

# **VIRGINIA COMMUNITY COLLEGE SYSTEM**

**FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2017  
(UNAUDITED)**

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# VCCS Financial Report 2016-2017

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# VCCS Financial Report 2016-2017

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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, 2017. 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 2017 were:

- Total net position increased by 4.81%. 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 1.16%. Student tuition and fees, net of scholarship discounts and allowances, represented 70.11% of total operating revenues.
- Effective fall 2016, the State Board for Community Colleges approved a tuition increase of \$3.75 per credit hour for all students. In addition, the State Board approved tuition differential rate increases of \$1.25 per credit hour for Northern Virginia Community College (NVCC) and \$0.50 per credit hour for John Tyler Community College (JTCC.) These tuition rate increases accounted for additional tuition revenues of \$14.5 million in fiscal year 2017.
- From fiscal year 2016 to 2017, student full-time equivalent (FTE) enrollment decreased 5.29% from 111,124 FTEs to 105,242 FTEs. This decrease resulted in a decline in tuition and fee collections of approximately \$29.3 million in fiscal year 2017. One FTE represents 30 credit hours of classes taken by a student over an academic year and is calculated on an annual basis by taking the total credit hours taught divided by 30.
- Total state appropriations revenue (non-capital) increased 5.11%, while state capital appropriations revenue decreased by 40.99% due to completion of construction projects at Blue Ridge Community College (BRCC), JTCC, Lord Fairfax Community College (LFCC), NVCC and Tidewater Community College (TCC).
- Total operating expenses remained relatively flat with an overall decrease of 1.64%. Expenses for employee compensation represented 62.91% of the total.

## **Financial Statements**

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

### **Statement of Net Position**

The Statement of Net Position presents 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:

	<b>(in thousands of dollars)</b>			
	<b>As of June 30:</b>			
	<b>2017</b>	<b>2016</b>	<b>Dollar Change</b>	<b>Percentage Change</b>
<b>Assets</b>				
Current assets	\$293,957	\$304,518	\$(10,561)	(3.47)%
Capital assets, net	1,365,407	1,367,965	(2,558)	(0.19)%
Other non-current assets	97,597	60,505	37,092	61.30%
<b>Total Assets</b>	<b>\$1,756,961</b>	<b>\$1,732,988</b>	<b>\$23,973</b>	<b>1.38%</b>
<b>Deferred Outflows of Resources</b>	<b>99,908</b>	<b>66,042</b>	<b>33,866</b>	<b>51.28%</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$1,856,869</b>	<b>\$1,799,030</b>	<b>\$57,839</b>	<b>3.22%</b>

**Liabilities**

Current liabilities	\$196,370	\$192,993	\$3,377	1.75%
Non-current liabilities	701,909	669,509	32,400	4.84%
<b>Total Liabilities</b>	<b>\$898,279</b>	<b>\$862,502</b>	<b>\$35,777</b>	<b>4.15%</b>
<b>Deferred Inflows of Resources</b>	25,097	45,905	(20,808)	(45.33)%
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$923,376</b>	<b>\$908,407</b>	<b>\$14,969</b>	<b>1.65%</b>

**Net Position**

Net investment in capital assets	\$1,253,943	\$1,249,618	\$4,325	0.35%
Restricted-nonexpendable	-	9	(9)	(100.00)%
Restricted-expendable	-	-	-	
Unrestricted	(320,450)	(359,004)	38,554	10.74%
<b>Total Net Position</b>	<b>\$933,493</b>	<b>\$890,623</b>	<b>\$42,870</b>	<b>4.81%</b>

Current Assets

Current assets consist of \$238.5 million in cash, cash equivalents, and short-term investments, \$14.7 million in accounts, notes, and interest receivable, \$8.1 million in amounts due from the commonwealth, \$31.2 million in prepaid expenses, and \$1.5 million in inventories. The \$10.6 million decrease in current assets was primarily attributable to a decrease of \$26.4 million in cash, cash equivalents, and short-term investments, offset by an increase of \$16.9 million in prepaid expenses.

The decrease of \$26.4 million in cash, cash equivalents, and short-term investments represents a 10% decrease as compared to prior year and was principally attributable to movement of cash and cash equivalents to longer term investments. NVCC accounted for the majority of the transfer to investments with a \$34 million increase in government and corporate bonds and an offsetting decrease in local government investment pools.

The increase in prepaid expenses of \$16.9 million was largely due to increases of \$11.7 million and \$4.6 million at NVCC and the System Office respectively.

Capital Assets, Net of Accumulated Depreciation

The overall decrease of \$2.6 million in net capital assets was due to changes across various capital asset categories. The following table compares fiscal year 2017 to fiscal year 2016 capital asset balances by category:

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

As of June 30:

<b>Capital Asset Category</b>	<b>2017</b>	<b>2016</b>	<b>Dollar Change</b>	<b>Percentage Change</b>
Land	\$70,139	\$69,734	\$405	0.58%
CIP	37,557	53,667	(16,110)	(30.02)%
Land Improvements	37,518	39,264	(1,746)	(4.45)%
Infrastructure	42,312	44,010	(1,698)	(3.86)%
Buildings	1,101,459	1,077,698	23,761	2.16%
Equipment	60,288	64,064	(3,776)	(5.89)%
Intangibles	5,485	7,500	(2,015)	(36.74)%
Library Books	10,649	12,028	(1,379)	(11.46)%
<b>Total</b>	<b>\$1,365,407</b>	<b>\$1,367,965</b>	<b>\$(2,558)</b>	<b>(.19)%</b>

Construction in Progress (CIP) decreased due to projects being moved to applicable depreciable and non-depreciable asset categories at NVCC and LFCC. Depreciable Land Improvements, Infrastructure, Equipment, Library Books and Intangibles all decreased due to current year depreciation being greater than current year additions. The increases in Land and Building is due projects being moved from CIP to a depreciable asset category.

Other Non-Current Assets

The \$37.1 million increase in other non-current assets was predominately due to increases of \$38.5 million in other long-term investments and \$3.2 million in appropriation available, partially offset by decreases of \$2.3 million in cash held with trustees and \$1.5 million in amounts due from the commonwealth.

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 \$2.3 million in fiscal year 2017 as payments continued on various pooled bond projects.

The balance in appropriation available consists of General and Central Capital Planning funds for capital projects. Danville Community College (DCC) received \$6.2 million in the current year for construction and renovation of their engineering and industrial technology building.

Other long-term investment balances increased significantly at NVCC due to a movement of \$34 from short term local government investment pools to longer term government and corporate bonds.

Deferred Outflows of Resources

The financial statement deferred outflows of resources category is used to report consumption of resources applicable to a future reporting period. The balances reported for fiscal years 2016 and 2017 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 \$53.6 million, accrued payroll expense of \$51.8 million, unearned revenue of \$51.2 million, long-term obligations (current portion) of \$30.7 million, and deposits totaling \$9 million.

Current liabilities increased by \$3.3 million in fiscal year 2017 primarily due to increases of \$3.6 million in accounts and retainage payable, \$1.2 million in accrued payroll expense, and an offsetting decrease of \$2 million in unearned revenue.

The change in accrued payroll represented a 2.3% increase from the prior fiscal year 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).

### Non-Current Liabilities

Non-Current liabilities consist of a net pension obligation of \$570.8 million, capital lease liabilities of \$3.3 million, installment purchases payable of \$2.3 million, pooled bonds of \$112.1 million, accrued leave of \$10.3 million, federal loan program amounts due of \$3.5 million, and unearned revenue of \$0.4 million. The increase of \$32.4 million in non-current liabilities was primarily due to an increase of \$42.1 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 \$5.4 million and \$1.6 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 \$1.4 million, a percentage decrease of less than 4.5%.

### Deferred Inflows of Resources

The financial statement deferred inflows of resources category is used to report acquisition of resources applicable to a future reporting period. The balance in fiscal year 2017 reflects certain amounts related to pensions and will impact pension expense in future fiscal years.

### Net Position

The \$4.3 million increase in net investment in capital assets is explained by a decrease of \$2.6 million in capital assets, net of accumulated depreciation, reduced by a net increase of \$6.9 million in capital asset related debt and deferred outflow balances. The increase of \$38.6 million in the unrestricted net position category represents a percentage increase of 10.74% 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 4.81% is an indication that the overall financial condition of the VCCS improved in fiscal year 2017.



### **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:

	<b>(in thousands of dollars)</b>		<b>Dollar Change</b>	<b>Percentage Change</b>
	<b>For the year ended June 30: 2017</b>	<b>2016</b>		
Operating revenue	\$524,553	\$518,529	\$6,024	1.16%
Operating expenses	1,189,216	1,209,058	(19,842)	(1.64)%
<b>Operating loss</b>	<b>\$(664,663)</b>	<b>\$(690,529)</b>	<b>\$25,866</b>	<b>3.75%</b>
Non-operating revenues and expenses	\$653,210	\$648,434	\$4,776	0.74%
Income (loss) before other revenues, expenses, gains or losses	\$(11,453)	\$(42,095)	\$30,642	72.79%
Other revenues	\$54,323	\$82,109	\$(27,786)	(33.84)%
<b>Increase in net position</b>	<b>\$42,870</b>	<b>\$40,014</b>	<b>\$2,856</b>	<b>7.14%</b>
<b>Net position, beginning of year</b>	<b>\$890,623</b>	<b>\$850,609</b>	<b>\$40,014</b>	<b>4.70%</b>
<b>Net position, end of year</b>	<b>\$933,493</b>	<b>\$890,623</b>	<b>\$42,870</b>	<b>4.81%</b>

The following table is a more detailed representation and comparison of amounts included in operating, non-operating, and other (capital) revenues during the periods ended June 30, 2017 and 2016:

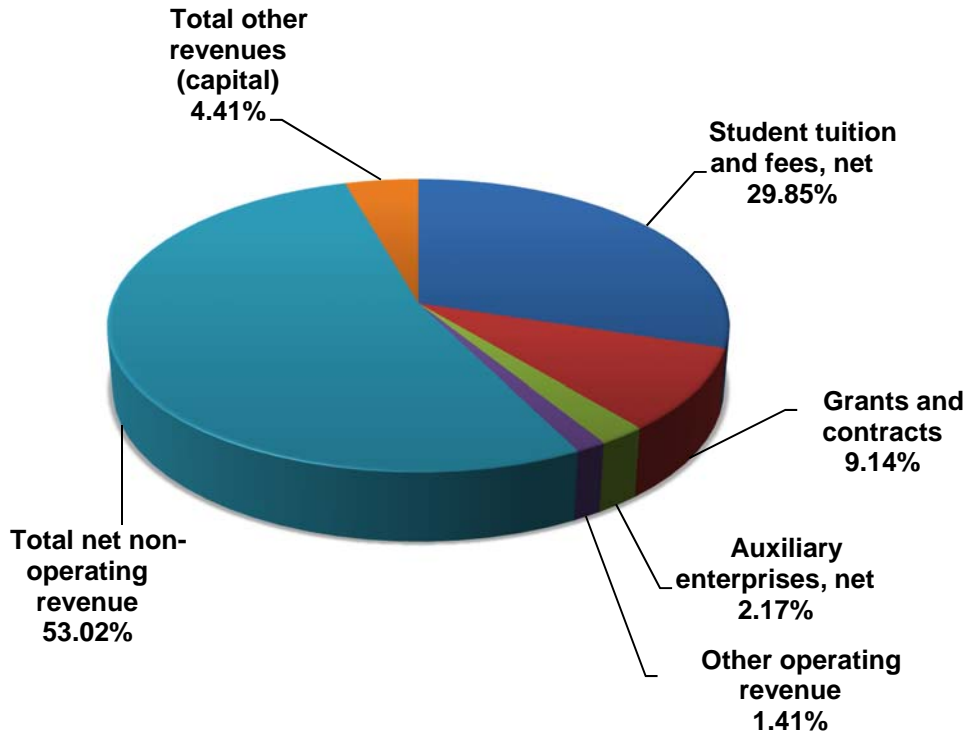
**Summary of Revenues**  
**For the years ended June 30, 2017 and 2016**  
(in thousands of dollars)

	2017	2016	Dollar Change	Percentage Change
<b>Operating revenues</b>				
Student tuition and fees, net	\$367,761	\$361,227	\$6,534	1.81%
Grants and contracts	112,653	111,703	950	0.85%
Auxiliary enterprises, net	26,735	27,068	(333)	(1.23)%
Other operating revenue**	17,404	18,531	(1,127)	(6.08)%
<b>Total Operating Revenues</b>	<b>\$524,553</b>	<b>\$518,529</b>	<b>\$6,024</b>	<b>1.16%</b>
<b>Non-operating activity</b>				
State operating appropriations	\$438,036	\$416,741	\$21,295	5.11%
Local operating appropriations	2,442	2,379	63	2.65%
Grants and gifts	205,086	232,235	(27,149)	(11.69)%
Investment income	959	1,382	(423)	(30.61)%
Interest expense	(3,975)	(3,765)	(210)	(5.58)%
Other	10,662	(538)	11,200	2081.78%
<b>Total net non-operating revenue</b>	<b>\$653,210</b>	<b>\$648,434</b>	<b>\$4,776</b>	<b>0.74%</b>
<b>Other revenues (capital)</b>				
Capital appropriations-state	\$40,441	\$68,530	\$(28,089)	(40.99)%
Capital appropriations-local	7,695	7,338	357	4.87%
Capital gifts and grants	6,187	6,241	(54)	(0.87)%
<b>Total other revenues (capital)</b>	<b>\$54,323</b>	<b>\$82,109</b>	<b>\$(27,786)</b>	<b>(33.84)%</b>
<b>Total revenues</b>	<b>\$1,232,086</b>	<b>\$1,249,072</b>	<b>\$(16,986)</b>	<b>(1.36)%</b>

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

A graphic presentation of fiscal year 2017 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 1.16%. Gross student tuition and fee revenues (before scholarship discounts and allowances) declined by \$1.2 million, a decrease of only 0.02%. 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 4.39%; therefore, net tuition and fees revenue increased by 1.81% primarily due to a reduction in scholarship discounts and allowances applied against tuition and fees in fiscal year 2017 as compared to fiscal year 2016.

### Non-operating and Other Revenues

Total net non-operating revenue (non-operating and other) decreased by \$23 million or 3.2% primarily as a result of a \$27.1 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 \$28.1 million reduction in state capital appropriation revenue related to decreased VCBA funded activity. These decreases were partially offset by a \$21.3 million increase, approximately 5.11%, in state operating appropriations, and by an increase of \$11.2 million in other non-operating revenue. The increase in non-operating revenue is the result of a special contribution to the Virginia Retirement System paid from the State on behalf of agencies.

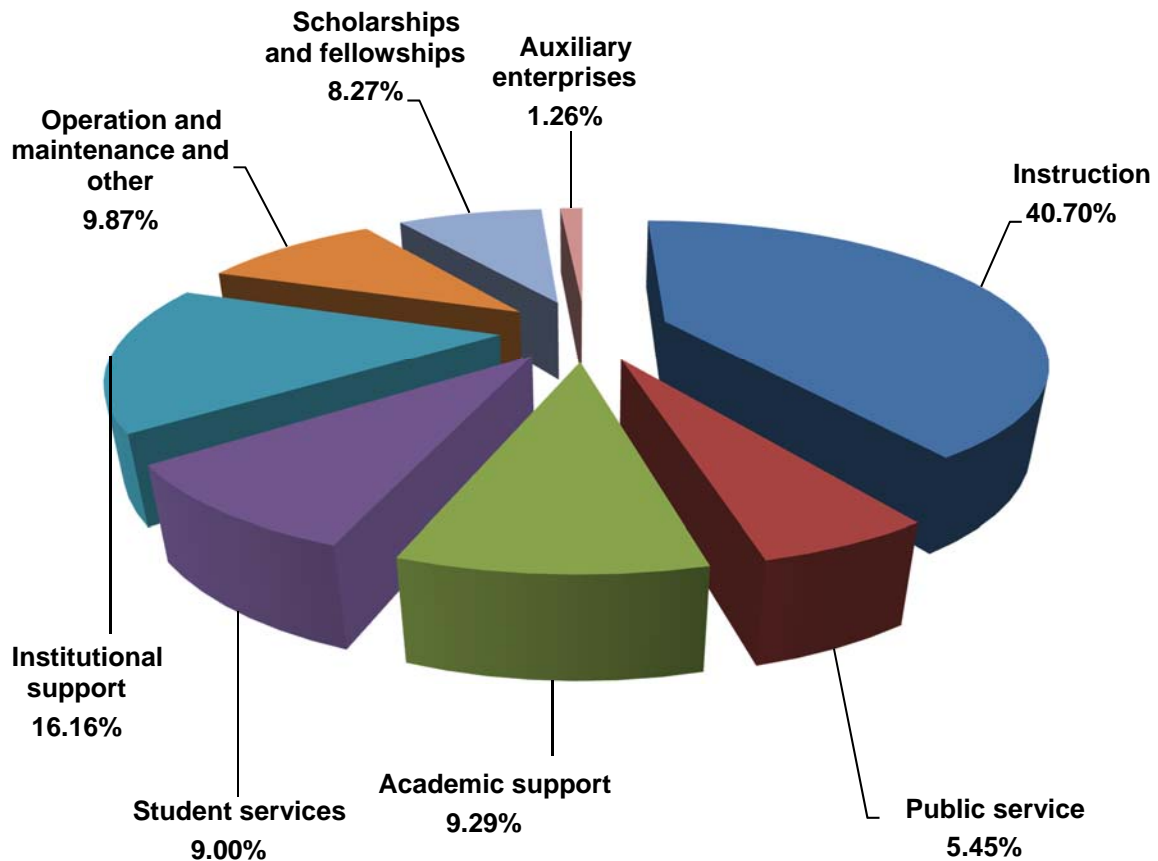
The following table is a detailed breakdown of operating expenses by function and a comparison of changes by category for the periods ended June 30, 2017 and 2016:

**Summary of Expenses by Function**  
**For the years ended June 30, 2017 and 2016**  
(in thousands of dollars)

	<b>2017</b>	<b>2016</b>	<b>Dollar Change</b>	<b>Percentage Change</b>
<b>Operating expenses:</b>				
Instruction	\$484,058	\$488,947	\$(4,889)	(1.00)%
Public service	64,794	64,169	625	0.97%
Academic support	110,453	112,559	(2,106)	(1.87)%
Student services	107,000	107,509	(509)	(0.47)%
Institutional support	192,154	192,026	128	0.07%
Operation and maintenance	117,013	116,759	254	0.22%
Scholarships and fellowships	98,388	111,131	(12,743)	(11.47)%
Auxiliary enterprises	15,038	15,782	(744)	(4.71)%
Other expenses	318	176	142	80.68%
<b>Total operating expenses</b>	<b>\$1,189,216</b>	<b>\$1,209,058</b>	<b>\$(19,842)</b>	<b>(1.64)%</b>

A graphic presentation of fiscal year 2017 operating expenses by function (per the Statement of Revenues, Expenses and Changes in Net Position) is below.

## Operating Expenses - By Function



### Operating Expenses

Operating expenses totaled approximately \$1.2 billion for fiscal 2017 and declined by \$20 million. The natural expense category, compensation and benefits, comprised \$748.2 million of total VCCS operating expenses and remained relatively constant. Scholarship expenses declined by \$12.6 million (11.14%) 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 \$7.2 million (2.08%). These changes resulted in fluctuations between functional categories, but the overall effect was a decrease in total operating expenses of 1.64%.

## **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:

	<b>(in thousands of dollars)</b>			
	<b>For the year ended June 30:</b>			
	<b>2017</b>	<b>2016</b>	<b>Dollar Change</b>	<b>Percentage Change</b>
Cash received from operations	\$521,677	\$521,161	\$516	0.10%
Cash used in operations	1,144,414	1,114,950	29,464	2.64%
Net cash used in operations	<u>\$(622,737)</u>	<u>\$(593,789)</u>	<u>\$(28,948)</u>	<u>(4.88)%</u>
Net cash provided by non-capital financing activities	\$648,645	\$646,599	\$2,046	0.32%
Net cash used in capital and related financing activities	(17,460)	(23,586)	6,126	25.97%
Net cash provided by (used in) investing activities	(36,504)	(15,000)	(21,504)	(143.36)%
Net increase (decrease) in cash and cash equivalents	<u>\$(28,055)</u>	<u>\$14,224</u>	<u>\$(42,280)</u>	<u>(297.24)%</u>
Cash and cash equivalents, beginning of year as adjusted	<u>\$272,766</u>	<u>\$258,542</u>		
Cash and cash equivalents, end of year	<u>\$244,710</u>	<u>\$272,766</u>		

The primary sources of cash for the VCCS included tuition and fees of \$363.8 million, operating grants and contracts of \$112.8 million, and auxiliary revenues of \$26.5 million. The primary uses of operating cash included employee salaries, wages, fringe benefits and pension benefits of \$759.1 million, operating expenses (payments to suppliers/others and utilities) of \$284.1 million and scholarships of \$100.9 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 flows from capital and related financing activities increased \$6.1 million due primarily to a decrease in cash disbursements of \$44.3 million for capital asset purchases, a decrease in debt interest payments of \$0.6 million offset by a decrease of \$38.8 million in capital appropriations. Net cash provided by (used in) investing activities decreased \$21.5 million largely due to higher investment purchases. The overall decrease in cash and cash equivalents was \$28.1 million at the end of fiscal year 2017.

## ***Economic Outlook***

In fiscal year 2017, the Commonwealth predicted a 2.9% increase in general fund revenues and actually collected at a rate that was 3.6% above fiscal year 2016. 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 2018 budget, \$65.1 million has been added since that time. The fiscal year 2018 general fund budget, though, was reduced by \$11.3 million from fiscal year 2017. The net effect for fiscal year 2018 is that VCCS general funds are \$10.4 million below the level attained in fiscal year 2008.

The State Board for Community Colleges has noted its intention to keep VCCS tuition and mandatory fees at less than half the rates of public four year institutions in Virginia. The VCCS' rate in fiscal year 2018 will be 35.5% of the average of the four-year institutions for total tuition and mandatory fees.

Effective with the fall 2017 session, the State Board for Community Colleges approved a tuition increase of \$4.00 per credit hour applicable to all students. Within the VCCS, eight colleges have tuition differential rates ranging from \$1.00 per credit hour to \$29.05 per credit hour. The VCCS estimates that the tuition rate increases will generate approximately \$4.9 million in additional tuition and deferred revenues in fiscal year 2018, assuming a 2.96% decline in FTEs.

Chapter 836, 2017 Virginia Acts of Assembly, authorized the funding to provide for equipment purchases for five VCCS projects for which construction funding was previously provided.

The VCCS capitalized construction expenses totaling \$33.5 million during fiscal year 2017. These costs primarily included some projects that are still in progress, but also included numerous projects that were completed during fiscal year 2017. Construction costs for projects completed during fiscal year 2017 totaled \$49.2 million.

The VCCS entered into contractual commitments for capital projects totaling \$148 million prior to June 30, 2017. Expenses processed against these commitments during fiscal year 2017 totaled \$116 million, leaving an unpaid commitment balance of \$32 million.

