	2,005,181	161,685
Total Current Assets	<u>304,518,307</u>	<u>55,467,138</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	5,660,973	
Cash equivalents with trustees	12,971,047	
Endowment cash and cash equivalents (Note 2)	35,979	6,130,617
Appropriation available	1,177,065	
Endowment investments (Note 2)		129,893,847
Other long-term investments (Note 2)	32,674,559	43,093,059
Accounts receivable, net (Note 3)	3,154	5,216
Investments in real estate (Note 2)		1,890,733
Pledges receivable (Note 3)		7,217,337
Due from commonwealth	6,056,368	
Notes receivable, net (Note 3)	1,925,751	952,319
Non-depreciable capital assets, net (Note 4)	123,549,119	2,792,871
Depreciable capital assets, net (Note 4)	1,244,415,888	18,906,622
Total Noncurrent Assets	<u>1,428,469,903</u>	<u>210,882,621</u>
Total Assets	<u>1,732,988,210</u>	<u>266,349,759</u>
Deferred Outflows of Resources (Note 15)	66,042,117	
Total Assets and Deferred Outflows of Resources	<u>1,799,030,327</u>	<u>266,349,759</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 5)	49,927,062	1,069,573
Accrued payroll expense	50,666,608	193,799
Unearned revenue	53,251,774	630,858
Long-term liabilities-current portion (Note 7)	30,093,435	488,777
Securities lending obligation	3,639	
Due to Commonwealth		
Deposits	9,050,757	2,627,804
Total Current Liabilities	<u>192,993,275</u>	<u>5,010,811</u>
Noncurrent Liabilities		
Unearned revenue	654,337	
Long-term liabilities (Note 7)	135,783,849	9,025,225
Due to federal government (Note 7)	4,397,945	
Pension obligations (Note 7)	528,673,000	
Total Noncurrent Liabilities	<u>669,509,131</u>	<u>9,025,225</u>
Total Liabilities	<u>862,502,406</u>	<u>14,036,036</u>
Deferred Inflows of Resources (Note 15)	45,905,000	
Total Liabilities and Deferred Inflows of Resources	<u>908,407,406</u>	<u>14,036,036</u>

**Virginia Community College System
Consolidated
Statement of Net Position
As of June 30, 2016**

	VCCS	Component Units Foundations
Net Position		
Net investment in capital assets	1,249,617,569	13,668,664
Restricted for:		
Nonexpendable	9,419	77,511,908
Expendable		92,492,948
Unrestricted	(359,004,067)	68,640,203
Total Net Position	890,622,921	252,313,723

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, 2016**

	VCCS	Component Units Foundations
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$176,293,388)	361,226,808	
Federal grants and contracts	94,111,282	
State and local grants	5,075,842	1,049,052
Nongovernmental grants	12,515,490	1,630,632
Sales/services of education department	216,064	
Auxiliary enterprises (net of scholarship allowance of \$2,033,680)	27,068,222	
Gifts and contributions		14,203,531
Endowment income		800,033
Other operating revenues	18,315,630	6,125,943
Total Operating Revenue	518,529,338	23,809,191
Expenses		
Operating Expenses		
Instruction	488,946,707	1,785,168
Public service	64,168,945	1,262,640
Academic support	112,559,318	5,378,117
Student services	107,509,160	226,527
Institutional support	192,025,907	7,165,715
Operation and maintenance	116,759,494	777,287
Scholarships and fellowships	111,130,572	8,573,607
Auxiliary enterprises	15,782,251	
Fundraising		2,366,552
Other expenses	175,685	403,421
Total Operating Expenses	1,209,058,039	27,939,034
Operating Income (Loss)	(690,528,701)	(4,129,843)
Nonoperating Revenues(Expenses)		
State appropriations (Note 11)	416,741,251	
Local appropriations	2,378,719	
Grants and gifts	232,235,280	
Investment income	1,381,644	5,792,553
Interest on capital asset related debt	(3,764,819)	
Other nonoperating revenue (expense)	(537,792)	22,889
Net Nonoperating Revenue	648,434,283	5,815,442
Income before other revenues, expenses gains (losses)	(42,094,418)	1,685,599
Capital appropriations-state (Note 18)	68,529,721	
Capital appropriations-local	7,337,466	
Capital gifts, grants and contracts	6,241,169	47,111
Additions to permanent and term endowments		7,957,209
Increase (Decrease) in Net Position	40,013,938	9,689,919
Net Position		
Net Position beginning of year, as restated (Note 1-O)	850,608,983	242,623,804
Net Position end of year	890,622,921	252,313,723

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, 2016

Cash flows from operating activities:

Tuition and fees	363,507,256
Grants and contracts	111,425,422
Payments to suppliers and others	(229,104,303)
Payments for employee wages	(574,019,874)
Payments for employee fringes and pension benefits	(179,513,448)
Payment for scholarships	(113,906,003)
Payments for utilities	(18,130,695)
Sales and services of education department	216,064
Auxiliary	26,807,211
Loans issued to students	(275,545)
Loans collected from students	740,094
Other	18,464,637
Net cash used by operating activities	<u>(593,789,184)</u>

Cash flows from non-capital financing activities:

State appropriations	416,741,251
Local appropriations	2,378,719
Grants and gifts	223,347,077
Agency receipts	12,215,917
Agency disbursements	(12,812,575)
PLUS, Stafford and Direct Lending loan receipts	158,097,123
PLUS, Stafford and Direct Lending loan disbursements	(155,190,771)
Borrowings	4,400,000
Loan repayments	(4,347,491)
Other non-operating revenue(expense)	1,769,902
Net cash provided (used) by non-capital financing activities	<u>646,599,152</u>

Cash flows from capital financing activities:

Capital appropriations-state	75,432,895
Capital appropriations-local	7,337,466
Capital grants and gifts	5,673,450
Purchase capital assets	(98,059,503)
Proceeds from sale of capital assets	353,028
Proceeds from bond issue	1,137,000
Debt interest payments	(5,962,129)
Debt principal payments	(9,498,118)
Net cash provided (used) by capital financing activities	<u>(23,585,911)</u>

Cash flows from investing activities:

Purchases of investments	(34,749,346)
Sale of investments	18,760,755
Investment income	988,873
Net cash provided (used) by investing activities	<u>(14,999,718)</u>

Net increase (decrease) in cash and cash equivalents

14,224,339

Cash and cash equivalents, beginning of year

258,542,197

Cash and cash equivalents, End of Year

272,766,536

**Virginia Community College System
Consolidated
Statement of Cash Flows
For the Year Ended June 30, 2016**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(690,528,701)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	59,441,181
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and accounts receivable, net	11,618,208
Prepaid expenses and other	8,277,077
Accrued compensation and leave	1,211,477
Accounts payable and other	23,596,163
Unearned revenue	(926,448)
Deposits pending distribution	317,302
Pension related accounts	(6,795,443)
Net cash used in operating activities	<u><u>(593,789,184)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	272,770,175
Less: Securities Lending Cash Equivalents	3,639
Cash and cash equivalents end of year	<u><u>272,766,536</u></u>
Noncash transactions	
Donated fixed assets	567,719
Debt principal and interest payments made by Treasury	2,014,159

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

***NOTES TO THE
FINANCIAL
STATEMENTS***

VIRGINIA COMMUNITY COLLEGE SYSTEM

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2016

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, and twenty-three community colleges located on forty campuses throughout the Commonwealth. 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, 2016, the foundations distributed \$9,119,106 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 Change 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, 2016.

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. No modifications have been made to the financial information of the foundations in the financial statements of the VCCS regarding these criteria and presentation features.

The financial statements for the community college foundations are for the year ending June 30, 2016 except for Dabney S. Lancaster, Eastern Shore, Germanna, John Tyler, Lord Fairfax, Mountain Empire, New River, Piedmont, Tidewater (Educational and Real Estate Foundations), Virginia Western, and Wytheville (Educational and Scholarship Foundations) which are as of December 31, 2015.

E. Prepaid Assets

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

F. Inventories

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

G. Investments

Investments meeting the valuation standards outlined in GASB Statement 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, have been shown at fair market value. The remaining investments have been recorded at cost.

H. Capital Assets

Plant assets consisting of land, buildings, infrastructure, equipment, library books, intangible assets, and construction in progress are stated at appraised historical cost or actual cost where determinable. Improvements to buildings, infrastructure and land that significantly increase the usefulness, efficiency or life of the asset are capitalized. Routine maintenance and repairs are charged to operations when incurred. Interest expense relating to construction is capitalized. Donated assets are recorded at the estimated fair value at the date of donation. The fixed asset values presented in these financial statements are

extracted from the financial data maintained by the System's Administrative Information System (AIS). Current fund expenses for equipment are capitalized when the unit acquisition cost is \$5,000 or greater and the estimated useful life is one year or more. Occupancy permits are used to determine when to reclassify buildings from construction-in-progress. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 20 to 25 years for infrastructure and land improvements, 3 to 25 years for equipment, 10 years for library books, and 5 to 10 years for intangible assets - computer software.

I. Pensions

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 Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' System (VaLORS) Retirement Plan; and the additions to/deductions from the VRS State Employee Retirement Plan's and the VaLORS Retirement Plan's 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.

J. 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. An additional liability amount has been included for those employees with less than five years of service based on the probability they will eventually become vested. Also included in the liability is the System's share of the FICA taxes on leave balances for which employees will be compensated.

K. 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.

L. 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 Revenue, 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.

M. 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.

N. 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.

O. Restatements

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

Net Position as of June 30, 2015 - previously reported	\$852,971,272
Correction of NVCC Construction in Progress asset overstatement	<u>(2,362,289)</u>
Net Position as of July 1, 2015 - as restated	<u>\$850,608,983</u>

2. CASH AND INVESTMENTS

Cash and Cash Equivalents

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

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

Deposits

Local cash deposits with banks and savings institutions not with the Treasurer of Virginia are covered by federal depository insurance or collateralized in accordance with the Virginia Security of Public Deposits Act, Section 2.2-4400 et seq., *Code of Virginia*. Deposits covered by the Virginia Security of Public Deposits Act totaled \$52,608,232 at June 30, 2016.

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 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 exposed to custodial credit risk for 2016.

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 2016.

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 2016.

<u>Cash Equivalents</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Local Govt. Investment Pool	\$58,434,194	AAA
Non-Negotiable Cert. of Deposit	1,597,519	Not Rated
Repurchase Agreements	12,039,563	Not Rated
Mutual and Money Market Funds	1,917,014	Not Rated
Securities Lending ⁽¹⁾	3,639	
Total	<u>\$73,991,929</u>	

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less 1 year</u>	<u>1-5 years</u>
Agency Mortgage Backed Securities	\$330,426	\$133,064	\$197,362
Corporate Notes	1,933,088		1,933,088
Negotiable Certificates of Deposit	29,907,151		29,907,151
Municipal Securities	308,574		308,574
Mutual Funds	599,353		599,353
U.S. Treasury and Agency Securities	389,775		389,775
Non-Negotiable Cert. of Deposit	9,946,327	9,946,327	
Total	<u>\$43,414,694</u>	<u>\$10,079,391</u>	<u>\$33,335,303</u>

(1) GASB Statement Number 28, *Accounting and Financial Reporting for Securities Lending Transactions*, establishes standards of accounting and financial reporting for transactions where governmental entities transfer securities to broker-dealers and other entities for collateral, and simultaneously agree to return the collateral for the same securities in the future. The amounts identified above represent the VCCS' allocated share of securities received for securities lending transactions held in the general account of the Commonwealth of Virginia. The Commonwealth's policy is to record unrealized gains and losses in the General Fund in the Commonwealth's basic financial statements. When gains or losses are realized, the actual gains and losses are recorded by the affected agencies. Information related to the credit risk of these investments and securities lending transactions held in the general account is available in the Commonwealth of Virginia's *Comprehensive Annual Financial Report*.

Fair Value Measurement

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

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

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

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

Fair Value Measurement Using:

	Quoted Prices In Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Other Unobservable Inputs Level 3
Agency Mortgage Backed Securities	\$ 330,426		
Corporate Notes	1,933,088		
Negotiable Certificates of Deposit	29,907,151		
Municipal Securities	308,574		
Mutual and Money Market Funds	2,516,368		
U.S. Treasury and Agency Securities	389,775		
Repurchase Agreements	12,039,563		
Total Investments measured at Fair Value	<u>\$47,424,945</u>	-	-

Community College Foundations

The Foundations had the following cash, cash equivalents and investments as of June 30, 2016:

Cash and cash equivalents \$ 22,304,172

Investments:

Mutual funds and money markets	\$ 82,390,155
Stocks	76,467,180
Corporate bonds	24,484,613
UVA investment fund	7,325,655
Certificates of deposits	6,559,619
Municipal bonds	5,203,847
Investment in real estate	2,078,757
Mortgage-backed securities	1,996,736
U.S. government securities & bonds	1,487,970
Cash surrender value of life insurance	508,215
Partnership investment	344,071
Assets held for resale	332,970
Split interest agreement	116,097
Total investments	<u>\$209,295,885</u>

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

3. RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

The following receivables included an allowance for doubtful accounts at June 30, 2016:

Gross accounts receivable:	
Tuition and fees	\$ 7,390,486
Auxiliary enterprises	506,458
Federal, state, local and nongovernmental grants, gifts, contracts	2,435,064
Other activities	745,935
Total gross accounts receivable	<u>\$11,077,943</u>

Less: Allowance for doubtful accounts	(963,389)
Net accounts receivable	<u>\$10,114,554</u>
Gross Loans and notes receivable	\$ 4,177,414
Less: Allowance for doubtful accounts	(246,482)
Net loans and notes receivable	<u>\$ 3,930,932</u>

Receivables not expected to be collected within one year are \$1,928,905 in accounts, notes, and loans receivable.

Community College Foundations

The foundations have the following receivables as of June 30, 2016:

Gross accounts receivable	\$757,088
Less: Allowance for doubtful accounts	
Net accounts receivable	<u>\$757,088</u>
Pledges receivable:	
Due in one year	\$3,676,107
Due in 1-5 years	7,010,680
Due in more than 5 years	963,770
Less: Allowance for doubtful accounts	(180,105)
Present value discount	(668,749)
Net pledges receivable	<u>\$10,801,703</u>
Gross loans and notes receivable	\$1,114,004
Less: Allowance for doubtful accounts	
Net loans and notes receivable	<u>\$1,114,004</u>

Receivables not expected to be collected within one year are \$952,319 in notes and loans receivable and \$7,217,337 in pledges receivable.

4. CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2016 are as follows:

	Beginning*			Ending
	Balance	Increases	Decreases	Balance
Nondepreciable capital assets:				
Land / Land Improvements	\$66,455,119	\$3,385,724	(\$107,232)	\$69,733,611
Inexhaustible Works of Art	148,174			148,174
Construction in Progress	123,227,535	70,923,418	(140,483,619)	53,667,334
Total capital assets not being depreciated	<u>\$189,830,828</u>	<u>\$74,309,142</u>	<u>(\$140,590,851)</u>	<u>\$123,549,119</u>
Depreciable capital assets:				
Buildings	\$1,296,252,779	\$125,342,822		\$1,421,595,601
Infrastructure	68,769,014	6,029,404	(3,700)	74,794,718
Equipment	197,889,710	16,931,476	(8,478,893)	206,342,293
Land Improvements	85,257,508	7,193,613		92,451,121
Library Books	48,317,038	1,643,343	(1,774,427)	48,185,954

Intangible	46,982,899	24,440		47,007,339
Total other capital assets	\$1,743,468,948	\$157,165,098	(\$10,257,020)	\$1,890,377,026
Less accumulated depreciation for:				
Buildings	(\$313,307,505)	(\$30,589,565)		(\$343,897,070)
Infrastructure	(27,458,926)	(3,325,646)		(30,784,572)
Equipment	(133,061,865)	(16,989,217)	7,624,259	(142,426,823)
Land Improvements	(49,608,149)	(3,579,279)		(53,187,428)
Library Books	(35,159,317)	(2,772,814)	1,774,427	(36,157,704)
Intangible	(37,402,152)	(2,184,660)	79,271	(39,507,541)
Total accumulated depreciation	(\$595,997,914)	(\$59,441,181)	\$9,477,957	(\$645,961,138)
Other capital assets, net	\$1,147,471,034	\$97,723,917	(\$779,063)	\$1,244,415,888
Total capital assets, net	\$1,337,301,862	\$172,033,059	(\$141,369,914)	\$1,367,965,007

*Beginning balances as restated (see footnote 1-O)

Community College Foundations

The foundations had the following capital assets as of June 30, 2016:

Non-depreciable capital assets:	
Land	\$ 2,666,744
Works of art	126,127
Total nondepreciable capital assets	\$ 2,792,871
Depreciable capital assets:	
Buildings	\$20,801,368
Equipment	1,959,055
Site improvement	460,411
Total depreciable capital assets	\$23,220,834
Less: Accumulated depreciation	(4,314,212)
Depreciable capital assets, net	\$18,906,622
Total capital assets, net	\$21,699,493

5. ACCOUNTS AND RETAINAGE PAYABLE

Accounts and retainage payable consisted of the following as of June 30, 2016:

	<u>VCCS</u>	<u>Foundations</u>
Vendors payable	\$45,812,857	\$1,069,573
Students payable	486,302	
Retainage payable	3,626,785	
Taxes payable	1,118	
Total	<u>\$49,927,062</u>	<u>\$1,069,573</u>

6. COMMITMENTS

At June 30, 2016, the VCCS had future contractual commitments totaling \$36,501,292. The System held \$3,556,521 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.

7. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2016 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Debt:					
Capital leases	\$6,303,763		\$2,080,351	\$4,223,412	\$886,660
Notes payable:					
Installment purchases	3,782,323		571,967	3,210,356	187,465
Pooled bonds	129,007,146	9,627,715	14,986,289	123,648,572	6,195,000
Other notes payable	4,000,000	4,400,000	4,000,000	4,400,000	4,400,000
Total bonds, notes and capital leases	\$143,093,232	\$14,027,715	\$21,638,607	\$135,482,340	\$11,669,125
Other liabilities:					
Compensated absences	30,971,018	23,727,321	24,303,395	30,394,944	18,424,310
Pension Obligations	480,219,000	48,454,000		528,673,000	
Federal loan program contributions	4,794,667		396,722	4,397,945	
Total other liabilities	\$515,984,685	\$72,181,321	\$24,700,117	\$563,465,889	\$18,424,310
Total long-term liabilities	\$659,077,917	\$86,209,036	\$46,338,724	\$698,948,229	\$30,093,435

8. NOTES PAYABLE

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

Parking garage for the Medical Education campus of Northern Virginia Community College - The balance is to be repaid in annual installments ranging from \$340,000 to \$530,000 with

coupon rates ranging from 3% to 5% payable semiannually. The final installment of \$530,000 is due September 1, 2021. The outstanding balance at June 30, 2016 is \$3,115,288.

Parking deck for the Annandale Campus of Northern Virginia Community College - The balance is to be repaid in annual installments ranging from \$355,000 to \$400,000 with a coupon rate of 5% payable semiannually. The final installment of \$360,000 is due September 1, 2023. The outstanding balance at June 30, 2016 is \$3,369,012.

Parking garage for J. Sargeant Reynolds Community College - The balance is to be repaid in annual installments ranging from \$200,000 to \$325,000 with coupon rates ranging from 3% to 5% payable semiannually. The final installment of \$325,000 is due September 1, 2022. The outstanding balance at June 30, 2016 is \$2,080,427.

Student Center for Tidewater Community College Norfolk Campus - The balance is to be repaid in annual installments ranging from \$580,000 to \$1,095,000 with coupon rates ranging from 3% to 5% payable semiannually. The final installment of \$1,095,000 is due September 1, 2028. The outstanding balance at June 30, 2016 is \$12,456,996.

Workforce Training and Technology Center for J. Sargeant Reynolds Community College - The balance is to be repaid in annual installments ranging from \$30,000 to \$75,000 with an average coupon rate of 4.914% payable semiannually. The final installment of \$75,000 is due September 1, 2029. The outstanding balance at June 30, 2016 is \$814,601.

Student Center for Tidewater Community College Virginia Beach Campus – The balance is to be repaid in annual installments ranging from \$285,000 to \$1,035,000 with coupon rates ranging from 3% to 5% payable semiannually. The final installment of \$1,035,000 is due September 1, 2030. The outstanding balance at June 30, 2016 is \$18,896,482.

Student Center for Tidewater Community College Chesapeake Campus - The balance is to be repaid in annual installments ranging from \$345,000 to \$725,000 with coupon rates ranging from 3% to 5% payable semiannually. The final installment of \$725,000 is due September 1, 2030. The outstanding balance at June 30, 2016 is \$13,285,795.

Academic Building for Tidewater Community College Chesapeake Campus - The balance is to be repaid in annual installments ranging from \$170,000 to \$325,000 with an average coupon rate of 4.969% payable semiannually. The final installment of \$325,000 is due September 1, 2024. The outstanding balance at June 30, 2016 is \$2,640,751.

Student Center for Blue Ridge Community College Weyers Cave Campus - The balance is to be repaid in annual installments ranging from \$335,000 to \$660,000 with a coupon rate of 3.12% payable semiannually. The final installment of \$660,000 is due September 1, 2030. The outstanding balance at June 30, 2016 is \$8,198,589.

Student Center for Tidewater Community College Portsmouth Campus - The balance is to be repaid in annual installments ranging from \$520,000 to \$1,065,000 with a coupon rate of 3.12% payable semiannually. The final installment of \$1,065,000 is due September 1, 2030. The outstanding balance at June 30, 2016 is \$13,260,102.

Student Center for Virginia Western Community College - The balance is to be repaid in annual installments ranging from \$200,000 to \$465,000 with an average coupon rate of 4.23% payable semiannually. The final installment of \$465,000 is due September 1, 2031. The outstanding balance at June 30, 2016 is \$5,914,285.

Parking garage for Germanna Community College - The balance is to be repaid in annual installments ranging from \$175,000 to \$405,000 with an average coupon rate of 4.23% payable semiannually. The final installment of \$405,000 is due September 1, 2031. The outstanding balance at June 30, 2016 is \$5,143,603.

Parking garage for John Tyler Community College Midlothian Campus - The balance is to be repaid in annual installments ranging from \$210,000 to \$440,000 with an average coupon rate of 3.6% payable semiannually. The final installment of \$440,000 is due September 1, 2032. The outstanding balance at June 30, 2016 is \$6,328,340.

Parking garage for Tidewater Community College Chesapeake Campus - The balance is to be repaid in annual installments ranging from \$740,000 to \$1,620,000 with an average coupon rate of 3.6% payable semiannually. The final installment of \$1,620,000 is due September 1, 2032. The outstanding balance at June 30, 2016 is \$23,331,779.

Parking garage for Blue Ridge Community College Weyers Cave Campus - The balance is to be repaid in annual installments ranging from \$135,000 to \$325,000 with coupon rates ranging from 4% to 5% payable semiannually. The final installment of \$325,000 is due September 1, 2034. The outstanding balance at June 30, 2016 is \$4,812,522.

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

Other notes payable of \$4,400,000 represents advances received from the Commonwealth of Virginia in anticipation of federal grant funding.