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***CONSOLIDATED  
FINANCIAL  
STATEMENTS***

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**Virginia Community College System**  
**Consolidated**  
**Statement of Net Position**  
**As of June 30, 2017**

	<b>VCCS</b>	<b>Component Units Foundations</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	228,769,667	14,408,862
Appropriation available		
Short term investments (Note 2)	9,686,698	7,135,288
Accounts receivable, net (Note 3)	12,269,075	1,014,063
Pledges receivable (Note 3)		5,113,577
Due from commonwealth	8,096,385	
Interest receivable	403,137	300,948
Prepaid expenses	31,237,779	73,957
Inventories	1,469,475	6,671
Notes receivable, net (Note 3)	2,024,741	168,399
<b>Total Current Assets</b>	293,956,957	28,221,765
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)	5,231,612	
Cash equivalents with trustees	10,672,901	
Endowment cash and cash equivalents (Note 2)	36,166	5,649,296
Appropriation available	4,381,390	
Endowment investments (Note 2)		147,141,224
Other long-term investments (Note 2)	71,189,956	75,450,203
Accounts receivable, net (Note 3)	450	
Investments in real estate (Note 2)		2,312,433
Pledges receivable (Note 3)		7,231,086
Due from commonwealth	4,506,567	
Notes receivable, net (Note 3)	1,578,193	821,411
Non-depreciable capital assets, net (Note 4)	107,844,612	4,591,371
Depreciable capital assets, net (Note 4)	1,257,562,655	17,965,449
<b>Total Noncurrent Assets</b>	1,463,004,502	261,162,473
<b>Total Assets</b>	1,756,961,459	289,384,238
<b>Deferred Outflows of Resources</b> (Note 15)	99,908,323	
<b>Total Assets and Deferred Outflows of Resources</b>	1,856,869,782	289,384,238
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 5)	53,555,576	2,594,169
Accrued payroll expense	51,830,280	117,623
Unearned revenue	51,245,576	230,650
Long-term liabilities-current portion (Note 7)	30,709,073	447,914
Securities lending obligation		
Due to Commonwealth		
Deposits	9,029,890	1,552,571
<b>Total Current Liabilities</b>	196,370,395	4,942,927
<b>Noncurrent Liabilities</b>		
Unearned revenue	439,099	
Long-term liabilities (Note 7)	127,178,127	8,250,600
Due to federal government (Note 7)	3,530,113	
Pension obligations (Note 7)	570,762,000	
<b>Total Noncurrent Liabilities</b>	701,909,339	8,250,600
<b>Total Liabilities</b>	898,279,734	13,193,527
<b>Deferred Inflows of Resources</b> (Note 15)	25,097,000	
<b>Total Liabilities and Deferred Inflows of Resources</b>	923,376,734	13,193,527

**Virginia Community College System  
Consolidated  
Statement of Net Position  
As of June 30, 2017**

	<b>VCCS</b>	<b>Component Units Foundations</b>
<b>Net Position</b>		
Net investment in capital assets	1,253,943,262	14,957,191
Restricted for:		
Nonexpendable		83,900,396
Expendable		103,131,798
Unrestricted	(320,450,214)	74,201,326
<b>Total Net Position</b>	<b>933,493,048</b>	<b>276,190,711</b>

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

**Consolidated**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2017**

	<u>VCCS</u>	<u>Component</u> <u>Units</u>
		<u>Foundations</u>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$168,545,952)	367,760,989	
Federal grants and contracts	95,509,197	
State and local grants	4,728,292	1,397,833
Nongovernmental grants	12,415,896	2,084,556
Sales/services of education department	142,911	
Auxiliary enterprises (net of scholarship allowance of \$1,719,464)	26,591,979	
Gifts and contributions		19,166,209
Endowment income		14,209,464
Other operating revenues	17,404,294	6,253,185
<b>Total Operating Revenue</b>	<u>524,553,558</u>	<u>43,111,247</u>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	484,057,926	2,185,382
Public service	64,794,154	1,049,174
Academic support	110,453,099	7,208,404
Student services	107,000,098	295,715
Institutional support	192,153,686	8,407,565
Operation and maintenance	117,013,515	745,775
Scholarships and fellowships	98,388,376	10,101,446
Auxiliary enterprises	15,037,789	
Fundraising		2,370,881
Other expenses	317,829	569,193
<b>Total Operating Expenses (Note 10)</b>	<u>1,189,216,472</u>	<u>32,933,535</u>
<b>Operating Income (Loss)</b>	<u>(664,662,914)</u>	<u>10,177,712</u>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 11)	438,036,480	
Local appropriations	2,442,123	
Grants and gifts	205,085,861	
Investment income	958,900	5,399,738
Interest on capital asset related debt	(3,974,501)	
Other nonoperating revenue (expense)	10,661,574	6,891
<b>Net Nonoperating Revenue</b>	<u>653,210,437</u>	<u>5,406,629</u>
<b>Income before other revenues, expenses gains (losses)</b>	(11,452,477)	15,584,341
Capital appropriations-state (Note 18)	40,440,632	
Capital appropriations-local	7,695,075	
Capital gifts, grants and contracts	6,186,897	4,382
Additions to permanent and term endowments		7,351,733
<b>Increase (Decrease) in Net Position</b>	<u>42,870,127</u>	<u>22,940,456</u>
<b>Net Position</b>		
<b>Net Position beginning of year, as restated (Note 1-O)</b>	<u>890,622,921</u>	<u>253,250,255</u>
<b>Net Position end of year</b>	<u>933,493,048</u>	<u>276,190,711</u>

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

**Virginia Community College System**  
**Consolidated**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2017**

**Cash flows from operating activities:**

Tuition and fees	363,785,526
Grants and contracts	112,806,215
Payments to suppliers and others	(267,129,519)
Payments for employee wages	(563,283,067)
Payments for employee fringes and pension benefits	(195,798,076)
Payment for scholarships	(100,854,257)
Payments for utilities	(16,947,658)
Sales and services of education department	142,911
Auxiliary	26,501,195
Loans issued to students	(400,934)
Loans collected from students	724,315
Other	17,716,767
Net cash used by operating activities	<u>(622,736,582)</u>

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

State appropriations	438,036,480
Local appropriations	2,442,123
Grants and gifts	199,196,636
Agency receipts	14,134,378
Agency disbursements	(13,948,710)
PLUS, Stafford and Direct Lending loan receipts	134,530,300
PLUS, Stafford and Direct Lending loan disbursements	(135,043,321)
Borrowings	4,400,000
Loan repayments	(5,749,651)
Other non-operating revenue(expense)	10,646,442
Net cash provided (used) by non-capital financing activities	<u>648,644,677</u>

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

Capital appropriations-state	36,287,310
Capital appropriations-local	7,695,075
Capital grants and gifts	5,290,691
Purchase capital assets	(53,802,181)
Proceeds from sale of capital assets	238,563
Proceeds from bond issue	2,220,537
Debt interest payments	(5,409,587)
Debt principal payments	(9,980,400)
Net cash provided (used) by capital financing activities	<u>(17,459,992)</u>

**Cash flows from investing activities:**

Purchases of investments	(60,870,127)
Sale of investments	22,437,788
Investment income	1,928,049
Net cash provided (used) by investing activities	<u>(36,504,290)</u>

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

(28,056,187)

Cash and cash equivalents, beginning of year

272,766,536

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

244,710,349

**Virginia Community College System  
Consolidated  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(664,662,914)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	59,356,773
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and accounts receivable, net	6,647,420
Prepaid expenses and other	(16,875,177)
Accrued compensation and leave	(197,606)
Accounts payable and other	5,596,841
Unearned revenue	(2,221,436)
Deposits pending distribution	320,597
Net pension liability	42,089,000
Deferred inflows of resources related to pensions	(20,808,000)
Deferred outflows of resources related to pensions	(31,982,080)
<b>Net cash used in operating activities</b>	<u><u>(622,736,582)</u></u>

**Noncash transactions**

Donated fixed assets	896,206
Debt principal and interest payments made by Treasury	739,250

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

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***NOTES TO THE  
FINANCIAL  
STATEMENTS***

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# VIRGINIA COMMUNITY COLLEGE SYSTEM

## NOTES TO FINANCIAL STATEMENTS

As of June 30, 2017

### 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, 2017, the foundations distributed \$10,528,784 to the colleges for both restricted and unrestricted purposes. Complete financial statements for the foundations can be obtained by writing the VCCS Office of Fiscal Services, 300 Arboretum Place, Suite 200, Richmond, VA 23236.

#### C. Financial Statement Descriptions

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

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

information about the financial results of the VCCS by reporting the major sources and uses of cash.

D. Basis of Accounting

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

Revenues and expenses of the summer academic term occur within two fiscal years, because the term extends from May through August and the fiscal year ends on June 30. Expenses and an equal amount of revenue have been reported in the current period for the portion of the summer academic term from May 16 through June 30, 2017.

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

The financial statements for the community college foundations are for the year ending June 30, 2017 except for Dabney S. Lancaster, Eastern Shore, Germanna, Lord Fairfax, Mountain Empire, New River, Piedmont, Tidewater (Educational and Real Estate Foundations), Virginia Western, and Wytheville (Educational and Scholarship Foundations) which are as of December 31, 2016.

E. Prepaid Assets

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

F. Inventories

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

G. Cash Equivalents and Investments

Cash equivalents maintained by the VCCS are investments with original maturities of less than three months. Investments in money market accounts and in Commonwealth sponsored investment pools are reported at amortized cost. All other investments are reported at fair market value, in accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended by GASB Statement 72, *Fair Value Measurement and Application*. GASB Statement 72 provides guidance for determining fair value measurements using the level of fair value hierarchy and valuation techniques.

H. Capital Assets

Plant assets consisting of land, buildings, infrastructure, equipment, library books, intangible assets, and construction in progress are stated at appraised historical cost or actual cost where determinable. Improvements to buildings, infrastructure and land that significantly increase the usefulness, efficiency or life of the asset are capitalized. Routine maintenance



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

I. Pensions

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

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

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

Community College Foundations

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

Net Position as of June 30, 2016 - previously reported	\$252,313,723
LFCC Educational Foundation beneficial interest in a charitable remainder annuity trust	<u>936,532</u>
Net Position as of July 1, 2016 - as restated	<u>\$253,250,255</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 \$50,257,497 at June 30, 2017.

### Investments

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

Investments in money market accounts, non-negotiable certificates of deposit, the Virginia State Non-Arbitrage Program (SNAP) and the Local Government Investment Pool (LGIP) are reported at amortized cost. All other investments are reported at fair market value, in accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended by GASB Statement 72, *Fair Value Measurement and Application*. GASB Statement 72 provides guidance for determining fair value measurements using the level of fair value hierarchy and valuation techniques.

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

### 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 2017.

### 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 2017.

### 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 2017.

<u>Cash Equivalents</u>	<u>Value</u>	<u>Credit Rating</u>
Local Govt. Investment Pool	\$28,657,057	AAA
Non-Negotiable Cert. of Deposit	1,501,103	Not Rated
Repurchase Agreements	5,676,898	Not Rated
Mutual and Money Market Funds	5,542,608	Not Rated
State Non-arbitrage Program	10,672,901	Not Rated
Total	<u>\$52,050,567</u>	

<u>Investment</u>	<u>Less than</u>	<u>1 - 5</u>	<u>6 -10</u>		<u>Credit</u>
<u>Type</u>	<u>1 year</u>	<u>Years</u>	<u>Years</u>	<u>6/30/2017</u>	<u>Rating</u>
Agy Mortgage Backed Securities	\$34,909	\$8,065,524	\$41,039	\$8,141,472	AA+
Corporate Bonds	-	-	20,407	20,407	AAA
Corporate Bonds	-	25,120	25,297	50,417	AA+
Corporate Bonds	-	101,222	1,236,125	1,337,347	AA
Corporate Bonds	-	7,750,447	45,040	7,795,487	AA-
Corporate Bonds	-	196,945	48,342	245,287	A+

Corporate Bonds	1,220,023	2,871,898	65,389	4,157,310	A
Corporate Bonds	25,784	2,954,551	1,208,909	4,189,244	A-
Corporate Bonds	-	756,586	-	756,586	BBB+
Corporate Bonds	100,051	154,448	-	254,499	BBB
Negotiable Certificates of Deposit	28,046,129	4,603,741	-	32,649,870	Not Rated
Municipal Securities	-	75,749	-	75,749	Not Rated
Municipal Securities	-	50,394	-	50,394	AAA
Municipal Securities	-	75,254	-	75,254	AA
Municipal Securities	-	50,388	9,996	60,384	AA-
Municipal Securities	-	-	56,458	56,458	A+
Mutual Funds		1,245,216		1,245,216	Not Rated
U.S. Treasury and Agy Securities	3,122,551	5,814,249	2,519,413	11,456,213	Not Rated
Non-Negotiable Certificates of Deposit	8,259,060	-	-	8,259,060	Not Rated
Total	\$40,808,507	\$34,791,732	\$5,276,415	\$80,876,654	

#### Fair Value Measurement

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

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

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

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

Fair Value Measurement Using:

	Quoted Prices In Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Other Unobservable Inputs Level 3
Agency Mortgage Backed Securities	\$ -	\$ 8,141,472	-
Corporate Bonds	-	18,806,584	-
Negotiable Certificates of Deposit	-	32,649,870	-
Municipal Securities	-	318,239	-
Mutual and Money Market Funds	5,542,608	1,245,216	-
U.S. Treasury and Agency Securities	11,456,213	-	-
Repurchase Agreements	-	5,676,898	-
Total Investments measured at Fair Value	<u>\$16,998,821</u>	<u>\$66,838,279</u>	-

Community College Foundations

The Foundations had the following cash, cash equivalents and investments as of June 30, 2017:

Cash and cash equivalents \$ 20,058,158

Investments:

Mutual funds and money markets	\$103,928,324
Stocks	81,746,869
Corporate bonds	23,083,501
UVA investment fund	8,232,541
U.S. government securities & bonds	5,504,528
Investment in real estate	2,618,201
Mortgage-backed securities	2,172,577
Certificates of deposits	1,500,073
Split interest agreements	1,040,818
Alternative investments	554,043
Partnership investments	514,671
Cash surrender value of life insurance	472,800
Assets held for resale	416,220
Municipal bonds	253,982
Total investments	<u>\$232,039,148</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, 2017:

Gross accounts receivable:	
Tuition and fees	\$ 9,832,417
Auxiliary enterprises	552,402
Federal, state, local and nongovernmental grants, gifts, contracts	2,265,172
Other activities	535,008
Total gross accounts receivable	<u>\$13,184,999</u>

Less: Allowance for doubtful accounts	(915,474)
Net accounts receivable	<u>\$12,269,525</u>
Gross Loans and notes receivable	\$ 3,854,033
Less: Allowance for doubtful accounts	(251,099)
Net loans and notes receivable	<u>\$ 3,602,934</u>

Receivables not expected to be collected within one year are \$1,578,643 in accounts, notes, and loans receivable.

#### Community College Foundations

The foundations have the following receivables as of June 30, 2017:

Gross accounts receivable	\$1,014,063
Less: Allowance for doubtful accounts	-
Net accounts receivable	<u>\$1,014,063</u>
Pledges receivable:	
Due in one year	\$5,206,407
Due in 1-5 years	7,105,320
Due in more than 5 years	778,300
Less: Allowance for doubtful accounts	(159,368)
Present value discount	(585,996)
Net pledges receivable	<u>\$12,344,663</u>
Gross loans and notes receivable	\$989,810
Less: Allowance for doubtful accounts	-
Net loans and notes receivable	<u>\$989,810</u>

Receivables not expected to be collected within one year are \$821,411 in notes and loans receivable and \$7,231,086 in pledges receivable.

#### 4. CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2017 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable capital assets:				
Land / Land Improvements	\$69,733,611	\$405,408	\$ -	\$70,139,019
Inexhaustible Works of Art	148,174	-	-	148,174
Construction in Progress	53,667,334	33,069,721	(49,179,636)	37,557,419
Total capital assets not being depreciated	<u>\$123,549,119</u>	<u>\$33,475,129</u>	<u>\$(49,179,636)</u>	<u>\$107,844,612</u>
Depreciable capital assets:				
Buildings	\$1,421,595,601	\$55,544,907	\$ -	\$1,477,140,508
Infrastructure	74,794,718	1,675,439	-	76,470,157
Equipment	206,342,293	12,385,871	(4,781,500)	213,946,664
Land Improvements	92,451,121	1,639,363	-	94,090,484
Library Books	48,185,954	1,450,011	(1,812,187)	47,823,778

Intangible	47,007,339	31,284	-	47,038,623
Total other capital assets	\$1,890,377,026	\$72,726,875	\$(6,593,687)	\$1,956,510,214
Less accumulated depreciation for:				
Buildings	\$(343,897,070)	\$(31,784,652)	-	\$(375,681,722)
Infrastructure	(30,784,572)	(3,373,705)	-	(34,158,277)
Equipment	(142,426,823)	(16,015,362)	4,635,822	(153,806,363)
Land Improvements	(53,187,428)	(3,385,140)	-	(56,572,568)
Library Books	(36,157,704)	(2,712,029)	1,694,892	(37,174,841)
Intangible	(39,507,541)	(2,085,887)	39,640	(41,553,788)
Total accumulated depreciation	\$(645,961,138)	\$(59,356,775)	\$6,370,354	\$(698,947,559)
Other capital assets, net	\$1,244,415,888	\$13,370,100	\$(223,333)	\$1,257,562,655
Total capital assets, net	\$1,367,965,007	\$46,845,229	\$(49,402,969)	\$1,365,407,267

#### Community College Foundations

The foundations had the following capital assets as of June 30, 2017:

Non-depreciable capital assets:	
Land	\$ 4,465,244
Works of art	126,127
Total nondepreciable capital assets	\$ 4,591,371
Depreciable capital assets:	
Buildings	\$20,738,781
Equipment	1,893,072
Site improvement	460,411
Total depreciable capital assets	\$23,092,264
Less: Accumulated depreciation	(5,126,815)
Depreciable capital assets, net	\$17,965,449
Total capital assets, net	\$22,556,820

#### 5. ACCOUNTS AND RETAINAGE PAYABLE

Accounts and retainage payable consisted of the following as of June 30, 2017:

	<u>VCCS</u>	<u>Foundations</u>
Vendors payable	\$49,953,643	\$2,594,169
Students payable	886,442	-
Retainage payable	2,714,434	-
Taxes payable	1,057	-
Total	\$53,555,576	\$2,594,169



## 6. COMMITMENTS

At June 30, 2017, the VCCS had future contractual commitments totaling \$32,009,264. The System held \$2,714,434 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, 2017 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Debt:</b>					
Capital leases	\$4,223,412	-	\$886,660	\$3,336,752	\$938,994
<b>Notes payable:</b>					
Installment purchases	3,210,356	-	678,203	2,532,153	191,021
Pooled bonds	123,648,572	19,668,940	24,732,883	118,584,629	6,505,000
Other notes payable	4,400,000	4,400,000	4,400,000	4,400,000	4,400,000
<b>Total bonds, notes and capital leases</b>	<b>\$135,482,340</b>	<b>\$24,068,940</b>	<b>\$30,697,746</b>	<b>\$128,853,534</b>	<b>\$12,035,015</b>
<b>Other liabilities:</b>					
Compensated absences	30,394,944	23,339,305	24,700,583	29,033,666	18,674,058
Pension Obligations	528,673,000	42,089,000	-	570,762,000	-
Federal loan program contributions	4,397,945	-	867,832	3,530,113	-
<b>Total other liabilities</b>	<b>\$563,465,889</b>	<b>\$65,428,305</b>	<b>\$25,568,415</b>	<b>\$603,325,779</b>	<b>\$18,674,058</b>
<b>Total long-term liabilities</b>	<b>\$698,948,229</b>	<b>\$89,497,245</b>	<b>\$56,266,161</b>	<b>\$732,179,313</b>	<b>\$30,709,073</b>

### Defeasance of Debt

In the current year, the Virginia College Building Authority issued refunding bonds, Series 2016A to refund its Pooled Bond Series 2009B, of which the VCCS had a share. This refunding obtained a savings of \$1,117,680 with the net present value of \$1,028,864. The Series 2016A bonds were issued at a premium of \$3,333,941 in excess of the face value of the bonds. The premium is reported in the long-term debt section of the financial statements.

In prior fiscal years, a portion of the VCBA Pooled Bonds, of which the VCCS has a share, has been defeased. Details relating to the current and prior years' defeasances are reported in the Comprehensive Annual Financial Report of the Commonwealth. As of June 30, 2017 \$24,515,000 of VCCS defeased bonds is outstanding.

## 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, 2017 is \$2,652,892.

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, 2017 is \$2,921,618.

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, 2017 is \$1,817,017.

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, 2017 is \$11,656,893.

Workforce Training and Technology Center for J. Sargeant Reynolds Community College - The balance is to be repaid in annual installments ranging from \$30,000 to \$75,000 with an average coupon rate of 4.914% payable semiannually. The final installment of \$70,000 is due September 1, 2029. The outstanding balance at June 30, 2017 is \$818,057.

Student Center for Tidewater Community College Virginia Beach Campus - The balance is to be repaid in annual installments ranging from \$285,000 to \$1,035,000 with coupon rates ranging from 3% to 5% payable semiannually. The final installment of \$585,000 is due September 1, 2030. The outstanding balance at June 30, 2017 is \$18,933,987.

Student Center for Tidewater Community College Chesapeake Campus - The balance is to be repaid in annual installments ranging from \$345,000 to \$725,000 with coupon rates ranging from 3% to 5% payable semiannually. The final installment of \$415,000 is due September 1, 2030. The outstanding balance at June 30, 2017 is \$13,291,616.

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, 2017 is \$2,550,812.

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, 2017 is \$7,772,159.

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, 2017 is \$12,570,153.

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, 2017 is \$5,648,618.

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, 2017 is \$4,911,278.

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, 2017 is \$6,059,474.

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, 2017 is \$22,342,855.

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, 2017 is \$4,637,200.

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
2018	\$6,505,000	\$4,687,247	\$11,192,247
2019	6,805,000	4,364,023	11,169,023
2020	7,095,000	4,037,885	11,132,885
2021	7,390,000	3,703,672	11,093,672
2022	7,690,000	3,345,425	11,035,425
2023-2027	37,010,000	11,669,421	48,679,421
2028-2032	32,235,000	3,503,113	35,738,113
2033-2037	2,990,000	102,150	3,092,150
<b>Sub Totals</b>	<b>\$107,720,000</b>	<b>\$35,412,936</b>	<b>\$143,132,936</b>

Plus Bond Premium	10,864,629	-	10,864,629
Totals	<u>\$118,584,629</u>	<u>\$35,412,936</u>	<u>\$153,997,565</u>

## 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 \$4,267,506, respectively. Rent expense under operating lease agreements amounted to \$15,137,686 for the year. A summary of future obligations under lease agreements as of June 30, 2017 follows:

Year Ending June 30	Capital Lease Obligations	Installment Purchase Obligations	Operating Lease Obligations
2018	\$1,108,932	\$231,438	\$ 6,161,965
2019	1,107,492	406,982	9,615,296
2020	1,109,194	406,980	6,184,684
2021	369,194	407,437	4,387,117
2022	-	406,980	2,732,197
2023-2027	-	951,166	6,838,883
2028-2032	-	8,188	-
Total obligation and gross minimum lease payments	\$3,694,812	\$2,819,171	\$35,920,142
Less: Interest	(358,060)	(287,018)	-
Present value of minimum lease payments	<u>\$3,336,752</u>	<u>\$2,532,153</u>	<u>\$35,920,142</u>

## 10. OPERATING EXPENSES BY NATURAL AND FUNCTIONAL CLASSIFICATIONS

VCCS operating expenses for the year ended June 30, 2017 were as follows:

Functional Classification	Natural Classification					Total
	Salaries & Benefits	Utilities	Scholarships	Depreciation	Supplies, Services & Other	
Instruction	\$ 379,430,911	\$ 251,793	\$ 485,219	\$ 40,059,098	\$ 63,830,905	\$ 484,057,926
Public Service	15,951,975	7,469	477,126	353,880	48,003,704	64,794,154
Acad. Support	82,458,447	107,687	251,100	6,261,184	21,374,681	110,453,099
Student Services	90,961,509	3,917	674,520	2,627,730	12,732,422	107,000,098
Inst. Support	125,698,479	18,865	1,052,063	7,020,003	58,364,276	192,153,686
O & M of Plant	47,389,403	16,014,027	42,800	2,915,596	50,651,689	117,013,515
Schol. & Fellows.	172,448	-	97,543,778	-	672,150	98,388,376
Aux. Enterprises	6,149,271	574,304	68,337	119,282	8,126,595	15,037,789
Other Expenses	-	-	-	-	317,829	317,829
<b>Total Expenses</b>	<u>\$ 748,212,443</u>	<u>\$ 16,978,062</u>	<u>\$100,594,943</u>	<u>\$ 59,356,773</u>	<u>\$264,074,251</u>	<u>\$1,189,216,472</u>

**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 2017-18 provided that the VCCS meets financial and administrative standards outlined in the *Code of Virginia*.

During the year ended June 30, 2017, the Virginia Community College System received the following general fund appropriations in accordance with Chapter 836, 2017 Virginia Acts of Assembly.

Appropriated – Chapter 836 – approved April 28, 2017	\$392,289,973
Additions:	
Net central accounts distribution	2,819,610
Other:	
Transfer from SCHEV – VIVA	36,334
Carryover fiscal year 2016 year-end balances	15,703,978
Equipment Trust Fund lease payment	(633,657)
Reclassification of apprenticeship related funds	147,689
Capital fee transfers	(3,139,785)
Philpott manufacturing	(372,776)
Reversion	(18,323,022)
	<hr/>
Adjusted Unrestricted Appropriations	<u>\$388,528,344</u>

Other restricted appropriations were \$49,508,136 for a total of \$438,036,480.