Scheduled maturities of notes payable are as follows:

Year Ending June 30	Principal	Interest	Total Payments
2017	6,195,000	\$5,079,372	\$11,274,372
2018	6,505,000	4,772,960	11,277,960
2019	6,805,000	4,449,735	11,254,735
2020	7,095,000	4,123,596	11,218,598
2021	7,360,000	3,790,135	11,150,135
2022-2026	37,015,000	13,700,448	50,715,448
2027-2031	36,825,000	4,946,382	41,771,382
2032-2036	6,135,000	264,775	6,399,775
Sub Totals	\$113,935,000	\$41,127,405	\$155,062,405
Plus: Bond Premium	9,713,572		9,713,572
Totals	\$123,648,572	\$41,127,405	\$164,775,977

9. LEASE COMMITMENTS AND INSTALLMENT PURCHASES

The System is committed under various capital lease, operating lease, and installment purchase agreements. The cost of assets capitalized under capital lease and installment purchase agreements total \$32,021,622 and \$4,806,574, respectively. Rent expense under operating lease agreements amounted to \$11,363,211 for the year. A summary of future obligations under lease agreements as of June 30, 2016 follows:

Year Ending June 30	Capital Lease Obligations	Installment Purchase Obligations	Operating Lease Obligations
2017	1,108,443	\$220,081	\$ 10,745,407
2018	1,108,932	461,184	9,058,049
2019	1,107,492	461,185	8,209,520
2020	1,109,194	461,183	4,798,411
2021	363,670	461,640	3,429,940
2022-2026		1,561,780	10,762,067
2027-2031		16,377	
Total obligation and gross minimum lease payments	\$4,797,731	\$3,643,430	\$47,003,394
Less: Interest	(574,319)	(433,074)	
Present value of minimum lease payments	\$4,223,412	\$3,210,356	\$47,003,394

10. OPERATING EXPENSES BY NATURAL AND FUNCTIONAL CLASSIFICATIONS

VCCS operating expenses for the year ended June 30, 2016 were as follows:

Functional Classification	Natural Classification					Total
	Salaries & Benefits	Utilities	Scholarships	Depreciation	Supplies, Services & Other	
Instruction	\$ 384,191,426	\$ 210,253	\$ 689,967	\$ 38,809,358	\$ 65,045,703	\$ 488,946,707
Public Service	16,120,439	1,176	227,042	192,900	47,627,388	64,168,945
Acad. Support	80,857,103	125,815	239,401	6,370,939	24,966,060	112,559,318
Student Services	91,063,638	1,221	553,802	2,601,255	13,289,244	107,509,160
Inst. Support	127,770,493	101,457	1,063,411	7,923,207	55,167,339	192,025,907
O & M of Plant	42,446,488	16,495,463	44,309	3,403,661	54,369,573	116,759,494
Schol. & Fellows.	60,570		110,384,218		685,784	111,130,572
Aux. Enterprises	5,711,158	564,244	2,035	139,861	9,364,953	15,782,251
Other Expenses					175,685	175,685
Total Expenses	\$ 748,221,315	\$ 17,499,629	\$113,204,185	\$ 59,441,181	\$270,691,729	\$1,209,058,039

11. 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 2016-17 provided that the VCCS meets financial and administrative standards outlined in the *Code of Virginia*.

During the year ended June 30, 2016, the Virginia Community College System received the following general fund appropriations in accordance with Chapter 732, 2016 Virginia Acts of Assembly.

Appropriated – Chapter 732 – approved April 10, 2016	\$364,429,831
Additions:	
Net central accounts distribution	16,073,737
Other:	
Transfer from SCHEV – VIVA	36,751
Carryover fiscal year 2015 year-end balances	14,116,807
Equipment Trust Fund lease payment	(633,657)
Capital fee transfers	(3,139,785)
Philpott manufacturing	(398,788)
Reversion	(15,703,990)
	(15,703,990)
Adjusted Unrestricted Appropriations	\$374,780,906

Other restricted appropriations were \$41,960,345 for a total of \$416,741,251.

12. 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.

13. 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, 2016. These amounts are reported as restricted expendable net position. Total-return policy is followed for authorizing and spending investment income.

14. 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, 2016, the VCCS estimates that no material liabilities will result from such audits.

15. 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. The State Retirement Plan and VaLORS Retirement Plan are single employer plans treated as cost-sharing employer plans for financial reporting purposes. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase

prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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

Retirement Plan Provisions By Plan Structure		
Plan 1	Plan 2	Hybrid
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>Eligible Members 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"> • State employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.
<p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid</p>	<p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special</p>	<p>*Non-Eligible Members</p>

Retirement Plan Provisions By Plan Structure		
Plan 1	Plan 2	Hybrid
<p>Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>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>
<p>Retirement Contributions State employees, excluding state elected officials and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions State employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn</p>

Retirement Plan Provisions By Plan Structure		
Plan 1	Plan 2	Hybrid
<p>include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>		<p>creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> 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</p>

Retirement Plan Provisions By Plan Structure		
Plan 1	Plan 2	Hybrid
		<p>of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1</p> <p><u>Defined Contribution Component:</u> 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>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%.</p>

Retirement Plan Provisions By Plan Structure		
Plan 1	Plan 2	Hybrid
<p>members is 1.70%.</p> <p>VaLORS: The retirement multiplier for VaLORS employees is 1.70% or 2.00%.</p>	<p>creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>VaLORS: The retirement multiplier for VaLORS employees is 2.00%.</p>	<p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>VaLORS: Not applicable.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65.</p> <p>VaLORS: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>VaLORS: Same as Plan 1.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>VaLORS: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>VaLORS: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>VaLORS: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>VaLORS: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility</p>	<p>Earliest Reduced Retirement Eligibility</p>	<p>Earliest Unreduced Retirement Eligibility</p>

Retirement Plan Provisions By Plan Structure		
Plan 1	Plan 2	Hybrid
<p>VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p> <p>VaLORS: 50 with at least five years of creditable service.</p>	<p>VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p>VaLORS: Same as Plan 1.</p>	<p><u>Defined Benefit Component:</u> VRS: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p> <p>VaLORS: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>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%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p>	<p>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%.</p> <p><u>Eligibility:</u> Same as Plan 1</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

Retirement Plan Provisions By Plan Structure		
Plan 1	Plan 2	Hybrid
<ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 		
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage 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>
Purchase of Prior Service	Purchase of Prior Service	Purchase of Prior Service

Retirement Plan Provisions By Plan Structure		
Plan 1	Plan 2	Hybrid
Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	Same as Plan 1.	<p><u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <p><u>Defined Contribution Component:</u> Not applicable.</p>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, the 5.00% member contribution was paid by the employer. Beginning July 1, 2012 state employees were required to pay the 5.00% member contribution and the employer was required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. Each state agency's contractually required contribution rate for the year ended June 30, 2016 was 12.33% of covered employee compensation for employees in the VRS State Employee Retirement Plan for July 2015, 13.28% for August 2015 and 14.22% for September 2015 through June 2016. For employees in the VaLORS Retirement Plan, the contribution rate was 17.67% of covered employee compensation for July 2015, 18.34% for August 2015 and 19.00% for September 2015 through June 2016. These rates were based on an actuarially determined rate from an actuarial valuation as of June 30, 2014. The actuarial rate for the VRS State Employee Retirement Plan was 15.80% and the actuarial rate for VaLORS Retirement Plan was 21.06%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the *Code of Virginia*, as amended, the contributions for the VRS State Employee Retirement Plan were funded at 78.02% of the actuarial rate and the contributions for the VaLORS Retirement Plan were funded at 83.88% of the actuarial rate for the year ended June 30, 2016. Contributions from the VCCS to the VRS State Employee Retirement Plan were \$46.1 million and \$39.7 million for the years ended June 30, 2016 and June 30, 2015, respectively. Contributions from the VCCS to the VaLORS Retirement Plan were \$967 thousand and \$796 thousand for the years ended June 30, 2016 and June 30, 2015, respectively.

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

At June 30, 2016, the VCCS reported a liability of \$518.9 million for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of \$9.8 million for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2015 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The VCCS' proportion of the Net Pension Liability was based on the VCCS' actuarially determined employer contributions to the pension plan for the year ended June 30, 2015 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2015, the VCCS' proportion of the VRS State Employee Retirement Plan was 8.48% as compared to 8.43% at June 30, 2014. At June 30, 2015, the VCCS' proportion of the VaLORS Retirement Plan was 1.38% as compared to 1.26% at June 30, 2014.

For the year ended June 30, 2016, the VCCS recognized pension expense of \$36.7 million for the VRS State Employee Retirement Plan and \$1.2 million for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2014 and June 30, 2015, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2016, the VCCS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

VRS State Employee Retirement Plan (\$ Thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 37,326
Change in assumptions		
Net difference between projected and actual earnings on pension plan investments		
Changes in proportion and differences between Employer contributions and proportionate share of contributions	16,508	7,940
Employer contributions subsequent to the measurement date	46,129	
Total	<u>\$ 62,637</u>	<u>\$ 45,266</u>

VRS VaLORS Retirement Plan (\$ Thousands)	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 412
Change in assumptions		
Net difference between projected and actual earnings on pension plan investments		
Changes in proportion and differences between Employer contributions and proportionate share of contributions	954	227
Employer contributions subsequent to the measurement date	967	
Total	<u>\$ 1,921</u>	<u>\$ 639</u>

\$47.1 million reported as deferred outflows of resources related to pensions resulting from the VCCS' contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30 (\$ thousands)	<u>VRS Retirement Plan</u>	<u>VaLORS Retirement Plan</u>
2017	(\$10,665)	\$164
2018	(10,994)	122
2019	(13,647)	(50)
2020	6,548	79

Actuarial Assumptions

The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the below assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Inflation 2.5 percent

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

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

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 2 years and females set back 3 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with females set back 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of withdrawals for less than 10 years of service
- Decrease in rates of male disability retirement
- Reduce rates of salary increase by 0.25% per year

The total pension liability for the VaLORS Retirement Plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the below assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

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

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for

GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 5 years and females set back 3 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with females set back 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for females under 10 years of service
- Increase in rates of disability
- Decrease service related disability rate from 60% to 50%

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2015, NPL amounts for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan are as follows (amounts expressed in thousands):

	State Employee Retirement Plan	VaLORS Retirement Plan
Total Pension Liability	\$ 22,521,130	\$ 1,902,051
Plan Fiduciary Net Position	<u>16,398,575</u>	<u>1,191,353</u>
Employers' Net Pension Liability (Asset)	<u>\$ 6,122,555</u>	<u>\$ 710,698</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 72.81%	 62.64%

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
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
	Inflation		2.50%
	* Expected arithmetic nominal return		8.33%

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the state agency for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the State Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	<u>1.00% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1.00% Increase (8.00%)</u>
VCCS' proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	\$745,277	\$518,887	\$392,039

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

	<u>1.00% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1.00% Increase (8.00%)</u>
VCCS' proportionate share of the VaLORS Retirement Plan Net Pension Liability	\$13,305	\$9,786	\$68,991

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 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

The VCCS recognized \$50,666,608 as Accrued Payroll Expenses as of June 30, 2016 which represents hours worked before June 30 but paid after July 1 or after. The portion payable to the VRS for pension contributions is estimated at \$1,890,942.

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.

Participants in the ORP may select from one of five plan administrators for the receipt and investment of contributions. This is a fixed-contribution plan where the retirement benefits received are based on the employer's (10.4%) contributions, plus interest and dividends for those employees who became a member prior to July 1, 2010. For those employees who became a member on or after July 1, 2010, the employer's contributions are 8.5% and the employee's contributions are 5%.

Individual contracts issued under the ORP plan provide for full and immediate vesting of the VCCS contributions. Total pension costs under this plan were \$6,289,674 and \$6,247,993 for years ended June 30, 2016 and 2015, respectively. Contributions to the ORP plan were calculated using the base salary amount of \$63,885,355 and \$63,044,628 for fiscal years 2016 and 2015. The VCCS total payroll for fiscal years 2016 and 2015 was \$574,107,862 and \$568,222,972 respectively.

Payables to the Optional Retirement Plan

The VCCS recognized \$50,666,608 as Accrued Payroll Expenses as of June 30, 2016 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 \$393,364.

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 \$1,836,579 for fiscal year 2016.

16. RISK MANAGEMENT

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

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

17. POST-EMPLOYMENT BENEFITS

The Commonwealth participates in the VRS-administered statewide group life insurance program which provides post-employment life insurance to eligible retired and terminated employees. The Commonwealth also provides health care credit against the monthly insurance premiums of its retirees who have at least 15 years of state service and participate in the state's health plan. Information related to these plans is available at the statewide level in the Commonwealth's Comprehensive Annual Financial Report.

18. CAPITAL APPROPRIATIONS-STATE

Capital appropriations-state is comprised of the following:

General Fund appropriation revenue	\$ 1,175,043
General Fund Reversion	(821)
Virginia College Building Authority appropriation revenue	64,941,322
General Obligation Bond appropriation revenue	400,018
Tidewater Community College capital lease agreement	<u>2,014,159</u>
Total	<u>\$68,529,721</u>

19. COMPONENT UNIT FINANCIAL INFORMATION

Below is a summary of the foundations.

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

Virginia Community College System Foundations
Statement of Net Position
As of June 30, 2016

	Southwest Virginia Community College Educational Foundation	Mountain Empire Community College Educational Foundation	Northern Virginia Community College Educational Foundation	Patrick Henry Community College Educational Foundation	Virginia Western Community College Educational Foundation	Combined Non- Major Component Units	Total Component Units
ASSETS							
Total current assets	\$ 18,912,850	\$ 400,324	\$ 11,247,311	\$ 1,306,307	\$ 727,405	\$ 22,872,941	\$ 55,467,138
Noncurrent assets:							
Other noncurrent assets	-	21,800,439	10,352,655	15,126,333	14,509,500	127,394,201	189,183,128
Capital assets, net	3,992,854	-	-	1,592,544	26,565	16,087,530	21,699,493
Total noncurrent assets	3,992,854	21,800,439	10,352,655	16,718,877	14,536,065	143,481,731	210,882,621
Total assets	22,905,704	22,200,763	21,599,966	18,025,184	15,263,470	166,354,672	266,349,759
LIABILITIES							
Total current liabilities	21,802	89,325	2,813,458	9,062	119,183	1,957,981	5,010,811
Noncurrent liabilities:							
Long-term liabilities	-	-	-	-	-	9,025,225	9,025,225
Other noncurrent liabilities	-	-	-	-	-	-	-
Total noncurrent liabilities	-	-	-	-	-	9,025,225	9,025,225
Total liabilities	21,802	89,325	2,813,458	9,062	119,183	10,983,206	14,036,036
NET POSITION							
Net investment in capital assets	3,992,854	-	-	1,592,544	26,565	8,056,701	13,668,664
Restricted for:							
Nonexpendable	-	8,175,498	4,146,931	6,981,182	-	58,208,297	77,511,908
Expendable	5,704,423	9,715,327	5,325,448	2,424,046	14,094,312	55,229,392	92,492,948
Unrestricted	13,186,625	4,220,613	9,314,129	7,018,350	1,023,410	33,877,076	68,640,203
Total Net Position	\$ 22,883,902	\$ 22,111,438	\$ 18,786,508	\$ 18,016,122	\$ 15,144,287	\$ 155,371,466	\$ 252,313,723

Virginia Community College System Foundations
Statement of Revenues, Expenses, and Changes in Net Position
As of June 30, 2016

	Southwest Virginia Community College Educational Foundation	Mountain Empire Community College Educational Foundation	Northern Virginia Community College Educational Foundation	Patrick Henry Community College Educational Foundation	Virginia Western Community College Educational Foundation	Combined Non- Major Component Units	Total Component Units
Total operating revenues	\$ 1,090,564	\$ 649,321	\$ 1,410,856	\$ 415,646	\$ 1,792,760	\$ 18,450,044	\$ 23,809,191
Total operating expenses	1,139,592	982,771	2,027,015	1,521,041	1,997,233	20,271,382	27,939,034
Operating income (loss)	(49,028)	(333,450)	(616,159)	(1,105,395)	(204,473)	(1,821,338)	(4,129,843)
Nonoperating revenues (expenses):							
Investment Income	(15,635)	-	(84,238)	455,974	58,425	5,378,027	5,792,553
Other nonoperating revenues (expenses)	-	-	-	22,889	-	-	22,889
Net nonoperating revenue	(15,635)	-	(84,238)	478,863	58,425	5,378,027	5,815,442
Income before other revenues, expenses gains and losses	(64,663)	(333,450)	(700,397)	(626,532)	(146,048)	3,556,689	1,685,599
Capital gifts, grants and contracts	47,111	-	-	-	-	-	47,111
Additions to permanent and term endowments	-	487,014	180,017	815,088	444,712	6,030,378	7,957,209
Increase (decrease) in net position	(17,552)	153,564	(520,380)	188,556	298,664	9,587,067	9,689,919
Net Position - beginning of year	22,901,454	21,957,874	19,306,888	17,827,566	14,845,623	145,784,399	242,623,804
Net Position - end of year	\$ 22,883,902	\$ 22,111,438	\$ 18,786,508	\$ 18,016,122	\$ 15,144,287	\$ 155,371,466	\$ 252,313,723

20. 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.

***REQUIRED
SUPPLEMENTARY
INFORMATION***

VIRGINIA COMMUNITY COLLEGE SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION

As of June 30, 2016

Schedule of VCCS' Share of Net Pension Liability

**Schedule of Employer's Share of Net Pension Liability
VRS State Employee Retirement Plan
For the Years Ended June 30, 2016 and 2015***

	2016	2015
Employer's Proportion of the Net Pension Liability (Asset)	8.48%	8.43%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$518,887,000	\$471,710,000
Employer's Covered Payroll	\$328,281,989	\$326,582,161
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	158.06%	144.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.81%	74.28%

Schedule is intended to show information for 10 years. Since 2016 is the second year for this presentation, only one additional year of data is available. However, additional years will be included as they become available.

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

**Schedule of Employer's Share of Net Pension Liability
VaLORS Retirement Plan
For the Years Ended June 30, 2016 and 2015***

	2016	2015
Employer's Proportion of the Net Pension Liability (Asset)	1.38%	1.26%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$9,786,000	\$8,509,000
Employer's Covered Payroll	\$5,187,256	\$4,662,097
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	188.65%	182.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.64%	63.05%

Schedule is intended to show information for 10 years. Since 2016 is the second year for this presentation, only one additional year of data is available. However, additional years will be included as they become available.

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

Schedule of Employer Contributions

Schedule of Employer Contributions					
VRS State Employee Retirement Plan					
For the Years Ended June 30, 2016 and 2015					
Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2016	\$46,152,519	\$46,152,519		\$328,281,989	14.06%
2015	40,267,580	40,267,580		326,582,151	12.33%
2014	28,503,419	28,503,419		325,381,501	8.76%
2013	26,909,705	26,909,705		307,188,417	8.76%
2012	9,189,092	9,189,092		285,725,680	3.22%
2011	5,655,059	5,655,059		265,495,721	2.13%
2010	12,950,917	12,950,917		259,932,640	4.98%
2009	16,417,782	16,417,782		263,527,802	6.23%
2008	15,579,726	15,579,726		253,328,880	6.15%
2007	13,390,171	13,390,171		233,278,243	5.74%

Schedule of Employer Contributions					
VaLORS Retirement Plan					
For the Years Ended June 30, 2016 and 2015					
Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2016	\$977,198	\$977,198		\$5,187,256	18.84%
2015	823,793	823,793		4,662,097	17.67%
2014	658,524	658,524		4,449,485	14.80%
2013	611,019	611,019		4,128,506	14.80%
2012	270,231	270,231		3,805,675	7.10%
2011	167,323	167,323		3,268,032	5.12%
2010	357,887	357,887		3,155,689	11.34%
2009	427,825	427,825		3,006,503	14.23%
2008	418,489	418,489		2,638,645	15.86%
2007	367,980	367,980		2,459,759	14.96%

Notes to Required Supplementary Information For the Year Ended June 30, 2016

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 is not material.

Changes of assumptions – The following changes in actuarial assumptions were made for the VRS - State Employee Retirement Plan effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of withdrawals for less than 10 years of service
- Decrease in rates of male disability retirement
- Reduce rates of salary increase by 0.25% per year

The following changes in actuarial assumptions were made for the VaLORS Retirement Plan effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for females under 10 years of service
- Increase in rates of disability
- Decrease service related disability rate from 60% to 50%

New accounting standards – In March 2016, the GASB issued Statement No. 82, *Pension Issues*. This statement resolved two outstanding issues from GASB Statement No. 68 – the Presentation of Payroll Related Measures and the Classification of Employer-paid Member Contributions. The information included in the Required Supplementary Information reflects the early implementation of GASB Statement No. 82 by the plan.

*INDIVIDUAL
COLLEGE
FINANCIAL
STATEMENTS*

**Virginia Community College System
Blue Ridge Community College
Statement of Net Position
As of June 30, 2016**

	Community College	Component Unit Blue Ridge Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	6,023,428	953,010
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	146,578	13,615
Pledges receivable (Note 3)		420,696
Due from Commonwealth		
Due from system office	17,751	
Interest receivable	94,567	
Prepaid expenses	58,785	
Inventories	7,300	
Notes receivable, net (Note 3)		7,876
Total Current Assets	<u>6,348,409</u>	<u>1,395,197</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	550,190	
Cash equivalents with trustees	4,683,230	
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		6,556,248
Other long-term investments (Note 2)		2,969,404
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		392,205
Pledges receivable (Note 3)		896,479
Due from Commonwealth	1,251,108	
Notes receivable, net (Note 3)		221,460
Non-depreciable capital assets, net (Note 4)	1,826,959	7,500
Depreciable capital assets, net (Note 4)	47,462,385	
Total Noncurrent Assets	<u>55,773,872</u>	<u>11,043,296</u>
Total Assets	<u>62,122,281</u>	<u>12,438,493</u>
Deferred Outflows of Resources (Note 15)	1,327,814	
Total Assets and Deferred Outflows of Resources	<u>63,450,095</u>	<u>12,438,493</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 5)	1,437,309	
Accrued payroll expense	1,355,739	
Unearned revenue	1,280,897	
Long-term liabilities-current portion (Note 7)	1,028,931	26,200
Securities lending obligation		
Due to Commonwealth		
Due to system's office		
Deposits	58,058	
Total Current Liabilities	<u>5,160,934</u>	<u>26,200</u>
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 7)	12,889,691	102,756
Due to federal government (Note 7)		
Pension obligations (Note 7)	12,393,000	
Total Noncurrent Liabilities	<u>25,282,691</u>	<u>102,756</u>
Total Liabilities	<u>30,443,625</u>	<u>128,956</u>

**Virginia Community College System
Blue Ridge Community College
Statement of Net Position
As of June 30, 2016**

	Community College	Component Unit Blue Ridge Community College Educational Foundation
Deferred Inflows of Resources (Note 15)	1,033,000	
Total Liabilities and Deferred Inflows of Resources	31,476,625	128,956
 Net Position		
Net investment in capital assets	40,872,015	7,500
Restricted for:		
Nonexpendable		6,182,171
Expendable	1,952,308	3,508,478
Unrestricted	(10,850,853)	2,611,388
Total Net Position	31,973,470	12,309,537

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, 2016

	Community College	Component Unit Blue Ridge Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$4,968,573)	7,648,159	
Federal grants and contracts	361,218	
State and local grants	277,946	
Nongovernmental grants	512,255	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$16,447)	1,581,145	
Gifts and contributions		1,371,293
Endowment income		79,657
Other operating revenues	557,096	420,634
Total Operating Revenue	10,937,819	1,871,584
Expenses		
Operating Expenses		
Instruction	12,433,492	380,584
Public service	339,577	28,596
Academic support	2,980,364	18,637
Student services	2,600,595	
Institutional support	4,953,112	121,376
Operation and maintenance	1,730,956	7,786
Scholarships and fellowships	2,412,014	454,702
Auxiliary enterprises	270,710	
Fundraising		144,693
Other expenses		
Total Operating Expenses	27,720,820	1,156,374
Operating Income (Loss)	(16,783,001)	715,210
Nonoperating Revenues(Expenses)		
State appropriations (Note 11)	9,979,399	
Local appropriations	26,000	
Grants and gifts	5,697,956	
Investment income	144,325	58,029
Interest on capital asset related debt	(338,103)	
Other nonoperating revenue (expense)	32,383	
Net Nonoperating Revenue	15,541,960	58,029
Income before other revenues, expenses gains (losses)	(1,241,041)	773,239
Capital appropriations-state (Note 18)	8,360,895	
Capital appropriations-local	400,000	
Capital gifts, grants and contracts	251,444	
Additions to permanent and term endowments		258,614
Increase (Decrease) in Net Position	7,771,298	1,031,853
Net Position		
Net Position beginning of year	24,202,172	11,277,684
Net Position end of year	31,973,470	12,309,537

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, 2016**

	Community College
Cash flows from operating activities:	
Tuition and fees	7,684,417
Grants and contracts	1,126,797
Payments to suppliers and others	(3,034,026)
Payments for employee wages	(13,469,829)
Payments for employee fringes and pension benefits	(4,776,961)
Payment for scholarships	(3,014,290)
Payments for utilities	(542,698)
Sales and services of education department	
Auxiliary	1,581,145
Loans issued to students	
Loans collected from students	
Other	557,096
Net cash used by operating activities	(13,888,349)
Cash flows from non-capital financing activities:	
State appropriations	9,979,399
Local appropriations	26,000
Grants and gifts	5,697,956
Agency receipts	584,545
Agency disbursements	(584,942)
PLUS, Stafford and Direct Lending loan receipts	3,840,239
PLUS, Stafford and Direct Lending loan disbursements	(3,835,380)
Borrowings	94,000
Loan repayments	(85,000)
Other non-operating revenue(expense)	20,078
Net cash provided (used) by non-capital financing activities	15,736,895
Cash flows from capital financing activities:	
Capital appropriations-state	8,918,057
Capital appropriations-local	400,000
Capital grants and gifts	186,302
Purchase capital assets	(9,599,887)
Proceeds from sale of capital assets	384
Proceeds from bond issue	
Debt interest payments	(557,141)
Debt principal payments	(385,000)
Net cash provided (used) by capital financing activities	(1,037,285)
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	144,325
Net cash provided (used) by investing activities	144,325
Net increase (decrease) in cash and cash equivalents	955,586
Cash and cash equivalents, beginning of year	10,301,262
Cash and cash equivalents, End of Year	11,256,848