**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, 2017. 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, 2017, 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><b>About Plan 1</b></p> <hr/> <p>Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. 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><b>About Plan 2</b></p> <hr/> <p>Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. 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><b>About the Hybrid Retirement Plan</b></p> <hr/> <p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. 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> <p>The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</p> <p>The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</p> <p>In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</p>

## Retirement Plan Provisions By Plan Structure

<b>Eligible Members</b>	<b>Eligible Members</b>	<b>Eligible Members</b>
<p>Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b> VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b> Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <p><b>State employees*</b> 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> <p><b>*Non-Eligible Members</b> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <p>Members of the Virginia Law Officers' Retirement System (VaLORS).</p> <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>



## Retirement Plan Provisions By Plan Structure

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

## Retirement Plan Provisions By Plan Structure

<b>Vesting</b>	<b>Vesting</b>	<b>Vesting</b>
<p>Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Same as Plan 1.</p>	<p><b>Defined Benefit Component:</b> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><b>Defined Contributions Component:</b> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <p>After two years, a member is 50% vested and may withdraw 50% of employer contributions.</p> <p>After three years, a member is 75% vested and may withdraw 75% of employer contributions.</p> <p>After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</p> <p>Distribution is not required by law until age 70½.</p>

## Retirement Plan Provisions By Plan Structure

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

## Retirement Plan Provisions By Plan Structure

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

## Retirement Plan Provisions By Plan Structure

<b>Cost-of-Living Adjustment (COLA) in Retirement</b>	<b>Cost-of-Living Adjustment (COLA) in Retirement</b>	<b>Cost-of-Living Adjustment (COLA) in Retirement</b>
<p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><b>Eligibility:</b> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><b>Exceptions to COLA Effective Dates:</b> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul>	<p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><b>Eligibility:</b> Same as Plan 1</p> <p><b>Exceptions to COLA Effective Dates:</b> Same as Plan 1</p>	<p><b>Defined Benefit Component:</b> Same as Plan 2.</p> <p><b>Defined Contribution Component:</b> Not applicable.</p> <p><b>Eligibility:</b> Same as Plan 1 and Plan 2.</p> <p><b>Exceptions to COLA Effective Dates:</b> Same as Plan 1 and Plan 2.</p>

## Retirement Plan Provisions By Plan Structure

<b>Disability Coverage</b>	<b>Disability Coverage</b>	<b>Disability Coverage</b>
<p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>State employees (including Plan 1 and Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<b>Purchase of Prior Service</b>	<b>Purchase of Prior Service</b>	<b>Purchase of Prior Service</b>
<p>Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. 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.</p>	<p>Same as Plan 1.</p>	<p><b>Defined Benefit Component:</b> Same as Plan 1, with the following exceptions:</p> <p>Hybrid Retirement Plan members are ineligible for ported service.</p> <p>The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.</p> <p>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> <p><b>Defined Contribution Component:</b> Not applicable.</p>

## ***Contributions***

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, the 5.00% member contribution was paid by the employer. 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, 2017 was 13.49% of covered employee compensation for employees in the VRS State Employee Retirement Plan. For employees in the VaLORS Retirement Plan, the contribution rate was 21.05% of covered employee compensation. These rates were based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The contribution rate for the VRS State Employee Retirement Plan also reflects the transfer in June 2016 of \$162,406,273 as an accelerated payback of the deferred contribution in the 2010-2012 biennium. The contribution rate for the VaLORS Retirement Plan also reflects the transfer in June 2016 of \$16,491,559 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the VCCS to the VRS State Employee Retirement Plan were \$44 million and \$46.2 million for the years ended June 30, 2017 and June 30, 2016, respectively. Contributions from the VCCS to the VaLORS Retirement Plan were \$1.1 million and \$977 thousand for the years ended June 30, 2017 and June 30, 2016, respectively.

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

At June 30, 2017, the VCCS reported a liability of \$559.1 million for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of \$11.6 million for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. At June 30, 2016, 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, 2016 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2016, the VCCS' proportion of the VRS State Employee Retirement Plan was 8.48% as compared to 8.48% at June 30, 2015. At June 30, 2016, the VCCS' proportion of the VaLORS Retirement Plan was 1.50% as compared to 1.38% at June 30, 2015.

For the year ended June 30, 2017, the VCCS recognized pension expense of \$47.4 million for the VRS State Employee Retirement Plan and \$1.8 million for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2015 and June 30, 2016, 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, 2017, the VCCS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>VRS State Employee Retirement Plan</b> (\$ Thousands)	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,394	\$ 15,222
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	35,640	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	12,303	9,669
Employer contributions subsequent to the measurement date	43,332	-
<b>Total</b>	<b>\$ 93,669</b>	<b>\$ 24,891</b>

<b>VRS VaLORS Retirement Plan</b> (\$ Thousands)	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 52	\$ 32
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	477	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,241	174
Employer contributions subsequent to the measurement date	1,101	-
<b>Total</b>	<b>\$ 2,871</b>	<b>\$ 206</b>

\$44.4 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30 (\$ thousands)	<u>VRS Retirement Plan</u>	<u>VaLORS Retirement Plan</u>
2018	\$(1,880)	\$600
2019	(4,532)	430
2020	17,268	345
2021	14,590	189

**Actuarial Assumptions**

The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2015, 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, 2016.

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, 2015 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, 2015, 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, 2016.

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, 2015 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, 2016, NPL amounts for the VRS

State Employee Retirement Plan and the VaLORS Retirement Plan are as follows (amounts expressed in thousands):

	<b>Employee Retirement Plan</b>	<b>State VaLORS Retirement Plan</b>
Total Pension Liability	\$ 22,958,593	\$ 1,985,618
Plan Fiduciary Net Position	<u>16,367,842</u>	<u>1,211,446</u>
Employers' Net Pension Liability (Asset)	<u>\$ 6,590,751</u>	<u>\$ 774,172</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 71.29%	 61.01%

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

**Long-Term Expected Rate of Return**

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

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
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	 <u>100.00%</u>		 <u>5.83%</u>
	Inflation		<u>2.50%</u>
	* Expected arithmetic nominal return		<u>8.33%</u>

\* 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):

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
VCCS' proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	\$786,899	\$559,144	\$367,932

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

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
VCCS' proportionate share of the VaLORS Retirement Plan Net Pension Liability	\$15,551	\$11,618	\$8,381

**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 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-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 \$51,830,280 as Accrued Payroll Expenses as of June 30, 2017 which represents hours worked before June 30 but paid after July 1. The portion payable to the VRS for pension contributions is estimated at \$1.8 million.

#### **Optional Retirement Plans**

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

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 \$6,105,943 and \$6,289,674 for years ended June 30, 2017 and 2016, respectively. Contributions to the ORP plan were calculated using the base salary amount of \$62,317,329 and \$63,885,355 for fiscal years 2017 and 2016. The VCCS total payroll for fiscal years 2017 and 2016 was \$556,169,856 and \$574,107,862 respectively.

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

The VCCS recognized \$51,830,280 as Accrued Payroll Expenses as of June 30, 2017 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 \$467 thousand.

#### **Deferred Compensation Plan**

Employees of the VCCS are employees of the Commonwealth of Virginia. State employees may participate in the Commonwealth's Deferred Compensation Plan. Participating employees can contribute to the plan each pay period with the Commonwealth matching up to \$20 per pay period. The dollar amount match can change depending on the funding available in the Commonwealth's budget. The Deferred Compensation Plan is a qualified defined contribution plan under Section 401(a) of the Internal Revenue Code. Employer contributions under the Deferred Compensation Plan were approximately \$1,841,590 for fiscal year 2017.

## **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	\$ 5,709,820
General Fund Reversion	-
Virginia College Building Authority appropriation revenue	33,472,835
General Obligation Bond appropriation revenue	518,727
Tidewater Community College capital lease agreement	<u>739,250</u>
Total	<u>\$40,440,632</u>

**19. COMPONENT UNIT FINANCIAL INFORMATION**

Below is a summary of the foundations.

VCCS has five major component units— Lord Fairfax Community College Educational Foundation, Mountain Empire Community College Foundation, Northern Virginia Community College Educational Foundation, Patrick Henry Community College Foundation, and Southwest Virginia 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, Virginia Western 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, 2017

	Southwest Virginia Community College Educational Foundation	Mountain Empire Community College Educational Foundation	Northern Virginia Community College Educational Foundation	Patrick Henry Community College Educational Foundation	Lord Fairfax Community College Educational Foundation	Combined Non- Major Component Units	Total Component Units
<b>ASSETS</b>							
Total current assets	\$ 383,841	\$ 589,048	\$ 7,695,614	\$ 1,392,673	\$ 1,133,006	\$ 17,027,583	\$ 28,221,765
Noncurrent assets:							
Other noncurrent assets	20,818,098	22,999,359	14,526,580	16,576,409	10,662,854	153,022,353	238,605,653
Capital assets, net	3,883,158	-	-	1,495,122	11,364,655	5,813,885	22,556,820
Total noncurrent assets	24,701,256	22,999,359	14,526,580	18,071,531	22,027,509	158,836,238	261,162,473
Total assets	25,085,097	23,588,407	22,222,194	19,464,204	23,160,515	175,863,821	289,384,238
<b>LIABILITIES</b>							
Total current liabilities	17,305	95,324	1,861,298	4,415	312,598	2,651,987	4,942,927
Noncurrent liabilities:							
Long-term liabilities	-	-	-	-	7,393,859	856,741	8,250,600
Other noncurrent liabilities	-	-	-	-	-	-	-
Total noncurrent liabilities	-	-	-	-	7,393,859	856,741	8,250,600
Total liabilities	17,305	95,324	1,861,298	4,415	7,706,457	3,508,728	13,193,527
<b>NET POSITION</b>							
Net investment in capital assets	3,883,158	-	-	1,495,122	3,765,026	5,813,885	14,957,191
Restricted for:							
Nonexpendable	-	8,739,865	4,167,842	7,132,807	4,804,495	59,055,387	83,900,396
Expendable	6,145,944	10,311,669	6,062,047	2,758,200	6,951,759	70,902,179	103,131,798
Unrestricted	15,038,690	4,441,549	10,131,007	8,073,660	(67,222)	36,583,642	74,201,326
Total Net Position	\$ 25,067,792	\$ 23,493,083	\$ 20,360,896	\$ 19,459,789	\$ 15,454,058	\$ 172,355,093	\$ 276,190,711

Virginia Community College System Foundations  
Statement of Revenues, Expenses, and Changes in Net Position  
As of June 30, 2017

	Southwest Virginia Community College Educational Foundation	Mountain Empire Community College Educational Foundation	Northern Virginia Community College Educational Foundation	Patrick Henry Community College Educational Foundation	Lord Fairfax Community College Educational Foundation	Combined Non- Major Component Units	Total Component Units
Total operating revenues	\$ 995,975	\$ 2,076,069	\$ 2,423,421	\$ 2,358,326	\$ 3,647,698	\$ 31,609,758	\$ 43,111,247
Total operating expenses	1,118,757	1,095,136	1,919,496	1,544,602	2,264,121	24,991,423	32,933,535
Operating income (loss)	(122,782)	980,933	503,925	813,724	1,383,577	6,618,335	10,177,712
Nonoperating revenues (expenses):							
Investment Income	2,302,290	-	1,003,052	32,262	(18,450)	2,080,584	5,399,738
Other nonoperating revenues (expenses)	-	-	-	6,891	-	-	6,891
Net nonoperating revenue	2,302,290	-	1,003,052	39,153	(18,450)	2,080,584	5,406,629
Income before other revenues, expenses gains and losses	2,179,508	980,933	1,506,977	852,877	1,365,127	8,698,919	15,584,341
Capital gifts, grants and contracts Additions to permanent and term endowments	4,382	-	-	-	-	-	4,382
	-	400,712	67,411	590,790	1,357,985	4,934,835	7,351,733
Increase (decrease) in net position	2,183,890	1,381,645	1,574,388	1,443,667	2,723,112	13,633,754	22,940,456
Net Position - beginning of year*	22,883,902	22,111,438	18,786,508	18,016,122	12,730,946	158,721,339	253,250,255
Net Position - end of year	\$ 25,067,792	\$ 23,493,083	\$ 20,360,896	\$ 19,459,789	\$ 15,454,058	\$ 172,355,093	\$ 276,190,711

\*As restated (Note 1-O)



**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.

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***REQUIRED  
SUPPLEMENTARY  
INFORMATION***

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**REQUIRED SUPPLEMENTARY INFORMATION**

**As of June 30, 2017**

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

**VRS State Employee Retirement Plan  
For the Years Ended June 30, 2017, 2016, and 2015\***

	<b>2017</b>	<b>2016</b>	<b>2015</b>
Employer's Proportion of the Net Pension Liability (Asset)	8.48%	8.48%	8.43%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$559,144,000	\$518,887,000	\$471,710,000
Employer's Covered Payroll	\$328,281,989	\$326,582,151	\$325,381,501
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	170.32%	158.88%	144.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.29%	72.81%	74.28%

**VaLORS Retirement Plan  
For the Years Ended June 30, 2017, 2016, and 2015\***

	<b>2017</b>	<b>2016</b>	<b>2015</b>
Employer's Proportion of the Net Pension Liability (Asset)	1.50%	1.38%	1.26%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$11,618,000	\$9,786,000	\$8,509,000
Employer's Covered Payroll	\$5,187,256	\$4,662,097	\$4,449,485
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	223.97%	209.91%	191.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.01%	62.64%	63.05%

*Schedules are intended to show information for 10 years. Since 2017 is the third 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 10 Years Ending June 30**

<b>Date</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
2017	\$44,014,949	\$44,014,949		\$326,278,349	13.49%
2016	46,152,519	46,152,519		328,281,989	14.06%
2015	40,267,580	40,267,580		326,582,151	12.33%
2014	28,503,419	28,503,419		325,381,501	8.76%
2013	26,909,705	26,909,705		307,188,417	8.76%
2012	9,189,092	9,189,092		285,725,680	3.22%
2011	5,655,059	5,655,059		265,495,721	2.13%
2010	12,950,917	12,950,917		259,932,640	4.98%
2009	16,417,782	16,417,782		263,527,802	6.23%
2008	15,579,726	15,579,726		253,328,880	6.15%

**Schedule of Employer Contributions  
VaLORS Retirement Plan  
For the 10 Years Ending June 30**

<b>Date</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
2017	\$1,126,102	\$1,126,102		\$5,349,651	21.05%
2016	977,198	977,198		5,187,256	18.84%
2015	823,793	823,793		4,662,097	17.67%
2014	658,524	658,524		4,449,485	14.80%
2013	611,019	611,019		4,128,506	14.80%
2012	270,231	270,231		3,805,675	7.10%
2011	167,323	167,323		3,268,032	5.12%
2010	357,887	357,887		3,155,689	11.34%
2009	427,825	427,825		3,006,503	14.23%
2008	418,489	418,489		2,638,645	15.86%

**Notes to Required Supplementary Information  
For the Year Ended June 30, 2017**

**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, 2016 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%

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*INDIVIDUAL  
COLLEGE  
FINANCIAL  
STATEMENTS*

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**Virginia Community College System  
Blue Ridge Community College  
Statement of Net Position  
As of June 30, 2017**

	<u>Community College</u>	<u>Component Unit Blue Ridge Community College Educational Foundation</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	5,783,127	819,728
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	108,221	10,279
Pledges receivable (Note 3)		401,883
Due from Commonwealth		
Due from system office	11,365	
Interest receivable	94,567	
Prepaid expenses	118,083	
Inventories	6,200	
Notes receivable, net (Note 3)		7,454
<b>Total Current Assets</b>	<u>6,121,563</u>	<u>1,239,344</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)	2,058,769	
Cash equivalents with trustees	4,278,203	
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		7,527,553
Other long-term investments (Note 2)		3,375,765
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		392,205
Pledges receivable (Note 3)		615,192
Due from Commonwealth	47,555	
Notes receivable, net (Note 3)		219,206
Non-depreciable capital assets, net (Note 4)	3,801,045	7,500
Depreciable capital assets, net (Note 4)	46,416,017	
<b>Total Noncurrent Assets</b>	<u>56,601,589</u>	<u>12,137,421</u>
<b>Total Assets</b>	<u>62,723,152</u>	<u>13,376,765</u>
<b>Deferred Outflows of Resources</b> (Note 15)	2,299,289	
<b>Total Assets and Deferred Outflows of Resources</b>	<u>65,022,441</u>	<u>13,376,765</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 5)	1,320,911	
Accrued payroll expense	1,798,042	
Unearned revenue	1,273,526	
Long-term liabilities-current portion (Note 7)	1,081,843	26,200
Securities lending obligation		
Due to Commonwealth		
Due to system's office		
Deposits	44,473	
<b>Total Current Liabilities</b>	<u>5,518,795</u>	<u>26,200</u>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 7)	12,224,470	96,847
Due to federal government (Note 7)		
Pension obligations (Note 7)	13,724,000	
<b>Total Noncurrent Liabilities</b>	<u>25,948,470</u>	<u>96,847</u>
<b>Total Liabilities</b>	<u>31,467,265</u>	<u>123,047</u>

**Virginia Community College System  
Blue Ridge Community College  
Statement of Net Position  
As of June 30, 2017**

	<b>Community College</b>	<b>Component Unit Blue Ridge Community College Educational Foundation</b>
<b>Deferred Inflows of Resources</b> (Note 15)	464,000	
<b>Total Liabilities and Deferred Inflows of Resources</b>	31,931,265	123,047
<b>Net Position</b>		
Net investment in capital assets	41,611,915	7,500
Restricted for:		
Nonexpendable		6,291,340
Expendable	2,317,256	3,747,604
Unrestricted	(10,837,995)	3,207,274
<b>Total Net Position</b>	33,091,176	13,253,718

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, 2017**

	<b>Community College</b>	<b>Component Unit Blue Ridge Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$4,644,565)	7,674,083	
Federal grants and contracts	390,332	
State and local grants	429,891	
Nongovernmental grants	528,511	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$14,885)	1,436,785	
Gifts and contributions		602,468
Endowment income		708,201
Other operating revenues	370,180	502,903
<b>Total Operating Revenue</b>	<b>10,829,782</b>	<b>1,813,572</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	12,340,672	384,778
Public service	148,279	27,700
Academic support	2,851,654	35,729
Student services	2,795,934	
Institutional support	5,656,207	141,988
Operation and maintenance	1,862,666	20,865
Scholarships and fellowships	2,365,284	612,716
Auxiliary enterprises	341,878	
Fundraising		70,163
Other expenses		
<b>Total Operating Expenses (Note 10)</b>	<b>28,362,574</b>	<b>1,293,939</b>
<b>Operating Income (Loss)</b>	<b>(17,532,792)</b>	<b>519,633</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 11)	11,138,331	
Local appropriations	26,000	
Grants and gifts	5,215,613	
Investment income	179,587	325,019
Interest on capital asset related debt	(317,374)	
Other nonoperating revenue (expense)	422,569	
<b>Net Nonoperating Revenue</b>	<b>16,664,726</b>	<b>325,019</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>(868,066)</b>	<b>844,652</b>
Capital appropriations-state (Note 18)	1,204,803	
Capital appropriations-local	400,000	
Capital gifts, grants and contracts	380,969	
Additions to permanent and term endowments		99,529
<b>Increase (Decrease) in Net Position</b>	<b>1,117,706</b>	<b>944,181</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>31,973,470</b>	<b>12,309,537</b>
<b>Net Position end of year</b>	<b>33,091,176</b>	<b>13,253,718</b>

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

**Virginia Community College System  
Blue Ridge Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	7,673,762
Grants and contracts	1,380,041
Payments to suppliers and others	(4,626,751)
Payments for employee wages	(12,971,504)
Payments for employee fringes and pension benefits	(5,014,573)
Payment for scholarships	(3,284,932)
Payments for utilities	(484,739)
Sales and services of education department	
Auxiliary	1,436,785
Loans issued to students	
Loans collected from students	
Other	370,180
Net cash used by operating activities	(15,521,731)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	11,138,331
Local appropriations	26,000
Grants and gifts	5,215,613
Agency receipts	388,417
Agency disbursements	(397,178)
PLUS, Stafford and Direct Lending loan receipts	3,217,181
PLUS, Stafford and Direct Lending loan disbursements	(3,222,303)
Borrowings	94,000
Loan repayments	(94,000)
Other non-operating revenue(expense)	410,578
Net cash provided (used) by non-capital financing activities	16,776,639
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	2,408,356
Capital appropriations-local	400,000
Capital grants and gifts	338,134
Purchase capital assets	(2,662,148)
Proceeds from sale of capital assets	18,377
Proceeds from bond issue	
Debt interest payments	(533,962)
Debt principal payments	(540,000)
Net cash provided (used) by capital financing activities	(571,243)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	179,587
Net cash provided (used) by investing activities	179,587
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>863,252</b>
Cash and cash equivalents, beginning of year	11,256,848
<b>Cash and cash equivalents, End of Year</b>	<b>12,120,100</b>

**Virginia Community College System  
Blue Ridge Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(17,532,792)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,955,186
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	38,357
Prepaid expenses and other	(58,198)
Accrued compensation and leave	431,746
Accounts payable and other	(139,184)
Unearned revenue	(7,371)
Deposits pending distribution	
Net pension liability	1,331,000
Deferred inflows of resources related to pensions	(569,000)
Deferred outflows of resources related to pensions	(971,475)
<b>Net cash used in operating activities</b>	<u><u>(15,521,731)</u></u>
<b>Noncash transactions</b>	
Donated fixed assets	42,835
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, 2017**

	<b>Community College</b>	<b>Component Unit Central Virginia Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	3,822,017	668,877
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	241,388	2,078
Pledges receivable (Note 3)		
Due from Commonwealth		
Due from system office	182,051	
Interest receivable		
Prepaid expenses	283,201	
Inventories	9,600	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<b>4,538,257</b>	<b>670,955</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		81,511
Appropriation available		
Endowment investments (Note 2)		1,222,198
Other long-term investments (Note 2)		1,459,091
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)	562,610	
Depreciable capital assets, net (Note 4)	14,796,260	
<b>Total Noncurrent Assets</b>	<b>15,358,870</b>	<b>2,762,800</b>
<b>Total Assets</b>	<b>19,897,127</b>	<b>3,433,755</b>
<b>Deferred Outflows of Resources</b> (Note 15)	1,843,411	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>21,740,538</b>	<b>3,433,755</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 5)	420,235	
Accrued payroll expense	796,189	
Unearned revenue	716,232	
Long-term liabilities-current portion (Note 7)	525,932	
Securities lending obligation		
Due to Commonwealth		
Due to system's office		
Deposits	106,607	
<b>Total Current Liabilities</b>	<b>2,565,195</b>	
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 7)	532,464	
Due to federal government (Note 7)		
Pension obligations (Note 7)	11,817,000	
<b>Total Noncurrent Liabilities</b>	<b>12,349,464</b>	
<b>Total Liabilities</b>	<b>14,914,659</b>	

**Virginia Community College System  
Central Virginia Community College  
Statement of Net Position  
As of June 30, 2017**

	<b>Community College</b>	<b>Component Unit Central Virginia Community College Educational Foundation</b>
<b>Deferred Inflows of Resources</b> (Note 15)	806,000	
<b>Total Liabilities and Deferred Inflows of Resources</b>	15,720,659	
<b>Net Position</b>		
Net investment in capital assets	15,117,547	
Restricted for:		
Nonexpendable		657,420
Expendable	17,800	1,689,190
Unrestricted	(9,115,468)	1,087,145
<b>Total Net Position</b>	6,019,879	3,433,755

**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, 2017**

	<b>Community College</b>	<b>Component Unit Central Virginia Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$3,935,477)	7,968,717	
Federal grants and contracts	398,196	
State and local grants	109,042	
Nongovernmental grants	26,287	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$12,316)	93,230	
Gifts and contributions		774,427
Endowment income		95,846
Other operating revenues	196,733	35,182
<b>Total Operating Revenue</b>	<b>8,792,205</b>	<b>905,455</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	11,247,641	
Public service		
Academic support	1,866,180	
Student services	1,967,628	
Institutional support	3,868,927	268,072
Operation and maintenance	2,735,727	
Scholarships and fellowships	2,068,248	689,640
Auxiliary enterprises	70,406	
Fundraising		19,280
Other expenses		
<b>Total Operating Expenses (Note 10)</b>	<b>23,824,757</b>	<b>976,992</b>
<b>Operating Income (Loss)</b>	<b>(15,032,552)</b>	<b>(71,537)</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 11)	9,795,848	
Local appropriations	8,883	
Grants and gifts	4,771,042	
Investment income	2,255	144,166
Interest on capital asset related debt	(8,073)	
Other nonoperating revenue (expense)	802,181	
<b>Net Nonoperating Revenue</b>	<b>15,372,136</b>	<b>144,166</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>339,584</b>	<b>72,629</b>
Capital appropriations-state (Note 18)		
Capital appropriations-local		
Capital gifts, grants and contracts	173,171	
Additions to permanent and term endowments		105,600
<b>Increase (Decrease) in Net Position</b>	<b>512,755</b>	<b>178,229</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>5,507,124</b>	<b>3,255,526</b>
<b>Net Position end of year</b>	<b>6,019,879</b>	<b>3,433,755</b>