**Virginia Community College System
Blue Ridge Community College
Statement of Cash Flows
For the Year Ended June 30, 2016**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(16,783,001)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,677,057
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	279,867
Prepaid expenses and other	468,152
Accrued compensation and leave	(118,491)
Accounts payable and other	800,499
Unearned revenue	32,397
Deposits pending distribution	
Pension related accounts	(244,829)
Net cash used in operating activities	<u><u>(13,888,349)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	11,256,848
Less: Securities Lending Cash Equivalents	
Cash and cash equivalents end of year	<u><u>11,256,848</u></u>
Noncash transactions	
Donated fixed assets	65,142
Debt principal and interest payments made by Treasury	

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, 2016**

	Community College	Component Unit Central Virginia Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	3,309,647	533,763
Appropriation available	245	
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	267,925	54,307
Pledges receivable (Note 3)		44,000
Due from Commonwealth	45,838	
Due from system office	255,799	
Interest receivable		
Prepaid expenses	75,839	
Inventories	8,000	
Notes receivable, net (Note 3)		
Total Current Assets	<u>3,963,293</u>	<u>632,070</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		36,984
Appropriation available		
Endowment investments (Note 2)		1,078,771
Other long-term investments (Note 2)		1,507,701
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		
Due from Commonwealth		
Notes receivable, net (Note 3)		
Non-depreciable capital assets, net (Note 4)	550,843	
Depreciable capital assets, net (Note 4)	15,509,534	
Total Noncurrent Assets	<u>16,060,377</u>	<u>2,623,456</u>
Total Assets	<u>20,023,670</u>	<u>3,255,526</u>
Deferred Outflows of Resources (Note 15)	1,198,968	
Total Assets and Deferred Outflows of Resources	<u>21,222,638</u>	<u>3,255,526</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 5)	598,075	
Accrued payroll expense	792,353	
Unearned revenue	579,673	
Long-term liabilities-current portion (Note 7)	591,880	
Securities lending obligation		
Due to Commonwealth		
Due to system's office		
Deposits	142,068	
Total Current Liabilities	<u>2,704,049</u>	
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 7)	560,465	
Due to federal government (Note 7)		
Pension obligations (Note 7)	11,209,000	
Total Noncurrent Liabilities	<u>11,769,465</u>	
Total Liabilities	<u>14,473,514</u>	

**Virginia Community College System
 Central Virginia Community College
 Statement of Net Position
 As of June 30, 2016**

	Community College	Component Unit Central Virginia Community College Educational Foundation
Deferred Inflows of Resources (Note 15)	1,242,000	
Total Liabilities and Deferred Inflows of Resources	15,715,514	
Net Position		
Net investment in capital assets	15,742,837	
Restricted for:		
Nonexpendable		551,820
Expendable	169,130	1,617,985
Unrestricted	(10,404,843)	1,085,721
Total Net Position	5,507,124	3,255,526

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, 2016**

	Community College	Component Unit Central Virginia Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$3,697,803)	7,999,565	
Federal grants and contracts	506,389	
State and local grants	12,285	
Nongovernmental grants	39,095	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$12,242)	126,152	
Gifts and contributions		727,172
Endowment income		(34,384)
Other operating revenues	228,171	33,862
Total Operating Revenue	8,911,657	726,650
Expenses		
Operating Expenses		
Instruction	11,946,309	
Public service	69,998	
Academic support	2,015,996	
Student services	1,522,986	
Institutional support	3,388,204	230,918
Operation and maintenance	2,626,959	
Scholarships and fellowships	2,013,465	667,009
Auxiliary enterprises	77,690	
Fundraising		11,890
Other expenses		
Total Operating Expenses	23,661,607	909,817
Operating Income (Loss)	(14,749,950)	(183,167)
Nonoperating Revenues(Expenses)		
State appropriations (Note 11)	9,360,323	
Local appropriations	6,350	
Grants and gifts	5,231,669	
Investment income	925	(53,083)
Interest on capital asset related debt	(4,798)	
Other nonoperating revenue (expense)	235,263	
Net Nonoperating Revenue	14,829,732	(53,083)
Income before other revenues, expenses gains (losses)	79,782	(236,250)
Capital appropriations-state (Note 18)		
Capital appropriations-local		
Capital gifts, grants and contracts	137,977	
Additions to permanent and term endowments		70,100
Increase (Decrease) in Net Position	217,759	(166,150)
Net Position		
Net Position beginning of year	5,289,365	3,421,676
Net Position end of year	5,507,124	3,255,526

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, 2016**

	Community College
Cash flows from operating activities:	
Tuition and fees	8,029,964
Grants and contracts	701,233
Payments to suppliers and others	(4,573,116)
Payments for employee wages	(11,964,258)
Payments for employee fringes and pension benefits	(3,778,853)
Payment for scholarships	(2,016,437)
Payments for utilities	(442,589)
Sales and services of education department	
Auxiliary	131,848
Loans issued to students	
Loans collected from students	3,441
Other	224,730
Net cash used by operating activities	(13,684,037)
Cash flows from non-capital financing activities:	
State appropriations	9,360,323
Local appropriations	6,350
Grants and gifts	5,185,831
Agency receipts	697,300
Agency disbursements	(632,217)
PLUS, Stafford and Direct Lending loan receipts	1,847,170
PLUS, Stafford and Direct Lending loan disbursements	(1,869,203)
Borrowings	250,000
Loan repayments	(250,000)
Other non-operating revenue(expense)	237,084
Net cash provided (used) by non-capital financing activities	14,832,638
Cash flows from capital financing activities:	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	84,401
Purchase capital assets	(214,728)
Proceeds from sale of capital assets	1,328
Proceeds from bond issue	
Debt interest payments	(4,798)
Debt principal payments	(37,347)
Net cash provided (used) by capital financing activities	(171,144)
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	925
Net cash provided (used) by investing activities	925
Net increase (decrease) in cash and cash equivalents	978,382
Cash and cash equivalents, beginning of year	2,331,265
Cash and cash equivalents, End of Year	3,309,647

**Virginia Community College System
Central Virginia Community College
Statement of Cash Flows
For the Year Ended June 30, 2016**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(14,749,950)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	948,249
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	162,075
Prepaid expenses and other	102,935
Accrued compensation and leave	(3,245)
Accounts payable and other	130,965
Unearned revenue	18,449
Deposits pending distribution	245
Pension related accounts	(293,760)
Net cash used in operating activities	<u><u>(13,684,037)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	3,309,647
Less: Securities Lending Cash Equivalents	
Cash and cash equivalents end of year	<u><u>3,309,647</u></u>
Noncash transactions	
Donated fixed assets	53,576
Debt principal and interest payments made by Treasury	

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

**Virginia Community College System
Dabney S. Lancaster Community College
Statement of Net Position
As of June 30, 2016**

	Community College	Component Unit Dabney S. Lancaster Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	1,129,061	956,066
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	88,033	
Pledges receivable (Note 3)		43,326
Due from Commonwealth		
Due from system office		
Interest receivable		15,868
Prepaid expenses	39,884	
Inventories	7,916	
Notes receivable, net (Note 3)		
Total Current Assets	1,264,894	1,015,260
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		5,201,100
Other long-term investments (Note 2)		
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		146,900
Due from Commonwealth		
Notes receivable, net (Note 3)		
Non-depreciable capital assets, net (Note 4)	309,237	
Depreciable capital assets, net (Note 4)	11,225,407	483
Total Noncurrent Assets	11,534,644	5,348,483
Total Assets	12,799,538	6,363,743
Deferred Outflows of Resources (Note 15)	579,508	
Total Assets and Deferred Outflows of Resources	13,379,046	6,363,743
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 5)	241,196	
Accrued payroll expense	433,953	
Unearned revenue	81,972	
Long-term liabilities-current portion (Note 7)	151,841	
Securities lending obligation		
Due to Commonwealth		
Due to system's office		
Deposits	36,219	
Total Current Liabilities	945,181	
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 7)	106,081	
Due to federal government (Note 7)		
Pension obligations (Note 7)	5,170,000	
Total Noncurrent Liabilities	5,276,081	
Total Liabilities	6,221,262	

**Virginia Community College System
Dabney S. Lancaster Community College
Statement of Net Position
As of June 30, 2016**

	Community College	Component Unit Dabney S. Lancaster Community College Educational Foundation
Deferred Inflows of Resources (Note 15)	497,000	
Total Liabilities and Deferred Inflows of Resources	6,718,262	
Net Position		
Net investment in capital assets	11,534,644	483
Restricted for:		
Nonexpendable		3,684,684
Expendable	(471,036)	2,343,727
Unrestricted	(4,402,824)	334,849
Total Net Position	6,660,784	6,363,743

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

Virginia Community College System
Dabney S. Lancaster Community College
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2016

	Community College	Component Unit Dabney S. Lancaster Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$1,152,719)	2,138,563	
Federal grants and contracts	1,060,349	
State and local grants	8,826	
Nongovernmental grants	793,149	71,146
Sales/services of education department	3,042	
Auxiliary enterprises (net of scholarship allowance of \$3,857)	23,762	
Gifts and contributions		279,848
Endowment income		5,547
Other operating revenues	33,006	145,028
Total Operating Revenue	4,060,697	501,569
Expenses		
Operating Expenses		
Instruction	4,293,437	15,000
Public service	75,265	
Academic support	542,254	170,507
Student services	1,777,008	
Institutional support	2,083,612	51,472
Operation and maintenance	980,124	
Scholarships and fellowships	886,750	109,452
Auxiliary enterprises	24,673	
Fundraising		106,219
Other expenses		
Total Operating Expenses	10,663,123	452,650
Operating Income (Loss)	(6,602,426)	48,919
Nonoperating Revenues(Expenses)		
State appropriations (Note 11)	4,458,843	
Local appropriations	121,264	
Grants and gifts	1,570,911	
Investment income	1,654	1,360
Interest on capital asset related debt		
Other nonoperating revenue (expense)	229,128	
Net Nonoperating Revenue	6,381,800	1,360
Income before other revenues, expenses gains (losses)	(220,626)	50,279
Capital appropriations-state (Note 18)		
Capital appropriations-local	18,433	
Capital gifts, grants and contracts	156,010	
Additions to permanent and term endowments		232,900
Increase (Decrease) in Net Position	(46,183)	283,179
Net Position		
Net Position beginning of year	6,706,967	6,080,564
Net Position end of year	6,660,784	6,363,743

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

**Virginia Community College System
Dabney S. Lancaster Community College
Statement of Cash Flows
For the Year Ended June 30, 2016**

	Community College
Cash flows from operating activities:	
Tuition and fees	2,155,527
Grants and contracts	1,768,731
Payments to suppliers and others	(1,717,795)
Payments for employee wages	(5,307,840)
Payments for employee fringes and pension benefits	(1,812,444)
Payment for scholarships	(914,643)
Payments for utilities	(234,369)
Sales and services of education department	3,042
Auxiliary	38,333
Loans issued to students	
Loans collected from students	
Other	32,876
Net cash used by operating activities	(5,988,582)
Cash flows from non-capital financing activities:	
State appropriations	4,458,843
Local appropriations	121,264
Grants and gifts	1,570,911
Agency receipts	324,482
Agency disbursements	(327,305)
PLUS, Stafford and Direct Lending loan receipts	1,069,886
PLUS, Stafford and Direct Lending loan disbursements	(1,069,886)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	232,443
Net cash provided (used) by non-capital financing activities	6,380,638
Cash flows from capital financing activities:	
Capital appropriations-state	
Capital appropriations-local	18,433
Capital grants and gifts	152,257
Purchase capital assets	(409,460)
Proceeds from sale of capital assets	
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(238,770)
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	1,654
Net cash provided (used) by investing activities	1,654
Net increase (decrease) in cash and cash equivalents	154,940
Cash and cash equivalents, beginning of year	974,121
Cash and cash equivalents, End of Year	1,129,061

Virginia Community College System
Dabney S. Lancaster Community College
Statement of Cash Flows
For the Year Ended June 30, 2016

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(6,602,426)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	511,876
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(26,247)
Prepaid expenses and other	110,941
Accrued compensation and leave	(37,483)
Accounts payable and other	173,445
Unearned revenue	(34,954)
Deposits pending distribution	
Pension related accounts	(83,734)
Net cash used in operating activities	<u><u>(5,988,582)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	1,129,061
Less: Securities Lending Cash Equivalents	
Cash and cash equivalents end of year	<u><u>1,129,061</u></u>
Noncash transactions	
Donated fixed assets	3,753
Debt principal and interest payments made by Treasury	

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, 2016**

	<u>Community College</u>	<u>Component Unit Danville Community College Educational Foundation</u>
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	4,011,282	628,478
Appropriation available		
Short term investments (Note 2)	954,379	
Accounts receivable, net (Note 3)	1,497,477	
Pledges receivable (Note 3)		99,944
Due from Commonwealth		
Due from system office		
Interest receivable		7,461
Prepaid expenses		
Inventories	396,112	
Notes receivable, net (Note 3)		
Total Current Assets	<u>6,859,250</u>	<u>735,883</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	100,974	
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		480,615
Appropriation available	6,651	
Endowment investments (Note 2)		6,513,782
Other long-term investments (Note 2)		
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		3,121
Due from Commonwealth	355	
Notes receivable, net (Note 3)		
Non-depreciable capital assets, net (Note 4)	1,757,538	
Depreciable capital assets, net (Note 4)	20,890,320	
Total Noncurrent Assets	<u>22,755,838</u>	<u>6,997,518</u>
Total Assets	<u>29,615,088</u>	<u>7,733,401</u>
Deferred Outflows of Resources (Note 15)	1,206,928	
Total Assets and Deferred Outflows of Resources	<u>30,822,016</u>	<u>7,733,401</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 5)	538,408	28,510
Accrued payroll expense	1,170,216	
Unearned revenue	503,423	
Long-term liabilities-current portion (Note 7)	785,544	
Securities lending obligation	51	
Due to Commonwealth		
Due to system's office		
Deposits	239,468	
Total Current Liabilities	<u>3,237,110</u>	<u>28,510</u>
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 7)	245,289	
Due to federal government (Note 7)		
Pension obligations (Note 7)	11,674,000	
Total Noncurrent Liabilities	<u>11,919,289</u>	
Total Liabilities	<u>15,156,399</u>	<u>28,510</u>

**Virginia Community College System
 Danville Community College
 Statement of Net Position
 As of June 30, 2016**

	<u>Community College</u>	<u>Component Unit Danville Community College Educational Foundation</u>
Deferred Inflows of Resources (Note 15)	840,000	
Total Liabilities and Deferred Inflows of Resources	<u>15,996,399</u>	<u>28,510</u>
Net Position		
Net investment in capital assets	22,647,858	
Restricted for:		
Nonexpendable		4,595,297
Expendable	(559,676)	2,093,597
Unrestricted	<u>(7,262,565)</u>	<u>1,015,997</u>
Total Net Position	<u>14,825,617</u>	<u>7,704,891</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, 2016

	Community College	Component Unit Danville Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$5,050,215)	4,706,191	
Federal grants and contracts	2,442,223	
State and local grants	628,459	
Nongovernmental grants	706,541	339,173
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$692,275)	412,083	
Gifts and contributions		47,846
Endowment income		(181,477)
Other operating revenues	361,118	136,853
Total Operating Revenue	9,256,615	342,395
Expenses		
Operating Expenses		
Instruction	12,004,978	
Public service	1,541,902	
Academic support	1,720,001	
Student services	1,604,206	
Institutional support	3,366,507	449,493
Operation and maintenance	1,595,383	105,511
Scholarships and fellowships	1,958,470	203,771
Auxiliary enterprises	972,512	
Fundraising		247,636
Other expenses		
Total Operating Expenses	24,763,959	1,006,411
Operating Income (Loss)	(15,507,344)	(664,016)
Nonoperating Revenues(Expenses)		
State appropriations (Note 11)	9,083,679	
Local appropriations	27,000	
Grants and gifts	5,823,677	
Investment income	13,892	
Interest on capital asset related debt		
Other nonoperating revenue (expense)	23,475	
Net Nonoperating Revenue	14,971,723	
Income before other revenues, expenses gains (losses)	(535,621)	(664,016)
Capital appropriations-state (Note 18)	504,648	
Capital appropriations-local		
Capital gifts, grants and contracts	305,066	
Additions to permanent and term endowments		314,914
Increase (Decrease) in Net Position	274,093	(349,102)
Net Position		
Net Position beginning of year	14,551,524	8,053,993
Net Position end of year	14,825,617	7,704,891

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, 2016**

	Community College
Cash flows from operating activities:	
Tuition and fees	4,980,753
Grants and contracts	3,776,986
Payments to suppliers and others	(5,412,866)
Payments for employee wages	(11,041,278)
Payments for employee fringes and pension benefits	(3,800,693)
Payment for scholarships	(2,013,337)
Payments for utilities	(560,391)
Sales and services of education department	
Auxiliary	391,839
Loans issued to students	
Loans collected from students	
Other	361,162
Net cash used by operating activities	(13,317,825)
Cash flows from non-capital financing activities:	
State appropriations	9,083,679
Local appropriations	27,000
Grants and gifts	5,681,030
Agency receipts	286,427
Agency disbursements	(286,965)
PLUS, Stafford and Direct Lending loan receipts	1,248,737
PLUS, Stafford and Direct Lending loan disbursements	(1,248,868)
Borrowings	400,000
Loan repayments	
Other non-operating revenue(expense)	50,835
Net cash provided (used) by non-capital financing activities	15,241,875
Cash flows from capital financing activities:	
Capital appropriations-state	117,419
Capital appropriations-local	
Capital grants and gifts	305,066
Purchase capital assets	(1,510,713)
Proceeds from sale of capital assets	
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(1,088,228)
Cash flows from investing activities:	
Purchases of investments	(954,379)
Sale of investments	
Investment income	13,888
Net cash provided (used) by investing activities	(940,491)
Net increase (decrease) in cash and cash equivalents	(104,669)
Cash and cash equivalents, beginning of year	4,216,874
Cash and cash equivalents, End of Year	4,112,205

**Virginia Community College System
 Danville Community College
 Statement of Cash Flows
 For the Year Ended June 30, 2016**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(15,507,344)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,500,854
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	469,335
Prepaid expenses and other	32,998
Accrued compensation and leave	2,447
Accounts payable and other	306,670
Unearned revenue	10,804
Deposits pending distribution	
Pension related accounts	(133,589)
Net cash used in operating activities	<u><u>(13,317,825)</u></u>

Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	4,112,256
Less: Securities Lending Cash Equivalents	51
Cash and cash equivalents end of year	<u><u>4,112,205</u></u>

Noncash transactions

- Donated fixed assets
- Debt principal and interest payments made by Treasury

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, 2016**

	<u>Community College</u>	<u>Component Unit Eastern Shore Community College Foundation</u>
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	1,951,498	177,682
Appropriation available		
Short term investments (Note 2)		1,926,157
Accounts receivable, net (Note 3)	110,318	27,403
Pledges receivable (Note 3)		122,131
Due from Commonwealth	18,018	
Due from system office		
Interest receivable		
Prepaid expenses	795	
Inventories		
Notes receivable, net (Note 3)	921	
Total Current Assets	2,081,550	2,253,373
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	6,798	
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		774,396
Other long-term investments (Note 2)		
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		349,550
Due from Commonwealth		
Notes receivable, net (Note 3)		
Non-depreciable capital assets, net (Note 4)	1,967,780	
Depreciable capital assets, net (Note 4)	6,718,983	
Total Noncurrent Assets	8,693,561	1,123,946
Total Assets	10,775,111	3,377,319
Deferred Outflows of Resources (Note 15)	392,559	
Total Assets and Deferred Outflows of Resources	11,167,670	3,377,319
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 5)	163,614	14,566
Accrued payroll expense	365,961	1,299
Unearned revenue	55,030	
Long-term liabilities-current portion (Note 7)	141,318	
Securities lending obligation	2	
Due to Commonwealth		
Due to system's office		
Deposits	53,415	
Total Current Liabilities	779,340	15,865
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 7)	85,958	
Due to federal government (Note 7)		
Pension obligations (Note 7)	3,682,000	
Total Noncurrent Liabilities	3,767,958	
Total Liabilities	4,547,298	15,865

**Virginia Community College System
 Eastern Shore Community College
 Statement of Net Position
 As of June 30, 2016**

	Community College	Component Unit Eastern Shore Community College Foundation
Deferred Inflows of Resources (Note 15)	776,000	
Total Liabilities and Deferred Inflows of Resources	5,323,298	15,865
 Net Position		
Net investment in capital assets	8,686,763	
Restricted for:		
Nonexpendable		716,868
Expendable	487,179	1,725,669
Unrestricted	(3,329,570)	918,917
Total Net Position	5,844,372	3,361,454

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, 2016**

	Community College	Component Unit Eastern Shore Community College Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$919,767)	937,902	
Federal grants and contracts	679,573	
State and local grants	90,345	
Nongovernmental grants	90,000	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$3,090)	13,156	
Gifts and contributions		2,262,926
Endowment income		(17,997)
Other operating revenues	25,441	24,132
Total Operating Revenue	1,836,417	2,269,061
Expenses		
Operating Expenses		
Instruction	2,846,612	
Public service	585	
Academic support	491,752	107,428
Student services	627,154	
Institutional support	1,745,821	116,058
Operation and maintenance	783,629	
Scholarships and fellowships	601,661	60,159
Auxiliary enterprises	(11,167)	
Fundraising		36,700
Other expenses	167	
Total Operating Expenses	7,086,214	320,345
Operating Income (Loss)	(5,249,797)	1,948,716
Nonoperating Revenues(Expenses)		
State appropriations (Note 11)	3,501,000	
Local appropriations	34,735	
Grants and gifts	1,307,783	
Investment income	3,289	(54,546)
Interest on capital asset related debt		
Other nonoperating revenue (expense)	267,749	
Net Nonoperating Revenue	5,114,556	(54,546)
Income before other revenues, expenses gains (losses)	(135,241)	1,894,170
Capital appropriations-state (Note 18)	(363,956)	
Capital appropriations-local	221,000	
Capital gifts, grants and contracts	71,942	
Additions to permanent and term endowments		
Increase (Decrease) in Net Position	(206,255)	1,894,170
Net Position		
Net Position beginning of year	6,050,627	1,467,284
Net Position end of year	5,844,372	3,361,454

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, 2016**

	Community College
Cash flows from operating activities:	
Tuition and fees	1,143,417
Grants and contracts	838,587
Payments to suppliers and others	(953,917)
Payments for employee wages	(3,771,012)
Payments for employee fringes and pension benefits	(1,352,903)
Payment for scholarships	(601,599)
Payments for utilities	(136,076)
Sales and services of education department	
Auxiliary	14,780
Loans issued to students	(1,236)
Loans collected from students	1,057
Other	23,711
Net cash used by operating activities	(4,795,191)
Cash flows from non-capital financing activities:	
State appropriations	3,501,000
Local appropriations	34,735
Grants and gifts	1,289,765
Agency receipts	41,993
Agency disbursements	(53,330)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	291,240
Net cash provided (used) by non-capital financing activities	5,105,403
Cash flows from capital financing activities:	
Capital appropriations-state	(363,956)
Capital appropriations-local	221,000
Capital grants and gifts	71,942
Purchase capital assets	(883,051)
Proceeds from sale of capital assets	
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(954,065)
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	3,289
Net cash provided (used) by investing activities	3,289
Net increase (decrease) in cash and cash equivalents	(640,564)
Cash and cash equivalents, beginning of year	2,598,858
Cash and cash equivalents, End of Year	1,958,294

**Virginia Community College System
Eastern Shore Community College
Statement of Cash Flows
For the Year Ended June 30, 2016**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(5,249,797)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	431,661
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	176,497
Prepaid expenses and other	12,124
Accrued compensation and leave	5,698
Accounts payable and other	104,967
Unearned revenue	55,030
Deposits pending distribution	
Pension related accounts	(331,371)
Net cash used in operating activities	<u><u>(4,795,191)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	1,958,296
Less: Securities Lending Cash Equivalents	2
Cash and cash equivalents end of year	<u><u>1,958,294</u></u>

Noncash transactions

- Donated fixed assets
- Debt principal and interest payments made by Treasury

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, 2016**

	Community College	Component Unit Germanna Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	7,069,044	507,451
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	361,292	15,982
Pledges receivable (Note 3)		250,000
Due from Commonwealth	406,184	
Due from system office	1,406	
Interest receivable		
Prepaid expenses	362,864	4,500
Inventories	12,000	
Notes receivable, net (Note 3)		2,759
Total Current Assets	8,212,790	780,692
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	1,544,417	
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)	18,373	
Appropriation available		
Endowment investments (Note 2)		2,704,949
Other long-term investments (Note 2)	1,127,983	2,036,865
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		1,085,228
Pledges receivable (Note 3)		680,813
Due from Commonwealth		
Notes receivable, net (Note 3)		11,196
Non-depreciable capital assets, net (Note 4)	3,010,575	
Depreciable capital assets, net (Note 4)	46,113,943	
Total Noncurrent Assets	51,815,291	6,519,051
Total Assets	60,028,081	7,299,743
Deferred Outflows of Resources (Note 15)	2,442,602	
Total Assets and Deferred Outflows of Resources	62,470,683	7,299,743
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 5)	1,456,906	3,083
Accrued payroll expense	2,043,598	
Unearned revenue	2,097,551	
Long-term liabilities-current portion (Note 7)	783,467	154,578
Securities lending obligation	122	
Due to Commonwealth		
Due to system's office		
Deposits	229,035	
Total Current Liabilities	6,610,679	157,661
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 7)	5,665,480	516,762
Due to federal government (Note 7)		
Pension obligations (Note 7)	16,498,000	
Total Noncurrent Liabilities	22,163,480	516,762
Total Liabilities	28,774,159	674,423

**Virginia Community College System
 Germanna Community College
 Statement of Net Position
 As of June 30, 2016**

	Community College	Component Unit Germanna Community College Educational Foundation
Deferred Inflows of Resources (Note 15)	1,179,000	
Total Liabilities and Deferred Inflows of Resources	29,953,159	674,423
 Net Position		
Net investment in capital assets	43,504,548	
Restricted for:		
Nonexpendable	4,000	2,206,489
Expendable	1,371,018	4,081,420
Unrestricted	(12,362,042)	337,411
Total Net Position	32,517,524	6,625,320

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, 2016

	Community College	Component Unit Germanna Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$5,301,971)	14,020,024	
Federal grants and contracts	854,508	
State and local grants	70,115	
Nongovernmental grants	808,013	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$17,662)	1,015,381	
Gifts and contributions		1,276,561
Endowment income		(44,346)
Other operating revenues	696,440	536,473
Total Operating Revenue	17,464,481	1,768,688
Expenses		
Operating Expenses		
Instruction	15,312,035	
Public service	1,091,473	
Academic support	6,006,570	123,349
Student services	4,331,460	
Institutional support	5,494,438	207,559
Operation and maintenance	4,059,776	
Scholarships and fellowships	3,503,668	249,633
Auxiliary enterprises	347,595	
Fundraising		57,041
Other expenses		31,456
Total Operating Expenses	40,147,015	669,038
Operating Income (Loss)	(22,682,534)	1,099,650
Nonoperating Revenues(Expenses)		
State appropriations (Note 11)	13,938,269	
Local appropriations	112,208	
Grants and gifts	6,866,333	
Investment income	2,884	(577)
Interest on capital asset related debt	(193,270)	
Other nonoperating revenue (expense)	91,779	
Net Nonoperating Revenue	20,818,203	(577)
Income before other revenues, expenses gains (losses)	(1,864,331)	1,099,073
Capital appropriations-state (Note 18)	(98)	
Capital appropriations-local	259,737	
Capital gifts, grants and contracts	122,258	
Additions to permanent and term endowments		12,088
Increase (Decrease) in Net Position	(1,482,434)	1,111,161
Net Position		
Net Position beginning of year	33,999,958	5,514,159
Net Position end of year	32,517,524	6,625,320

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, 2016**

	Community College
Cash flows from operating activities:	
Tuition and fees	14,247,650
Grants and contracts	1,538,472
Payments to suppliers and others	(6,280,745)
Payments for employee wages	(19,569,901)
Payments for employee fringes and pension benefits	(5,832,728)
Payment for scholarships	(3,464,288)
Payments for utilities	(699,620)
Sales and services of education department	
Auxiliary	1,015,381
Loans issued to students	
Loans collected from students	
Other	687,175
Net cash used by operating activities	(18,358,604)
Cash flows from non-capital financing activities:	
State appropriations	13,938,269
Local appropriations	112,208
Grants and gifts	6,510,149
Agency receipts	315,347
Agency disbursements	(404,531)
PLUS, Stafford and Direct Lending loan receipts	4,042,429
PLUS, Stafford and Direct Lending loan disbursements	(4,041,751)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	210,043
Net cash provided (used) by non-capital financing activities	20,682,163
Cash flows from capital financing activities:	
Capital appropriations-state	(98)
Capital appropriations-local	259,737
Capital grants and gifts	122,258
Purchase capital assets	(583,880)
Proceeds from sale of capital assets	12,665
Proceeds from bond issue	
Debt interest payments	(241,172)
Debt principal payments	(256,029)
Net cash provided (used) by capital financing activities	(686,519)
Cash flows from investing activities:	
Purchases of investments	(1,130,869)
Sale of investments	
Investment income	5,763
Net cash provided (used) by investing activities	(1,125,106)
Net increase (decrease) in cash and cash equivalents	511,934
Cash and cash equivalents, beginning of year	8,119,778
Cash and cash equivalents, End of Year	8,631,712

**Virginia Community College System
 Germanna Community College
 Statement of Cash Flows
 For the Year Ended June 30, 2016**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(22,682,534)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,931,018
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	398,805
Prepaid expenses and other	363,742
Accrued compensation and leave	262,318
Accounts payable and other	1,257,639
Unearned revenue	40,897
Deposits pending distribution	(16,511)
Pension related accounts	86,022
Net cash used in operating activities	<u><u>(18,358,604)</u></u>

Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	8,631,834
Less: Securities Lending Cash Equivalents	<u>122</u>
Cash and cash equivalents end of year	<u><u>8,631,712</u></u>

Noncash transactions

- Donated fixed assets
- Debt principal and interest payments made by Treasury

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, 2016

	Component Units		
	Community College	J. Sargeant Reynolds Community College Educational Foundation	J. Sargeant Reynolds Community College Real Estate Foundation
Assets			
Current Assets			
Cash and cash equivalents (Note 2)	12,538,917	476,655	
Appropriation available			
Short term investments (Note 2)	3,250,000		
Accounts receivable, net (Note 3)	676,833	5,982	
Pledges receivable (Note 3)		315,750	
Due from Commonwealth	448,767		
Due from system office	388,564		
Interest receivable			
Prepaid expenses	845,465	8,560	
Inventories	5,665		
Notes receivable, net (Note 3)			
Total Current Assets	<u>18,154,211</u>	<u>806,947</u>	
Noncurrent Assets			
Restricted cash and cash equivalents (Note 2)	3,896,342		
Cash equivalents with trustees			
Endowment cash and cash equivalents (Note 2)			
Appropriation available			
Endowment investments (Note 2)		6,901,699	
Other long-term investments (Note 2)		2,895,136	
Accounts receivable, net (Note 3)			
Investments in real estate (Note 2)			
Pledges receivable (Note 3)		930,758	
Due from Commonwealth	1,065,644		
Notes receivable, net (Note 3)			
Non-depreciable capital assets, net (Note 4)	12,329,043		105,999
Depreciable capital assets, net (Note 4)	69,649,079	37,696	
Total Noncurrent Assets	<u>86,940,108</u>	<u>10,765,289</u>	<u>105,999</u>
Total Assets	<u>105,094,319</u>	<u>11,572,236</u>	<u>105,999</u>
Deferred Outflows of Resources (Note 15)	4,872,806		
Total Assets and Deferred Outflows of Resources	<u>109,967,125</u>	<u>11,572,236</u>	<u>105,999</u>
Liabilities			
Current Liabilities			
Accounts and retainage payable (Note 5)	4,227,044	56,258	4,653
Accrued payroll expense	2,921,755		
Unearned revenue	2,710,674		
Long-term liabilities-current portion (Note 7)	2,169,806	588	
Securities lending obligation	1,239		
Due to Commonwealth			
Due to system's office			
Deposits	124,118		
Total Current Liabilities	<u>12,154,636</u>	<u>56,846</u>	<u>4,653</u>
Noncurrent Liabilities			
Unearned revenue			
Long-term liabilities (Note 7)	4,625,824		
Due to federal government (Note 7)			
Pension obligations (Note 7)	36,920,000		
Total Noncurrent Liabilities	<u>41,545,824</u>		
Total Liabilities	<u>53,700,460</u>	<u>56,846</u>	<u>4,653</u>

**Virginia Community College System
J. Sargeant Reynolds Community College
Statement of Net Position
As of June 30, 2016**

	Component Units		
	Community College	J. Sargeant Reynolds Community College Educational Foundation	J. Sargeant Reynolds Community College Real Estate Foundation
Deferred Inflows of Resources (Note 15)	2,687,000		
Total Liabilities and Deferred Inflows of Resources	56,387,460	56,846	4,653
Net Position			
Net investment in capital assets	77,863,734	37,696	105,999
Restricted for:			
Nonexpendable		7,860,801	
Expendable	3,023,169	2,757,991	
Unrestricted	(27,307,238)	858,902	(4,653)
Total Net Position	53,579,665	11,515,390	101,346

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, 2016

	Community College	Component Units	
		J. Sargeant Reynolds Community College Educational Foundation	J. Sargeant Reynolds Community College Real Estate Foundation
Revenues			
Operating Revenue			
Tuition and fees (net of scholarship allowance of \$9,994,297)	23,573,424		
Federal grants and contracts	1,937,499		
State and local grants	5,981		
Nongovernmental grants	715,957		
Sales/services of education department	24,505		
Auxiliary enterprises (net of scholarship allowance of \$33,553)	1,360,653		
Gifts and contributions		1,006,002	
Endowment income		(77,258)	
Other operating revenues	948,483	58,100	
Total Operating Revenue	<u>28,566,502</u>	<u>986,844</u>	
Expenses			
Operating Expenses			
Instruction	32,351,424		
Public service	1,619,389		
Academic support	6,666,124	565,296	
Student services	5,183,455		
Institutional support	9,615,241	226,540	525
Operation and maintenance	7,688,529		
Scholarships and fellowships	10,941,753	446,998	
Auxiliary enterprises	1,066,628		
Fundraising		82,860	
Other expenses			
Total Operating Expenses	<u>75,132,543</u>	<u>1,321,694</u>	<u>525</u>
Operating Income (Loss)	<u>(46,566,041)</u>	<u>(334,850)</u>	<u>(525)</u>
Nonoperating Revenues(Expenses)			
State appropriations (Note 11)	26,678,315		
Local appropriations	208,458		
Grants and gifts	16,873,984		
Investment income	30,766	150	
Interest on capital asset related debt	(162,240)		
Other nonoperating revenue (expense)	943,776		
Net Nonoperating Revenue	<u>44,573,059</u>	<u>150</u>	
Income before other revenues, expenses gains (losses)	(1,992,982)	(334,700)	(525)
Capital appropriations-state (Note 18)	6,046,490		
Capital appropriations-local	647,222		
Capital gifts, grants and contracts	73,834		
Additions to permanent and term endowments		125,690	
Increase (Decrease) in Net Position	<u>4,774,564</u>	<u>(209,010)</u>	<u>(525)</u>
Net Position			
Net Position beginning of year	<u>48,805,101</u>	<u>11,724,400</u>	<u>101,871</u>
Net Position end of year	<u>53,579,665</u>	<u>11,515,390</u>	<u>101,346</u>

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

Virginia Community College System
J. Sargeant Reynolds Community College
Statement of Cash Flows
For the Year Ended June 30, 2016

	Community College
Cash flows from operating activities:	
Tuition and fees	23,386,202
Grants and contracts	2,657,009
Payments to suppliers and others	(7,128,771)
Payments for employee wages	(37,473,852)
Payments for employee fringes and pension benefits	(12,269,648)
Payment for scholarships	(11,291,651)
Payments for utilities	(1,290,663)
Sales and services of education department	24,505
Auxiliary	1,360,653
Loans issued to students	
Loans collected from students	
Other	951,325
Net cash used by operating activities	(41,074,891)
Cash flows from non-capital financing activities:	
State appropriations	26,678,315
Local appropriations	208,458
Grants and gifts	16,425,217
Agency receipts	207,790
Agency disbursements	(278,493)
PLUS, Stafford and Direct Lending loan receipts	14,464,975
PLUS, Stafford and Direct Lending loan disbursements	(14,431,512)
Borrowings	400,000
Loan repayments	(400,000)
Other non-operating revenue(expense)	754,853
Net cash provided (used) by non-capital financing activities	44,029,603
Cash flows from capital financing activities:	
Capital appropriations-state	5,448,528
Capital appropriations-local	647,222
Capital grants and gifts	71,691
Purchase capital assets	(6,347,238)
Proceeds from sale of capital assets	3,856
Proceeds from bond issue	
Debt interest payments	(179,766)
Debt principal payments	(413,100)
Net cash provided (used) by capital financing activities	(768,807)
Cash flows from investing activities:	
Purchases of investments	(3,250,000)
Sale of investments	
Investment income	30,752
Net cash provided (used) by investing activities	(3,219,248)
Net increase (decrease) in cash and cash equivalents	(1,033,343)
Cash and cash equivalents, beginning of year	17,467,363
Cash and cash equivalents, End of Year	16,434,020

Virginia Community College System
J. Sargeant Reynolds Community College
Statement of Cash Flows
For the Year Ended June 30, 2016

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(46,566,041)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	3,223,241
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	700,257
Prepaid expenses and other	(140,898)
Accrued compensation and leave	(65,986)
Accounts payable and other	2,033,053
Unearned revenue	(175,913)
Deposits pending distribution	
Pension related accounts	(82,604)
Net cash used in operating activities	<u><u>(41,074,891)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	16,435,259
Less: Securities Lending Cash Equivalents	<u>1,239</u>
Cash and cash equivalents end of year	<u><u>16,434,020</u></u>
Noncash transactions	
Donated fixed assets	2,143
Debt principal and interest payments made by Treasury	

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

**Virginia Community College System
John Tyler Community College
Statement of Net Position
As of June 30, 2016**

	Community College	Component Unit John Tyler Community College Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	6,068,254	276,475
Appropriation available		
Short term investments (Note 2)	990,000	
Accounts receivable, net (Note 3)	626,167	
Pledges receivable (Note 3)		
Due from Commonwealth	437,624	
Due from system office	3,216	
Interest receivable		
Prepaid expenses	141,449	
Inventories	24,084	
Notes receivable, net (Note 3)		
Total Current Assets	8,290,794	276,475
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	(39,152)	
Cash equivalents with trustees	419,554	
Endowment cash and cash equivalents (Note 2)		187,041
Appropriation available		
Endowment investments (Note 2)		5,085,988
Other long-term investments (Note 2)		1,276,156
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		25,800
Pledges receivable (Note 3)		
Due from Commonwealth	224,771	
Notes receivable, net (Note 3)		
Non-depreciable capital assets, net (Note 4)	9,671,782	
Depreciable capital assets, net (Note 4)	76,425,906	
Total Noncurrent Assets	86,702,861	6,574,985
Total Assets	94,993,655	6,851,460
Deferred Outflows of Resources (Note 15)	2,761,885	
Total Assets and Deferred Outflows of Resources	97,755,540	6,851,460
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 5)	1,530,792	
Accrued payroll expense	1,301,773	
Unearned revenue	901,053	
Long-term liabilities-current portion (Note 7)	960,267	
Securities lending obligation		
Due to Commonwealth		
Due to system's office		
Deposits	107,534	
Total Current Liabilities	4,801,419	
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 7)	6,460,054	
Due to federal government (Note 7)		
Pension obligations (Note 7)	22,361,000	
Total Noncurrent Liabilities	28,821,054	
Total Liabilities	33,622,473	

**Virginia Community College System
John Tyler Community College
Statement of Net Position
As of June 30, 2016**

	Community College	Component Unit John Tyler Community College Foundation
Deferred Inflows of Resources (Note 15)	1,628,000	
Total Liabilities and Deferred Inflows of Resources	35,250,473	
 Net Position		
Net investment in capital assets	80,098,016	
Restricted for:		
Nonexpendable		2,098,739
Expendable	25,267	2,716,407
Unrestricted	(17,618,216)	2,036,314
Total Net Position	62,505,067	6,851,460

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

Virginia Community College System
John Tyler Community College
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2016

	Community College	Component Unit John Tyler Community College Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$7,119,525)	16,610,048	
Federal grants and contracts	405,987	
State and local grants	331,438	
Nongovernmental grants	66,399	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$23,464)	555,908	
Gifts and contributions		443,889
Endowment income		8,751
Other operating revenues	868,196	243,033
Total Operating Revenue	18,837,976	695,673
Expenses		
Operating Expenses		
Instruction	21,814,782	200,000
Public service		
Academic support	3,515,484	160,133
Student services	5,819,995	
Institutional support	7,708,129	122,936
Operation and maintenance	5,561,130	221,368
Scholarships and fellowships	4,579,719	320,102
Auxiliary enterprises	81,963	
Fundraising		48,133
Other expenses		
Total Operating Expenses	49,081,202	1,072,672
Operating Income (Loss)	(30,243,226)	(376,999)
Nonoperating Revenues(Expenses)		
State appropriations (Note 11)	17,972,078	
Local appropriations	62,693	
Grants and gifts	10,047,007	
Investment income	121,137	4,050
Interest on capital asset related debt	(91,780)	
Other nonoperating revenue (expense)	40,157	
Net Nonoperating Revenue	28,151,292	4,050
Income before other revenues, expenses gains (losses)	(2,091,934)	(372,949)
Capital appropriations-state (Note 18)	11,971,817	
Capital appropriations-local		
Capital gifts, grants and contracts	107,206	
Additions to permanent and term endowments		12,589
Increase (Decrease) in Net Position	9,987,089	(360,360)
Net Position		
Net Position beginning of year	52,517,978	7,211,820
Net Position end of year	62,505,067	6,851,460

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

**Virginia Community College System
John Tyler Community College
Statement of Cash Flows
For the Year Ended June 30, 2016**

	Community College
Cash flows from operating activities:	
Tuition and fees	16,213,534
Grants and contracts	859,148
Payments to suppliers and others	(6,979,011)
Payments for employee wages	(25,265,533)
Payments for employee fringes and pension benefits	(7,445,169)
Payment for scholarships	(5,089,577)
Payments for utilities	(891,195)
Sales and services of education department	
Auxiliary	622,195
Loans issued to students	
Loans collected from students	
Other	868,196
Net cash used by operating activities	(27,107,412)
Cash flows from non-capital financing activities:	
State appropriations	17,972,078
Local appropriations	62,693
Grants and gifts	9,609,383
Agency receipts	18,099
Agency disbursements	(13,899)
PLUS, Stafford and Direct Lending loan receipts	7,386,545
PLUS, Stafford and Direct Lending loan disbursements	(7,487,273)
Borrowings	125,000
Loan repayments	(125,000)
Other non-operating revenue(expense)	81,850
Net cash provided (used) by non-capital financing activities	27,629,476
Cash flows from capital financing activities:	
Capital appropriations-state	17,200,482
Capital appropriations-local	
Capital grants and gifts	107,137
Purchase capital assets	(19,306,244)
Proceeds from sale of capital assets	
Proceeds from bond issue	
Debt interest payments	(266,515)
Debt principal payments	(220,000)
Net cash provided (used) by capital financing activities	(2,485,140)
Cash flows from investing activities:	
Purchases of investments	(2,590,000)
Sale of investments	1,835,280
Investment income	(114,143)
Net cash provided (used) by investing activities	(868,863)
Net increase (decrease) in cash and cash equivalents	(2,831,939)
Cash and cash equivalents, beginning of year	9,280,595
Cash and cash equivalents, End of Year	6,448,656

**Virginia Community College System
John Tyler Community College
Statement of Cash Flows
For the Year Ended June 30, 2016**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(30,243,226)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	2,922,203
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	284,896
Prepaid expenses and other	86,722
Accrued compensation and leave	(461,336)
Accounts payable and other	684,668
Unearned revenue	(252,333)
Deposits pending distribution	57,857
Pension related accounts	(186,863)
Net cash used in operating activities	<u><u>(27,107,412)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	6,448,656
Less: Securities Lending Cash Equivalents	
Cash and cash equivalents end of year	<u><u>6,448,656</u></u>
Noncash transactions	
Donated fixed assets	69
Debt principal and interest payments made by Treasury	

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

**Virginia Community College System
Lord Fairfax Community College
Statement of Net Position
As of June 30, 2016**

	Community College	Component Unit Lord Fairfax Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	5,582,797	1,300,578
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	1,243,080	
Pledges receivable (Note 3)		311,585
Due from Commonwealth	365,703	
Due from system office	35,421	
Interest receivable		
Prepaid expenses		118,644
Inventories	3,500	
Notes receivable, net (Note 3)		
Total Current Assets	7,230,501	1,730,807
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	(125,417)	
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		1,834,575
Appropriation available		
Endowment investments (Note 2)		6,860,450
Other long-term investments (Note 2)		
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		95,409
Due from Commonwealth	1,940,448	
Notes receivable, net (Note 3)		
Non-depreciable capital assets, net (Note 4)	15,145,251	529,650
Depreciable capital assets, net (Note 4)	27,869,597	9,277,445
Total Noncurrent Assets	44,829,879	18,597,529
Total Assets	52,060,380	20,328,336
Deferred Outflows of Resources (Note 15)	2,163,634	
Total Assets and Deferred Outflows of Resources	54,224,014	20,328,336
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 5)	2,192,994	34,449
Accrued payroll expense	1,920,439	
Unearned revenue	910,833	350,000
Long-term liabilities-current portion (Note 7)	495,508	199,816
Securities lending obligation	990	
Due to Commonwealth		
Due to system's office		
Deposits	118,602	
Total Current Liabilities	5,639,366	584,265
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 7)	258,486	7,949,657
Due to federal government (Note 7)		
Pension obligations (Note 7)	16,277,000	
Total Noncurrent Liabilities	16,535,486	7,949,657
Total Liabilities	22,174,852	8,533,922

**Virginia Community College System
 Lord Fairfax Community College
 Statement of Net Position
 As of June 30, 2016**

	Community College	Component Unit Lord Fairfax Community College Educational Foundation
Deferred Inflows of Resources (Note 15)	1,167,000	
Total Liabilities and Deferred Inflows of Resources	23,341,852	8,533,922
 Net Position		
Net investment in capital assets	43,014,848	1,776,266
Restricted for:		
Nonexpendable		4,641,030
Expendable	151,813	5,659,044
Unrestricted	(12,284,499)	(281,926)
Total Net Position	30,882,162	11,794,414

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

Virginia Community College System
Lord Fairfax Community College
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2016

	Community College	Component Unit Lord Fairfax Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$4,072,567)	14,838,599	
Federal grants and contracts	2,618,959	
State and local grants	81,264	
Nongovernmental grants	606,204	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$13,464)	357,838	
Gifts and contributions		89,743
Endowment income		(129,198)
Other operating revenues	602,828	1,158,950
Total Operating Revenue	19,105,692	1,119,495
Expenses		
Operating Expenses		
Instruction	19,327,175	297,726
Public service	1,903,043	
Academic support	3,294,726	
Student services	3,033,543	
Institutional support	5,836,922	349,981
Operation and maintenance	3,214,513	116
Scholarships and fellowships	3,334,293	270,603
Auxiliary enterprises	169,110	
Fundraising		254,514
Other expenses		261,418
Total Operating Expenses	40,113,325	1,434,358
Operating Income (Loss)	(21,007,633)	(314,863)
Nonoperating Revenues(Expenses)		
State appropriations (Note 11)	13,225,745	
Local appropriations	308,283	
Grants and gifts	5,862,598	
Investment income	8,272	
Interest on capital asset related debt		
Other nonoperating revenue (expense)	100,082	
Net Nonoperating Revenue	19,504,980	
Income before other revenues, expenses gains (losses)	(1,502,653)	(314,863)
Capital appropriations-state (Note 18)	7,444,168	
Capital appropriations-local		
Capital gifts, grants and contracts	11,999	
Additions to permanent and term endowments		387,693
Increase (Decrease) in Net Position	5,953,514	72,830
Net Position		
Net Position beginning of year	24,928,648	11,721,584
Net Position end of year	30,882,162	11,794,414