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

**Virginia Community College System  
Central Virginia Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	8,088,956
Grants and contracts	566,202
Payments to suppliers and others	(5,155,048)
Payments for employee wages	(11,857,285)
Payments for employee fringes and pension benefits	(4,120,231)
Payment for scholarships	(2,177,511)
Payments for utilities	(422,367)
Sales and services of education department	
Auxiliary	106,514
Loans issued to students	
Loans collected from students	
Other	196,733
Net cash used by operating activities	(14,774,037)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	9,795,848
Local appropriations	8,883
Grants and gifts	4,771,042
Agency receipts	565,945
Agency disbursements	(584,984)
PLUS, Stafford and Direct Lending loan receipts	1,351,991
PLUS, Stafford and Direct Lending loan disbursements	(1,351,991)
Borrowings	250,000
Loan repayments	(250,000)
Other non-operating revenue(expense)	875,265
Net cash provided (used) by non-capital financing activities	15,431,999
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	137,240
Purchase capital assets	(201,461)
Proceeds from sale of capital assets	664
Proceeds from bond issue	
Debt interest payments	(8,073)
Debt principal payments	(76,217)
Net cash provided (used) by capital financing activities	(147,847)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	2,255
Net cash provided (used) by investing activities	2,255
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>512,370</b>
Cash and cash equivalents, beginning of year	3,309,647
<b>Cash and cash equivalents, End of Year</b>	<b>3,822,017</b>

**Virginia Community College System  
Central Virginia Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(15,032,552)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	938,899
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	72,620
Prepaid expenses and other	(208,962)
Accrued compensation and leave	(13,896)
Accounts payable and other	(194,017)
Unearned revenue	136,559
Deposits pending distribution	(245)
Net pension liability	608,000
Deferred inflows of resources related to pensions	(436,000)
Deferred outflows of resources related to pensions	(644,443)
<b>Net cash used in operating activities</b>	<u><u>(14,774,037)</u></u>
 <b>Noncash transactions</b>	
Donated fixed assets	35,931
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, 2017**

	<b>Community College</b>	<b>Component Unit Dabney S. Lancaster Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	1,165,349	1,026,498
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	154,100	
Pledges receivable (Note 3)		77,452
Due from Commonwealth	5,649	
Due from system office		
Interest receivable		18,104
Prepaid expenses	123,905	
Inventories	7,230	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<b>1,456,233</b>	<b>1,122,054</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		5,757,294
Other long-term investments (Note 2)		
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		146,383
Due from Commonwealth		
Notes receivable, net (Note 3)		
Non-depreciable capital assets, net (Note 4)	309,236	
Depreciable capital assets, net (Note 4)	10,773,074	2,919
<b>Total Noncurrent Assets</b>	<b>11,082,310</b>	<b>5,906,596</b>
<b>Total Assets</b>	<b>12,538,543</b>	<b>7,028,650</b>
<b>Deferred Outflows of Resources</b> (Note 15)	845,493	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>13,384,036</b>	<b>7,028,650</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 5)	101,742	
Accrued payroll expense	473,704	
Unearned revenue	129,376	
Long-term liabilities-current portion (Note 7)	179,782	
Securities lending obligation		
Due to Commonwealth		
Due to system's office		
Deposits	42,971	
<b>Total Current Liabilities</b>	<b>927,575</b>	
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 7)	77,145	
Due to federal government (Note 7)		
Pension obligations (Note 7)	5,467,000	
<b>Total Noncurrent Liabilities</b>	<b>5,544,145</b>	
<b>Total Liabilities</b>	<b>6,471,720</b>	

**Virginia Community College System  
Dabney S. Lancaster Community College  
Statement of Net Position  
As of June 30, 2017**

	<b>Community College</b>	<b>Component Unit Dabney S. Lancaster Community College Educational Foundation</b>
<b>Deferred Inflows of Resources</b> (Note 15)	300,000	
<b>Total Liabilities and Deferred Inflows of Resources</b>	6,771,720	
<b>Net Position</b>		
Net investment in capital assets	11,082,310	2,919
Restricted for:		
Nonexpendable		3,895,531
Expendable	(553,413)	2,714,781
Unrestricted	(3,916,581)	415,419
<b>Total Net Position</b>	6,612,316	7,028,650

**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, 2017**

	<b>Community College</b>	<b>Component Unit Dabney S. Lancaster Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$1,307,067)	2,244,993	
Federal grants and contracts	949,672	
State and local grants	1,250	
Nongovernmental grants	892,355	397,638
Sales/services of education department	6,667	
Auxiliary enterprises (net of scholarship allowance of \$4,177)	25,882	
Gifts and contributions		243,195
Endowment income		472,825
Other operating revenues	79,739	115,388
<b>Total Operating Revenue</b>	<b>4,200,558</b>	<b>1,229,046</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	4,064,864	15,000
Public service	46,795	
Academic support	510,607	530,593
Student services	2,228,647	
Institutional support	1,819,321	59,514
Operation and maintenance	943,361	
Scholarships and fellowships	873,889	150,063
Auxiliary enterprises	14,767	
Fundraising		44,098
Other expenses		
<b>Total Operating Expenses (Note 10)</b>	<b>10,502,251</b>	<b>799,268</b>
<b>Operating Income (Loss)</b>	<b>(6,301,693)</b>	<b>429,778</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 11)	4,286,874	
Local appropriations	121,264	
Grants and gifts	1,693,399	
Investment income	30,456	1,557
Interest on capital asset related debt		
Other nonoperating revenue (expense)	104,093	
<b>Net Nonoperating Revenue</b>	<b>6,236,086</b>	<b>1,557</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>(65,607)</b>	<b>431,335</b>
Capital appropriations-state (Note 18)		
Capital appropriations-local		
Capital gifts, grants and contracts	17,139	
Additions to permanent and term endowments		233,572
<b>Increase (Decrease) in Net Position</b>	<b>(48,468)</b>	<b>664,907</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>6,660,784</b>	<b>6,363,743</b>
<b>Net Position end of year</b>	<b>6,612,316</b>	<b>7,028,650</b>

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

**Virginia Community College System  
Dabney S. Lancaster Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	2,284,831
Grants and contracts	1,784,646
Payments to suppliers and others	(1,894,726)
Payments for employee wages	(5,293,977)
Payments for employee fringes and pension benefits	(1,990,631)
Payment for scholarships	(892,335)
Payments for utilities	(215,970)
Sales and services of education department	6,667
Auxiliary	25,882
Loans issued to students	
Loans collected from students	
Other	79,869
Net cash used by operating activities	(6,105,744)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	4,286,874
Local appropriations	121,264
Grants and gifts	1,687,750
Agency receipts	266,357
Agency disbursements	(259,605)
PLUS, Stafford and Direct Lending loan receipts	966,962
PLUS, Stafford and Direct Lending loan disbursements	(966,962)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	104,093
Net cash provided (used) by non-capital financing activities	6,206,733
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	15,786
Purchase capital assets	(110,943)
Proceeds from sale of capital assets	
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(95,157)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	30,456
Net cash provided (used) by investing activities	30,456
<b>Net increase (decrease) in cash and cash equivalents</b>	36,288
Cash and cash equivalents, beginning of year	1,129,061
<b>Cash and cash equivalents, End of Year</b>	<b>1,165,349</b>

**Virginia Community College System  
Dabney S. Lancaster Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(6,301,693)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	564,630
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(66,067)
Prepaid expenses and other	(83,335)
Accrued compensation and leave	38,756
Accounts payable and other	(139,454)
Unearned revenue	47,404
Deposits pending distribution	
Net pension liability	297,000
Deferred inflows of resources related to pensions	(197,000)
Deferred outflows of resources related to pensions	(265,985)
<b>Net cash used in operating activities</b>	<u><u>(6,105,744)</u></u>
 <b>Noncash transactions</b>	
Donated fixed assets	1,353
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, 2017**

	<b>Community College</b>	<b>Component Unit  Danville Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	3,755,946	405,703
Appropriation available		
Short term investments (Note 2)	884,790	
Accounts receivable, net (Note 3)	1,186,900	
Pledges receivable (Note 3)		
Due from Commonwealth	327,688	
Due from system office	9,117	
Interest receivable		21,728
Prepaid expenses		
Inventories	355,224	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<b>6,519,665</b>	<b>427,431</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)	98,142	
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		367,529
Appropriation available	3,501,529	
Endowment investments (Note 2)		7,371,816
Other long-term investments (Note 2)		
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		2,080
Due from Commonwealth	551,419	
Notes receivable, net (Note 3)		
Non-depreciable capital assets, net (Note 4)	6,261,384	
Depreciable capital assets, net (Note 4)	19,275,050	
<b>Total Noncurrent Assets</b>	<b>29,687,524</b>	<b>7,741,425</b>
<b>Total Assets</b>	<b>36,207,189</b>	<b>8,168,856</b>
<b>Deferred Outflows of Resources</b> (Note 15)	1,870,897	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>38,078,086</b>	<b>8,168,856</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 5)	2,002,204	10,561
Accrued payroll expense	1,039,923	
Unearned revenue	455,979	
Long-term liabilities-current portion (Note 7)	805,156	
Securities lending obligation		
Due to Commonwealth		
Due to system's office		
Deposits	249,815	
<b>Total Current Liabilities</b>	<b>4,553,077</b>	<b>10,561</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 7)	214,548	
Due to federal government (Note 7)		
Pension obligations (Note 7)	12,394,000	
<b>Total Noncurrent Liabilities</b>	<b>12,608,548</b>	
<b>Total Liabilities</b>	<b>17,161,625</b>	<b>10,561</b>

**Virginia Community College System  
 Danville Community College  
 Statement of Net Position  
 As of June 30, 2017**

	<u>Community College</u>	<u>Component Unit Danville Community College Educational Foundation</u>
<b>Deferred Inflows of Resources</b> (Note 15)	462,000	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>17,623,625</u>	<u>10,561</u>
<b>Net Position</b>		
Net investment in capital assets	25,536,434	
Restricted for:		
Nonexpendable		4,721,327
Expendable	1,645,032	2,219,849
Unrestricted	<u>(6,727,005)</u>	<u>1,217,119</u>
<b>Total Net Position</b>	<u>20,454,461</u>	<u>8,158,295</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, 2017**

	<b>Community College</b>	<b>Component Unit Danville Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$4,232,188)	4,575,761	
Federal grants and contracts	1,983,936	
State and local grants	403,184	
Nongovernmental grants	719,763	530,340
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$555,130)	447,679	
Gifts and contributions		28,369
Endowment income		816,901
Other operating revenues	488,466	140,403
<b>Total Operating Revenue</b>	<b>8,618,789</b>	<b>1,516,013</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	11,149,471	
Public service	1,323,678	
Academic support	1,690,519	86,388
Student services	2,802,286	
Institutional support	3,233,402	733,670
Operation and maintenance	2,096,913	108,351
Scholarships and fellowships	1,767,377	240,276
Auxiliary enterprises	1,006,379	
Fundraising		235,208
Other expenses		
<b>Total Operating Expenses (Note 10)</b>	<b>25,070,025</b>	<b>1,403,893</b>
<b>Operating Income (Loss)</b>	<b>(16,451,236)</b>	<b>112,120</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 11)	9,483,808	
Local appropriations	27,000	
Grants and gifts	4,981,708	
Investment income	8,895	
Interest on capital asset related debt		
Other nonoperating revenue (expense)	515,989	
<b>Net Nonoperating Revenue</b>	<b>15,017,400</b>	
<b>Income before other revenues, expenses gains (losses)</b>	<b>(1,433,836)</b>	<b>112,120</b>
Capital appropriations-state (Note 18)	6,824,278	
Capital appropriations-local		
Capital gifts, grants and contracts	238,402	
Additions to permanent and term endowments		341,284
<b>Increase (Decrease) in Net Position</b>	<b>5,628,844</b>	<b>453,404</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>14,825,617</b>	<b>7,704,891</b>
<b>Net Position end of year</b>	<b>20,454,461</b>	<b>8,158,295</b>

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



**Virginia Community College System  
 Danville Community College  
 Statement of Cash Flows  
 For the Year Ended June 30, 2017**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	4,617,169
Grants and contracts	3,206,369
Payments to suppliers and others	(6,809,929)
Payments for employee wages	(10,440,755)
Payments for employee fringes and pension benefits	(4,115,684)
Payment for scholarships	(1,842,029)
Payments for utilities	(528,000)
Sales and services of education department	
Auxiliary	426,714
Loans issued to students	
Loans collected from students	
Other	488,422
Net cash used by operating activities	(14,997,723)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	9,483,808
Local appropriations	27,000
Grants and gifts	4,973,190
Agency receipts	249,985
Agency disbursements	(239,638)
PLUS, Stafford and Direct Lending loan receipts	1,467,356
PLUS, Stafford and Direct Lending loan disbursements	(1,467,356)
Borrowings	400,000
Loan repayments	(400,000)
Other non-operating revenue(expense)	507,206
Net cash provided (used) by non-capital financing activities	15,001,551
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	51,221
Capital appropriations-local	
Capital grants and gifts	238,402
Purchase capital assets	(630,051)
Proceeds from sale of capital assets	
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(340,428)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	69,589
Investment income	8,894
Net cash provided (used) by investing activities	78,483
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(258,117)</b>
Cash and cash equivalents, beginning of year	4,112,205
<b>Cash and cash equivalents, End of Year</b>	<b>3,854,088</b>

**Virginia Community College System  
 Danville Community College  
 Statement of Cash Flows  
 For the Year Ended June 30, 2017**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(16,451,236)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,614,391
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(8,593)
Prepaid expenses and other	40,888
Accrued compensation and leave	(141,422)
Accounts payable and other	317,662
Unearned revenue	(47,444)
Deposits pending distribution	
Net pension liability	720,000
Deferred inflows of resources related to pensions	(378,000)
Deferred outflows of resources related to pensions	(663,969)
<b>Net cash used in operating activities</b>	<u><u>(14,997,723)</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, 2017**

	<b>Community College</b>	<b>Component Unit Eastern Shore Community College Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	1,841,424	158,581
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	34,857	10,000
Pledges receivable (Note 3)		207,098
Due from Commonwealth		
Due from system office		
Interest receivable		
Prepaid expenses		
Inventories		
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<b>1,876,281</b>	<b>375,679</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)	6,849	
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		863,287
Other long-term investments (Note 2)		2,287,968
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		334,032
Due from Commonwealth		
Notes receivable, net (Note 3)		
Non-depreciable capital assets, net (Note 4)	2,218,541	
Depreciable capital assets, net (Note 4)	6,332,517	
<b>Total Noncurrent Assets</b>	<b>8,557,907</b>	<b>3,485,287</b>
<b>Total Assets</b>	<b>10,434,188</b>	<b>3,860,966</b>
<b>Deferred Outflows of Resources</b> (Note 15)	878,259	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>11,312,447</b>	<b>3,860,966</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 5)	67,341	8,720
Accrued payroll expense	362,017	1,294
Unearned revenue	64,780	
Long-term liabilities-current portion (Note 7)	149,725	
Securities lending obligation		
Due to Commonwealth		
Due to system's office		
Deposits	65,315	
<b>Total Current Liabilities</b>	<b>709,178</b>	<b>10,014</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 7)	63,871	
Due to federal government (Note 7)		
Pension obligations (Note 7)	4,290,000	
<b>Total Noncurrent Liabilities</b>	<b>4,353,871</b>	
<b>Total Liabilities</b>	<b>5,063,049</b>	<b>10,014</b>

**Virginia Community College System  
Eastern Shore Community College  
Statement of Net Position  
As of June 30, 2017**

	<b>Community College</b>	<b>Component Unit Eastern Shore Community College Foundation</b>
<b>Deferred Inflows of Resources</b> (Note 15)	394,000	
<b>Total Liabilities and Deferred Inflows of Resources</b>	5,457,049	10,014
 <b>Net Position</b>		
Net investment in capital assets	8,551,058	
Restricted for:		
Nonexpendable		790,827
Expendable	38,944	2,158,710
Unrestricted	(2,734,604)	901,415
<b>Total Net Position</b>	5,855,398	3,850,952

**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, 2017**

	<b>Community College</b>	<b>Component Unit  Eastern Shore Community College Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$939,473)	915,483	
Federal grants and contracts	517,729	
State and local grants	97,521	
Nongovernmental grants	80,871	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$3,021)	22,421	
Gifts and contributions		624,554
Endowment income		160,761
Other operating revenues	71,078	22,377
<b>Total Operating Revenue</b>	<b>1,705,103</b>	<b>807,692</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	3,286,308	
Public service	31,640	
Academic support	250,048	153,366
Student services	666,875	
Institutional support	1,523,217	165,326
Operation and maintenance	586,658	
Scholarships and fellowships	522,843	55,168
Auxiliary enterprises	5,585	
Fundraising		
Other expenses	817	
<b>Total Operating Expenses (Note 10)</b>	<b>6,873,991</b>	<b>373,860</b>
<b>Operating Income (Loss)</b>	<b>(5,168,888)</b>	<b>433,832</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 11)	3,827,714	
Local appropriations	39,745	
Grants and gifts	1,112,868	
Investment income	4,922	55,666
Interest on capital asset related debt		
Other nonoperating revenue (expense)	82,665	
<b>Net Nonoperating Revenue</b>	<b>5,067,914</b>	<b>55,666</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>(100,974)</b>	<b>489,498</b>
Capital appropriations-state (Note 18)		
Capital appropriations-local	112,000	
Capital gifts, grants and contracts		
Additions to permanent and term endowments		
<b>Increase (Decrease) in Net Position</b>	<b>11,026</b>	<b>489,498</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>5,844,372</b>	<b>3,361,454</b>
<b>Net Position end of year</b>	<b>5,855,398</b>	<b>3,850,952</b>

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

**Virginia Community College System  
Eastern Shore Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	930,426
Grants and contracts	759,725
Payments to suppliers and others	(1,027,773)
Payments for employee wages	(3,637,324)
Payments for employee fringes and pension benefits	(1,499,391)
Payment for scholarships	(477,313)
Payments for utilities	(123,321)
Sales and services of education department	
Auxiliary	22,421
Loans issued to students	
Loans collected from students	374
Other	70,566
Net cash used by operating activities	(4,981,610)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	3,827,714
Local appropriations	39,745
Grants and gifts	1,112,868
Agency receipts	36,222
Agency disbursements	(24,322)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	82,665
Net cash provided (used) by non-capital financing activities	5,074,892
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	112,000
Capital grants and gifts	
Purchase capital assets	(320,225)
Proceeds from sale of capital assets	
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(208,225)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	4,922
Net cash provided (used) by investing activities	4,922
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(110,021)</b>
Cash and cash equivalents, beginning of year	1,958,294
<b>Cash and cash equivalents, End of Year</b>	<b>1,848,273</b>

**Virginia Community College System  
Eastern Shore Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(5,168,888)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	417,668
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	94,400
Prepaid expenses and other	795
Accrued compensation and leave	(17,624)
Accounts payable and other	(58,011)
Unearned revenue	9,750
Deposits pending distribution	
Net pension liability	608,000
Deferred inflows of resources related to pensions	(382,000)
Deferred outflows of resources related to pensions	(485,700)
<b>Net cash used in operating activities</b>	<u><u>(4,981,610)</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, 2017**

	<b>Community College</b>	<b>Component Unit Germanna Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	6,262,752	373,325
Appropriation available		
Short term investments (Note 2)	414,258	
Accounts receivable, net (Note 3)	471,991	5,486
Pledges receivable (Note 3)		250,000
Due from Commonwealth	747,921	
Due from system office	1,624	
Interest receivable		
Prepaid expenses	654,755	5,494
Inventories	10,000	
Notes receivable, net (Note 3)		2,944
<b>Total Current Assets</b>	<b>8,563,301</b>	<b>637,249</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)	1,983,574	
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)	18,560	
Appropriation available		
Endowment investments (Note 2)		2,840,981
Other long-term investments (Note 2)	1,722,367	2,630,625
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		1,482,728
Pledges receivable (Note 3)		464,852
Due from Commonwealth		
Notes receivable, net (Note 3)		8,252
Non-depreciable capital assets, net (Note 4)	3,010,575	
Depreciable capital assets, net (Note 4)	45,033,079	
<b>Total Noncurrent Assets</b>	<b>51,768,155</b>	<b>7,427,438</b>
<b>Total Assets</b>	<b>60,331,456</b>	<b>8,064,687</b>
<b>Deferred Outflows of Resources</b> (Note 15)	<b>3,574,615</b>	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>63,906,071</b>	<b>8,064,687</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 5)	991,052	7,133
Accrued payroll expense	2,139,401	
Unearned revenue	1,828,275	
Long-term liabilities-current portion (Note 7)	810,810	161,244
Securities lending obligation		
Due to Commonwealth		
Due to system's office		
Deposits	73,721	
<b>Total Current Liabilities</b>	<b>5,843,259</b>	<b>168,377</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 7)	5,239,217	355,518
Due to federal government (Note 7)		
Pension obligations (Note 7)	18,352,000	
<b>Total Noncurrent Liabilities</b>	<b>23,591,217</b>	<b>355,518</b>
<b>Total Liabilities</b>	<b>29,434,476</b>	<b>523,895</b>



**Virginia Community College System  
 Germanna Community College  
 Statement of Net Position  
 As of June 30, 2017**

	<b>Community College</b>	<b>Component Unit Germanna Community College Educational Foundation</b>
<b>Deferred Inflows of Resources</b> (Note 15)	491,000	
<b>Total Liabilities and Deferred Inflows of Resources</b>	29,925,476	523,895
 <b>Net Position</b>		
Net investment in capital assets	42,712,794	
Restricted for:		
Nonexpendable	4,000	2,245,655
Expendable	1,768,635	4,367,751
Unrestricted	(10,504,834)	927,386
<b>Total Net Position</b>	<b>33,980,595</b>	<b>7,540,792</b>

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, 2017**

	<b>Community College</b>	<b>Component Unit Germanna Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$6,463,818)	14,483,798	
Federal grants and contracts	591,891	
State and local grants	55,377	
Nongovernmental grants	1,102,412	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$20,622)	851,808	
Gifts and contributions		729,429
Endowment income		191,273
Other operating revenues	514,519	529,597
<b>Total Operating Revenue</b>	<b>17,599,805</b>	<b>1,450,299</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	17,094,879	
Public service	588,016	
Academic support	5,432,529	121,089
Student services	4,847,602	
Institutional support	4,728,992	218,093
Operation and maintenance	4,042,710	
Scholarships and fellowships	2,547,348	314,436
Auxiliary enterprises	170,013	
Fundraising		56,960
Other expenses	83,114	25,207
<b>Total Operating Expenses (Note 10)</b>	<b>39,535,203</b>	<b>735,785</b>
<b>Operating Income (Loss)</b>	<b>(21,935,398)</b>	<b>714,514</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 11)	15,597,701	
Local appropriations	112,224	
Grants and gifts	6,123,244	
Investment income	25,605	155,942
Interest on capital asset related debt	(181,674)	
Other nonoperating revenue (expense)	770,941	
<b>Net Nonoperating Revenue</b>	<b>22,448,041</b>	<b>155,942</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>512,643</b>	<b>870,456</b>
Capital appropriations-state (Note 18)		
Capital appropriations-local	434,028	
Capital gifts, grants and contracts	516,400	
Additions to permanent and term endowments		45,016
<b>Increase (Decrease) in Net Position</b>	<b>1,463,071</b>	<b>915,472</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>32,517,524</b>	<b>6,625,320</b>
<b>Net Position end of year</b>	<b>33,980,595</b>	<b>7,540,792</b>

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

**Virginia Community College System  
 Germanna Community College  
 Statement of Cash Flows  
 For the Year Ended June 30, 2017**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	14,035,677
Grants and contracts	1,822,156
Payments to suppliers and others	(8,654,017)
Payments for employee wages	(19,493,334)
Payments for employee fringes and pension benefits	(6,573,577)
Payment for scholarships	(2,480,058)
Payments for utilities	(672,146)
Sales and services of education department	
Auxiliary	851,808
Loans issued to students	
Loans collected from students	
Other	440,713
Net cash used by operating activities	(20,722,778)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	15,597,701
Local appropriations	112,224
Grants and gifts	5,375,323
Agency receipts	220,044
Agency disbursements	(375,358)
PLUS, Stafford and Direct Lending loan receipts	3,825,560
PLUS, Stafford and Direct Lending loan disbursements	(3,825,560)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	764,527
Net cash provided (used) by non-capital financing activities	21,694,461
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	434,028
Capital grants and gifts	514,725
Purchase capital assets	(813,403)
Proceeds from sale of capital assets	6,196
Proceeds from bond issue	
Debt interest payments	(230,234)
Debt principal payments	(266,785)
Net cash provided (used) by capital financing activities	(355,473)
<b>Cash flows from investing activities:</b>	
Purchases of investments	(1,341,562)
Sale of investments	300,961
Investment income	57,565
Net cash provided (used) by investing activities	(983,036)
<b>Net increase (decrease) in cash and cash equivalents</b>	(366,826)
Cash and cash equivalents, beginning of year	8,631,712
<b>Cash and cash equivalents, End of Year</b>	<b>8,264,886</b>

**Virginia Community College System  
 Germanna Community College  
 Statement of Cash Flows  
 For the Year Ended June 30, 2017**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(21,935,398)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,895,942
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	295,485
Prepaid expenses and other	(289,891)
Accrued compensation and leave	(14,007)
Accounts payable and other	(439,620)
Unearned revenue	(269,276)
Deposits pending distribution	
Net pension liability	1,854,000
Deferred inflows of resources related to pensions	(688,000)
Deferred outflows of resources related to pensions	(1,132,013)
<b>Net cash used in operating activities</b>	<u><u>(20,722,778)</u></u>
 <b>Noncash transactions</b>	
Donated fixed assets	1,675
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, 2017**

	Component Units		
	Community College	J. Sargeant Reynolds Community College Educational Foundation	J. Sargeant Reynolds Community College Real Estate Foundation
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents (Note 2)	12,878,699	507,705	
Appropriation available			
Short term investments (Note 2)	3,250,000		
Accounts receivable, net (Note 3)	1,356,509	10,180	
Pledges receivable (Note 3)		813,399	
Due from Commonwealth			
Due from system office	270,172		
Interest receivable			
Prepaid expenses	823,978	23,327	
Inventories	5,666		
Notes receivable, net (Note 3)			
<b>Total Current Assets</b>	<u>18,585,024</u>	<u>1,354,611</u>	
<b>Noncurrent Assets</b>			
Restricted cash and cash equivalents (Note 2)	2,136,418		
Cash equivalents with trustees			
Endowment cash and cash equivalents (Note 2)			
Appropriation available			
Endowment investments (Note 2)		7,379,147	
Other long-term investments (Note 2)		3,504,382	
Accounts receivable, net (Note 3)			
Investments in real estate (Note 2)			
Pledges receivable (Note 3)		1,755,939	
Due from Commonwealth	326,947		
Notes receivable, net (Note 3)			
Non-depreciable capital assets, net (Note 4)	19,460,730		105,999
Depreciable capital assets, net (Note 4)	66,627,225	35,947	
<b>Total Noncurrent Assets</b>	<u>88,551,320</u>	<u>12,675,415</u>	<u>105,999</u>
<b>Total Assets</b>	<u>107,136,344</u>	<u>14,030,026</u>	<u>105,999</u>
<b>Deferred Outflows of Resources</b> (Note 15)	6,470,140		
<b>Total Assets and Deferred Outflows of Resources</b>	<u>113,606,484</u>	<u>14,030,026</u>	<u>105,999</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts and retainage payable (Note 5)	3,255,403	100,041	5,178
Accrued payroll expense	3,140,833		
Unearned revenue	2,898,019		
Long-term liabilities-current portion (Note 7)	2,048,758	588	
Securities lending obligation			
Due to Commonwealth			
Due to system's office			
Deposits	94,692		
<b>Total Current Liabilities</b>	<u>11,437,705</u>	<u>100,629</u>	<u>5,178</u>
<b>Noncurrent Liabilities</b>			
Unearned revenue			
Long-term liabilities (Note 7)	4,161,933		
Due to federal government (Note 7)			
Pension obligations (Note 7)	39,595,000		
<b>Total Noncurrent Liabilities</b>	<u>43,756,933</u>		
<b>Total Liabilities</b>	<u>55,194,638</u>	<u>100,629</u>	<u>5,178</u>

**Virginia Community College System  
J. Sargeant Reynolds Community College  
Statement of Net Position  
As of June 30, 2017**

	Component Units		
	Community College	J. Sargeant Reynolds Community College Educational Foundation	J. Sargeant Reynolds Community College Real Estate Foundation
<b>Deferred Inflows of Resources</b> (Note 15)	1,260,000		
<b>Total Liabilities and Deferred Inflows of Resources</b>	56,454,638	100,629	5,178
<b>Net Position</b>			
Net investment in capital assets	82,412,111	35,947	105,999
Restricted for:			
Nonexpendable		8,629,646	
Expendable	1,354,143	4,179,491	
Unrestricted	(26,614,408)	1,084,313	(5,178)
<b>Total Net Position</b>	57,151,846	13,929,397	100,821

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, 2017**

	<b>Community College</b>	<b>Component Units</b>	
		<b>J. Sargeant Reynolds Community College Educational Foundation</b>	<b>J. Sargeant Reynolds Community College Real Estate Foundation</b>
<b>Revenues</b>			
<b>Operating Revenue</b>			
Tuition and fees (net of scholarship allowance of \$9,828,198)	24,072,535		
Federal grants and contracts	2,103,102		
State and local grants	56,650		
Nongovernmental grants	659,849		
Sales/services of education department	20,692		
Auxiliary enterprises (net of scholarship allowance of \$31,567)	1,268,056		
Gifts and contributions		1,860,024	
Endowment income		1,164,928	
Other operating revenues	840,218	71,683	
<b>Total Operating Revenue</b>	<u>29,021,102</u>	<u>3,096,635</u>	
<b>Expenses</b>			
<b>Operating Expenses</b>			
Instruction	32,541,859		
Public service	1,121,334		
Academic support	5,819,239	612,400	
Student services	4,433,646		
Institutional support	10,115,417	261,120	525
Operation and maintenance	8,447,912		
Scholarships and fellowships	8,731,061	511,096	
Auxiliary enterprises	816,082		
Fundraising		66,927	
Other expenses			
<b>Total Operating Expenses (Note 10)</b>	<u>72,026,550</u>	<u>1,451,543</u>	<u>525</u>
<b>Operating Income (Loss)</b>	<u>(43,005,448)</u>	<u>1,645,092</u>	<u>(525)</u>
<b>Nonoperating Revenues(Expenses)</b>			
State appropriations (Note 11)	25,203,878		
Local appropriations	196,901		
Grants and gifts	13,930,160		
Investment income	54,726	70	
Interest on capital asset related debt	(144,016)		
Other nonoperating revenue (expense)	2,147,459		
<b>Net Nonoperating Revenue</b>	<u>41,389,108</u>	<u>70</u>	
<b>Income before other revenues, expenses gains (losses)</b>	<u>(1,616,340)</u>	<u>1,645,162</u>	<u>(525)</u>
Capital appropriations-state (Note 18)	4,540,074		
Capital appropriations-local	611,341		
Capital gifts, grants and contracts	37,106		
Additions to permanent and term endowments		768,845	
<b>Increase (Decrease) in Net Position</b>	<u>3,572,181</u>	<u>2,414,007</u>	<u>(525)</u>
<b>Net Position</b>			
<b>Net Position beginning of year</b>	<u>53,579,665</u>	<u>11,515,390</u>	<u>101,346</u>
<b>Net Position end of year</b>	<u>57,151,846</u>	<u>13,929,397</u>	<u>100,821</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, 2017**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	23,528,502
Grants and contracts	2,855,001
Payments to suppliers and others	(10,396,917)
Payments for employee wages	(35,023,015)
Payments for employee fringes and pension benefits	(13,074,882)
Payment for scholarships	(9,289,558)
Payments for utilities	(1,331,266)
Sales and services of education department	20,692
Auxiliary	1,268,056
Loans issued to students	
Loans collected from students	
Other	856,520
Net cash used by operating activities	(40,586,867)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	25,203,878
Local appropriations	196,901
Grants and gifts	13,930,160
Agency receipts	676,148
Agency disbursements	(670,768)
PLUS, Stafford and Direct Lending loan receipts	11,263,849
PLUS, Stafford and Direct Lending loan disbursements	(11,298,655)
Borrowings	400,000
Loan repayments	(400,000)
Other non-operating revenue(expense)	2,287,560
Net cash provided (used) by non-capital financing activities	41,589,073
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	5,278,771
Capital appropriations-local	611,341
Capital grants and gifts	
Purchase capital assets	(7,778,329)
Proceeds from sale of capital assets	1,793
Proceeds from bond issue	56,969
Debt interest payments	(157,406)
Debt principal payments	(488,972)
Net cash provided (used) by capital financing activities	(2,475,833)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	54,724
Net cash provided (used) by investing activities	54,724
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,418,903)</b>
Cash and cash equivalents, beginning of year	16,434,020
<b>Cash and cash equivalents, End of Year</b>	<b>15,015,117</b>



**Virginia Community College System**  
**J. Sargeant Reynolds Community College**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2017**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(43,005,448)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	3,162,548
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(230,909)
Prepaid expenses and other	21,486
Accrued compensation and leave	41,096
Accounts payable and other	(445,238)
Unearned revenue	187,345
Deposits pending distribution	
Net pension liability	2,675,000
Deferred inflows of resources related to pensions	(1,427,000)
Deferred outflows of resources related to pensions	(1,565,747)
<b>Net cash used in operating activities</b>	<u><u>(40,586,867)</u></u>
<b>Noncash transactions</b>	
Donated fixed assets	37,106
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, 2017**

	<u>Community College</u>	<u>Component Unit John Tyler Community College Foundation</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	5,792,401	505,306
Appropriation available		
Short term investments (Note 2)	1,176,279	
Accounts receivable, net (Note 3)	550,283	
Pledges receivable (Note 3)		83,844
Due from Commonwealth	392,112	
Due from system office	274,637	
Interest receivable		
Prepaid expenses	210,506	
Inventories	27,575	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<u>8,423,793</u>	<u>589,150</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)	(228,838)	
Cash equivalents with trustees	271,981	
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		6,469,494
Other long-term investments (Note 2)	713,364	
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		
Due from Commonwealth	275,583	
Notes receivable, net (Note 3)		
Non-depreciable capital assets, net (Note 4)	10,559,665	
Depreciable capital assets, net (Note 4)	74,326,772	
<b>Total Noncurrent Assets</b>	<u>85,918,527</u>	<u>6,469,494</u>
<b>Total Assets</b>	<u>94,342,320</u>	<u>7,058,644</u>
<b>Deferred Outflows of Resources</b> (Note 15)	3,845,175	
<b>Total Assets and Deferred Outflows of Resources</b>	<u>98,187,495</u>	<u>7,058,644</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 5)	1,050,574	18,147
Accrued payroll expense	1,544,210	
Unearned revenue	855,867	
Long-term liabilities-current portion (Note 7)	953,932	
Securities lending obligation		
Due to Commonwealth		
Due to system's office		
Deposits	97,423	
<b>Total Current Liabilities</b>	<u>4,502,006</u>	<u>18,147</u>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 7)	6,176,714	
Due to federal government (Note 7)		
Pension obligations (Note 7)	23,972,000	
<b>Total Noncurrent Liabilities</b>	<u>30,148,714</u>	
<b>Total Liabilities</b>	<u>34,650,720</u>	<u>18,147</u>

**Virginia Community College System  
John Tyler Community College  
Statement of Net Position  
As of June 30, 2017**

	<b>Community College</b>	<b>Component Unit John Tyler Community College Foundation</b>
<b>Deferred Inflows of Resources</b> (Note 15)	733,000	
<b>Total Liabilities and Deferred Inflows of Resources</b>	35,383,720	18,147
 <b>Net Position</b>		
Net investment in capital assets	79,049,658	
Restricted for:		
Nonexpendable		2,524,954
Expendable	280,255	2,238,629
Unrestricted	(16,526,138)	2,276,914
<b>Total Net Position</b>	62,803,775	7,040,497

**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, 2017**

	<b>Community College</b>	<b>Component Unit John Tyler Community College Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$6,923,142)	15,426,655	
Federal grants and contracts	527,405	
State and local grants	485,054	
Nongovernmental grants	65,804	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$22,473)	712,873	
Gifts and contributions		833,839
Endowment income		954,959
Other operating revenues	656,014	269,626
<b>Total Operating Revenue</b>	<b>17,873,805</b>	<b>2,058,424</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	21,997,158	233,536
Public service		
Academic support	3,192,745	872,865
Student services	4,755,887	
Institutional support	7,486,448	260,823
Operation and maintenance	6,498,050	170,861
Scholarships and fellowships	4,554,476	412,067
Auxiliary enterprises	80,170	
Fundraising		66,662
Other expenses		
<b>Total Operating Expenses (Note 10)</b>	<b>48,564,934</b>	<b>2,016,814</b>
<b>Operating Income (Loss)</b>	<b>(30,691,129)</b>	<b>41,610</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 11)	18,938,474	
Local appropriations	58,086	
Grants and gifts	9,304,049	
Investment income	10,747	
Interest on capital asset related debt	(173,649)	
Other nonoperating revenue (expense)	1,377,069	
<b>Net Nonoperating Revenue</b>	<b>29,514,776</b>	
<b>Income before other revenues, expenses gains (losses)</b>	<b>(1,176,353)</b>	<b>41,610</b>
Capital appropriations-state (Note 18)	1,429,086	
Capital appropriations-local		
Capital gifts, grants and contracts	45,975	
Additions to permanent and term endowments		147,427
<b>Increase (Decrease) in Net Position</b>	<b>298,708</b>	<b>189,037</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>62,505,067</b>	<b>6,851,460</b>
<b>Net Position end of year</b>	<b>62,803,775</b>	<b>7,040,497</b>

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, 2017**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	15,615,024
Grants and contracts	1,081,908
Payments to suppliers and others	(6,724,610)
Payments for employee wages	(25,181,136)
Payments for employee fringes and pension benefits	(8,231,090)
Payment for scholarships	(4,693,815)
Payments for utilities	(895,407)
Sales and services of education department	
Auxiliary	620,624
Loans issued to students	
Loans collected from students	
Other	656,014
Net cash used by operating activities	(27,752,488)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	18,938,474
Local appropriations	58,086
Grants and gifts	8,911,937
Agency receipts	17,438
Agency disbursements	(20,159)
PLUS, Stafford and Direct Lending loan receipts	5,897,467
PLUS, Stafford and Direct Lending loan disbursements	(5,973,924)
Borrowings	125,000
Loan repayments	(125,000)
Other non-operating revenue(expense)	1,131,351
Net cash provided (used) by non-capital financing activities	28,960,670
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	1,378,274
Capital appropriations-local	
Capital grants and gifts	43,627
Purchase capital assets	(1,869,637)
Proceeds from sale of capital assets	570
Proceeds from bond issue	
Debt interest payments	(255,233)
Debt principal payments	(230,000)
Net cash provided (used) by capital financing activities	(932,399)
<b>Cash flows from investing activities:</b>	
Purchases of investments	(1,400,200)
Sale of investments	504,698
Investment income	6,606
Net cash provided (used) by investing activities	(888,896)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(613,113)</b>
Cash and cash equivalents, beginning of year	6,448,656
<b>Cash and cash equivalents, End of Year</b>	<b>5,835,543</b>

**Virginia Community College System  
John Tyler Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(30,691,129)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	2,818,677
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	513,508
Prepaid expenses and other	(72,548)
Accrued compensation and leave	221,628
Accounts payable and other	(199,215)
Unearned revenue	(45,186)
Deposits pending distribution	69,067
Net pension liability	1,611,000
Deferred inflows of resources related to pensions	(895,000)
Deferred outflows of resources related to pensions	(1,083,290)
<b>Net cash used in operating activities</b>	<u><u>(27,752,488)</u></u>
 <b>Noncash transactions</b>	
Donated fixed assets	2,348
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, 2017**

	<b>Community College</b>	<b>Component Unit  Lord Fairfax Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	6,279,232	1,036,564
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	1,646,530	10,399
Pledges receivable (Note 3)		79,372
Due from Commonwealth	85,411	
Due from system office	24,866	
Interest receivable		
Prepaid expenses		
Inventories	3,000	6,671
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<b>8,039,039</b>	<b>1,133,006</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)	777,364	
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		2,113,443
Appropriation available		
Endowment investments (Note 2)		7,540,817
Other long-term investments (Note 2)		918,082
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		90,512
Due from Commonwealth	50,678	
Notes receivable, net (Note 3)		
Non-depreciable capital assets, net (Note 4)	3,463,275	2,328,150
Depreciable capital assets, net (Note 4)	41,909,481	9,036,505
<b>Total Noncurrent Assets</b>	<b>46,200,798</b>	<b>22,027,509</b>
<b>Total Assets</b>	<b>54,239,837</b>	<b>23,160,515</b>
<b>Deferred Outflows of Resources</b> (Note 15)	3,934,143	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>58,173,980</b>	<b>23,160,515</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 5)	353,048	86,749
Accrued payroll expense	1,997,258	20,079
Unearned revenue	1,089,273	
Long-term liabilities-current portion (Note 7)	497,981	205,770
Securities lending obligation		
Due to Commonwealth		
Due to system's office		
Deposits	178,696	
<b>Total Current Liabilities</b>	<b>4,116,256</b>	<b>312,598</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 7)	211,755	7,393,859
Due to federal government (Note 7)		
Pension obligations (Note 7)	18,769,000	
<b>Total Noncurrent Liabilities</b>	<b>18,980,755</b>	<b>7,393,859</b>
<b>Total Liabilities</b>	<b>23,097,011</b>	<b>7,706,457</b>

**Virginia Community College System  
 Lord Fairfax Community College  
 Statement of Net Position  
 As of June 30, 2017**

	<b>Community College</b>	<b>Component Unit Lord Fairfax Community College Educational Foundation</b>
<b>Deferred Inflows of Resources</b> (Note 15)	503,000	
<b>Total Liabilities and Deferred Inflows of Resources</b>	23,600,011	7,706,457
 <b>Net Position</b>		
Net investment in capital assets	45,372,756	3,765,026
Restricted for:		
Nonexpendable		4,804,495
Expendable	305,059	6,951,759
Unrestricted	(11,103,846)	(67,222)
<b>Total Net Position</b>	34,573,969	15,454,058

**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, 2017**

	<b>Community College</b>	<b>Component Unit Lord Fairfax Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$3,988,251)	16,202,670	
Federal grants and contracts	2,073,287	
State and local grants	76,464	
Nongovernmental grants	473,674	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$12,571)	315,432	
Gifts and contributions		1,865,503
Endowment income		406,551
Other operating revenues	399,705	1,375,644
<b>Total Operating Revenue</b>	<b>19,541,232</b>	<b>3,647,698</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	20,080,147	623,908
Public service	1,314,748	
Academic support	3,841,396	
Student services	2,475,678	
Institutional support	6,166,684	969,458
Operation and maintenance	3,724,682	
Scholarships and fellowships	3,489,204	307,237
Auxiliary enterprises	213,988	
Fundraising		121,721
Other expenses		241,797
<b>Total Operating Expenses (Note 10)</b>	<b>41,306,527</b>	<b>2,264,121</b>
<b>Operating Income (Loss)</b>	<b>(21,765,295)</b>	<b>1,383,577</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 11)	14,608,423	
Local appropriations	331,946	
Grants and gifts	5,792,146	
Investment income	18,792	(18,450)
Interest on capital asset related debt		
Other nonoperating revenue (expense)	662,268	
<b>Net Nonoperating Revenue</b>	<b>21,413,575</b>	<b>(18,450)</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>(351,720)</b>	<b>1,365,127</b>
Capital appropriations-state (Note 18)	3,066,224	
Capital appropriations-local		
Capital gifts, grants and contracts	977,303	
Additions to permanent and term endowments		1,357,985
<b>Increase (Decrease) in Net Position</b>	<b>3,691,807</b>	<b>2,723,112</b>
<b>Net Position</b>		
<b>Net Position beginning of year, as restated (Note 1-O)</b>	<b>30,882,162</b>	<b>12,730,946</b>
<b>Net Position end of year</b>	<b>34,573,969</b>	<b>15,454,058</b>

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

**Virginia Community College System  
Lord Fairfax Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	15,380,273
Grants and contracts	3,213,143
Payments to suppliers and others	(10,154,712)
Payments for employee wages	(18,679,639)
Payments for employee fringes and pension benefits	(6,755,593)
Payment for scholarships	(3,637,723)
Payments for utilities	(604,504)
Sales and services of education department	
Auxiliary	301,089
Loans issued to students	
Loans collected from students	
Other	399,148
Net cash used by operating activities	(20,538,518)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	14,608,423
Local appropriations	331,946
Grants and gifts	5,706,735
Agency receipts	639,958
Agency disbursements	(570,451)
PLUS, Stafford and Direct Lending loan receipts	3,169,033
PLUS, Stafford and Direct Lending loan disbursements	(3,178,446)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	668,326
Net cash provided (used) by non-capital financing activities	21,375,524
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	4,955,994
Capital appropriations-local	
Capital grants and gifts	484,470
Purchase capital assets	(4,700,551)
Proceeds from sale of capital assets	4,497
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	744,410
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	18,791
Net cash provided (used) by investing activities	18,791
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,600,207</b>
Cash and cash equivalents, beginning of year	5,456,390
<b>Cash and cash equivalents, End of Year</b>	<b>7,056,597</b>

**Virginia Community College System  
Lord Fairfax Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(21,765,295)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,649,949
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(37,747)
Prepaid expenses and other	500
Accrued compensation and leave	32,561
Accounts payable and other	(654,417)
Unearned revenue	178,440
Deposits pending distribution	
Net pension liability	2,492,000
Deferred inflows of resources related to pensions	(664,000)
Deferred outflows of resources related to pensions	(1,770,509)
<b>Net cash used in operating activities</b>	<u><u>(20,538,518)</u></u>
 <b>Noncash transactions</b>	
Donated fixed assets	492,833
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, 2017**

	<b>Community College</b>	<b>Component Unit Mountain Empire Community College Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	3,386,269	288,368
Appropriation available		
Short term investments (Note 2)	1,000,000	
Accounts receivable, net (Note 3)	183,048	295,648
Pledges receivable (Note 3)		
Due from Commonwealth		
Due from system office	10,030	
Interest receivable		
Prepaid expenses		5,032
Inventories	576,536	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<u>5,155,883</u>	<u>589,048</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		1,319,431
Appropriation available		
Endowment investments (Note 2)		20,834,632
Other long-term investments (Note 2)		
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		76,000
Pledges receivable (Note 3)		769,296
Due from Commonwealth		
Notes receivable, net (Note 3)		
Non-depreciable capital assets, net (Note 4)	1,365,796	
Depreciable capital assets, net (Note 4)	20,290,689	
<b>Total Noncurrent Assets</b>	<u>21,656,485</u>	<u>22,999,359</u>
<b>Total Assets</b>	<u>26,812,368</u>	<u>23,588,407</u>
<b>Deferred Outflows of Resources</b> (Note 15)	1,485,347	
<b>Total Assets and Deferred Outflows of Resources</b>	<u>28,297,715</u>	<u>23,588,407</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 5)	230,943	95,324
Accrued payroll expense	887,584	
Unearned revenue	65,152	
Long-term liabilities-current portion (Note 7)	329,780	
Securities lending obligation		
Due to Commonwealth		
Due to system's office		
Deposits	93,678	
<b>Total Current Liabilities</b>	<u>1,607,137</u>	<u>95,324</u>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 7)	105,275	
Due to federal government (Note 7)		
Pension obligations (Note 7)	9,624,000	
<b>Total Noncurrent Liabilities</b>	<u>9,729,275</u>	
<b>Total Liabilities</b>	<u>11,336,412</u>	<u>95,324</u>

**Virginia Community College System  
Mountain Empire Community College  
Statement of Net Position  
As of June 30, 2017**