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

**Virginia Community College System
Lord Fairfax Community College
Statement of Cash Flows
For the Year Ended June 30, 2016**

	Community College
Cash flows from operating activities:	
Tuition and fees	14,193,082
Grants and contracts	3,148,567
Payments to suppliers and others	(8,235,506)
Payments for employee wages	(18,588,248)
Payments for employee fringes and pension benefits	(6,048,850)
Payment for scholarships	(3,519,799)
Payments for utilities	(655,283)
Sales and services of education department	
Auxiliary	383,253
Loans issued to students	
Loans collected from students	
Other	604,172
Net cash used by operating activities	(18,718,612)
Cash flows from non-capital financing activities:	
State appropriations	13,225,745
Local appropriations	308,283
Grants and gifts	5,496,895
Agency receipts	565,337
Agency disbursements	(619,373)
PLUS, Stafford and Direct Lending loan receipts	3,337,727
PLUS, Stafford and Direct Lending loan disbursements	(3,262,264)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	134,768
Net cash provided (used) by non-capital financing activities	19,187,118
Cash flows from capital financing activities:	
Capital appropriations-state	6,701,401
Capital appropriations-local	
Capital grants and gifts	
Purchase capital assets	(7,482,968)
Proceeds from sale of capital assets	22,949
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(758,618)
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	8,263
Net cash provided (used) by investing activities	8,263
Net increase (decrease) in cash and cash equivalents	(281,849)
Cash and cash equivalents, beginning of year	5,738,239
Cash and cash equivalents, End of Year	5,456,390

**Virginia Community College System
 Lord Fairfax Community College
 Statement of Cash Flows
 For the Year Ended June 30, 2016**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(21,007,633)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,559,384
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(50,898)
Prepaid expenses and other	415,030
Accrued compensation and leave	164,789
Accounts payable and other	789,997
Unearned revenue	(407,596)
Deposits pending distribution	
Pension related accounts	(181,685)
Net cash used in operating activities	<u><u>(18,718,612)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	5,457,380
Less: Securities Lending Cash Equivalents	990
Cash and cash equivalents end of year	<u><u>5,456,390</u></u>
Noncash transactions	
Donated fixed assets	11,999
Debt principal and interest payments made by Treasury	

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, 2016**

	Community College	Component Unit Mountain Empire Community College Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	2,977,060	156,092
Appropriation available		
Short term investments (Note 2)	1,000,000	
Accounts receivable, net (Note 3)	240,225	243,064
Pledges receivable (Note 3)		
Due from Commonwealth	163,282	
Due from system office		
Interest receivable		
Prepaid expenses		1,168
Inventories	498,994	
Notes receivable, net (Note 3)		
Total Current Assets	<u>4,879,561</u>	<u>400,324</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		698,835
Appropriation available		
Endowment investments (Note 2)		19,900,183
Other long-term investments (Note 2)		
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		76,000
Pledges receivable (Note 3)		1,125,421
Due from Commonwealth		
Notes receivable, net (Note 3)		
Non-depreciable capital assets, net (Note 4)	1,365,796	
Depreciable capital assets, net (Note 4)	21,447,147	
Total Noncurrent Assets	<u>22,812,943</u>	<u>21,800,439</u>
Total Assets	<u>27,692,504</u>	<u>22,200,763</u>
Deferred Outflows of Resources (Note 15)	953,648	
Total Assets and Deferred Outflows of Resources	<u>28,646,152</u>	<u>22,200,763</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 5)	392,742	89,325
Accrued payroll expense	821,635	
Unearned revenue	20,911	
Long-term liabilities-current portion (Note 7)	354,042	
Securities lending obligation	99	
Due to Commonwealth		
Due to system's office		
Deposits	76,694	
Total Current Liabilities	<u>1,666,123</u>	<u>89,325</u>
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 7)	206,797	
Due to federal government (Note 7)		
Pension obligations (Note 7)	9,148,000	
Total Noncurrent Liabilities	<u>9,354,797</u>	
Total Liabilities	<u>11,020,920</u>	<u>89,325</u>

**Virginia Community College System
Mountain Empire Community College
Statement of Net Position
As of June 30, 2016**

	Community College	Component Unit Mountain Empire Community College Foundation
Deferred Inflows of Resources (Note 15)	1,032,000	
Total Liabilities and Deferred Inflows of Resources	12,052,920	89,325
Net Position		
Net investment in capital assets	22,812,943	
Restricted for:		
Nonexpendable		8,175,498
Expendable	(206,482)	9,715,327
Unrestricted	(6,013,229)	4,220,613
Total Net Position	16,593,232	22,111,438

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, 2016**

	Community College	Component Unit Mountain Empire Community College Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$4,690,978)	2,678,579	
Federal grants and contracts	1,649,904	
State and local grants	127,210	243,064
Nongovernmental grants	554,406	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$787,815)	397,392	
Gifts and contributions		34,998
Endowment income		339,974
Other operating revenues	64,842	31,285
Total Operating Revenue	5,472,333	649,321
Expenses		
Operating Expenses		
Instruction	9,495,551	
Public service	122,073	
Academic support	1,539,334	455,091
Student services	2,161,115	
Institutional support	2,445,895	476,093
Operation and maintenance	1,570,820	
Scholarships and fellowships	1,932,839	
Auxiliary enterprises	1,258,448	
Fundraising		51,587
Other expenses		
Total Operating Expenses	20,526,075	982,771
Operating Income (Loss)	(15,053,742)	(333,450)
Nonoperating Revenues(Expenses)		
State appropriations (Note 11)	7,735,383	
Local appropriations	117,496	
Grants and gifts	5,797,345	
Investment income	27,391	
Interest on capital asset related debt		
Other nonoperating revenue (expense)	289,242	
Net Nonoperating Revenue	13,966,857	
Income before other revenues, expenses gains (losses)	(1,086,885)	(333,450)
Capital appropriations-state (Note 18)		
Capital appropriations-local		
Capital gifts, grants and contracts	315,215	
Additions to permanent and term endowments		487,014
Increase (Decrease) in Net Position	(771,670)	153,564
Net Position		
Net Position beginning of year	17,364,902	21,957,874
Net Position end of year	16,593,232	22,111,438

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, 2016**

	Community College
Cash flows from operating activities:	
Tuition and fees	2,647,639
Grants and contracts	2,393,416
Payments to suppliers and others	(4,752,435)
Payments for employee wages	(8,497,832)
Payments for employee fringes and pension benefits	(3,245,471)
Payment for scholarships	(1,911,613)
Payments for utilities	(331,741)
Sales and services of education department	
Auxiliary	379,344
Loans issued to students	
Loans collected from students	
Other	64,842
Net cash used by operating activities	(13,253,851)
Cash flows from non-capital financing activities:	
State appropriations	7,735,383
Local appropriations	117,496
Grants and gifts	5,634,063
Agency receipts	502,385
Agency disbursements	(496,623)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	286,701
Net cash provided (used) by non-capital financing activities	13,779,405
Cash flows from capital financing activities:	
Capital appropriations-state	3,893
Capital appropriations-local	
Capital grants and gifts	137,932
Purchase capital assets	(356,089)
Proceeds from sale of capital assets	3,240
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(211,024)
Cash flows from investing activities:	
Purchases of investments	(1,000,000)
Sale of investments	
Investment income	27,390
Net cash provided (used) by investing activities	(972,610)
Net increase (decrease) in cash and cash equivalents	(658,080)
Cash and cash equivalents, beginning of year	3,635,041
Cash and cash equivalents, End of Year	2,976,961

**Virginia Community College System
Mountain Empire Community College
Statement of Cash Flows
For the Year Ended June 30, 2016**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(15,053,742)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,173,236
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	325,466
Prepaid expenses and other	127,889
Accrued compensation and leave	127,239
Accounts payable and other	360,701
Unearned revenue	(13,626)
Deposits pending distribution	(827)
Pension related accounts	(300,187)
Net cash used in operating activities	<u><u>(13,253,851)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	2,977,060
Less: Securities Lending Cash Equivalents	99
Cash and cash equivalents end of year	<u><u>2,976,961</u></u>
Noncash transactions	
Donated fixed assets	177,283
Debt principal and interest payments made by Treasury	

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, 2016**

	Community College	Component Unit New River Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	8,319,159	8,324
Appropriation available		
Short term investments (Note 2)		4,702,195
Accounts receivable, net (Note 3)	85,505	
Pledges receivable (Note 3)		
Due from Commonwealth	243,996	
Due from system office	10,635	
Interest receivable		
Prepaid expenses	905,092	
Inventories	8,386	
Notes receivable, net (Note 3)		25,936
Total Current Assets	9,572,773	4,736,455
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	61,648	
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		156,629
Appropriation available		
Endowment investments (Note 2)		6,029,239
Other long-term investments (Note 2)		
Accounts receivable, net (Note 3)		5,216
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		
Due from Commonwealth		
Notes receivable, net (Note 3)		
Non-depreciable capital assets, net (Note 4)	890,979	1,087,017
Depreciable capital assets, net (Note 4)	15,434,611	364,561
Total Noncurrent Assets	16,387,238	7,642,662
Total Assets	25,960,011	12,379,117
Deferred Outflows of Resources (Note 15)	1,033,727	
Total Assets and Deferred Outflows of Resources	26,993,738	12,379,117
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 5)	942,098	5,201
Accrued payroll expense	1,170,062	
Unearned revenue	979,288	
Long-term liabilities-current portion (Note 7)	370,228	
Securities lending obligation	2	
Due to Commonwealth		
Due to system's office		
Deposits		
Total Current Liabilities	3,461,678	5,201
Noncurrent Liabilities		
Unearned revenue	203,209	
Long-term liabilities (Note 7)	445,490	
Due to federal government (Note 7)		
Pension obligations (Note 7)	10,935,000	
Total Noncurrent Liabilities	11,583,699	
Total Liabilities	15,045,377	5,201

**Virginia Community College System
New River Community College
Statement of Net Position
As of June 30, 2016**

	Community College	Component Unit New River Community College Educational Foundation
Deferred Inflows of Resources (Note 15)	979,000	
Total Liabilities and Deferred Inflows of Resources	16,024,377	5,201
 Net Position		
Net investment in capital assets	16,325,590	1,451,578
Restricted for:		
Nonexpendable		5,155,949
Expendable	(25,137)	1,055,870
Unrestricted	(5,331,092)	4,710,519
Total Net Position	10,969,361	12,373,916

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, 2016

	Community College	Component Unit New River Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$2,897,051)	10,207,540	
Federal grants and contracts	988,819	
State and local grants	144,535	
Nongovernmental grants	39,504	
Sales/services of education department	31,557	
Auxiliary enterprises (net of scholarship allowance of \$9,633)	350,244	
Gifts and contributions		
Endowment income		(86,295)
Other operating revenues	272,246	25,278
Total Operating Revenue	12,034,445	(61,017)
Expenses		
Operating Expenses		
Instruction	14,283,406	
Public service	139,505	
Academic support	2,589,521	
Student services	1,428,546	
Institutional support	3,711,108	199,531
Operation and maintenance	2,221,541	
Scholarships and fellowships	3,679,693	338,387
Auxiliary enterprises	28,626	
Fundraising		
Other expenses		
Total Operating Expenses	28,081,946	537,918
Operating Income (Loss)	(16,047,501)	(598,935)
Nonoperating Revenues(Expenses)		
State appropriations (Note 11)	10,022,301	
Local appropriations	77,799	
Grants and gifts	5,608,824	
Investment income	76,048	(535)
Interest on capital asset related debt		
Other nonoperating revenue (expense)	(53,316)	
Net Nonoperating Revenue	15,731,656	(535)
Income before other revenues, expenses gains (losses)	(315,845)	(599,470)
Capital appropriations-state (Note 18)		
Capital appropriations-local		
Capital gifts, grants and contracts	1,530	
Additions to permanent and term endowments		749,694
Increase (Decrease) in Net Position	(314,315)	150,224
Net Position		
Net Position beginning of year	11,283,676	12,223,692
Net Position end of year	10,969,361	12,373,916

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, 2016**

	Community College
Cash flows from operating activities:	
Tuition and fees	10,383,065
Grants and contracts	1,124,789
Payments to suppliers and others	(3,097,287)
Payments for employee wages	(14,314,291)
Payments for employee fringes and pension benefits	(3,813,415)
Payment for scholarships	(3,734,690)
Payments for utilities	(395,086)
Sales and services of education department	31,557
Auxiliary	351,107
Loans issued to students	
Loans collected from students	
Other	281,043
Net cash used by operating activities	(13,183,208)
Cash flows from non-capital financing activities:	
State appropriations	10,022,301
Local appropriations	77,799
Grants and gifts	5,364,828
Agency receipts	306,389
Agency disbursements	(380,071)
PLUS, Stafford and Direct Lending loan receipts	3,406,445
PLUS, Stafford and Direct Lending loan disbursements	(3,406,445)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	187,221
Net cash provided (used) by non-capital financing activities	15,578,467
Cash flows from capital financing activities:	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	
Purchase capital assets	(840,753)
Proceeds from sale of capital assets	
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(840,753)
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	76,048
Net cash provided (used) by investing activities	76,048
Net increase (decrease) in cash and cash equivalents	1,630,554
Cash and cash equivalents, beginning of year	6,750,251
Cash and cash equivalents, End of Year	8,380,805

**Virginia Community College System
New River Community College
Statement of Cash Flows
For the Year Ended June 30, 2016**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(16,047,501)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,429,230
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	529,253
Prepaid expenses and other	30,267
Accrued compensation and leave	424,497
Accounts payable and other	692,786
Unearned revenue	23,655
Deposits pending distribution	14,386
Pension related accounts	(279,781)
Net cash used in operating activities	<u><u>(13,183,208)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	8,380,807
Less: Securities Lending Cash Equivalents	<u>2</u>
Cash and cash equivalents end of year	<u><u>8,380,805</u></u>
Noncash transactions	
Donated fixed assets	1,530
Debt principal and interest payments made by Treasury	

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, 2016**

	Community College	Component Unit Northern Virginia Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	100,186,086	3,311,066
Appropriation available		
Short term investments (Note 2)		7,928,495
Accounts receivable, net (Note 3)	365,543	
Pledges receivable (Note 3)		
Due from Commonwealth	2,316,232	
Due from system office	370,943	
Interest receivable		
Prepaid expenses	3,141,490	7,750
Inventories	2,143	
Notes receivable, net (Note 3)	1,972,543	
Total Current Assets	108,354,980	11,247,311
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	(318,357)	
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		208,237
Appropriation available	447,181	
Endowment investments (Note 2)		5,157,788
Other long-term investments (Note 2)		4,986,630
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		
Due from Commonwealth	1,026,477	
Notes receivable, net (Note 3)	1,892,672	
Non-depreciable capital assets, net (Note 4)	44,941,383	
Depreciable capital assets, net (Note 4)	307,727,138	
Total Noncurrent Assets	355,716,494	10,352,655
Total Assets	464,071,474	21,599,966
Deferred Outflows of Resources (Note 15)	21,279,818	
Total Assets and Deferred Outflows of Resources	485,351,292	21,599,966
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 5)	9,124,831	39,796
Accrued payroll expense	14,375,964	
Unearned revenue	27,505,442	145,858
Long-term liabilities-current portion (Note 7)	5,710,405	
Securities lending obligation	192	
Due to Commonwealth		
Due to system's office		
Deposits	3,638,942	2,627,804
Total Current Liabilities	60,355,776	2,813,458
Noncurrent Liabilities		
Unearned revenue	392,214	
Long-term liabilities (Note 7)	8,940,932	
Due to federal government (Note 7)	4,342,229	
Pension obligations (Note 7)	148,178,000	
Total Noncurrent Liabilities	161,853,375	
Total Liabilities	222,209,151	2,813,458

**Virginia Community College System
Northern Virginia Community College
Statement of Net Position
As of June 30, 2016**

	<u>Community College</u>	<u>Component Unit Northern Virginia Community College Educational Foundation</u>
Deferred Inflows of Resources (Note 15)	10,558,000	
Total Liabilities and Deferred Inflows of Resources	<u>232,767,151</u>	<u>2,813,458</u>
 Net Position		
Net investment in capital assets	346,506,821	
Restricted for:		
Nonexpendable	26,166	4,146,931
Expendable	1,572,750	5,325,448
Unrestricted	<u>(95,521,596)</u>	<u>9,314,129</u>
Total Net Position	<u>252,584,141</u>	<u>18,786,508</u>

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

Virginia Community College System
Northern Virginia Community College
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2016

	Community College	Component Unit Northern Virginia Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$49,420,058)	138,853,776	
Federal grants and contracts	12,139,184	
State and local grants	1,611,285	
Nongovernmental grants	4,004,818	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$164,533)	6,173,509	
Gifts and contributions		1,078,713
Endowment income		(350,774)
Other operating revenues	6,005,632	682,917
Total Operating Revenue	168,788,204	1,410,856
Expenses		
Operating Expenses		
Instruction	147,555,776	20,730
Public service	1,567,929	959,240
Academic support	31,229,538	
Student services	31,791,533	
Institutional support	49,774,032	527,413
Operation and maintenance	41,428,419	
Scholarships and fellowships	23,343,022	401,909
Auxiliary enterprises	4,018,038	
Fundraising		117,723
Other expenses	111,156	
Total Operating Expenses	330,819,443	2,027,015
Operating Income (Loss)	(162,031,239)	(616,159)
Nonoperating Revenues(Expenses)		
State appropriations (Note 11)	94,491,501	
Local appropriations	275,761	
Grants and gifts	55,689,459	
Investment income	132,030	(84,238)
Interest on capital asset related debt	(256,099)	
Other nonoperating revenue (expense)	1,841,314	
Net Nonoperating Revenue	152,173,966	(84,238)
Income before other revenues, expenses gains (losses)	(9,857,273)	(700,397)
Capital appropriations-state (Note 18)	18,766,903	
Capital appropriations-local	5,181,995	
Capital gifts, grants and contracts	16,684	
Additions to permanent and term endowments		180,017
Increase (Decrease) in Net Position	14,108,309	(520,380)
Net Position		
Net Position beginning of year, as restated (Note 1-O)	238,475,832	19,306,888
Net Position end of year	252,584,141	18,786,508

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, 2016**

	Community College
Cash flows from operating activities:	
Tuition and fees	139,544,407
Grants and contracts	17,169,740
Payments to suppliers and others	(65,560,412)
Payments for employee wages	(165,849,639)
Payments for employee fringes and pension benefits	(49,927,627)
Payment for scholarships	(23,669,327)
Payments for utilities	(3,889,502)
Sales and services of education department	
Auxiliary	5,829,454
Loans issued to students	(168,350)
Loans collected from students	630,636
Other	6,081,189
Net cash used by operating activities	(139,809,431)
Cash flows from non-capital financing activities:	
State appropriations	94,491,501
Local appropriations	275,761
Grants and gifts	53,373,227
Agency receipts	1,881,514
Agency disbursements	(2,178,682)
PLUS, Stafford and Direct Lending loan receipts	52,851,003
PLUS, Stafford and Direct Lending loan disbursements	(49,757,300)
Borrowings	
Loan repayments	(2,347,491)
Other non-operating revenue(expense)	2,547,586
Net cash provided (used) by non-capital financing activities	151,137,119
Cash flows from capital financing activities:	
Capital appropriations-state	22,425,375
Capital appropriations-local	5,181,995
Capital grants and gifts	
Purchase capital assets	(23,184,797)
Proceeds from sale of capital assets	226,492
Proceeds from bond issue	
Debt interest payments	(361,848)
Debt principal payments	(920,569)
Net cash provided (used) by capital financing activities	3,366,648
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	132,023
Net cash provided (used) by investing activities	132,023
Net increase (decrease) in cash and cash equivalents	14,826,359
Cash and cash equivalents, beginning of year	85,041,178
Cash and cash equivalents, End of Year	99,867,537

**Virginia Community College System
Northern Virginia Community College
Statement of Cash Flows
For the Year Ended June 30, 2016**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(162,031,239)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	12,936,297
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	3,490,453
Prepaid expenses and other	6,475,340
Accrued compensation and leave	387,689
Accounts payable and other	(846,150)
Unearned revenue	(457,928)
Deposits pending distribution	(32,500)
Pension related accounts	268,607
Net cash used in operating activities	<u><u>(139,809,431)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	99,867,729
Less: Securities Lending Cash Equivalents	192
Cash and cash equivalents end of year	<u><u>99,867,537</u></u>
Noncash transactions	
Donated fixed assets	16,684
Debt principal and interest payments made by Treasury	

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, 2016**

	Community College	Component Unit Patrick Henry Community College Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	3,096,348	315,139
Appropriation available		
Short term investments (Note 2)	599,353	819,042
Accounts receivable, net (Note 3)	279,972	
Pledges receivable (Note 3)		172,126
Due from Commonwealth	19,222	
Due from system office	8,086	
Interest receivable		
Prepaid expenses	52,747	
Inventories	13,700	
Notes receivable, net (Note 3)	22,981	
Total Current Assets	4,092,409	1,306,307
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	(240,197)	
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		8,436,665
Other long-term investments (Note 2)		6,551,937
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		137,731
Due from Commonwealth	270,249	
Notes receivable, net (Note 3)		
Non-depreciable capital assets, net (Note 4)	1,204,507	111,906
Depreciable capital assets, net (Note 4)	20,510,637	1,480,638
Total Noncurrent Assets	21,745,196	16,718,877
Total Assets	25,837,605	18,025,184
Deferred Outflows of Resources (Note 15)	1,180,227	
Total Assets and Deferred Outflows of Resources	27,017,832	18,025,184
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 5)	590,801	9,062
Accrued payroll expense	894,795	
Unearned revenue	456,288	
Long-term liabilities-current portion (Note 7)	269,999	
Securities lending obligation		
Due to Commonwealth		
Due to system's office		
Deposits	18,766	
Total Current Liabilities	2,230,649	9,062
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 7)	223,356	
Due to federal government (Note 7)		
Pension obligations (Note 7)	12,023,000	
Total Noncurrent Liabilities	12,246,356	
Total Liabilities	14,477,005	9,062

**Virginia Community College System
Patrick Henry Community College
Statement of Net Position
As of June 30, 2016**

	Community College	Component Unit Patrick Henry Community College Foundation
Deferred Inflows of Resources (Note 15)	2,491,000	
Total Liabilities and Deferred Inflows of Resources	16,968,005	9,062
 Net Position		
Net investment in capital assets	21,715,144	1,592,544
Restricted for:		
Nonexpendable		6,981,182
Expendable	(1,041,033)	2,424,046
Unrestricted	(10,624,284)	7,018,350
Total Net Position	10,049,827	18,016,122

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, 2016

	Community College	Component Unit Patrick Henry Community College Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$4,210,865)	3,873,016	
Federal grants and contracts	2,104,940	
State and local grants	50,525	
Nongovernmental grants	1,309,081	
Sales/services of education department	9,591	
Auxiliary enterprises (net of scholarship allowance of \$13,777)	62,542	
Gifts and contributions		129,324
Endowment income		266,124
Other operating revenues	439,453	20,198
Total Operating Revenue	7,849,148	415,646
Expenses		
Operating Expenses		
Instruction	8,597,980	119,515
Public service	726,382	20,384
Academic support	2,096,972	223,057
Student services	2,354,415	512
Institutional support	3,344,199	550,308
Operation and maintenance	1,343,598	8,611
Scholarships and fellowships	2,193,850	446,054
Auxiliary enterprises	25,611	
Fundraising		47,924
Other expenses	4,168	104,676
Total Operating Expenses	20,687,175	1,521,041
Operating Income (Loss)	(12,838,027)	(1,105,395)
Nonoperating Revenues(Expenses)		
State appropriations (Note 11)	8,141,825	
Local appropriations	119,943	
Grants and gifts	5,165,557	
Investment income	13,541	455,974
Interest on capital asset related debt		
Other nonoperating revenue (expense)	133,801	22,889
Net Nonoperating Revenue	13,574,667	478,863
Income before other revenues, expenses gains (losses)	736,640	(626,532)
Capital appropriations-state (Note 18)	646,237	
Capital appropriations-local		
Capital gifts, grants and contracts	10,599	
Additions to permanent and term endowments		815,088
Increase (Decrease) in Net Position	1,393,476	188,556
Net Position		
Net Position beginning of year	8,656,351	17,827,566
Net Position end of year	10,049,827	18,016,122