	<b>Community College</b>	<b>Component Unit Mountain Empire Community College Foundation</b>
<b>Deferred Inflows of Resources</b> (Note 15)	613,000	
<b>Total Liabilities and Deferred Inflows of Resources</b>	11,949,412	95,324
<b>Net Position</b>		
Net investment in capital assets	21,656,485	
Restricted for:		
Nonexpendable		8,739,865
Expendable	(246,192)	10,311,669
Unrestricted	(5,061,990)	4,441,549
<b>Total Net Position</b>	16,348,303	23,493,083

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, 2017**

	<b>Community College</b>	<b>Component Unit Mountain Empire Community College Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$4,325,383)	2,717,794	
Federal grants and contracts	1,564,161	
State and local grants	106,751	323,418
Nongovernmental grants	670,326	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$652,386)	369,315	
Gifts and contributions		38,861
Endowment income		1,643,329
Other operating revenues	5,947	70,461
<b>Total Operating Revenue</b>	<b>5,434,294</b>	<b>2,076,069</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	9,194,070	
Public service	124,758	
Academic support	1,463,716	408,553
Student services	2,134,708	
Institutional support	2,395,249	640,099
Operation and maintenance	1,565,752	
Scholarships and fellowships	1,686,125	
Auxiliary enterprises	957,114	
Fundraising		46,484
Other expenses		
<b>Total Operating Expenses (Note 10)</b>	<b>19,521,492</b>	<b>1,095,136</b>
<b>Operating Income (Loss)</b>	<b>(14,087,198)</b>	<b>980,933</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 11)	8,196,024	
Local appropriations	112,499	
Grants and gifts	5,284,209	
Investment income	19,191	
Interest on capital asset related debt		
Other nonoperating revenue (expense)	229,895	
<b>Net Nonoperating Revenue</b>	<b>13,841,818</b>	
<b>Income before other revenues, expenses gains (losses)</b>	<b>(245,380)</b>	<b>980,933</b>
Capital appropriations-state (Note 18)		
Capital appropriations-local		
Capital gifts, grants and contracts	451	
Additions to permanent and term endowments		400,712
<b>Increase (Decrease) in Net Position</b>	<b>(244,929)</b>	<b>1,381,645</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>16,593,232</b>	<b>22,111,438</b>
<b>Net Position end of year</b>	<b>16,348,303</b>	<b>23,493,083</b>

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

**Virginia Community College System  
Mountain Empire Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	2,797,347
Grants and contracts	2,316,165
Payments to suppliers and others	(4,923,104)
Payments for employee wages	(8,493,614)
Payments for employee fringes and pension benefits	(3,468,464)
Payment for scholarships	(1,678,785)
Payments for utilities	(375,060)
Sales and services of education department	
Auxiliary	418,260
Loans issued to students	
Loans collected from students	
Other	5,947
Net cash used by operating activities	(13,401,308)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	8,196,024
Local appropriations	112,499
Grants and gifts	5,284,209
Agency receipts	381,149
Agency disbursements	(366,171)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	219,038
Net cash provided (used) by non-capital financing activities	13,826,748
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	
Purchase capital assets	(36,950)
Proceeds from sale of capital assets	1,627
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(35,323)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	19,191
Net cash provided (used) by investing activities	19,191
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>409,308</b>
Cash and cash equivalents, beginning of year	2,976,961
<b>Cash and cash equivalents, End of Year</b>	<b>3,386,269</b>

**Virginia Community College System  
Mountain Empire Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(14,087,198)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,193,059
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	220,459
Prepaid expenses and other	(77,542)
Accrued compensation and leave	(59,835)
Accounts payable and other	(161,800)
Unearned revenue	44,241
Deposits pending distribution	2,007
Net pension liability	476,000
Deferred inflows of resources related to pensions	(419,000)
Deferred outflows of resources related to pensions	(531,699)
<b>Net cash used in operating activities</b>	<u><u>(13,401,308)</u></u>
 <b>Noncash transactions</b>	
Donated fixed assets	451
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, 2017**

	<b>Community College</b>	<b>Component Unit New River Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	8,429,568	448,860
Appropriation available		
Short term investments (Note 2)		57,593
Accounts receivable, net (Note 3)	111,660	
Pledges receivable (Note 3)		
Due from Commonwealth	278,910	
Due from system office	101,851	
Interest receivable		
Prepaid expenses	973,640	2,142
Inventories	7,941	
Notes receivable, net (Note 3)		29,067
<b>Total Current Assets</b>	<b>9,903,570</b>	<b>537,662</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		8,958,181
Other long-term investments (Note 2)		2,583,685
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)	1,367,687	1,087,017
Depreciable capital assets, net (Note 4)	14,956,134	274,827
<b>Total Noncurrent Assets</b>	<b>16,323,821</b>	<b>12,903,710</b>
<b>Total Assets</b>	<b>26,227,391</b>	<b>13,441,372</b>
<b>Deferred Outflows of Resources</b> (Note 15)	1,704,062	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>27,931,453</b>	<b>13,441,372</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 5)	505,072	144,784
Accrued payroll expense	1,250,280	
Unearned revenue	770,189	7,000
Long-term liabilities-current portion (Note 7)	465,274	
Securities lending obligation		
Due to Commonwealth		
Due to system's office		
Deposits		
<b>Total Current Liabilities</b>	<b>2,990,815</b>	<b>151,784</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 7)	289,798	
Due to federal government (Note 7)		
Pension obligations (Note 7)	11,511,000	
<b>Total Noncurrent Liabilities</b>	<b>11,800,798</b>	
<b>Total Liabilities</b>	<b>14,791,613</b>	<b>151,784</b>

**Virginia Community College System  
New River Community College  
Statement of Net Position  
As of June 30, 2017**

	<b>Community College</b>	<b>Component Unit New River Community College Educational Foundation</b>
<b>Deferred Inflows of Resources</b> (Note 15)	598,000	
<b>Total Liabilities and Deferred Inflows of Resources</b>	15,389,613	151,784
 <b>Net Position</b>		
Net investment in capital assets	16,323,821	1,361,844
Restricted for:		
Nonexpendable		5,574,561
Expendable	267,396	1,070,519
Unrestricted	(4,049,377)	5,282,664
<b>Total Net Position</b>	12,541,840	13,289,588

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, 2017**

	<b>Community College</b>	<b>Component Unit New River Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$2,892,739)	10,437,756	
Federal grants and contracts	1,210,695	
State and local grants	159,279	
Nongovernmental grants	18,607	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$9,266)	189,712	
Gifts and contributions		509,700
Endowment income		598,604
Other operating revenues	209,165	100,614
<b>Total Operating Revenue</b>	<b>12,225,214</b>	<b>1,208,918</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	13,166,626	
Public service	172,142	
Academic support	2,395,964	
Student services	1,569,531	
Institutional support	4,043,323	243,997
Operation and maintenance	2,080,620	
Scholarships and fellowships	3,376,824	462,874
Auxiliary enterprises	39,560	
Fundraising		42,742
Other expenses		
<b>Total Operating Expenses (Note 10)</b>	<b>26,844,590</b>	<b>749,613</b>
<b>Operating Income (Loss)</b>	<b>(14,619,376)</b>	<b>459,305</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 11)	10,123,198	
Local appropriations	71,634	
Grants and gifts	5,034,874	
Investment income	85,896	121,216
Interest on capital asset related debt		
Other nonoperating revenue (expense)	713,845	
<b>Net Nonoperating Revenue</b>	<b>16,029,447</b>	<b>121,216</b>
<b>Income before other revenues, expenses gains (losses)</b>	1,410,071	580,521
Capital appropriations-state (Note 18)		
Capital appropriations-local		
Capital gifts, grants and contracts	162,408	
Additions to permanent and term endowments		335,151
<b>Increase (Decrease) in Net Position</b>	<b>1,572,479</b>	<b>915,672</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>10,969,361</b>	<b>12,373,916</b>
<b>Net Position end of year</b>	<b>12,541,840</b>	<b>13,289,588</b>

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

**Virginia Community College System  
New River Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	10,385,742
Grants and contracts	1,097,661
Payments to suppliers and others	(4,351,354)
Payments for employee wages	(14,134,505)
Payments for employee fringes and pension benefits	(4,028,606)
Payment for scholarships	(3,336,487)
Payments for utilities	(372,288)
Sales and services of education department	
Auxiliary	189,774
Loans issued to students	
Loans collected from students	
Other	207,499
Net cash used by operating activities	(14,342,564)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	10,123,198
Local appropriations	71,634
Grants and gifts	4,755,964
Agency receipts	299,035
Agency disbursements	(383,258)
PLUS, Stafford and Direct Lending loan receipts	3,191,636
PLUS, Stafford and Direct Lending loan disbursements	(3,192,061)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	624,481
Net cash provided (used) by non-capital financing activities	15,490,629
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	161,939
Purchase capital assets	(1,347,137)
Proceeds from sale of capital assets	
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(1,185,198)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	85,896
Net cash provided (used) by investing activities	85,896
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>48,763</b>
Cash and cash equivalents, beginning of year	8,380,805
<b>Cash and cash equivalents, End of Year</b>	<b>8,429,568</b>

**Virginia Community College System  
New River Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(14,619,376)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,377,841
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	217,841
Prepaid expenses and other	(68,103)
Accrued compensation and leave	19,572
Accounts payable and other	(466,415)
Unearned revenue	(412,308)
Deposits pending distribution	83,719
Net pension liability	576,000
Deferred inflows of resources related to pensions	(381,000)
Deferred outflows of resources related to pensions	(670,335)
<b>Net cash used in operating activities</b>	<u><u>(14,342,564)</u></u>
 <b>Noncash transactions</b>	
Donated fixed assets	469
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, 2017**

	<b>Community College</b>	<b>Component Unit Northern Virginia Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	74,696,378	2,091,323
Appropriation available		
Short term investments (Note 2)		5,571,992
Accounts receivable, net (Note 3)	804,039	
Pledges receivable (Note 3)		5,000
Due from Commonwealth	2,635,674	
Due from system office	32,589	
Interest receivable		25,851
Prepaid expenses	14,803,998	1,448
Inventories	1,448	
Notes receivable, net (Note 3)	1,850,426	
<b>Total Current Assets</b>	<b>94,824,552</b>	<b>7,695,614</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)	(1,299,177)	
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		115,193
Appropriation available	156,818	
Endowment investments (Note 2)		5,983,910
Other long-term investments (Note 2)	34,489,450	8,414,135
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		13,342
Due from Commonwealth	1,692,901	
Notes receivable, net (Note 3)	1,533,672	
Non-depreciable capital assets, net (Note 4)	20,025,597	
Depreciable capital assets, net (Note 4)	339,754,568	
<b>Total Noncurrent Assets</b>	<b>396,353,829</b>	<b>14,526,580</b>
<b>Total Assets</b>	<b>491,178,381</b>	<b>22,222,194</b>
<b>Deferred Outflows of Resources</b> (Note 15)	<b>26,987,813</b>	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>518,166,194</b>	<b>22,222,194</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 5)	20,623,766	85,077
Accrued payroll expense	13,757,026	
Unearned revenue	26,308,209	223,650
Long-term liabilities-current portion (Note 7)	5,630,829	
Securities lending obligation		
Due to Commonwealth		
Due to system's office		
Deposits	3,494,186	1,552,571
<b>Total Current Liabilities</b>	<b>69,814,016</b>	<b>1,861,298</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue	389,099	
Long-term liabilities (Note 7)	7,650,664	
Due to federal government (Note 7)	3,464,500	
Pension obligations (Note 7)	160,010,000	
<b>Total Noncurrent Liabilities</b>	<b>171,514,263</b>	
<b>Total Liabilities</b>	<b>241,328,279</b>	<b>1,861,298</b>

**Virginia Community College System  
Northern Virginia Community College  
Statement of Net Position  
As of June 30, 2017**

	<u>Community College</u>	<u>Component Unit Northern Virginia Community College Educational Foundation</u>
<b>Deferred Inflows of Resources</b> (Note 15)	4,340,000	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>245,668,279</u>	<u>1,861,298</u>
<b>Net Position</b>		
Net investment in capital assets	354,464,855	
Restricted for:		
Nonexpendable		4,167,842
Expendable	2,148,163	6,062,047
Unrestricted	<u>(84,115,103)</u>	<u>10,131,007</u>
<b>Total Net Position</b>	<u>272,497,915</u>	<u>20,360,896</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, 2017**

	<b>Community College</b>	<b>Component Unit Northern Virginia Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$49,487,346)	139,058,255	
Federal grants and contracts	12,269,890	
State and local grants	724,479	
Nongovernmental grants	3,714,982	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$158,309)	5,949,324	
Gifts and contributions		993,780
Endowment income		832,344
Other operating revenues	6,410,902	597,297
<b>Total Operating Revenue</b>	<b>168,127,832</b>	<b>2,423,421</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	143,865,707	
Public service	1,663,224	835,206
Academic support	29,490,508	
Student services	29,694,071	
Institutional support	46,578,646	486,173
Operation and maintenance	39,530,689	
Scholarships and fellowships	19,549,378	469,730
Auxiliary enterprises	3,651,454	
Fundraising		128,387
Other expenses	219,259	
<b>Total Operating Expenses (Note 10)</b>	<b>314,242,936</b>	<b>1,919,496</b>
<b>Operating Income (Loss)</b>	<b>(146,115,104)</b>	<b>503,925</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 11)	97,176,749	
Local appropriations	99,113	
Grants and gifts	51,512,518	
Investment income	(270,465)	1,003,052
Interest on capital asset related debt	(202,499)	
Other nonoperating revenue (expense)	2,983,282	
<b>Net Nonoperating Revenue</b>	<b>151,298,698</b>	<b>1,003,052</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>5,183,594</b>	<b>1,506,977</b>
Capital appropriations-state (Note 18)	9,195,804	
Capital appropriations-local	5,484,440	
Capital gifts, grants and contracts	49,936	
Additions to permanent and term endowments		67,411
<b>Increase (Decrease) in Net Position</b>	<b>19,913,774</b>	<b>1,574,388</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>252,584,141</b>	<b>18,786,508</b>
<b>Net Position end of year</b>	<b>272,497,915</b>	<b>20,360,896</b>

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



**Virginia Community College System  
Northern Virginia Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	137,661,726
Grants and contracts	16,570,781
Payments to suppliers and others	(66,944,431)
Payments for employee wages	(157,613,430)
Payments for employee fringes and pension benefits	(52,584,954)
Payment for scholarships	(19,454,205)
Payments for utilities	(3,564,092)
Sales and services of education department Auxiliary	5,949,324
Loans issued to students	(93,414)
Loans collected from students	579,958
Other	6,737,435
Net cash used by operating activities	(132,755,302)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	97,176,749
Local appropriations	99,113
Grants and gifts	48,876,844
Agency receipts	3,158,454
Agency disbursements	(3,107,427)
PLUS, Stafford and Direct Lending loan receipts	46,342,512
PLUS, Stafford and Direct Lending loan disbursements	(46,538,295)
Borrowings	
Loan repayments	(1,349,651)
Other non-operating revenue(expense)	3,232,848
Net cash provided (used) by non-capital financing activities	147,891,147
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	8,404,380
Capital appropriations-local	5,484,440
Capital grants and gifts	42,768
Purchase capital assets	(19,785,004)
Proceeds from sale of capital assets	116,302
Proceeds from bond issue	
Debt interest payments	(309,152)
Debt principal payments	(800,000)
Net cash provided (used) by capital financing activities	(6,846,266)
<b>Cash flows from investing activities:</b>	
Purchases of investments	(38,044,195)
Sale of investments	2,897,445
Investment income	386,835
Net cash provided (used) by investing activities	(34,759,915)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(26,470,336)</b>
Cash and cash equivalents, beginning of year	99,867,537
<b>Cash and cash equivalents, End of Year</b>	<b>73,397,201</b>

**Virginia Community College System  
Northern Virginia Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(146,115,104)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	12,971,919
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	2,358,853
Prepaid expenses and other	(11,661,813)
Accrued compensation and leave	(1,078,992)
Accounts payable and other	12,127,578
Unearned revenue	(1,200,348)
Deposits pending distribution	
Net pension liability	11,832,000
Deferred inflows of resources related to pensions	(6,218,000)
Deferred outflows of resources related to pensions	(5,771,395)
<b>Net cash used in operating activities</b>	<u><u>(132,755,302)</u></u>
 <b>Noncash transactions</b>	
Donated fixed assets	7,168
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, 2017**

	<b>Community College</b>	<b>Component Unit Patrick Henry Community College Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	3,143,671	575,166
Appropriation available		
Short term investments (Note 2)	634,679	751,425
Accounts receivable, net (Note 3)	498,491	
Pledges receivable (Note 3)		66,082
Due from Commonwealth	16,304	
Due from system office	798	
Interest receivable		
Prepaid expenses		
Inventories	7,749	
Notes receivable, net (Note 3)	162,291	
<b>Total Current Assets</b>	<b>4,463,983</b>	<b>1,392,673</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)	(726,200)	
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		9,241,450
Other long-term investments (Note 2)		7,240,465
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		94,494
Due from Commonwealth	1,107,798	
Notes receivable, net (Note 3)		
Non-depreciable capital assets, net (Note 4)	4,371,495	111,906
Depreciable capital assets, net (Note 4)	20,058,384	1,383,216
<b>Total Noncurrent Assets</b>	<b>24,811,477</b>	<b>18,071,531</b>
<b>Total Assets</b>	<b>29,275,460</b>	<b>19,464,204</b>
<b>Deferred Outflows of Resources</b> (Note 15)	2,216,017	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>31,491,477</b>	<b>19,464,204</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 5)	1,620,265	4,415
Accrued payroll expense	798,261	
Unearned revenue	313,607	
Long-term liabilities-current portion (Note 7)	349,507	
Securities lending obligation		
Due to Commonwealth		
Due to system's office		
Deposits	58,582	
<b>Total Current Liabilities</b>	<b>3,140,222</b>	<b>4,415</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 7)	231,213	
Due to federal government (Note 7)		
Pension obligations (Note 7)	13,199,000	
<b>Total Noncurrent Liabilities</b>	<b>13,430,213</b>	
<b>Total Liabilities</b>	<b>16,570,435</b>	<b>4,415</b>

**Virginia Community College System  
Patrick Henry Community College  
Statement of Net Position  
As of June 30, 2017**

	<b>Community College</b>	<b>Component Unit Patrick Henry Community College Foundation</b>
<b>Deferred Inflows of Resources</b> (Note 15)	1,401,000	
<b>Total Liabilities and Deferred Inflows of Resources</b>	17,971,435	4,415
 <b>Net Position</b>		
Net investment in capital assets	24,429,879	1,495,122
Restricted for:		
Nonexpendable		7,132,807
Expendable	(1,997,564)	2,758,200
Unrestricted	(8,912,273)	8,073,660
<b>Total Net Position</b>	13,520,042	19,459,789

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, 2017**

	<b>Community College</b>	<b>Component Unit Patrick Henry Community College Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$3,542,081)	4,671,465	
Federal grants and contracts	1,956,363	
State and local grants	428,629	
Nongovernmental grants	653,514	
Sales/services of education department	8,809	
Auxiliary enterprises (net of scholarship allowance of \$11,162)	60,845	
Gifts and contributions		436,637
Endowment income		1,858,668
Other operating revenues	608,244	63,021
<b>Total Operating Revenue</b>	<b>8,387,869</b>	<b>2,358,326</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	7,582,400	4,950
Public service	2,459,248	13,154
Academic support	2,642,642	18,434
Student services	2,477,987	3,425
Institutional support	2,937,421	559,550
Operation and maintenance	1,299,396	25,689
Scholarships and fellowships	1,826,993	614,176
Auxiliary enterprises	23,912	
Fundraising		52,503
Other expenses	2,827	252,721
<b>Total Operating Expenses (Note 10)</b>	<b>21,252,826</b>	<b>1,544,602</b>
<b>Operating Income (Loss)</b>	<b>(12,864,957)</b>	<b>813,724</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 11)	9,044,995	
Local appropriations	119,943	
Grants and gifts	3,893,830	
Investment income	41,339	32,262
Interest on capital asset related debt		
Other nonoperating revenue (expense)	265,645	6,891
<b>Net Nonoperating Revenue</b>	<b>13,365,752</b>	<b>39,153</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>500,795</b>	<b>852,877</b>
Capital appropriations-state (Note 18)	2,905,776	
Capital appropriations-local		
Capital gifts, grants and contracts	63,644	
Additions to permanent and term endowments		590,790
<b>Increase (Decrease) in Net Position</b>	<b>3,470,215</b>	<b>1,443,667</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>10,049,827</b>	<b>18,016,122</b>
<b>Net Position end of year</b>	<b>13,520,042</b>	<b>19,459,789</b>

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

**Virginia Community College System  
Patrick Henry Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	4,378,104
Grants and contracts	2,978,543
Payments to suppliers and others	(3,554,725)
Payments for employee wages	(10,560,391)
Payments for employee fringes and pension benefits	(4,344,377)
Payment for scholarships	(1,778,170)
Payments for utilities	(308,019)
Sales and services of education department	8,809
Auxiliary	60,845
Loans issued to students	(168,242)
Loans collected from students	26,105
Other	607,789
Net cash used by operating activities	(12,653,729)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	9,044,995
Local appropriations	119,943
Grants and gifts	3,886,435
Agency receipts	394,295
Agency disbursements	(354,479)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	50,000
Loan repayments	
Other non-operating revenue(expense)	282,039
Net cash provided (used) by non-capital financing activities	13,423,228
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	2,068,227
Capital appropriations-local	
Capital grants and gifts	63,644
Purchase capital assets	(3,355,116)
Proceeds from sale of capital assets	9,054
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(1,214,191)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	6,013
Net cash provided (used) by investing activities	6,013
<b>Net increase (decrease) in cash and cash equivalents</b>	(438,679)
Cash and cash equivalents, beginning of year	2,856,151
<b>Cash and cash equivalents, End of Year</b>	<b>2,417,472</b>

**Virginia Community College System**  
**Patrick Henry Community College**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2017**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(12,864,957)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,110,940
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(347,516)
Prepaid expenses and other	58,698
Accrued compensation and leave	(59,169)
Accounts payable and other	540,746
Unearned revenue	(142,681)
Deposits pending distribution	
Net pension liability	1,176,000
Deferred inflows of resources related to pensions	(1,090,000)
Deferred outflows of resources related to pensions	(1,035,790)
<b>Net cash used in operating activities</b>	<u><u>(12,653,729)</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, 2017**

	<u>Community College</u>	<u>Component Unit Paul D. Camp Community College Foundation</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	1,913,060	246,435
Appropriation available		
Short term investments (Note 2)	254,341	
Accounts receivable, net (Note 3)	152,229	
Pledges receivable (Note 3)		15,539
Due from Commonwealth	34,591	
Due from system office		
Interest receivable		
Prepaid expenses	7,080	
Inventories	17,000	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<u>2,378,301</u>	<u>261,974</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)	17,606	
Appropriation available		
Endowment investments (Note 2)		507,114
Other long-term investments (Note 2)		619,260
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		4,825
Due from Commonwealth		
Notes receivable, net (Note 3)		
Non-depreciable capital assets, net (Note 4)	517,353	48,750
Depreciable capital assets, net (Note 4)	10,111,191	
<b>Total Noncurrent Assets</b>	<u>10,646,150</u>	<u>1,179,949</u>
<b>Total Assets</b>	<u>13,024,451</u>	<u>1,441,923</u>
<b>Deferred Outflows of Resources</b> (Note 15)	700,439	
<b>Total Assets and Deferred Outflows of Resources</b>	<u>13,724,890</u>	<u>1,441,923</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 5)	102,854	1,045
Accrued payroll expense	485,056	
Unearned revenue	335,165	
Long-term liabilities-current portion (Note 7)	186,090	
Securities lending obligation		
Due to Commonwealth		
Due to system's office		
Deposits	531,198	
<b>Total Current Liabilities</b>	<u>1,640,363</u>	<u>1,045</u>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 7)	270,705	
Due to federal government (Note 7)		
Pension obligations (Note 7)	4,761,000	
<b>Total Noncurrent Liabilities</b>	<u>5,031,705</u>	
<b>Total Liabilities</b>	<u>6,672,068</u>	<u>1,045</u>



**Virginia Community College System  
Paul D. Camp Community College  
Statement of Net Position  
As of June 30, 2017**

	<b>Community College</b>	<b>Component Unit Paul D. Camp Community College Foundation</b>
<b>Deferred Inflows of Resources</b> (Note 15)	1,052,000	
<b>Total Liabilities and Deferred Inflows of Resources</b>	7,724,068	1,045
 <b>Net Position</b>		
Net investment in capital assets	10,393,279	48,750
Restricted for:		
Nonexpendable		300,565
Expendable	(444,999)	636,947
Unrestricted	(3,947,458)	454,616
<b>Total Net Position</b>	6,000,822	1,440,878