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, 2016**

	Community College
Cash flows from operating activities:	
Tuition and fees	4,175,289
Grants and contracts	3,318,523
Payments to suppliers and others	(4,352,709)
Payments for employee wages	(9,497,007)
Payments for employee fringes and pension benefits	(3,519,109)
Payment for scholarships	(2,247,074)
Payments for utilities	(330,441)
Sales and services of education department	9,591
Auxiliary	62,542
Loans issued to students	(47,968)
Loans collected from students	42,605
Other	537,303
Net cash used by operating activities	(11,848,455)
Cash flows from non-capital financing activities:	
State appropriations	8,141,825
Local appropriations	119,943
Grants and gifts	5,146,335
Agency receipts	478,702
Agency disbursements	(505,464)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	184,950
Net cash provided (used) by non-capital financing activities	13,566,291
Cash flows from capital financing activities:	
Capital appropriations-state	401,032
Capital appropriations-local	
Capital grants and gifts	10,599
Purchase capital assets	(1,207,851)
Proceeds from sale of capital assets	4,092
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(792,128)
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	2,524
Net cash provided (used) by investing activities	2,524
Net increase (decrease) in cash and cash equivalents	928,232
Cash and cash equivalents, beginning of year	1,927,919
Cash and cash equivalents, End of Year	2,856,151

**Virginia Community College System
Patrick Henry Community College
Statement of Cash Flows
For the Year Ended June 30, 2016**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(12,838,027)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,056,699
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	102,130
Prepaid expenses and other	(60,947)
Accrued compensation and leave	70,449
Accounts payable and other	479,468
Unearned revenue	150,775
Deposits pending distribution	
Pension related accounts	(809,002)
Net cash used in operating activities	<u><u>(11,848,455)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	2,856,151
Less: Securities Lending Cash Equivalents	
Cash and cash equivalents end of year	<u><u>2,856,151</u></u>

Noncash transactions

Donated fixed assets
Debt principal and interest payments made by Treasury

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, 2016**

	<u>Community College</u>	<u>Component Unit Paul D. Camp Community College Foundation</u>
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	2,051,092	176,410
Appropriation available		
Short term investments (Note 2)	253,940	
Accounts receivable, net (Note 3)	122,805	1,800
Pledges receivable (Note 3)		34,860
Due from Commonwealth	36,347	
Due from system office	4,539	
Interest receivable		
Prepaid expenses	3,799	
Inventories	16,000	
Notes receivable, net (Note 3)		
Total Current Assets	<u>2,488,522</u>	<u>213,070</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	(100,000)	
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)	17,606	
Appropriation available		
Endowment investments (Note 2)		421,942
Other long-term investments (Note 2)		585,448
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		4,825
Due from Commonwealth	100,000	
Notes receivable, net (Note 3)		
Non-depreciable capital assets, net (Note 4)	513,284	48,750
Depreciable capital assets, net (Note 4)	10,718,362	
Total Noncurrent Assets	<u>11,249,252</u>	<u>1,060,965</u>
Total Assets	<u>13,737,774</u>	<u>1,274,035</u>
Deferred Outflows of Resources (Note 15)	433,597	
Total Assets and Deferred Outflows of Resources	<u>14,171,371</u>	<u>1,274,035</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 5)	121,269	2,786
Accrued payroll expense	505,336	
Unearned revenue	445,201	
Long-term liabilities-current portion (Note 7)	216,281	
Securities lending obligation	172	
Due to Commonwealth		
Due to system's office		
Deposits	62,091	
Total Current Liabilities	<u>1,350,350</u>	<u>2,786</u>
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 7)	289,158	
Due to federal government (Note 7)		
Pension obligations (Note 7)	4,998,000	
Total Noncurrent Liabilities	<u>5,287,158</u>	
Total Liabilities	<u>6,637,508</u>	<u>2,786</u>

**Virginia Community College System
Paul D. Camp Community College
Statement of Net Position
As of June 30, 2016**

	Community College	Component Unit Paul D. Camp Community College Foundation
Deferred Inflows of Resources (Note 15)	1,151,000	
Total Liabilities and Deferred Inflows of Resources	7,788,508	2,786
 Net Position		
Net investment in capital assets	10,965,117	48,750
Restricted for:		
Nonexpendable		285,565
Expendable	5,677	551,928
Unrestricted	(4,587,931)	385,006
Total Net Position	6,382,863	1,271,249

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, 2016

	Community College	Component Unit Paul D. Camp Community College Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$1,349,606)	2,412,700	
Federal grants and contracts	800,754	
State and local grants	12,400	
Nongovernmental grants	378,459	206,000
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$4,483)	73,026	
Gifts and contributions		128,380
Endowment income		17,429
Other operating revenues	79,963	79,120
Total Operating Revenue	3,757,302	430,929
Expenses		
Operating Expenses		
Instruction	4,854,486	
Public service	59,527	
Academic support	516,508	490,931
Student services	1,961,706	
Institutional support	2,280,291	101,999
Operation and maintenance	791,656	
Scholarships and fellowships	1,158,371	22,278
Auxiliary enterprises	11,733	
Fundraising		26,454
Other expenses		
Total Operating Expenses	11,634,278	641,662
Operating Income (Loss)	(7,876,976)	(210,733)
Nonoperating Revenues(Expenses)		
State appropriations (Note 11)	5,246,961	
Local appropriations	9,593	
Grants and gifts	2,104,927	
Investment income	1,055	24,321
Interest on capital asset related debt	(4,471)	
Other nonoperating revenue (expense)	112,477	
Net Nonoperating Revenue	7,470,542	24,321
Income before other revenues, expenses gains (losses)	(406,434)	(186,412)
Capital appropriations-state (Note 18)	100,430	
Capital appropriations-local		
Capital gifts, grants and contracts	184,446	
Additions to permanent and term endowments		98,117
Increase (Decrease) in Net Position	(121,558)	(88,295)
Net Position		
Net Position beginning of year	6,504,421	1,359,544
Net Position end of year	6,382,863	1,271,249

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, 2016**

	Community College
Cash flows from operating activities:	
Tuition and fees	2,426,331
Grants and contracts	1,236,663
Payments to suppliers and others	(2,067,456)
Payments for employee wages	(5,784,978)
Payments for employee fringes and pension benefits	(1,844,958)
Payment for scholarships	(1,185,218)
Payments for utilities	(355,108)
Sales and services of education department	
Auxiliary	73,026
Loans issued to students	
Loans collected from students	
Other	87,455
Net cash used by operating activities	(7,414,243)
Cash flows from non-capital financing activities:	
State appropriations	5,246,961
Local appropriations	9,593
Grants and gifts	2,068,580
Agency receipts	11,672
Agency disbursements	(21,118)
PLUS, Stafford and Direct Lending loan receipts	823,561
PLUS, Stafford and Direct Lending loan disbursements	(819,647)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	115,269
Net cash provided (used) by non-capital financing activities	7,434,871
Cash flows from capital financing activities:	
Capital appropriations-state	131,156
Capital appropriations-local	
Capital grants and gifts	152,926
Purchase capital assets	(412,808)
Proceeds from sale of capital assets	804
Proceeds from bond issue	
Debt interest payments	(4,471)
Debt principal payments	(30,837)
Net cash provided (used) by capital financing activities	(163,230)
Cash flows from investing activities:	
Purchases of investments	(253,940)
Sale of investments	
Investment income	1,053
Net cash provided (used) by investing activities	(252,887)
Net increase (decrease) in cash and cash equivalents	(395,489)
Cash and cash equivalents, beginning of year	2,364,015
Cash and cash equivalents, End of Year	1,968,526

**Virginia Community College System
Paul D. Camp Community College
Statement of Cash Flows
For the Year Ended June 30, 2016**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(7,876,976)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	666,666
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	112,188
Prepaid expenses and other	(923)
Accrued compensation and leave	13,317
Accounts payable and other	32,587
Unearned revenue	(4,634)
Deposits pending distribution	320
Pension related accounts	(356,788)
Net cash used in operating activities	<u><u>(7,414,243)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	1,968,698
Less: Securities Lending Cash Equivalents	172
Cash and cash equivalents end of year	<u><u>1,968,526</u></u>
Noncash transactions	
Donated fixed assets	31,520
Debt principal and interest payments made by Treasury	

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, 2016**

	Community College	Component Unit Piedmont Virginia Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	4,355,512	1,176,680
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	211,445	
Pledges receivable (Note 3)		412,829
Due from Commonwealth		
Due from system office	16,299	
Interest receivable		170,325
Prepaid expenses	23,450	
Inventories	13,000	
Notes receivable, net (Note 3)	8,321	41,294
Total Current Assets	4,628,027	1,801,128
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		462,631
Appropriation available		
Endowment investments (Note 2)		7,325,655
Other long-term investments (Note 2)		1,144,764
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		656,526
Due from Commonwealth		
Notes receivable, net (Note 3)	33,079	447,338
Non-depreciable capital assets, net (Note 4)	2,873,841	
Depreciable capital assets, net (Note 4)	21,607,295	
Total Noncurrent Assets	24,514,215	10,036,914
Total Assets	29,142,242	11,838,042
Deferred Outflows of Resources (Note 15)	1,586,075	
Total Assets and Deferred Outflows of Resources	30,728,317	11,838,042
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 5)	691,825	13,854
Accrued payroll expense	1,428,275	192,500
Unearned revenue	1,015,745	
Long-term liabilities-current portion (Note 7)	432,616	79,250
Securities lending obligation	211	
Due to Commonwealth		
Due to system's office		
Deposits	621,534	
Total Current Liabilities	4,190,206	285,604
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 7)	449,826	179,911
Due to federal government (Note 7)	55,716	
Pension obligations (Note 7)	11,898,000	
Total Noncurrent Liabilities	12,403,542	179,911
Total Liabilities	16,593,748	465,515

**Virginia Community College System
Piedmont Virginia Community College
Statement of Net Position
As of June 30, 2016**

	Community College	Component Unit Piedmont Virginia Community College Educational Foundation
Deferred Inflows of Resources (Note 15)	851,000	
Total Liabilities and Deferred Inflows of Resources	17,444,748	465,515
 Net Position		
Net investment in capital assets	24,481,136	
Restricted for:		
Nonexpendable	(20,747)	3,221,919
Expendable	(126,097)	5,521,813
Unrestricted	(11,050,723)	2,628,795
Total Net Position	13,283,569	11,372,527

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, 2016

	Community College	Component Unit Piedmont Virginia Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$3,686,621)	10,876,587	
Federal grants and contracts	625,352	
State and local grants	644,167	
Nongovernmental grants	69,330	
Sales/services of education department	4,455	
Auxiliary enterprises (net of scholarship allowance of \$11,890)	159,899	
Gifts and contributions		530,705
Endowment income		406,757
Other operating revenues	438,832	7,525
Total Operating Revenue	12,818,622	944,987
Expenses		
Operating Expenses		
Instruction	13,954,724	194,051
Public service	1,521,392	
Academic support	2,628,507	127,437
Student services	2,649,364	
Institutional support	3,918,628	186,932
Operation and maintenance	2,001,559	
Scholarships and fellowships	2,632,421	301,999
Auxiliary enterprises	43,570	
Fundraising		108,170
Other expenses		
Total Operating Expenses	29,350,165	918,589
Operating Income (Loss)	(16,531,543)	26,398
Nonoperating Revenues(Expenses)		
State appropriations (Note 11)	9,902,786	
Local appropriations	54,461	
Grants and gifts	5,059,667	
Investment income	6,854	40,400
Interest on capital asset related debt		
Other nonoperating revenue (expense)	377,408	
Net Nonoperating Revenue	15,401,176	40,400
Income before other revenues, expenses gains (losses)	(1,130,367)	66,798
Capital appropriations-state (Note 18)		
Capital appropriations-local		
Capital gifts, grants and contracts	69,944	
Additions to permanent and term endowments		34,777
Increase (Decrease) in Net Position	(1,060,423)	101,575
Net Position		
Net Position beginning of year	14,343,992	11,270,952
Net Position end of year	13,283,569	11,372,527

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, 2016**

	Community College
Cash flows from operating activities:	
Tuition and fees	10,940,989
Grants and contracts	1,374,363
Payments to suppliers and others	(3,467,960)
Payments for employee wages	(16,205,957)
Payments for employee fringes and pension benefits	(4,521,927)
Payment for scholarships	(2,726,643)
Payments for utilities	(443,700)
Sales and services of education department	4,455
Auxiliary	163,396
Loans issued to students	(9,910)
Loans collected from students	9,444
Other	434,584
Net cash used by operating activities	(14,448,866)
Cash flows from non-capital financing activities:	
State appropriations	9,902,786
Local appropriations	54,461
Grants and gifts	5,060,671
Agency receipts	1,988,223
Agency disbursements	(1,953,103)
PLUS, Stafford and Direct Lending loan receipts	2,816,850
PLUS, Stafford and Direct Lending loan disbursements	(2,815,999)
Borrowings	75,000
Loan repayments	(30,000)
Other non-operating revenue(expense)	648,181
Net cash provided (used) by non-capital financing activities	15,747,070
Cash flows from capital financing activities:	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	69,133
Purchase capital assets	(635,319)
Proceeds from sale of capital assets	4,489
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(561,697)
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	6,850
Net cash provided (used) by investing activities	6,850
Net increase (decrease) in cash and cash equivalents	743,357
Cash and cash equivalents, beginning of year	3,611,944
Cash and cash equivalents, End of Year	4,355,301

**Virginia Community College System
Piedmont Virginia Community College
Statement of Cash Flows
For the Year Ended June 30, 2016**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(16,531,543)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,161,480
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	222,162
Prepaid expenses and other	2,383
Accrued compensation and leave	136,694
Accounts payable and other	449,296
Unearned revenue	(17,678)
Deposits pending distribution	155,090
Pension related accounts	(26,750)
Net cash used in operating activities	<u><u>(14,448,866)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	4,355,512
Less: Securities Lending Cash Equivalents	211
Cash and cash equivalents end of year	<u><u>4,355,301</u></u>
Noncash transactions	
Donated fixed assets	811
Debt principal and interest payments made by Treasury	

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, 2016**

	<u>Community College</u>	<u>Component Unit Rappahannock Community College Educational Foundation</u>
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	3,259,410	360,380
Appropriation available		
Short term investments (Note 2)	760,000	
Accounts receivable, net (Note 3)	95,214	
Pledges receivable (Note 3)		57,525
Due from Commonwealth	187,294	
Due from system office	47,114	
Interest receivable	11,185	
Prepaid expenses	99,595	1,053
Inventories	85,909	
Notes receivable, net (Note 3)	415	
Total Current Assets	<u>4,546,136</u>	<u>418,958</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		8,068,419
Other long-term investments (Note 2)		
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		26,241
Due from Commonwealth		
Notes receivable, net (Note 3)		
Non-depreciable capital assets, net (Note 4)	301,534	6,857
Depreciable capital assets, net (Note 4)	14,159,589	70,110
Total Noncurrent Assets	<u>14,461,123</u>	<u>8,171,627</u>
Total Assets	<u>19,007,259</u>	<u>8,590,585</u>
Deferred Outflows of Resources (Note 15)	928,936	
Total Assets and Deferred Outflows of Resources	<u>19,936,195</u>	<u>8,590,585</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 5)	560,255	741
Accrued payroll expense	927,092	
Unearned revenue	445,994	
Long-term liabilities-current portion (Note 7)	382,517	5,395
Securities lending obligation	1	
Due to Commonwealth		
Due to system's office		
Deposits	1,090,557	
Total Current Liabilities	<u>3,406,416</u>	<u>6,136</u>
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 7)	380,521	1,469
Due to federal government (Note 7)		
Pension obligations (Note 7)	8,170,000	
Total Noncurrent Liabilities	<u>8,550,521</u>	<u>1,469</u>
Total Liabilities	<u>11,956,937</u>	<u>7,605</u>

**Virginia Community College System
Rappahannock Community College
Statement of Net Position
As of June 30, 2016**

	Community College	Component Unit Rappahannock Community College Educational Foundation
Deferred Inflows of Resources (Note 15)	762,000	
Total Liabilities and Deferred Inflows of Resources	12,718,937	7,605
Net Position		
Net investment in capital assets	14,289,215	76,967
Restricted for:		
Nonexpendable		2,991,165
Expendable	105,773	4,857,320
Unrestricted	(7,177,730)	657,528
Total Net Position	7,217,258	8,582,980

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, 2016

	Community College	Component Unit Rappahannock Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$1,865,301)	6,597,069	
Federal grants and contracts	1,069,911	
State and local grants	28,287	
Nongovernmental grants	117,979	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$6,211)	147,158	
Gifts and contributions		636,687
Endowment income		188,299
Other operating revenues	106,926	
Total Operating Revenue	8,067,330	824,986
Expenses		
Operating Expenses		
Instruction	9,704,293	107,777
Public service	54,129	
Academic support	2,170,252	
Student services	1,242,275	
Institutional support	3,263,535	82,795
Operation and maintenance	2,416,607	4,645
Scholarships and fellowships	2,140,431	391,785
Auxiliary enterprises	119,023	
Fundraising		81,582
Other expenses		3,086
Total Operating Expenses	21,110,545	671,670
Operating Income (Loss)	(13,043,215)	153,316
Nonoperating Revenues(Expenses)		
State appropriations (Note 11)	8,091,298	
Local appropriations	46,000	
Grants and gifts	3,075,055	
Investment income	7,860	
Interest on capital asset related debt	(2,634)	
Other nonoperating revenue (expense)	852,124	
Net Nonoperating Revenue	12,069,703	
Income before other revenues, expenses gains (losses)	(973,512)	153,316
Capital appropriations-state (Note 18)		
Capital appropriations-local	79,444	
Capital gifts, grants and contracts	2,027	
Additions to permanent and term endowments		552,644
Increase (Decrease) in Net Position	(892,041)	705,960
Net Position		
Net Position beginning of year	8,109,299	7,877,020
Net Position end of year	7,217,258	8,582,980

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, 2016**

	Community College
Cash flows from operating activities:	
Tuition and fees	6,846,402
Grants and contracts	1,225,880
Payments to suppliers and others	(2,594,484)
Payments for employee wages	(11,455,632)
Payments for employee fringes and pension benefits	(2,701,035)
Payment for scholarships	(2,169,206)
Payments for utilities	(286,260)
Sales and services of education department	
Auxiliary	147,058
Loans issued to students	(1,816)
Loans collected from students	2,737
Other	113,677
Net cash used by operating activities	(10,872,679)
Cash flows from non-capital financing activities:	
State appropriations	8,091,298
Local appropriations	46,000
Grants and gifts	2,887,761
Agency receipts	5,717
Agency disbursements	(2,669)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	929,398
Net cash provided (used) by non-capital financing activities	11,957,505
Cash flows from capital financing activities:	
Capital appropriations-state	
Capital appropriations-local	79,444
Capital grants and gifts	
Purchase capital assets	(281,978)
Proceeds from sale of capital assets	5,457
Proceeds from bond issue	
Debt interest payments	(2,634)
Debt principal payments	(23,268)
Net cash provided (used) by capital financing activities	(222,979)
Cash flows from investing activities:	
Purchases of investments	(760,000)
Sale of investments	
Investment income	5,881
Net cash provided (used) by investing activities	(754,119)
Net increase (decrease) in cash and cash equivalents	107,728
Cash and cash equivalents, beginning of year	3,151,681
Cash and cash equivalents, End of Year	3,259,409

**Virginia Community College System
Rappahannock Community College
Statement of Cash Flows
For the Year Ended June 30, 2016**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(13,043,215)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,187,924
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	203,149
Prepaid expenses and other	(2,321)
Accrued compensation and leave	105,427
Accounts payable and other	518,885
Unearned revenue	180,103
Deposits pending distribution	114,626
Pension related accounts	(137,257)
Net cash used in operating activities	<u><u>(10,872,679)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	3,259,410
Less: Securities Lending Cash Equivalents	1
Cash and cash equivalents end of year	<u><u>3,259,409</u></u>
Noncash transactions	
Donated fixed assets	2,027
Debt principal and interest payments made by Treasury	

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, 2016**

	<u>Community College</u>	<u>Component Unit Southside Virginia Community College Foundation</u>
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	5,268,662	418,664
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	318,950	98,019
Pledges receivable (Note 3)		
Due from Commonwealth		
Due from system office	2,805	
Interest receivable		
Prepaid expenses	12,111	
Inventories		
Notes receivable, net (Note 3)		
Total Current Assets	<u>5,602,528</u>	<u>516,683</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		317,410
Appropriation available		
Endowment investments (Note 2)		2,314,345
Other long-term investments (Note 2)		315,179
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		
Due from Commonwealth		
Notes receivable, net (Note 3)		
Non-depreciable capital assets, net (Note 4)	502,058	67,250
Depreciable capital assets, net (Note 4)	19,116,363	1,377,749
Total Noncurrent Assets	<u>19,618,421</u>	<u>4,391,933</u>
Total Assets	<u>25,220,949</u>	<u>4,908,616</u>
Deferred Outflows of Resources (Note 15)	1,466,829	
Total Assets and Deferred Outflows of Resources	<u>26,687,778</u>	<u>4,908,616</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 5)	142,999	148,517
Accrued payroll expense	1,446,092	
Unearned revenue	562,897	
Long-term liabilities-current portion (Note 7)	523,574	
Securities lending obligation	1	
Due to Commonwealth		
Due to system's office		
Deposits	565,571	
Total Current Liabilities	<u>3,241,134</u>	<u>148,517</u>
Noncurrent Liabilities		
Unearned revenue	1,379	
Long-term liabilities (Note 7)	393,020	
Due to federal government (Note 7)		
Pension obligations (Note 7)	15,711,000	
Total Noncurrent Liabilities	<u>16,105,399</u>	
Total Liabilities	<u>19,346,533</u>	<u>148,517</u>

**Virginia Community College System
 Southside Virginia Community College
 Statement of Net Position
 As of June 30, 2016**

	Community College	Component Unit Southside Virginia Community College Foundation
Deferred Inflows of Resources (Note 15)	1,954,000	
Total Liabilities and Deferred Inflows of Resources	21,300,533	148,517
 Net Position		
Net investment in capital assets	19,618,421	1,444,999
Restricted for:		
Nonexpendable		1,071,352
Expendable	(203,585)	775,755
Unrestricted	(14,027,591)	1,467,993
Total Net Position	5,387,245	4,760,099

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, 2016

	Community College	Component Unit Southside Virginia Community College Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$4,938,141)	7,434,184	
Federal grants and contracts	1,555,461	
State and local grants	96,062	
Nongovernmental grants	62,793	544,150
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$16,439)	84,466	
Gifts and contributions		355,391
Endowment income		(28,469)
Other operating revenues	580,292	118,040
Total Operating Revenue	9,813,258	989,112
Expenses		
Operating Expenses		
Instruction	15,851,529	
Public service	192,491	
Academic support	3,691,541	50,652
Student services	2,487,086	
Institutional support	2,948,224	359,703
Operation and maintenance	1,819,522	
Scholarships and fellowships	2,550,881	488,395
Auxiliary enterprises	(34,765)	
Fundraising		18,745
Other expenses	49,850	
Total Operating Expenses	29,556,359	917,495
Operating Income (Loss)	(19,743,101)	71,617
Nonoperating Revenues(Expenses)		
State appropriations (Note 11)	12,983,256	
Local appropriations	58,497	
Grants and gifts	6,554,697	
Investment income	19,306	6,615
Interest on capital asset related debt		
Other nonoperating revenue (expense)	41,863	
Net Nonoperating Revenue	19,657,619	6,615
Income before other revenues, expenses gains (losses)	(85,482)	78,232
Capital appropriations-state (Note 18)	103,380	
Capital appropriations-local		
Capital gifts, grants and contracts	327,768	
Additions to permanent and term endowments		23,670
Increase (Decrease) in Net Position	345,666	101,902
Net Position		
Net Position beginning of year	5,041,579	4,658,197
Net Position end of year	5,387,245	4,760,099