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, 2017**

	<b>Community College</b>	<b>Component Unit Paul D. Camp Community College Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$1,098,175)	3,023,591	
Federal grants and contracts	428,755	
State and local grants	3,750	
Nongovernmental grants	221,519	249,175
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$3,522)	69,464	
Gifts and contributions		152,863
Endowment income		44,499
Other operating revenues	153,960	49,971
<b>Total Operating Revenue</b>	<b>3,901,039</b>	<b>496,508</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	4,484,053	
Public service	54,899	
Academic support	508,431	313,468
Student services	1,543,579	
Institutional support	2,624,596	128,451
Operation and maintenance	1,100,789	
Scholarships and fellowships	968,137	48,333
Auxiliary enterprises	11,521	
Fundraising		48,668
Other expenses		
<b>Total Operating Expenses (Note 10)</b>	<b>11,296,005</b>	<b>538,920</b>
<b>Operating Income (Loss)</b>	<b>(7,394,966)</b>	<b>(42,412)</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 11)	5,239,153	
Local appropriations	4,400	
Grants and gifts	1,616,393	
Investment income	1,829	59,951
Interest on capital asset related debt	(4,043)	
Other nonoperating revenue (expense)	139,067	
<b>Net Nonoperating Revenue</b>	<b>6,996,799</b>	<b>59,951</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>(398,167)</b>	<b>17,539</b>
Capital appropriations-state (Note 18)	13,966	
Capital appropriations-local		
Capital gifts, grants and contracts	2,160	
Additions to permanent and term endowments		152,090
<b>Increase (Decrease) in Net Position</b>	<b>(382,041)</b>	<b>169,629</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>6,382,863</b>	<b>1,271,249</b>
<b>Net Position end of year</b>	<b>6,000,822</b>	<b>1,440,878</b>

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

**Virginia Community College System  
Paul D. Camp Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	3,387,514
Grants and contracts	632,934
Payments to suppliers and others	(2,663,600)
Payments for employee wages	(5,388,707)
Payments for employee fringes and pension benefits	(1,964,089)
Payment for scholarships	(969,032)
Payments for utilities	(263,413)
Sales and services of education department	
Auxiliary	67,943
Loans issued to students	
Loans collected from students	
Other	151,049
Net cash used by operating activities	(7,009,401)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	5,239,153
Local appropriations	4,400
Grants and gifts	1,581,802
Agency receipts	5,183
Agency disbursements	(8,323)
PLUS, Stafford and Direct Lending loan receipts	850,701
PLUS, Stafford and Direct Lending loan disbursements	(855,529)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	141,296
Net cash provided (used) by non-capital financing activities	6,958,683
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	113,966
Capital appropriations-local	
Capital grants and gifts	
Purchase capital assets	(70,722)
Proceeds from sale of capital assets	3,493
Proceeds from bond issue	
Debt interest payments	(4,043)
Debt principal payments	(31,264)
Net cash provided (used) by capital financing activities	11,430
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	1,428
Net cash provided (used) by investing activities	1,428
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(37,860)</b>
Cash and cash equivalents, beginning of year	1,968,526
<b>Cash and cash equivalents, End of Year</b>	<b>1,930,666</b>

**Virginia Community College System  
Paul D. Camp Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(7,394,966)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	674,801
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	6,923
Prepaid expenses and other	(4,281)
Accrued compensation and leave	(37,660)
Accounts payable and other	(18,413)
Unearned revenue	(110,036)
Deposits pending distribution	477,073
Net pension liability	(237,000)
Deferred inflows of resources related to pensions	(99,000)
Deferred outflows of resources related to pensions	(266,842)
<b>Net cash used in operating activities</b>	<u><u>(7,009,401)</u></u>
 <b>Noncash transactions</b>	
Donated fixed assets	2,160
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, 2017**

	<b>Community College</b>	<b>Component Unit Piedmont Virginia Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	4,423,559	774,499
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	290,847	
Pledges receivable (Note 3)		413,447
Due from Commonwealth		
Due from system office	1,192	
Interest receivable		204,139
Prepaid expenses	29,799	
Inventories	8,500	
Notes receivable, net (Note 3)	10,273	42,550
<b>Total Current Assets</b>	<b>4,764,170</b>	<b>1,434,635</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		426,987
Appropriation available		
Endowment investments (Note 2)		8,233,839
Other long-term investments (Note 2)		1,348,781
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		804,364
Due from Commonwealth		
Notes receivable, net (Note 3)	41,731	408,012
Non-depreciable capital assets, net (Note 4)	2,873,841	
Depreciable capital assets, net (Note 4)	20,778,503	
<b>Total Noncurrent Assets</b>	<b>23,694,075</b>	<b>11,221,983</b>
<b>Total Assets</b>	<b>28,458,245</b>	<b>12,656,618</b>
<b>Deferred Outflows of Resources</b> (Note 15)	<b>2,638,102</b>	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>31,096,347</b>	<b>12,656,618</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 5)	226,875	112,223
Accrued payroll expense	1,565,018	96,250
Unearned revenue	1,242,847	
Long-term liabilities-current portion (Note 7)	541,492	29,250
Securities lending obligation		
Due to Commonwealth		
Due to system's office		
Deposits	599,004	
<b>Total Current Liabilities</b>	<b>4,175,236</b>	<b>237,723</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 7)	378,402	149,598
Due to federal government (Note 7)	65,613	
Pension obligations (Note 7)	13,405,000	
<b>Total Noncurrent Liabilities</b>	<b>13,849,015</b>	<b>149,598</b>
<b>Total Liabilities</b>	<b>18,024,251</b>	<b>387,321</b>

**Virginia Community College System  
Piedmont Virginia Community College  
Statement of Net Position  
As of June 30, 2017**

	<u>Community College</u>	<u>Component Unit Piedmont Virginia Community College Educational Foundation</u>
<b>Deferred Inflows of Resources</b> (Note 15)	359,000	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>18,383,251</u>	<u>387,321</u>
<b>Net Position</b>		
Net investment in capital assets	23,652,344	
Restricted for:		
Nonexpendable	(4,000)	4,380,813
Expendable	(539,306)	5,493,834
Unrestricted	<u>(10,395,942)</u>	<u>2,394,650</u>
<b>Total Net Position</b>	<u>12,713,096</u>	<u>12,269,297</u>

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

**Virginia Community College System**  
**Piedmont Virginia Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2017**

	<b>Community College</b>	<b>Component Unit Piedmont Virginia Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$3,368,231)	11,838,508	
Federal grants and contracts	1,047,802	
State and local grants	618,849	
Nongovernmental grants	51,524	
Sales/services of education department	6,150	
Auxiliary enterprises (net of scholarship allowance of \$11,150)	153,733	
Gifts and contributions		431,037
Endowment income		394,525
Other operating revenues	263,003	7,500
<b>Total Operating Revenue</b>	<b>13,979,569</b>	<b>833,062</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	13,878,217	230,704
Public service	2,348,455	
Academic support	2,781,043	319,073
Student services	2,765,299	
Institutional support	4,157,538	23,093
Operation and maintenance	2,052,284	
Scholarships and fellowships	2,592,631	266,419
Auxiliary enterprises	36,698	
Fundraising		300,654
Other expenses		
<b>Total Operating Expenses (Note 10)</b>	<b>30,612,165</b>	<b>1,139,943</b>
<b>Operating Income (Loss)</b>	<b>(16,632,596)</b>	<b>(306,881)</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 11)	11,087,319	
Local appropriations	47,917	
Grants and gifts	4,680,149	
Investment income	8,282	53,548
Interest on capital asset related debt		
Other nonoperating revenue (expense)	238,007	
<b>Net Nonoperating Revenue</b>	<b>16,061,674</b>	<b>53,548</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>(570,922)</b>	<b>(253,333)</b>
Capital appropriations-state (Note 18)		
Capital appropriations-local		
Capital gifts, grants and contracts	449	
Additions to permanent and term endowments		1,150,103
<b>Increase (Decrease) in Net Position</b>	<b>(570,473)</b>	<b>896,770</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>13,283,569</b>	<b>11,372,527</b>
<b>Net Position end of year</b>	<b>12,713,096</b>	<b>12,269,297</b>

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

**Virginia Community College System  
Piedmont Virginia Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	11,805,127
Grants and contracts	1,850,740
Payments to suppliers and others	(4,803,706)
Payments for employee wages	(16,815,361)
Payments for employee fringes and pension benefits	(5,127,845)
Payment for scholarships	(2,749,653)
Payments for utilities	(363,740)
Sales and services of education department	6,150
Auxiliary	152,830
Loans issued to students	(42,678)
Loans collected from students	32,074
Other	269,634
Net cash used by operating activities	(15,786,428)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	11,087,319
Local appropriations	47,917
Grants and gifts	4,680,149
Agency receipts	2,069,148
Agency disbursements	(2,040,418)
PLUS, Stafford and Direct Lending loan receipts	2,311,840
PLUS, Stafford and Direct Lending loan disbursements	(2,311,745)
Borrowings	150,000
Loan repayments	(75,000)
Other non-operating revenue(expense)	278,816
Net cash provided (used) by non-capital financing activities	16,198,026
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	
Purchase capital assets	(354,480)
Proceeds from sale of capital assets	2,858
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(351,622)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	8,282
Net cash provided (used) by investing activities	8,282
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>68,258</b>
Cash and cash equivalents, beginning of year	4,355,301
<b>Cash and cash equivalents, End of Year</b>	<b>4,423,559</b>



**Virginia Community College System  
Piedmont Virginia Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(16,632,596)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,155,161
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(90,006)
Prepaid expenses and other	(1,849)
Accrued compensation and leave	99,195
Accounts payable and other	(448,815)
Unearned revenue	227,102
Deposits pending distribution	(57,593)
Net pension liability	1,507,000
Deferred inflows of resources related to pensions	(492,000)
Deferred outflows of resources related to pensions	(1,052,027)
<b>Net cash used in operating activities</b>	<u><u>(15,786,428)</u></u>
 <b>Noncash transactions</b>	
Donated fixed assets	449
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, 2017**

	<u>Community College</u>	<u>Component Unit Rappahannock Community College Educational Foundation</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	3,130,337	341,487
Appropriation available		
Short term investments (Note 2)	760,000	
Accounts receivable, net (Note 3)	84,426	1,447
Pledges receivable (Note 3)		38,450
Due from Commonwealth	70,358	
Due from system office	1,316	
Interest receivable	12,407	
Prepaid expenses	76,038	1,062
Inventories	89,095	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<u>4,223,977</u>	<u>382,446</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		9,215,317
Other long-term investments (Note 2)		
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		50,000
Pledges receivable (Note 3)		6,346
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)	13,509,826	
<b>Total Noncurrent Assets</b>	<u>13,811,360</u>	<u>9,278,520</u>
<b>Total Assets</b>	<u>18,035,337</u>	<u>9,660,966</u>
<b>Deferred Outflows of Resources</b> (Note 15)	1,361,515	
<b>Total Assets and Deferred Outflows of Resources</b>	<u>19,396,852</u>	<u>9,660,966</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 5)	684,747	1,367
Accrued payroll expense	894,673	
Unearned revenue	366,600	
Long-term liabilities-current portion (Note 7)	334,521	1,912
Securities lending obligation		
Due to Commonwealth		
Due to system's office		
Deposits	1,101,581	
<b>Total Current Liabilities</b>	<u>3,382,122</u>	<u>3,279</u>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 7)	310,416	
Due to federal government (Note 7)		
Pension obligations (Note 7)	8,799,000	
<b>Total Noncurrent Liabilities</b>	<u>9,109,416</u>	
<b>Total Liabilities</b>	<u>12,491,538</u>	<u>3,279</u>

**Virginia Community College System  
Rappahannock Community College  
Statement of Net Position  
As of June 30, 2017**

	<b>Community College</b>	<b>Component Unit Rappahannock Community College Educational Foundation</b>
<b>Deferred Inflows of Resources</b> (Note 15)	351,000	
<b>Total Liabilities and Deferred Inflows of Resources</b>	12,842,538	3,279
<b>Net Position</b>		
Net investment in capital assets	13,663,034	6,857
Restricted for:		
Nonexpendable		3,249,858
Expendable	(87,617)	5,720,917
Unrestricted	(7,021,103)	680,055
<b>Total Net Position</b>	6,554,314	9,657,687

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, 2017**

	<u>Community College</u>	<u>Component Unit Rappahannock Community College Educational Foundation</u>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$2,282,417)	6,379,055	
Federal grants and contracts	909,424	
State and local grants	44,275	
Nongovernmental grants	97,391	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$7,308)	151,394	
Gifts and contributions		494,015
Endowment income		1,137,519
Other operating revenues	67,602	
<b>Total Operating Revenue</b>	<u>7,649,141</u>	<u>1,631,534</u>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	9,471,694	115,899
Public service	35,765	
Academic support	2,434,490	
Student services	1,325,749	
Institutional support	3,579,020	124,977
Operation and maintenance	2,347,650	17,906
Scholarships and fellowships	1,365,709	483,482
Auxiliary enterprises	63,518	
Fundraising		73,256
Other expenses		
<b>Total Operating Expenses (Note 10)</b>	<u>20,623,595</u>	<u>815,520</u>
<b>Operating Income (Loss)</b>	<u>(12,974,454)</u>	<u>816,014</u>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 11)	8,188,047	
Local appropriations	45,067	
Grants and gifts	2,919,707	
Investment income	12,521	
Interest on capital asset related debt	(2,320)	
Other nonoperating revenue (expense)	704,809	
<b>Net Nonoperating Revenue</b>	<u>11,867,831</u>	
<b>Income before other revenues, expenses gains (losses)</b>	<u>(1,106,623)</u>	<u>816,014</u>
Capital appropriations-state (Note 18)		
Capital appropriations-local	81,536	
Capital gifts, grants and contracts	362,143	
Additions to permanent and term endowments		258,693
<b>Increase (Decrease) in Net Position</b>	<u>(662,944)</u>	<u>1,074,707</u>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<u>7,217,258</u>	<u>8,582,980</u>
<b>Net Position end of year</b>	<u>6,554,314</u>	<u>9,657,687</u>

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

**Virginia Community College System  
Rappahannock Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	6,302,636
Grants and contracts	1,067,829
Payments to suppliers and others	(2,832,426)
Payments for employee wages	(11,905,398)
Payments for employee fringes and pension benefits	(3,075,714)
Payment for scholarships	(1,390,604)
Payments for utilities	(295,620)
Sales and services of education department	
Auxiliary	151,486
Loans issued to students	(467)
Loans collected from students	882
Other	69,431
Net cash used by operating activities	(11,907,965)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	8,188,047
Local appropriations	45,067
Grants and gifts	2,849,349
Agency receipts	4,906
Agency disbursements	(4,212)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	750,081
Net cash provided (used) by non-capital financing activities	11,833,238
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	81,536
Capital grants and gifts	359,666
Purchase capital assets	(483,686)
Proceeds from sale of capital assets	2,742
Proceeds from bond issue	
Debt interest payments	(2,320)
Debt principal payments	(23,582)
Net cash provided (used) by capital financing activities	(65,644)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	11,299
Net cash provided (used) by investing activities	11,299
<b>Net increase (decrease) in cash and cash equivalents</b>	(129,072)
Cash and cash equivalents, beginning of year	3,259,409
<b>Cash and cash equivalents, End of Year</b>	<b>3,130,337</b>

**Virginia Community College System  
Rappahannock Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(12,974,454)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,133,710
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	198,497
Prepaid expenses and other	20,371
Accrued compensation and leave	(126,938)
Accounts payable and other	124,493
Unearned revenue	(79,394)
Deposits pending distribution	10,329
Net pension liability	629,000
Deferred inflows of resources related to pensions	(411,000)
Deferred outflows of resources related to pensions	(432,579)
<b>Net cash used in operating activities</b>	<u><u>(11,907,965)</u></u>
 <b>Noncash transactions</b>	
Donated fixed assets	2,477
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, 2017**

	<u>Community College</u>	<u>Component Unit Southside Virginia Community College Foundation</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	5,855,258	672,953
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	408,786	137,591
Pledges receivable (Note 3)		
Due from Commonwealth		
Due from system office	130,508	
Interest receivable		
Prepaid expenses	21,560	
Inventories		
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<u>6,416,112</u>	<u>810,544</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		398,834
Appropriation available		
Endowment investments (Note 2)		2,644,850
Other long-term investments (Note 2)		373,110
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		
Due from Commonwealth	14,959	
Notes receivable, net (Note 3)		
Non-depreciable capital assets, net (Note 4)	870,693	67,250
Depreciable capital assets, net (Note 4)	18,160,498	1,327,330
<b>Total Noncurrent Assets</b>	<u>19,046,150</u>	<u>4,811,374</u>
<b>Total Assets</b>	<u>25,462,262</u>	<u>5,621,918</u>
<b>Deferred Outflows of Resources</b> (Note 15)	2,205,367	
<b>Total Assets and Deferred Outflows of Resources</b>	<u>27,667,629</u>	<u>5,621,918</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 5)	503,832	379,077
Accrued payroll expense	1,077,783	
Unearned revenue	516,306	
Long-term liabilities-current portion (Note 7)	492,702	
Securities lending obligation		
Due to Commonwealth		
Due to system's office		
Deposits	534,090	
<b>Total Current Liabilities</b>	<u>3,124,713</u>	<u>379,077</u>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 7)	322,762	
Due to federal government (Note 7)		
Pension obligations (Note 7)	15,598,000	
<b>Total Noncurrent Liabilities</b>	<u>15,920,762</u>	
<b>Total Liabilities</b>	<u>19,045,475</u>	<u>379,077</u>

**Virginia Community College System  
 Southside Virginia Community College  
 Statement of Net Position  
 As of June 30, 2017**

	<u>Community College</u>	<u>Component Unit Southside Virginia Community College Foundation</u>
<b>Deferred Inflows of Resources</b> (Note 15)	1,902,000	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>20,947,475</u>	<u>379,077</u>
 <b>Net Position</b>		
Net investment in capital assets	19,031,191	1,394,580
Restricted for:		
Nonexpendable		1,065,482
Expendable	(522,296)	1,248,570
Unrestricted	<u>(11,788,741)</u>	<u>1,534,209</u>
<b>Total Net Position</b>	<u>6,720,154</u>	<u>5,242,841</u>

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



**Virginia Community College System**  
**Southside Virginia Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2017**

	<b>Community College</b>	<b>Component Unit Southside Virginia Community College Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$4,085,943)	8,217,024	
Federal grants and contracts	2,082,772	
State and local grants	68,684	
Nongovernmental grants	96,886	449,498
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$13,074)	15,218	
Gifts and contributions		573,226
Endowment income		253,539
Other operating revenues	280,152	193,265
<b>Total Operating Revenue</b>	<b>10,760,736</b>	<b>1,469,528</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	14,380,053	73,341
Public service	776,546	
Academic support	3,005,210	168,784
Student services	2,610,303	
Institutional support	3,150,273	94,537
Operation and maintenance	2,122,909	
Scholarships and fellowships	2,922,027	726,166
Auxiliary enterprises	32,836	
Fundraising		3,816
Other expenses		
<b>Total Operating Expenses (Note 10)</b>	<b>29,000,157</b>	<b>1,066,644</b>
<b>Operating Income (Loss)</b>	<b>(18,239,421)</b>	<b>402,884</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 11)	13,416,854	
Local appropriations	68,187	
Grants and gifts	4,971,772	
Investment income	19,862	
Interest on capital asset related debt		
Other nonoperating revenue (expense)	624,848	
<b>Net Nonoperating Revenue</b>	<b>19,101,523</b>	
<b>Income before other revenues, expenses gains (losses)</b>	<b>862,102</b>	<b>402,884</b>
Capital appropriations-state (Note 18)	409,136	
Capital appropriations-local		
Capital gifts, grants and contracts	61,671	
Additions to permanent and term endowments		79,858
<b>Increase (Decrease) in Net Position</b>	<b>1,332,909</b>	<b>482,742</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>5,387,245</b>	<b>4,760,099</b>
<b>Net Position end of year</b>	<b>6,720,154</b>	<b>5,242,841</b>

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

**Virginia Community College System**  
**Southside Virginia Community College**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2017**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	8,004,457
Grants and contracts	2,247,461
Payments to suppliers and others	(4,080,040)
Payments for employee wages	(16,269,586)
Payments for employee fringes and pension benefits	(5,162,544)
Payment for scholarships	(3,032,529)
Payments for utilities	(416,951)
Sales and services of education department	
Auxiliary	100,692
Loans issued to students	
Loans collected from students	
Other	280,152
Net cash used by operating activities	(18,328,888)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	13,416,854
Local appropriations	68,187
Grants and gifts	4,971,772
Agency receipts	512,763
Agency disbursements	(544,244)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	487,369
Net cash provided (used) by non-capital financing activities	18,912,701
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	394,177
Capital appropriations-local	
Capital grants and gifts	49,365
Purchase capital assets	(470,396)
Proceeds from sale of capital assets	9,776
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(17,078)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	19,862
Net cash provided (used) by investing activities	19,862
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>586,597</b>
Cash and cash equivalents, beginning of year	5,268,661
<b>Cash and cash equivalents, End of Year</b>	<b>5,855,258</b>

**Virginia Community College System**  
**Southside Virginia Community College**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2017**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(18,239,421)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,079,465
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(89,836)
Prepaid expenses and other	(9,449)
Accrued compensation and leave	(469,439)
Accounts payable and other	351,300
Unearned revenue	(47,970)
Deposits pending distribution	
Net pension liability	(113,000)
Deferred inflows of resources related to pensions	(52,000)
Deferred outflows of resources related to pensions	(738,538)
<b>Net cash used in operating activities</b>	<u><u>(18,328,888)</u></u>
 <b>Noncash transactions</b>	
Donated fixed assets	12,306
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, 2017**

	<b>Community College</b>	<b>Component Unit Southwest Virginia Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	3,296,490	370,971
Appropriation available		
Short term investments (Note 2)	182,421	
Accounts receivable, net (Note 3)	331,740	
Pledges receivable (Note 3)		
Due from Commonwealth		
Due from system office	7,101	
Interest receivable		
Prepaid expenses		12,870
Inventories	5,475	
Notes receivable, net (Note 3)	1,751	
<b>Total Current Assets</b>	<b>3,824,978</b>	<b>383,841</b>
<b>Noncurrent Assets</b>		
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)	1,614,905	20,818,098
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		
Due from Commonwealth		
Notes receivable, net (Note 3)	2,790	
Non-depreciable capital assets, net (Note 4)	619,636	339,505
Depreciable capital assets, net (Note 4)	25,925,977	3,543,653
<b>Total Noncurrent Assets</b>	<b>28,163,308</b>	<b>24,701,256</b>
<b>Total Assets</b>	<b>31,988,286</b>	<b>25,085,097</b>
<b>Deferred Outflows of Resources</b> (Note 15)	1,483,154	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>33,471,440</b>	<b>25,085,097</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 5)	307,909	17,305
Accrued payroll expense	1,237,098	
Unearned revenue	235,605	
Long-term liabilities-current portion (Note 7)	775,581	
Securities lending obligation		
Due to Commonwealth		
Due to system's office		
Deposits	54,644	
<b>Total Current Liabilities</b>	<b>2,610,837</b>	<b>17,305</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 7)	397,510	
Due to federal government (Note 7)		
Pension obligations (Note 7)	9,189,000	
<b>Total Noncurrent Liabilities</b>	<b>9,586,510</b>	
<b>Total Liabilities</b>	<b>12,197,347</b>	<b>17,305</b>

**Virginia Community College System  
Southwest Virginia Community College  
Statement of Net Position  
As of June 30, 2017**

	<b>Community College</b>	<b>Component Unit Southwest Virginia Community College Educational Foundation</b>
<b>Deferred Inflows of Resources</b> (Note 15)	828,000	
<b>Total Liabilities and Deferred Inflows of Resources</b>	13,025,347	17,305
<b>Net Position</b>		
Net investment in capital assets	26,236,213	3,883,158
Restricted for:		
Nonexpendable		
Expendable	(1,094,672)	6,145,944
Unrestricted	(4,695,448)	15,038,690
<b>Total Net Position</b>	20,446,093	25,067,792