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, 2016**

	Community College
Cash flows from operating activities:	
Tuition and fees	7,318,270
Grants and contracts	1,674,733
Payments to suppliers and others	(3,602,169)
Payments for employee wages	(17,657,056)
Payments for employee fringes and pension benefits	(5,081,578)
Payment for scholarships	(2,594,902)
Payments for utilities	(430,494)
Sales and services of education department	
Auxiliary	49,054
Loans issued to students	
Loans collected from students	395
Other	530,352
Net cash used by operating activities	(19,793,395)
Cash flows from non-capital financing activities:	
State appropriations	12,983,256
Local appropriations	58,497
Grants and gifts	6,554,697
Agency receipts	315,110
Agency disbursements	(329,837)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	63,635
Net cash provided (used) by non-capital financing activities	19,645,358
Cash flows from capital financing activities:	
Capital appropriations-state	107,000
Capital appropriations-local	
Capital grants and gifts	206,474
Purchase capital assets	(782,116)
Proceeds from sale of capital assets	
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(468,642)
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	19,304
Net cash provided (used) by investing activities	19,304
Net increase (decrease) in cash and cash equivalents	(597,375)
Cash and cash equivalents, beginning of year	5,866,036
Cash and cash equivalents, End of Year	5,268,661

Virginia Community College System
Southside Virginia Community College
Statement of Cash Flows
For the Year Ended June 30, 2016

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(19,743,101)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,093,384
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(70,021)
Prepaid expenses and other	(5,809)
Accrued compensation and leave	(304,640)
Accounts payable and other	(171,232)
Unearned revenue	(124,538)
Deposits pending distribution	
Pension related accounts	(467,438)
Net cash used in operating activities	<u><u>(19,793,395)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	5,268,662
Less: Securities Lending Cash Equivalents	1
Cash and cash equivalents end of year	<u><u>5,268,661</u></u>
Noncash transactions	
Donated fixed assets	121,294
Debt principal and interest payments made by Treasury	

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, 2016

	Community College	Component Unit Southwest Virginia Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	3,439,315	1,065,539
Appropriation available		
Short term investments (Note 2)	194,454	17,840,692
Accounts receivable, net (Note 3)	209,430	
Pledges receivable (Note 3)		
Due from Commonwealth		
Due from system office		
Interest receivable		
Prepaid expenses		6,619
Inventories	6,576	
Notes receivable, net (Note 3)		
Total Current Assets	3,849,775	18,912,850
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		
Other long-term investments (Note 2)	1,639,425	
Accounts receivable, net (Note 3)	707	
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		
Due from Commonwealth		
Notes receivable, net (Note 3)		
Non-depreciable capital assets, net (Note 4)	625,357	339,505
Depreciable capital assets, net (Note 4)	27,174,612	3,653,349
Total Noncurrent Assets	29,440,101	3,992,854
Total Assets	33,289,876	22,905,704
Deferred Outflows of Resources (Note 15)	932,545	
Total Assets and Deferred Outflows of Resources	34,222,421	22,905,704
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 5)	298,792	21,802
Accrued payroll expense	1,208,293	
Unearned revenue	374,053	
Long-term liabilities-current portion (Note 7)	603,987	
Securities lending obligation	39	
Due to Commonwealth		
Due to system's office		
Deposits	57,094	
Total Current Liabilities	2,542,258	21,802
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 7)	556,587	
Due to federal government (Note 7)		
Pension obligations (Note 7)	9,108,000	
Total Noncurrent Liabilities	9,664,587	
Total Liabilities	12,206,845	21,802

**Virginia Community College System
Southwest Virginia Community College
Statement of Net Position
As of June 30, 2016**

	Community College	Component Unit Southwest Virginia Community College Educational Foundation
Deferred Inflows of Resources (Note 15)	925,000	
Total Liabilities and Deferred Inflows of Resources	13,131,845	21,802
Net Position		
Net investment in capital assets	27,490,569	3,992,854
Restricted for:		
Nonexpendable		
Expendable	(724,221)	5,704,423
Unrestricted	(5,675,772)	13,186,625
Total Net Position	21,090,576	22,883,902

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, 2016

	Community College	Component Unit Southwest Virginia Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$4,535,573)	3,041,090	
Federal grants and contracts	4,215,749	
State and local grants	514,047	
Nongovernmental grants	107,132	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$15,094)	62,501	
Gifts and contributions		1,083,949
Endowment income		
Other operating revenues	88,174	6,615
Total Operating Revenue	8,028,693	1,090,564
Expenses		
Operating Expenses		
Instruction	7,379,216	
Public service	1,597,641	
Academic support	2,287,209	550,203
Student services	2,745,878	
Institutional support	3,081,277	
Operation and maintenance	1,782,915	144,185
Scholarships and fellowships	2,564,841	433,139
Auxiliary enterprises	(68,170)	
Fundraising		12,065
Other expenses	9,691	
Total Operating Expenses	21,380,498	1,139,592
Operating Income (Loss)	(13,351,805)	(49,028)
Nonoperating Revenues(Expenses)		
State appropriations (Note 11)	7,185,576	
Local appropriations	174,392	
Grants and gifts	5,781,884	
Investment income	72,246	(15,635)
Interest on capital asset related debt	(36,396)	
Other nonoperating revenue (expense)	121,140	
Net Nonoperating Revenue	13,298,842	(15,635)
Income before other revenues, expenses gains (losses)	(52,963)	(64,663)
Capital appropriations-state (Note 18)		
Capital appropriations-local		
Capital gifts, grants and contracts	61,746	47,111
Additions to permanent and term endowments		
Increase (Decrease) in Net Position	8,783	(17,552)
Net Position		
Net Position beginning of year	21,081,793	22,901,454
Net Position end of year	21,090,576	22,883,902

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, 2016

	Community College
Cash flows from operating activities:	
Tuition and fees	3,053,482
Grants and contracts	4,790,755
Payments to suppliers and others	(2,941,203)
Payments for employee wages	(10,573,546)
Payments for employee fringes and pension benefits	(3,280,948)
Payment for scholarships	(2,935,372)
Payments for utilities	(578,358)
Sales and services of education department	
Auxiliary	62,501
Loans issued to students	(46,265)
Loans collected from students	47,356
Other	112,059
Net cash used by operating activities	(12,289,539)
Cash flows from non-capital financing activities:	
State appropriations	7,185,576
Local appropriations	174,392
Grants and gifts	5,781,884
Agency receipts	42,019
Agency disbursements	(42,889)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	177,507
Net cash provided (used) by non-capital financing activities	13,318,489
Cash flows from capital financing activities:	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	36,795
Purchase capital assets	(893,020)
Proceeds from sale of capital assets	17
Proceeds from bond issue	
Debt interest payments	(36,396)
Debt principal payments	(70,607)
Net cash provided (used) by capital financing activities	(963,211)
Cash flows from investing activities:	
Purchases of investments	(141,158)
Sale of investments	122,492
Investment income	(16,084)
Net cash provided (used) by investing activities	(34,750)
Net increase (decrease) in cash and cash equivalents	30,989
Cash and cash equivalents, beginning of year	3,408,287
Cash and cash equivalents, End of Year	3,439,276

**Virginia Community College System
Southwest Virginia Community College
Statement of Cash Flows
For the Year Ended June 30, 2016**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(13,351,805)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,318,957
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(20,950)
Prepaid expenses and other	1,547
Accrued compensation and leave	82,182
Accounts payable and other	(113,957)
Unearned revenue	21,836
Deposits pending distribution	
Pension related accounts	(227,349)
Net cash used in operating activities	<u><u>(12,289,539)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	3,439,315
Less: Securities Lending Cash Equivalents	39
Cash and cash equivalents end of year	<u><u>3,439,276</u></u>
Noncash transactions	
Donated fixed assets	24,951
Debt principal and interest payments made by Treasury	

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

**Virginia Community College System
Thomas Nelson Community College
Statement of Net Position
As of June 30, 2016**

	Community College	Component Unit Thomas Nelson Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	15,304,513	54,423
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	704,562	
Pledges receivable (Note 3)		60,910
Due from Commonwealth	456,450	
Due from system office		
Interest receivable		
Prepaid expenses	278,583	
Inventories	718	
Notes receivable, net (Note 3)		
Total Current Assets	<u>16,744,826</u>	<u>115,333</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		15,190
Appropriation available		
Endowment investments (Note 2)		4,999,451
Other long-term investments (Note 2)		2,935,834
Accounts receivable, net (Note 3)	2,447	
Investments in real estate (Note 2)		311,500
Pledges receivable (Note 3)		
Due from Commonwealth		
Notes receivable, net (Note 3)		
Non-depreciable capital assets, net (Note 4)	4,035,408	
Depreciable capital assets, net (Note 4)	57,423,166	
Total Noncurrent Assets	<u>61,461,021</u>	<u>8,261,975</u>
Total Assets	<u>78,205,847</u>	<u>8,377,308</u>
Deferred Outflows of Resources (Note 15)	4,008,277	
Total Assets and Deferred Outflows of Resources	<u>82,214,124</u>	<u>8,377,308</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 5)	1,239,387	3,841
Accrued payroll expense	2,974,484	
Unearned revenue	2,523,376	
Long-term liabilities-current portion (Note 7)	1,303,689	14,155
Securities lending obligation	307	
Due to Commonwealth		
Due to system's office		
Deposits	773,117	
Total Current Liabilities	<u>8,814,360</u>	<u>17,996</u>
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 7)	1,854,836	226,415
Due to federal government (Note 7)		
Pension obligations (Note 7)	28,129,000	
Total Noncurrent Liabilities	<u>29,983,836</u>	<u>226,415</u>
Total Liabilities	<u>38,798,196</u>	<u>244,411</u>

**Virginia Community College System
Thomas Nelson Community College
Statement of Net Position
As of June 30, 2016**

	<u>Community College</u>	<u>Component Unit Thomas Nelson Community College Educational Foundation</u>
Deferred Inflows of Resources (Note 15)	2,093,000	
Total Liabilities and Deferred Inflows of Resources	<u>40,891,196</u>	<u>244,411</u>
Net Position		
Net investment in capital assets	59,890,177	
Restricted for:		
Nonexpendable		3,005,241
Expendable	322,832	3,085,268
Unrestricted	<u>(18,890,081)</u>	<u>2,042,388</u>
Total Net Position	<u>41,322,928</u>	<u>8,132,897</u>

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

**Virginia Community College System
Thomas Nelson Community College
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2016**

	Community College	Component Unit Thomas Nelson Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$8,795,530)	19,271,288	
Federal grants and contracts	2,632,619	
State and local grants		
Nongovernmental grants	40,466	74,500
Sales/services of education department	16,789	
Auxiliary enterprises (net of scholarship allowance of \$29,273)	401,609	
Gifts and contributions		114,824
Endowment income		95,958
Other operating revenues	1,425,312	314,207
Total Operating Revenue	23,788,083	599,489
Expenses		
Operating Expenses		
Instruction	23,925,005	150,494
Public service	2,761,624	64,378
Academic support	3,755,069	14,027
Student services	6,406,498	
Institutional support	11,894,203	383,591
Operation and maintenance	5,378,175	2,790
Scholarships and fellowships	10,495,438	151,231
Auxiliary enterprises	348,870	
Fundraising		8,875
Other expenses		2,110
Total Operating Expenses	64,964,882	777,496
Operating Income (Loss)	(41,176,799)	(178,007)
Nonoperating Revenues(Expenses)		
State appropriations (Note 11)	22,966,520	
Local appropriations	211,796	
Grants and gifts	16,508,037	
Investment income	12,795	43,096
Interest on capital asset related debt	(104,419)	
Other nonoperating revenue (expense)	34,153	
Net Nonoperating Revenue	39,628,882	43,096
Income before other revenues, expenses gains (losses)	(1,547,917)	(134,911)
Capital appropriations-state (Note 18)		
Capital appropriations-local	529,635	
Capital gifts, grants and contracts	253,724	
Additions to permanent and term endowments		98,488
Increase (Decrease) in Net Position	(764,558)	(36,423)
Net Position		
Net Position beginning of year	42,087,486	8,169,320
Net Position end of year	41,322,928	8,132,897

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

**Virginia Community College System
Thomas Nelson Community College
Statement of Cash Flows
For the Year Ended June 30, 2016**

	Community College
Cash flows from operating activities:	
Tuition and fees	19,696,940
Grants and contracts	2,978,416
Payments to suppliers and others	(9,967,124)
Payments for employee wages	(29,881,462)
Payments for employee fringes and pension benefits	(9,940,717)
Payment for scholarships	(10,546,792)
Payments for utilities	(929,286)
Sales and services of education department	16,789
Auxiliary	401,609
Loans issued to students	
Loans collected from students	
Other	1,425,228
Net cash used by operating activities	(36,746,399)
Cash flows from non-capital financing activities:	
State appropriations	22,966,520
Local appropriations	211,796
Grants and gifts	16,051,587
Agency receipts	(53,682)
Agency disbursements	(13,010)
PLUS, Stafford and Direct Lending loan receipts	15,162,633
PLUS, Stafford and Direct Lending loan disbursements	(15,236,769)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	59,000
Net cash provided (used) by non-capital financing activities	39,148,075
Cash flows from capital financing activities:	
Capital appropriations-state	
Capital appropriations-local	529,635
Capital grants and gifts	244,597
Purchase capital assets	(1,719,108)
Proceeds from sale of capital assets	36,431
Proceeds from bond issue	
Debt interest payments	(104,419)
Debt principal payments	(260,351)
Net cash provided (used) by capital financing activities	(1,273,215)
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	12,791
Net cash provided (used) by investing activities	12,791
Net increase (decrease) in cash and cash equivalents	1,141,252
Cash and cash equivalents, beginning of year	14,162,954
Cash and cash equivalents, End of Year	15,304,206

**Virginia Community College System
Thomas Nelson Community College
Statement of Cash Flows
For the Year Ended June 30, 2016**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(41,176,799)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	2,904,059
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	712,189
Prepaid expenses and other	(86,531)
Accrued compensation and leave	130,009
Accounts payable and other	780,714
Unearned revenue	122,550
Deposits pending distribution	136,624
Pension related accounts	(269,214)
Net cash used in operating activities	<u><u>(36,746,399)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	15,304,513
Less: Securities Lending Cash Equivalents	307
Cash and cash equivalents end of year	<u><u>15,304,206</u></u>
Noncash transactions	
Donated fixed assets	9,127
Debt principal and interest payments made by Treasury	

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, 2016**

	Component Units		
	Community College	Tidewater Community College Educational Foundation	Tidewater Community College Real Estate Foundation
Assets			
Current Assets			
Cash and cash equivalents (Note 2)	35,814,392	279,518	742,353
Appropriation available			
Short term investments (Note 2)			
Accounts receivable, net (Note 3)	2,022,642		51,583
Pledges receivable (Note 3)		176,205	
Due from Commonwealth	1,025,463		
Due from system office	46,093		
Interest receivable	296,163		
Prepaid expenses	1,237,949		
Inventories	310,227		
Notes receivable, net (Note 3)			
Total Current Assets	<u>40,752,929</u>	<u>455,723</u>	<u>793,936</u>
Noncurrent Assets			
Restricted cash and cash equivalents (Note 2)	325,723		
Cash equivalents with trustees	7,842,012		
Endowment cash and cash equivalents (Note 2)		189,005	
Appropriation available			
Endowment investments (Note 2)		2,695,216	
Other long-term investments (Note 2)	29,907,151	4,595,460	7,221,610
Accounts receivable, net (Note 3)			
Investments in real estate (Note 2)			
Pledges receivable (Note 3)		326,100	
Due from Commonwealth	154,305		
Notes receivable, net (Note 3)			
Non-depreciable capital assets, net (Note 4)	15,006,473		391,794
Depreciable capital assets, net (Note 4)	324,094,442		2,553,937
Total Noncurrent Assets	<u>377,330,106</u>	<u>7,805,781</u>	<u>10,167,341</u>
Total Assets	<u>418,083,035</u>	<u>8,261,504</u>	<u>10,961,277</u>
Deferred Outflows of Resources (Note 15)	9,007,512		
Total Assets and Deferred Outflows of Resources	<u>427,090,547</u>	<u>8,261,504</u>	<u>10,961,277</u>
Liabilities			
Current Liabilities			
Accounts and retainage payable (Note 5)	8,730,780	132,615	4,361
Accrued payroll expense	7,359,486		
Unearned revenue	7,942,381		135,000
Long-term liabilities-current portion (Note 7)	7,276,839	2,995	
Securities lending obligation	79		
Due to Commonwealth			
Due to system's office			
Deposits	521,486		
Total Current Liabilities	<u>31,831,051</u>	<u>135,610</u>	<u>139,361</u>
Noncurrent Liabilities			
Unearned revenue			
Long-term liabilities (Note 7)	83,522,035	10,730	
Due to federal government (Note 7)			
Pension obligations (Note 7)	75,057,000		
Total Noncurrent Liabilities	<u>158,579,035</u>	<u>10,730</u>	
Total Liabilities	<u>190,410,086</u>	<u>146,340</u>	<u>139,361</u>

**Virginia Community College System
Tidewater Community College
Statement of Net Position
As of June 30, 2016**

	<u>Community College</u>	<u>Component Units</u>	
		<u>Tidewater Community College Educational Foundation</u>	<u>Tidewater Community College Real Estate Foundation</u>
Deferred Inflows of Resources (Note 15)	5,399,000		
Total Liabilities and Deferred Inflows of Resources	<u>195,809,086</u>	<u>146,340</u>	<u>139,361</u>
Net Position			
Net investment in capital assets	259,957,947		2,945,731
Restricted for:			
Nonexpendable		2,920,684	
Expendable	(280,032)	3,470,379	
Unrestricted	<u>(28,396,454)</u>	<u>1,724,101</u>	<u>7,876,185</u>
Total Net Position	<u>231,281,461</u>	<u>8,115,164</u>	<u>10,821,916</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, 2016

	Community College	Component Units	
		Tidewater Community College Educational Foundation	Tidewater Community College Real Estate Foundation
Revenues			
Operating Revenue			
Tuition and fees (net of scholarship allowance of \$33,161,467)	41,515,526		
Federal grants and contracts	5,049,117		
State and local grants	74,379		
Nongovernmental grants	209,022		
Sales/services of education department	107,716		
Auxiliary enterprises (net of scholarship allowance of \$110,383)	13,008,702		
Gifts and contributions		808,987	
Endowment income			
Other operating revenues	3,321,341	89,137	271,394
Total Operating Revenue	<u>63,285,803</u>	<u>898,124</u>	<u>271,394</u>
Expenses			
Operating Expenses			
Instruction	65,882,525	175,436	
Public service	664,497		
Academic support	13,456,833	69,319	
Student services	17,840,528	226,015	
Institutional support	30,741,114	607,615	132,061
Operation and maintenance	20,237,229		282,201
Scholarships and fellowships	20,863,310	112,812	
Auxiliary enterprises	6,804,694		
Fundraising		35,455	
Other expenses	653	675	
Total Operating Expenses	<u>176,491,383</u>	<u>1,227,327</u>	<u>414,262</u>
Operating Income (Loss)	<u>(113,205,580)</u>	<u>(329,203)</u>	<u>(142,868)</u>
Nonoperating Revenues(Expenses)			
State appropriations (Note 11)	60,655,527		
Local appropriations	83,000		
Grants and gifts	44,406,909		
Investment income	668,508	23,574	5,259,965
Interest on capital asset related debt	(2,313,532)		
Other nonoperating revenue (expense)	987,262		
Net Nonoperating Revenue	<u>104,487,674</u>	<u>23,574</u>	<u>5,259,965</u>
Income before other revenues, expenses gains (losses)	<u>(8,717,906)</u>	<u>(305,629)</u>	<u>5,117,097</u>
Capital appropriations-state (Note 18)	5,517,301		
Capital appropriations-local			
Capital gifts, grants and contracts	440,106		
Additions to permanent and term endowments		34,450	
Increase (Decrease) in Net Position	<u>(2,760,499)</u>	<u>(271,179)</u>	<u>5,117,097</u>
Net Position			
Net Position beginning of year	<u>234,041,960</u>	<u>8,386,343</u>	<u>5,704,819</u>
Net Position end of year	<u>231,281,461</u>	<u>8,115,164</u>	<u>10,821,916</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, 2016**

	Community College
Cash flows from operating activities:	
Tuition and fees	42,624,065
Grants and contracts	5,250,410
Payments to suppliers and others	(24,162,563)
Payments for employee wages	(83,155,896)
Payments for employee fringes and pension benefits	(25,737,794)
Payment for scholarships	(20,684,486)
Payments for utilities	(3,194,071)
Sales and services of education department	107,716
Auxiliary	13,048,902
Loans issued to students	
Loans collected from students	
Other	3,301,294
Net cash used by operating activities	(92,602,423)
Cash flows from non-capital financing activities:	
State appropriations	60,655,527
Local appropriations	83,000
Grants and gifts	43,381,446
Agency receipts	1,112,635
Agency disbursements	(1,143,499)
PLUS, Stafford and Direct Lending loan receipts	38,509,348
PLUS, Stafford and Direct Lending loan disbursements	(38,584,280)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	1,125,460
Net cash provided (used) by non-capital financing activities	105,139,637
Cash flows from capital financing activities:	
Capital appropriations-state	7,335,649
Capital appropriations-local	
Capital grants and gifts	430,355
Purchase capital assets	(15,423,124)
Proceeds from sale of capital assets	15,620
Proceeds from insurance recoveries	
Proceeds from bond issue	1,137,000
Debt interest payments	(3,890,706)
Debt principal payments	(6,585,800)
Net cash provided (used) by capital financing activities	(16,981,006)
Cash flows from investing activities:	
Purchases of investments	(21,930,991)
Sale of investments	16,802,983
Investment income	609,525
Net cash provided (used) by investing activities	(4,518,483)
Net increase (decrease) in cash and cash equivalents	(8,962,275)
Cash and cash equivalents, beginning of year	52,944,323
Cash and cash equivalents, End of Year	43,982,048

**Virginia Community College System
Tidewater Community College
Statement of Cash Flows
For the Year Ended June 30, 2016**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(113,205,580)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	12,921,090
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	2,302,765
Prepaid expenses and other	618,166
Accrued compensation and leave	491,290
Accounts payable and other	5,362,113
Unearned revenue	304,330
Deposits pending distribution	(114,188)
Pension related accounts	(1,282,409)
Net cash used in operating activities	<u><u>(92,602,423)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	43,982,127
Less: Securities Lending Cash Equivalents	79
Cash and cash equivalents end of year	<u><u>43,982,048</u></u>
Noncash transactions	
Donated fixed assets	9,751
Debt principal and interest payments made by Treasury	2,014,159

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, 2016

	Community College	Component Unit Virginia Highlands Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	2,168,412	488,063
Appropriation available		
Short term investments (Note 2)	521,906	
Accounts receivable, net (Note 3)	296,426	217,342
Pledges receivable (Note 3)		20,234
Due from Commonwealth	135,371	
Due from system office	48,495	
Interest receivable		
Prepaid expenses	476,006	
Inventories		
Notes receivable, net (Note 3)		1,550
Total Current Assets	<u>3,646,616</u>	<u>727,189</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		5,665
Appropriation available		
Endowment investments (Note 2)		1,061,700
Other long-term investments (Note 2)		
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		
Due from Commonwealth		
Notes receivable, net (Note 3)		
Non-depreciable capital assets, net (Note 4)	511,350	53,250
Depreciable capital assets, net (Note 4)	7,480,718	64,089
Total Noncurrent Assets	<u>7,992,068</u>	<u>1,184,704</u>
Total Assets	<u>11,638,684</u>	<u>1,911,893</u>
Deferred Outflows of Resources (Note 15)	692,628	
Total Assets and Deferred Outflows of Resources	<u>12,331,312</u>	<u>1,911,893</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 5)	625,468	207,342
Accrued payroll expense	885,619	
Unearned revenue	182,711	
Long-term liabilities-current portion (Note 7)	617,602	
Securities lending obligation		
Due to Commonwealth		
Due to system's office		
Deposits	33,533	
Total Current Liabilities	<u>2,344,933</u>	<u>207,342</u>
Noncurrent Liabilities		
Unearned revenue	57,535	
Long-term liabilities (Note 7)	260,286	
Due to federal government (Note 7)		
Pension obligations (Note 7)	8,221,000	
Total Noncurrent Liabilities	<u>8,538,821</u>	
Total Liabilities	<u>10,883,754</u>	<u>207,342</u>

**Virginia Community College System
Virginia Highlands Community College
Statement of Net Position
As of June 30, 2016**

	Community College	Component Unit Virginia Highlands Community College Educational Foundation
Deferred Inflows of Resources (Note 15)	1,652,000	
Total Liabilities and Deferred Inflows of Resources	12,535,754	207,342
Net Position		
Net investment in capital assets	7,992,068	117,339
Restricted for:		
Nonexpendable		449,040
Expendable	(317,524)	1,074,261
Unrestricted	(7,878,986)	63,911
Total Net Position	(204,442)	1,704,551

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, 2016

	Community College	Component Unit Virginia Highlands Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$3,593,654)	2,911,164	
Federal grants and contracts	1,479,195	
State and local grants	12,550	428,562
Nongovernmental grants	332,056	
Sales/services of education department	6,000	
Auxiliary enterprises (net of scholarship allowance of \$11,918)	57,562	
Gifts and contributions		207,279
Endowment income		(4,664)
Other operating revenues	132,795	446,616
Total Operating Revenue	4,931,322	1,077,793
Expenses		
Operating Expenses		
Instruction	6,545,050	122,858
Public service	298,141	
Academic support	2,061,262	388,027
Student services	2,133,536	
Institutional support	1,922,024	138,490
Operation and maintenance	1,482,461	74
Scholarships and fellowships	1,663,907	540,198
Auxiliary enterprises	54,158	
Fundraising		103,391
Other expenses		
Total Operating Expenses	16,160,539	1,293,038
Operating Income (Loss)	(11,229,217)	(215,245)
Nonoperating Revenues(Expenses)		
State appropriations (Note 11)	6,758,417	
Local appropriations	91,635	
Grants and gifts	4,071,582	
Investment income	2,336	250
Interest on capital asset related debt		
Other nonoperating revenue (expense)	89,458	
Net Nonoperating Revenue	11,013,428	250
Income before other revenues, expenses gains (losses)	(215,789)	(214,995)
Capital appropriations-state (Note 18)		
Capital appropriations-local		
Capital gifts, grants and contracts	113,238	
Additions to permanent and term endowments		
Increase (Decrease) in Net Position	(102,551)	(214,995)
Net Position		
Net Position beginning of year	(101,891)	1,919,546
Net Position end of year	(204,442)	1,704,551

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, 2016**

	Community College
Cash flows from operating activities:	
Tuition and fees	2,893,003
Grants and contracts	2,300,025
Payments to suppliers and others	(3,085,770)
Payments for employee wages	(7,847,585)
Payments for employee fringes and pension benefits	(2,729,097)
Payment for scholarships	(1,679,950)
Payments for utilities	(280,765)
Sales and services of education department	6,000
Auxiliary	57,562
Loans issued to students	
Loans collected from students	
Other	146,601
Net cash used by operating activities	(10,219,976)
Cash flows from non-capital financing activities:	
State appropriations	6,758,417
Local appropriations	91,635
Grants and gifts	3,936,211
Agency receipts	758,079
Agency disbursements	(746,459)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	350,000
Loan repayments	
Other non-operating revenue(expense)	44,442
Net cash provided (used) by non-capital financing activities	11,192,325
Cash flows from capital financing activities:	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	88,607
Purchase capital assets	(353,427)
Proceeds from sale of capital assets	1,849
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(262,971)
Cash flows from investing activities:	
Purchases of investments	(521,906)
Sale of investments	
Investment income	2,336
Net cash provided (used) by investing activities	(519,570)
Net increase (decrease) in cash and cash equivalents	189,808
Cash and cash equivalents, beginning of year	1,978,604
Cash and cash equivalents, End of Year	2,168,412

**Virginia Community College System
Virginia Highlands Community College
Statement of Cash Flows
For the Year Ended June 30, 2016**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(11,229,217)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	550,901
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	570,412
Prepaid expenses and other	60,466
Accrued compensation and leave	(55,862)
Accounts payable and other	501,507
Unearned revenue	29,548
Deposits pending distribution	
Pension related accounts	(647,731)
Net cash used in operating activities	<u><u>(10,219,976)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	2,168,412
Less: Securities Lending Cash Equivalents	
Cash and cash equivalents end of year	<u><u>2,168,412</u></u>
Noncash transactions	
Donated fixed assets	24,631
Debt principal and interest payments made by Treasury	

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, 2016**

	<u>Community College</u>	<u>Component Unit Virginia Western Community College Educational Foundation</u>
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	5,343,777	435,799
Appropriation available	5,666	
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	42,882	
Pledges receivable (Note 3)		173,870
Due from Commonwealth		
Due from system office		
Interest receivable		25,242
Prepaid expenses	369,125	10,224
Inventories		
Notes receivable, net (Note 3)		82,270
Total Current Assets	<u>5,761,450</u>	<u>727,405</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	(570)	
Cash equivalents with trustees	26,251	
Endowment cash and cash equivalents (Note 2)		1,537,800
Appropriation available		
Endowment investments (Note 2)		9,563,631
Other long-term investments (Note 2)		2,893,679
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		242,065
Due from Commonwealth	16,130	
Notes receivable, net (Note 3)		272,325
Non-depreciable capital assets, net (Note 4)	3,260,461	
Depreciable capital assets, net (Note 4)	50,407,738	26,565
Total Noncurrent Assets	<u>53,710,010</u>	<u>14,536,065</u>
Total Assets	<u>59,471,460</u>	<u>15,263,470</u>
Deferred Outflows of Resources (Note 15)	2,645,485	
Total Assets and Deferred Outflows of Resources	<u>62,116,945</u>	<u>15,263,470</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 5)	1,293,828	119,183
Accrued payroll expense	1,902,381	
Unearned revenue	1,138,219	
Long-term liabilities-current portion (Note 7)	1,042,443	
Securities lending obligation	112	
Due to Commonwealth		
Due to system's office		
Deposits	123,660	
Total Current Liabilities	<u>5,500,643</u>	<u>119,183</u>
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 7)	6,360,049	
Due to federal government (Note 7)		
Pension obligations (Note 7)	20,065,000	
Total Noncurrent Liabilities	<u>26,425,049</u>	
Total Liabilities	<u>31,925,692</u>	<u>119,183</u>

**Virginia Community College System
Virginia Western Community College
Statement of Net Position
As of June 30, 2016**

	Community College	Component Unit Virginia Western Community College Educational Foundation
Deferred Inflows of Resources (Note 15)	1,424,000	
Total Liabilities and Deferred Inflows of Resources	33,349,692	119,183
Net Position		
Net investment in capital assets	47,410,562	26,565
Restricted for:		
Nonexpendable		
Expendable	(353,937)	14,094,312
Unrestricted	(18,289,372)	1,023,410
Total Net Position	28,767,253	15,144,287

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, 2016

	<u>Community College</u>	<u>Component Unit Virginia Western Community College Educational Foundation</u>
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$7,654,356)	14,387,509	
Federal grants and contracts	1,557,120	
State and local grants	217,131	
Nongovernmental grants	7,312	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$25,491)	509,861	
Gifts and contributions		1,158,014
Endowment income		229,667
Other operating revenues	796,632	405,079
Total Operating Revenue	<u>17,475,565</u>	<u>1,792,760</u>
Expenses		
Operating Expenses		
Instruction	20,269,903	
Public service	312,262	
Academic support	5,430,934	
Student services	3,657,113	
Institutional support	4,953,958	692,100
Operation and maintenance	4,006,283	
Scholarships and fellowships	3,599,661	1,187,166
Auxiliary enterprises	146,739	
Fundraising		117,967
Other expenses		
Total Operating Expenses	<u>42,376,853</u>	<u>1,997,233</u>
Operating Income (Loss)	<u>(24,901,288)</u>	<u>(204,473)</u>
Nonoperating Revenues(Expenses)		
State appropriations (Note 11)	16,070,845	
Local appropriations	18,456	
Grants and gifts	8,879,164	
Investment income	4,480	58,425
Interest on capital asset related debt	(257,077)	
Other nonoperating revenue (expense)	70,692	
Net Nonoperating Revenue	<u>24,786,560</u>	<u>58,425</u>
Income before other revenues, expenses gains (losses)	<u>(114,728)</u>	<u>(146,048)</u>
Capital appropriations-state (Note 18)	85,548	
Capital appropriations-local		
Capital gifts, grants and contracts	781,358	
Additions to permanent and term endowments		444,712
Increase (Decrease) in Net Position	<u>752,178</u>	<u>298,664</u>
Net Position		
Net Position beginning of year	<u>28,015,075</u>	<u>14,845,623</u>
Net Position end of year	<u>28,767,253</u>	<u>15,144,287</u>

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

**Virginia Community College System
Virginia Western Community College
Statement of Cash Flows
For the Year Ended June 30, 2016**

	Community College
Cash flows from operating activities:	
Tuition and fees	14,362,500
Grants and contracts	1,781,563
Payments to suppliers and others	(9,069,334)
Payments for employee wages	(19,295,279)
Payments for employee fringes and pension benefits	(6,832,028)
Payment for scholarships	(3,743,813)
Payments for utilities	(933,296)
Sales and services of education department	
Auxiliary	509,861
Loans issued to students	
Loans collected from students	
Other	796,632
Net cash used by operating activities	(22,423,194)
Cash flows from non-capital financing activities:	
State appropriations	16,070,845
Local appropriations	18,456
Grants and gifts	8,879,164
Agency receipts	1,397,460
Agency disbursements	(1,403,346)
PLUS, Stafford and Direct Lending loan receipts	6,452,358
PLUS, Stafford and Direct Lending loan disbursements	(6,486,977)
Borrowings	165,000
Loan repayments	(165,000)
Other non-operating revenue(expense)	151,697
Net cash provided (used) by non-capital financing activities	25,079,657
Cash flows from capital financing activities:	
Capital appropriations-state	69,418
Capital appropriations-local	
Capital grants and gifts	772,955
Purchase capital assets	(1,660,689)
Proceeds from sale of capital assets	5,827
Proceeds from bond issue	
Debt interest payments	(312,263)
Debt principal payments	(295,210)
Net cash provided (used) by capital financing activities	(1,419,962)
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	4,468
Net cash provided (used) by investing activities	4,468
Net increase (decrease) in cash and cash equivalents	1,240,969
Cash and cash equivalents, beginning of year	4,128,377
Cash and cash equivalents, End of Year	5,369,346

**Virginia Community College System
Virginia Western Community College
Statement of Cash Flows
For the Year Ended June 30, 2016**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(24,901,288)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	2,198,711
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	531,570
Prepaid expenses and other	(369,125)
Accrued compensation and leave	(173,654)
Accounts payable and other	483,743
Unearned revenue	(300,274)
Deposits pending distribution	3,208
Pension related accounts	103,915
Net cash used in operating activities	<u><u>(22,423,194)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	5,369,458
Less: Securities Lending Cash Equivalents	112
Cash and cash equivalents end of year	<u><u>5,369,346</u></u>
Noncash transactions	
Donated fixed assets	8,403
Debt principal and interest payments made by Treasury	

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, 2016**

	Component Units		
	Community College	Wytheville Community College Educational Foundation	Wytheville Community College Scholarship Foundation
Assets			
Current Assets			
Cash and cash equivalents (Note 2)	3,829,589	454,364	63,939
Appropriation available			
Short term investments (Note 2)	2,216,103	1,185,501	16,164
Accounts receivable, net (Note 3)	98,096	22,775	
Pledges receivable (Note 3)		37,653	3,000
Due from Commonwealth	353,870		
Due from system office	630		
Interest receivable			
Prepaid expenses	477,398		
Inventories	34,362		
Notes receivable, net (Note 3)			
Total Current Assets	<u>7,010,048</u>	<u>1,700,293</u>	<u>83,103</u>
Noncurrent Assets			
Restricted cash and cash equivalents (Note 2)	(1,426)		
Cash equivalents with trustees			
Endowment cash and cash equivalents (Note 2)			
Appropriation available			
Endowment investments (Note 2)		4,675,242	433,242
Other long-term investments (Note 2)		1,065,129	112,127
Accounts receivable, net (Note 3)			
Investments in real estate (Note 2)			
Pledges receivable (Note 3)			12,000
Due from Commonwealth	6,881		
Notes receivable, net (Note 3)			
Non-depreciable capital assets, net (Note 4)	947,680	43,393	
Depreciable capital assets, net (Note 4)	14,476,225		
Total Noncurrent Assets	<u>15,429,360</u>	<u>5,783,764</u>	<u>557,369</u>
Total Assets	<u>22,439,408</u>	<u>7,484,057</u>	<u>640,472</u>
Deferred Outflows of Resources (Note 15)	765,038		
Total Assets and Deferred Outflows of Resources	<u>23,204,446</u>	<u>7,484,057</u>	<u>640,472</u>
Liabilities			
Current Liabilities			
Accounts and retainage payable (Note 5)	904,886	9,984	15,000
Accrued payroll expense	971,020		
Unearned revenue	538,162		
Long-term liabilities-current portion (Note 7)	271,824		
Securities lending obligation	20		
Due to Commonwealth			
Due to system's office			
Deposits	52,977		
Total Current Liabilities	<u>2,738,889</u>	<u>9,984</u>	<u>15,000</u>
Noncurrent Liabilities			
Unearned revenue			
Long-term liabilities (Note 7)	187,411		
Due to federal government (Note 7)			
Pension obligations (Note 7)	9,086,000		
Total Noncurrent Liabilities	<u>9,273,411</u>		
Total Liabilities	<u>12,012,300</u>	<u>9,984</u>	<u>15,000</u>

**Virginia Community College System
Wytheville Community College
Statement of Net Position
As of June 30, 2016**

	<u>Community College</u>	<u>Component Units</u>	
		<u>Wytheville Community College Educational Foundation</u>	<u>Wytheville Community College Scholarship Foundation</u>
Deferred Inflows of Resources (Note 15)	774,000		
Total Liabilities and Deferred Inflows of Resources	<u>12,786,300</u>	<u>9,984</u>	<u>15,000</u>
Net Position			
Net investment in capital assets	15,423,905	43,393	
Restricted for:			
Nonexpendable		4,702,745	448,242
Expendable	607,575	2,537,259	177,064
Unrestricted	<u>(5,613,334)</u>	<u>190,676</u>	<u>166</u>
Total Net Position	<u>10,418,146</u>	<u>7,474,073</u>	<u>625,472</u>

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

Virginia Community College System
Wytheville Community College
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2016

	Component Units		
	Community College	Wytheville Community College Educational Foundation	Wytheville Community College Scholarship Foundation
Revenues			
Operating Revenue			
Tuition and fees (net of scholarship allowance of \$3,216,750)	4,694,305		
Federal grants and contracts	1,990,501		
State and local grants	36,605	377,426	
Nongovernmental grants	169,908	395,663	
Sales/services of education department	12,409		
Auxiliary enterprises (net of scholarship allowance of \$10,686)	133,673		
Gifts and contributions		7,646	3,000
Endowment income		(111,224)	1,994
Other operating revenues	241,952	401,267	
Total Operating Revenue	<u>7,279,353</u>	<u>1,070,778</u>	<u>4,994</u>
Expenses			
Operating Expenses			
Instruction	8,011,165	997	
Public service	280,885	48,375	
Academic support	2,186,964	165,952	
Student services	1,814,648		
Institutional support	3,936,575	265,549	3,070
Operation and maintenance	1,080,879		
Scholarships and fellowships	2,080,114	945,825	30,000
Auxiliary enterprises	25,962		
Fundraising		150,563	
Other expenses			
Total Operating Expenses	<u>19,417,192</u>	<u>1,577,261</u>	<u>33,070</u>
Operating Income (Loss)	<u>(12,137,839)</u>	<u>(506,483)</u>	<u>(28,076)</u>
Nonoperating Revenues(Expenses)			
State appropriations (Note 11)	8,108,029		
Local appropriations	132,899		
Grants and gifts	4,248,398		
Investment income	10,050	15,349	9,609
Interest on capital asset related debt			
Other nonoperating revenue (expense)	(1,768)		
Net Nonoperating Revenue	<u>12,497,608</u>	<u>15,349</u>	<u>9,609</u>
Income before other revenues, expenses gains (losses)	359,769	(491,134)	(18,467)
Capital appropriations-state (Note 18)	96,615		
Capital appropriations-local			
Capital gifts, grants and contracts	290,006		
Additions to permanent and term endowments		452,762	15,500
Increase (Decrease) in Net Position	<u>746,390</u>	<u>(38,372)</u>	<u>(2,967)</u>
Net Position			
Net Position beginning of year	<u>9,671,756</u>	<u>7,512,445</u>	<u>628,439</u>
Net Position end of year	<u>10,418,146</u>	<u>7,474,073</u>	<u>625,472</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, 2016**

	Community College
Cash flows from operating activities:	
Tuition and fees	4,560,328
Grants and contracts	2,195,775
Payments to suppliers and others	(1,914,265)
Payments for employee wages	(10,062,446)
Payments for employee fringes and pension benefits	(2,936,010)
Payment for scholarships	(2,151,296)
Payments for utilities	(222,582)
Sales and services of education department	12,409
Auxiliary	132,368
Loans issued to students	
Loans collected from students	2,423
Other	241,476
Net cash used by operating activities	(10,141,820)
Cash flows from non-capital financing activities:	
State appropriations	8,108,029
Local appropriations	132,899
Grants and gifts	3,894,528
Agency receipts	230,579
Agency disbursements	(274,687)
PLUS, Stafford and Direct Lending loan receipts	837,217
PLUS, Stafford and Direct Lending loan disbursements	(837,217)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	41,636
Net cash provided (used) by non-capital financing activities	12,132,984
Cash flows from capital financing activities:	
Capital appropriations-state	93,743
Capital appropriations-local	
Capital grants and gifts	286,981
Purchase capital assets	(1,541,782)
Proceeds from sale of capital assets	
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(1,161,058)
Cash flows from investing activities:	
Purchases of investments	(2,216,103)
Sale of investments	
Investment income	10,048
Net cash provided (used) by investing activities	(2,206,055)
Net increase (decrease) in cash and cash equivalents	(1,375,949)
Cash and cash equivalents, beginning of year	5,204,092
Cash and cash equivalents, End of Year	3,828,143

**Virginia Community College System
Wytheville Community College
Statement of Cash Flows
For the Year Ended June 30, 2016**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(12,137,839)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,254,845
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	200,070
Prepaid expenses and other	(2,188)
Accrued compensation and leave	(61,120)
Accounts payable and other	837,977
Unearned revenue	(127,348)
Deposits pending distribution	
Pension related accounts	(106,217)
Net cash used in operating activities	<u><u>(10,141,820)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	3,828,163
Less: Securities Lending Cash Equivalents	20
Cash and cash equivalents end of year	<u><u>3,828,143</u></u>
Noncash transactions	
Donated fixed assets	3,025
Debt principal and interest payments made by Treasury	

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, 2016**

	<u>System's Office</u>	<u>Component Unit Community Colleges of VA Educational Foundation</u>
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	11,004,921	856,644
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)		
Pledges receivable (Note 3)		827,722
Due from Commonwealth	4,659,851	
Due from colleges		
Interest receivable		
Prepaid expenses	5,760,059	
Inventories	15,000	
Notes receivable, net (Note 3)		
Total Current Assets	<u>21,439,831</u>	<u>1,684,366</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		
Appropriation available	723,233	
Endowment investments (Note 2)		7,133,746
Other long-term investments (Note 2)		
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		1,583,398
Due from Commonwealth		
Notes receivable, net (Note 3)		
Non-depreciable capital assets, net (Note 4)		
Depreciable capital assets, net (Note 4)	10,772,691	
Total Noncurrent Assets	<u>11,495,924</u>	<u>8,717,144</u>
Total Assets	<u>32,935,755</u>	<u>10,401,510</u>
Deferred Outflows of Resources (Note 15)	2,181,071	
Total Assets and Deferred Outflows of Resources	<u>35,116,826</u>	<u>10,401,510</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 5)	11,880,763	104,644
Accrued payroll expense	1,490,287	
Unearned revenue		
Long-term liabilities-current portion (Note 7)	3,608,827	5,800
Securities lending obligation		
Due to Commonwealth		
Due to colleges	1,257,796	
Deposits	306,218	
Total Current Liabilities	<u>18,543,891</u>	<u>110,444</u>
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 7)	816,217	37,525
Due to federal government (Note 7)		
Pension obligations (Note 7)	21,762,000	
Total Noncurrent Liabilities	<u>22,578,217</u>	<u>37,525</u>
Total Liabilities	<u>41,122,108</u>	<u>147,969</u>

**Virginia Community College System
System Office
Statement of Net Position
As of June 30, 2016**

	System's Office	Component Unit Community Colleges of VA Educational Foundation
Deferred Inflows of Resources (Note 15)	2,811,000	
Total Liabilities and Deferred Inflows of Resources	43,933,108	147,969
 Net Position		
Net investment in capital assets	10,772,691	
Restricted for:		
Nonexpendable		1,418,496
Expendable	(5,485,731)	5,618,157
Unrestricted	(14,103,242)	3,216,888
Total Net Position	(8,816,282)	10,253,541

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, 2016**

	System's Office	Component Unit Community Colleges of VA Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$0)		
Federal grants and contracts	45,385,951	
State and local grants		
Nongovernmental grants	775,611	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$0)		
Gifts and contributions		420,354
Endowment income		225,962
Other operating revenues	459	470,200
Total Operating Revenue	46,162,021	1,116,516
Expenses		
Operating Expenses		
Instruction	305,854	
Public service	47,229,235	141,667
Academic support	9,685,603	1,698,071
Student services	334,517	
Institutional support	19,618,858	581,607
Operation and maintenance	956,831	
Scholarships and fellowships		
Auxiliary enterprises		
Fundraising		496,365
Other expenses		
Total Operating Expenses	78,130,898	2,917,710
Operating Income (Loss)	(31,968,877)	(1,801,194)
Nonoperating Revenues(Expenses)		
State appropriations (Note 11)	30,183,375	
Local appropriations		
Grants and gifts	1,857	
Investment income		
Interest on capital asset related debt		
Other nonoperating revenue (expense)	(7,397,434)	
Net Nonoperating Revenue	22,787,798	
Income before other revenues, expenses gains (losses)	(9,181,079)	(1,801,194)
Capital appropriations-state (Note 18)	9,249,343	
Capital appropriations-local		
Capital gifts, grants and contracts	2,135,042	
Additions to permanent and term endowments		2,555,688
Increase (Decrease) in Net Position	2,203,306	754,494
Net Position		
Net Position beginning of year	(11,019,588)	9,499,047
Net Position end of year	(8,816,282)	10,253,541

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, 2016**

	System Office
Cash flows from operating activities:	
Tuition and fees	
Grants and contracts	46,194,841
Payments to suppliers and others	(44,153,379)
Payments for employee wages	(17,489,517)
Payments for employee fringes and pension benefits	(6,283,485)
Payment for scholarships	
Payments for utilities	(77,121)
Sales and services of education department Auxiliary	
Loans issued to students	
Loans collected from students	
Other	459
Net cash used by operating activities	(21,808,202)
Cash flows from non-capital financing activities:	
State appropriations	30,183,375
Local appropriations	
Grants and gifts	(2,135,042)
Agency receipts	197,795
Agency disbursements	(120,063)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	2,541,000
Loan repayments	(945,000)
Other non-operating revenue(expense)	(6,805,975)
Net cash provided (used) by non-capital financing activities	22,916,090
Cash flows from capital financing activities:	
Capital appropriations-state	6,843,796
Capital appropriations-local	
Capital grants and gifts	2,135,042
Purchase capital assets	(2,428,473)
Proceeds from sale of capital assets	7,528
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	6,557,893
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	
Net cash provided (used) by investing activities	
Net increase (decrease) in cash and cash equivalents	7,665,781
Cash and cash equivalents, beginning of year	3,339,140
Cash and cash equivalents, End of Year	11,004,921

**Virginia Community College System
System Office
Statement of Cash Flows
For the Year Ended June 30, 2016**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(31,968,877)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	2,882,159
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	12,785
Prepaid expenses and other	37,117
Accrued compensation and leave	89,249
Accounts payable and other	7,945,822
Unearned revenue	
Deposits pending distribution	(1,028)
Pension related accounts	(805,429)
Net cash used in operating activities	<u><u>(21,808,202)</u></u>

Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	11,004,921
Less: Securities Lending Cash Equivalents	
Cash and cash equivalents end of year	<u><u>11,004,921</u></u>

Noncash transactions

- Donated fixed assets
- Debt principal and interest payments made by Treasury

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