**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, 2017**

	<b>Community College</b>	<b>Component Unit Southwest Virginia Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$4,481,049)	2,961,951	
Federal grants and contracts	3,521,410	
State and local grants	740,561	
Nongovernmental grants	138,962	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$14,338)	69,413	
Gifts and contributions		995,975
Endowment income		
Other operating revenues	256,090	
<b>Total Operating Revenue</b>	<b>7,688,387</b>	<b>995,975</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	7,825,258	
Public service	1,368,541	
Academic support	2,259,462	547,934
Student services	3,537,035	
Institutional support	2,803,003	
Operation and maintenance	1,546,860	114,251
Scholarships and fellowships	2,562,176	414,514
Auxiliary enterprises	126,276	
Fundraising		12,031
Other expenses	11,812	30,027
<b>Total Operating Expenses (Note 10)</b>	<b>22,040,423</b>	<b>1,118,757</b>
<b>Operating Income (Loss)</b>	<b>(14,352,036)</b>	<b>(122,782)</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 11)	7,614,450	
Local appropriations	167,872	
Grants and gifts	5,849,095	
Investment income	(17,235)	2,302,290
Interest on capital asset related debt		
Other nonoperating revenue (expense)	25,121	
<b>Net Nonoperating Revenue</b>	<b>13,639,303</b>	<b>2,302,290</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>(712,733)</b>	<b>2,179,508</b>
Capital appropriations-state (Note 18)		
Capital appropriations-local		
Capital gifts, grants and contracts	68,250	4,382
Additions to permanent and term endowments		
<b>Increase (Decrease) in Net Position</b>	<b>(644,483)</b>	<b>2,183,890</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>21,090,576</b>	<b>22,883,902</b>
<b>Net Position end of year</b>	<b>20,446,093</b>	<b>25,067,792</b>

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

**Virginia Community College System  
Southwest Virginia Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	2,883,659
Grants and contracts	4,219,160
Payments to suppliers and others	(3,030,158)
Payments for employee wages	(10,887,308)
Payments for employee fringes and pension benefits	(3,759,537)
Payment for scholarships	(3,022,116)
Payments for utilities	(550,086)
Sales and services of education department	
Auxiliary	69,413
Loans issued to students	(96,133)
Loans collected from students	84,922
Other	251,655
Net cash used by operating activities	(13,836,529)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	7,614,450
Local appropriations	167,872
Grants and gifts	5,849,095
Agency receipts	40,054
Agency disbursements	(42,504)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	60,000
Loan repayments	
Other non-operating revenue(expense)	18,020
Net cash provided (used) by non-capital financing activities	13,706,987
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	60,095
Purchase capital assets	(92,657)
Proceeds from sale of capital assets	
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(32,562)
<b>Cash flows from investing activities:</b>	
Purchases of investments	(269,854)
Sale of investments	80,292
Investment income	208,880
Net cash provided (used) by investing activities	19,318
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(142,786)</b>
Cash and cash equivalents, beginning of year	3,439,276
<b>Cash and cash equivalents, End of Year</b>	<b>3,296,490</b>

**Virginia Community College System**  
**Southwest Virginia Community College**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2017**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(14,352,036)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,355,168
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(126,144)
Prepaid expenses and other	1,101
Accrued compensation and leave	(18,678)
Accounts payable and other	9,117
Unearned revenue	(138,448)
Deposits pending distribution	
Net pension liability	81,000
Deferred inflows of resources related to pensions	(97,000)
Deferred outflows of resources related to pensions	(550,609)
<b>Net cash used in operating activities</b>	<u><u>(13,836,529)</u></u>
<b>Noncash transactions</b>	
Donated fixed assets	8,155
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, 2017**

	<b>Community College</b>	<b>Component Unit Thomas Nelson Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	13,085,664	113,135
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	680,349	
Pledges receivable (Note 3)		30,551
Due from Commonwealth	587,288	
Due from system office	36,234	
Interest receivable		
Prepaid expenses	177,909	
Inventories	22	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<u>14,567,466</u>	<u>143,686</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		12,646
Appropriation available		
Endowment investments (Note 2)		5,664,199
Other long-term investments (Note 2)		2,777,209
Accounts receivable, net (Note 3)	450	
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)	4,050,212	
Depreciable capital assets, net (Note 4)	54,929,799	
<b>Total Noncurrent Assets</b>	<u>58,980,461</u>	<u>8,765,554</u>
<b>Total Assets</b>	<u>73,547,927</u>	<u>8,909,240</u>
<b>Deferred Outflows of Resources</b> (Note 15)	6,897,181	
<b>Total Assets and Deferred Outflows of Resources</b>	<u>80,445,108</u>	<u>8,909,240</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 5)	486,863	12,198
Accrued payroll expense	2,924,268	
Unearned revenue	1,827,390	
Long-term liabilities-current portion (Note 7)	1,327,184	14,155
Securities lending obligation		
Due to Commonwealth		
Due to system's office		
Deposits	336,155	
<b>Total Current Liabilities</b>	<u>6,901,860</u>	<u>26,353</u>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 7)	1,491,345	212,260
Due to federal government (Note 7)		
Pension obligations (Note 7)	32,227,000	
<b>Total Noncurrent Liabilities</b>	<u>33,718,345</u>	<u>212,260</u>
<b>Total Liabilities</b>	<u>40,620,205</u>	<u>238,613</u>

**Virginia Community College System  
Thomas Nelson Community College  
Statement of Net Position  
As of June 30, 2017**

	<u>Community College</u>	<u>Component Unit Thomas Nelson Community College Educational Foundation</u>
<b>Deferred Inflows of Resources</b> (Note 15)	910,000	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>41,530,205</u>	<u>238,613</u>
<b>Net Position</b>		
Net investment in capital assets	57,688,274	
Restricted for:		
Nonexpendable		3,035,714
Expendable	97,720	3,703,530
Unrestricted	<u>(18,871,091)</u>	<u>1,931,383</u>
<b>Total Net Position</b>	<u>38,914,903</u>	<u>8,670,627</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, 2017**

	<b>Community College</b>	<b>Component Unit Thomas Nelson Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$7,358,657)	19,490,528	
Federal grants and contracts	3,008,969	
State and local grants		
Nongovernmental grants	37,733	62,000
Sales/services of education department	7,742	
Auxiliary enterprises (net of scholarship allowance of \$23,546)	396,287	
Gifts and contributions		164,198
Endowment income		648,037
Other operating revenues	1,736,998	330,240
<b>Total Operating Revenue</b>	<b>24,678,257</b>	<b>1,204,475</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	24,096,972	329,266
Public service	2,319,817	63,518
Academic support	4,398,634	36,286
Student services	7,306,107	
Institutional support	11,692,391	396,918
Operation and maintenance	5,826,249	2,600
Scholarships and fellowships	8,672,444	171,759
Auxiliary enterprises	357,981	
Fundraising		30,812
Other expenses		1,980
<b>Total Operating Expenses (Note 10)</b>	<b>64,670,595</b>	<b>1,033,139</b>
<b>Operating Income (Loss)</b>	<b>(39,992,338)</b>	<b>171,336</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 11)	23,229,306	
Local appropriations	210,000	
Grants and gifts	12,807,797	
Investment income	45,114	334,672
Interest on capital asset related debt	(92,533)	
Other nonoperating revenue (expense)	739,362	
<b>Net Nonoperating Revenue</b>	<b>36,939,046</b>	<b>334,672</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>(3,053,292)</b>	<b>506,008</b>
Capital appropriations-state (Note 18)		
Capital appropriations-local	571,730	
Capital gifts, grants and contracts	73,537	
Additions to permanent and term endowments		31,722
<b>Increase (Decrease) in Net Position</b>	<b>(2,408,025)</b>	<b>537,730</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>41,322,928</b>	<b>8,132,897</b>
<b>Net Position end of year</b>	<b>38,914,903</b>	<b>8,670,627</b>

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, 2017**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	18,545,205
Grants and contracts	3,037,666
Payments to suppliers and others	(9,861,794)
Payments for employee wages	(31,228,625)
Payments for employee fringes and pension benefits	(11,288,730)
Payment for scholarships	(8,825,975)
Payments for utilities	(794,154)
Sales and services of education department	7,742
Auxiliary	374,230
Loans issued to students	
Loans collected from students	
Other	1,772,559
Net cash used by operating activities	(38,261,876)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	23,229,306
Local appropriations	210,000
Grants and gifts	12,220,509
Agency receipts	14,845
Agency disbursements	(7,099)
PLUS, Stafford and Direct Lending loan receipts	11,995,741
PLUS, Stafford and Direct Lending loan disbursements	(12,172,002)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	738,021
Net cash provided (used) by non-capital financing activities	36,229,321
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	571,730
Capital grants and gifts	71,835
Purchase capital assets	(519,727)
Proceeds from sale of capital assets	14,255
Proceeds from bond issue	
Debt interest payments	(92,533)
Debt principal payments	(276,660)
Net cash provided (used) by capital financing activities	(231,100)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	45,113
Net cash provided (used) by investing activities	45,113
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,218,542)</b>
Cash and cash equivalents, beginning of year	15,304,206
<b>Cash and cash equivalents, End of Year</b>	<b>13,085,664</b>

**Virginia Community College System  
Thomas Nelson Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(39,992,338)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	2,950,844
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	482,660
Prepaid expenses and other	101,370
Accrued compensation and leave	(113,552)
Accounts payable and other	(752,523)
Unearned revenue	(695,986)
Deposits pending distribution	(268,447)
Net pension liability	4,098,000
Deferred inflows of resources related to pensions	(1,183,000)
Deferred outflows of resources related to pensions	(2,888,904)
<b>Net cash used in operating activities</b>	<u><u>(38,261,876)</u></u>
 <b>Noncash transactions</b>	
Donated fixed assets	1,702
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, 2017**

	Component Units		
	Community College	Tidewater Community College Educational Foundation	Tidewater Community College Real Estate Foundation
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents (Note 2)	30,313,690	123,133	676,486
Appropriation available			
Short term investments (Note 2)			
Accounts receivable, net (Note 3)	1,661,264		51,852
Pledges receivable (Note 3)		138,122	
Due from Commonwealth	661,928		
Due from system office	32,216		
Interest receivable	296,163		
Prepaid expenses	1,549,301	9,698	
Inventories	256,496		
Notes receivable, net (Note 3)			
<b>Total Current Assets</b>	<u>34,771,058</u>	<u>270,953</u>	<u>728,338</u>
<b>Noncurrent Assets</b>			
Restricted cash and cash equivalents (Note 2)	450,002		
Cash equivalents with trustees	6,096,277		
Endowment cash and cash equivalents (Note 2)		106,084	
Appropriation available			
Endowment investments (Note 2)		2,785,246	
Other long-term investments (Note 2)	32,649,870	4,856,627	7,371,189
Accounts receivable, net (Note 3)			
Investments in real estate (Note 2)			
Pledges receivable (Note 3)		286,482	
Due from Commonwealth	22,882		
Notes receivable, net (Note 3)			
Non-depreciable capital assets, net (Note 4)	15,357,365		391,794
Depreciable capital assets, net (Note 4)	313,267,325		2,292,666
<b>Total Noncurrent Assets</b>	<u>367,843,721</u>	<u>8,034,439</u>	<u>10,055,649</u>
<b>Total Assets</b>	<u>402,614,779</u>	<u>8,305,392</u>	<u>10,783,987</u>
<b>Deferred Outflows of Resources</b> (Note 15)	16,500,343		
<b>Total Assets and Deferred Outflows of Resources</b>	<u>419,115,122</u>	<u>8,305,392</u>	<u>10,783,987</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts and retainage payable (Note 5)	4,841,454	21,215	5,436
Accrued payroll expense	8,128,707		
Unearned revenue	7,414,743		
Long-term liabilities-current portion (Note 7)	7,517,052	2,995	
Securities lending obligation			
Due to Commonwealth			
Due to system's office			
Deposits	548,571		
<b>Total Current Liabilities</b>	<u>28,450,527</u>	<u>24,210</u>	<u>5,436</u>
<b>Noncurrent Liabilities</b>			
Unearned revenue			
Long-term liabilities (Note 7)	80,018,247	8,426	
Due to federal government (Note 7)			
Pension obligations (Note 7)	82,441,000		
<b>Total Noncurrent Liabilities</b>	<u>162,459,247</u>	<u>8,426</u>	
<b>Total Liabilities</b>	<u>190,909,774</u>	<u>32,636</u>	<u>5,436</u>

**Virginia Community College System  
Tidewater Community College  
Statement of Net Position  
As of June 30, 2017**

	<u>Community College</u>	<u>Component Units</u>	
		<u>Tidewater Community College Educational Foundation</u>	<u>Tidewater Community College Real Estate Foundation</u>
<b>Deferred Inflows of Resources</b> (Note 15)	2,244,000		
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>193,153,774</u>	<u>32,636</u>	<u>5,436</u>
<b>Net Position</b>			
Net investment in capital assets	253,799,294		2,684,460
Restricted for:			
Nonexpendable		2,907,040	
Expendable	(1,151,904)	3,837,300	
Unrestricted	<u>(26,686,042)</u>	<u>1,528,416</u>	<u>8,094,091</u>
<b>Total Net Position</b>	<u>225,961,348</u>	<u>8,272,756</u>	<u>10,778,551</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, 2017**

	<u>Community College</u>	<u>Component Units</u>	
		<u>Tidewater Community College Educational Foundation</u>	<u>Tidewater Community College Real Estate Foundation</u>
<b>Revenues</b>			
<b>Operating Revenue</b>			
Tuition and fees (net of scholarship allowance of \$28,953,884)	43,448,153		
Federal grants and contracts	5,031,251		
State and local grants			
Nongovernmental grants	257,777		
Sales/services of education department	72,739		
Auxiliary enterprises (net of scholarship allowance of \$92,592)	12,230,363		
Gifts and contributions		873,814	
Endowment income			
Other operating revenues	2,501,235	10,379	271,155
<b>Total Operating Revenue</b>	<u>63,541,518</u>	<u>884,193</u>	<u>271,155</u>
<b>Expenses</b>			
<b>Operating Expenses</b>			
Instruction	65,423,324	69,348	
Public service	1,290,665		
Academic support	14,566,020	51,235	
Student services	16,944,014	292,290	
Institutional support	27,258,929	602,556	261,161
Operation and maintenance	17,245,283	12,316	272,641
Scholarships and fellowships	19,179,438	130,027	
Auxiliary enterprises	6,776,451		
Fundraising		54,819	
Other expenses		17,461	
<b>Total Operating Expenses (Note 10)</b>	<u>168,684,124</u>	<u>1,230,052</u>	<u>533,802</u>
<b>Operating Income (Loss)</b>	<u>(105,142,606)</u>	<u>(345,859)</u>	<u>(262,647)</u>
<b>Nonoperating Revenues(Expenses)</b>			
State appropriations (Note 11)	60,610,047		
Local appropriations	83,600		
Grants and gifts	37,631,496		
Investment income	627,434	500,326	219,282
Interest on capital asset related debt	(2,627,960)		
Other nonoperating revenue (expense)	1,675,808		
<b>Net Nonoperating Revenue</b>	<u>98,000,425</u>	<u>500,326</u>	<u>219,282</u>
<b>Income before other revenues, expenses gains (losses)</b>	(7,142,181)	154,467	(43,365)
Capital appropriations-state (Note 18)	1,030,189		
Capital appropriations-local			
Capital gifts, grants and contracts	791,879		
Additions to permanent and term endowments		3,125	
<b>Increase (Decrease) in Net Position</b>	<u>(5,320,113)</u>	<u>157,592</u>	<u>(43,365)</u>
<b>Net Position</b>			
<b>Net Position beginning of year</b>	<u>231,281,461</u>	<u>8,115,164</u>	<u>10,821,916</u>
<b>Net Position end of year</b>	<u>225,961,348</u>	<u>8,272,756</u>	<u>10,778,551</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, 2017**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	43,283,551
Grants and contracts	5,605,874
Payments to suppliers and others	(27,530,871)
Payments for employee wages	(80,629,195)
Payments for employee fringes and pension benefits	(28,232,667)
Payment for scholarships	(18,963,580)
Payments for utilities	(3,050,453)
Sales and services of education department	72,739
Auxiliary	12,141,573
Loans issued to students	
Loans collected from students	
Other	2,517,862
Net cash used by operating activities	(94,785,167)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	60,610,047
Local appropriations	83,600
Grants and gifts	36,969,568
Agency receipts	1,057,830
Agency disbursements	(1,035,546)
PLUS, Stafford and Direct Lending loan receipts	31,981,057
PLUS, Stafford and Direct Lending loan disbursements	(31,995,718)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	1,701,744
Net cash provided (used) by non-capital financing activities	99,372,582
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	1,161,611
Capital appropriations-local	
Capital grants and gifts	783,349
Purchase capital assets	(3,518,473)
Proceeds from sale of capital assets	19,773
Proceeds from insurance recoveries	
Proceeds from bond issue	2,163,568
Debt interest payments	(3,540,465)
Debt principal payments	(6,663,568)
Net cash provided (used) by capital financing activities	(9,594,205)
<b>Cash flows from investing activities:</b>	
Purchases of investments	(19,309,000)
Sale of investments	16,469,000
Investment income	724,712
Net cash provided (used) by investing activities	(2,115,288)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(7,122,078)</b>
Cash and cash equivalents, beginning of year	43,982,048
<b>Cash and cash equivalents, End of Year</b>	<b>36,859,970</b>

**Virginia Community College System  
Tidewater Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(105,142,606)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	12,827,830
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	1,386,842
Prepaid expenses and other	(257,621)
Accrued compensation and leave	641,235
Accounts payable and other	(2,384,779)
Unearned revenue	(527,638)
Deposits pending distribution	19,462
Net pension liability	7,384,000
Deferred inflows of resources related to pensions	(3,155,000)
Deferred outflows of resources related to pensions	(5,576,892)
<b>Net cash used in operating activities</b>	<u><u>(94,785,167)</u></u>
 <b>Noncash transactions</b>	
Donated fixed assets	8,530
Debt principal and interest payments made by Treasury	739,250

**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, 2017**

	<b>Community College</b>	<b>Component Unit Virginia Highlands Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	1,721,110	479,732
Appropriation available		
Short term investments (Note 2)	524,314	
Accounts receivable, net (Note 3)	770,384	460,000
Pledges receivable (Note 3)		10,997
Due from Commonwealth		
Due from system office	1,000	
Interest receivable		
Prepaid expenses	172,567	
Inventories		
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<u>3,189,375</u>	<u>950,729</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		20,086
Appropriation available		
Endowment investments (Note 2)		1,112,905
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)	446,290	53,250
Depreciable capital assets, net (Note 4)	7,182,463	51,787
<b>Total Noncurrent Assets</b>	<u>7,628,753</u>	<u>1,238,028</u>
<b>Total Assets</b>	<u>10,818,128</u>	<u>2,188,757</u>
<b>Deferred Outflows of Resources</b> (Note 15)	1,222,413	
<b>Total Assets and Deferred Outflows of Resources</b>	<u>12,040,541</u>	<u>2,188,757</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 5)	104,354	450,000
Accrued payroll expense	911,321	
Unearned revenue	186,258	
Long-term liabilities-current portion (Note 7)	617,838	
Securities lending obligation		
Due to Commonwealth		
Due to system's office		
Deposits	49,641	
<b>Total Current Liabilities</b>	<u>1,869,412</u>	<u>450,000</u>
<b>Noncurrent Liabilities</b>		
Unearned revenue	50,000	
Long-term liabilities (Note 7)	240,030	
Due to federal government (Note 7)		
Pension obligations (Note 7)	8,504,000	
<b>Total Noncurrent Liabilities</b>	<u>8,794,030</u>	
<b>Total Liabilities</b>	<u>10,663,442</u>	<u>450,000</u>

**Virginia Community College System  
Virginia Highlands Community College  
Statement of Net Position  
As of June 30, 2017**

	<u>Community College</u>	<u>Component Unit Virginia Highlands Community College Educational Foundation</u>
<b>Deferred Inflows of Resources</b> (Note 15)	1,022,000	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>11,685,442</u>	<u>450,000</u>
<b>Net Position</b>		
Net investment in capital assets	7,628,753	105,037
Restricted for:		
Nonexpendable		453,166
Expendable	(140,299)	1,129,454
Unrestricted	<u>(7,133,355)</u>	<u>51,100</u>
<b>Total Net Position</b>	<u>355,099</u>	<u>1,738,757</u>

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

**Virginia Community College System**  
**Virginia Highlands Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2017**

	<b>Community College</b>	<b>Component Unit Virginia Highlands Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$3,870,511)	3,027,968	
Federal grants and contracts	1,714,404	
State and local grants	6,000	461,438
Nongovernmental grants	763,524	
Sales/services of education department	4,000	
Auxiliary enterprises (net of scholarship allowance of \$12,386)	58,521	
Gifts and contributions		296,800
Endowment income		50,898
Other operating revenues	84,408	278,533
<b>Total Operating Revenue</b>	<b>5,658,825</b>	<b>1,087,669</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	6,771,844	98,375
Public service	748,628	
Academic support	1,618,670	123,104
Student services	1,697,965	
Institutional support	2,579,863	114,023
Operation and maintenance	1,392,260	295
Scholarships and fellowships	1,790,659	574,340
Auxiliary enterprises	99,265	
Fundraising		168,162
Other expenses		
<b>Total Operating Expenses (Note 10)</b>	<b>16,699,154</b>	<b>1,078,299</b>
<b>Operating Income (Loss)</b>	<b>(11,040,329)</b>	<b>9,370</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 11)	6,809,098	
Local appropriations	340,273	
Grants and gifts	4,218,750	
Investment income	2,407	460
Interest on capital asset related debt		
Other nonoperating revenue (expense)	212,851	
<b>Net Nonoperating Revenue</b>	<b>11,583,379</b>	<b>460</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>543,050</b>	<b>9,830</b>
Capital appropriations-state (Note 18)		
Capital appropriations-local		
Capital gifts, grants and contracts	16,491	
Additions to permanent and term endowments		24,376
<b>Increase (Decrease) in Net Position</b>	<b>559,541</b>	<b>34,206</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>(204,442)</b>	<b>1,704,551</b>
<b>Net Position end of year</b>	<b>355,099</b>	<b>1,738,757</b>

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

**Virginia Community College System  
Virginia Highlands Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	3,003,864
Grants and contracts	2,058,585
Payments to suppliers and others	(4,069,346)
Payments for employee wages	(8,178,126)
Payments for employee fringes and pension benefits	(3,083,406)
Payment for scholarships	(1,779,792)
Payments for utilities	(25,093)
Sales and services of education department	4,000
Auxiliary	58,521
Loans issued to students	
Loans collected from students	
Other	78,224
Net cash used by operating activities	(11,932,569)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	6,809,098
Local appropriations	340,273
Grants and gifts	4,218,750
Agency receipts	818,911
Agency disbursements	(802,803)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	350,000
Loan repayments	(350,000)
Other non-operating revenue(expense)	255,249
Net cash provided (used) by non-capital financing activities	11,639,478
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	12,410
Purchase capital assets	(175,131)
Proceeds from sale of capital assets	8,511
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(154,210)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	(1)
Net cash provided (used) by investing activities	(1)
<b>Net increase (decrease) in cash and cash equivalents</b>	(447,302)
Cash and cash equivalents, beginning of year	2,168,412
<b>Cash and cash equivalents, End of Year</b>	<b>1,721,110</b>

**Virginia Community College System  
Virginia Highlands Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(11,040,329)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	539,113
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(338,587)
Prepaid expenses and other	303,439
Accrued compensation and leave	5,682
Accounts payable and other	(521,114)
Unearned revenue	(3,988)
Deposits pending distribution	
Net pension liability	283,000
Deferred inflows of resources related to pensions	(630,000)
Deferred outflows of resources related to pensions	(529,785)
<b>Net cash used in operating activities</b>	<u><u>(11,932,569)</u></u>
 <b>Noncash transactions</b>	
Donated fixed assets	4,081
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, 2017**

	<u>Community College</u>	<u>Component Unit Virginia Western Community College Educational Foundation</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	8,543,038	152,822
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	350,129	
Pledges receivable (Note 3)		141,199
Due from Commonwealth		
Due from system office		
Interest receivable		31,126
Prepaid expenses	393,851	12,884
Inventories		
Notes receivable, net (Note 3)		86,384
<b>Total Current Assets</b>	<u>9,287,018</u>	<u>424,415</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)	(19,443)	
Cash equivalents with trustees	26,440	
Endowment cash and cash equivalents (Note 2)		687,552
Appropriation available		
Endowment investments (Note 2)		10,874,743
Other long-term investments (Note 2)		2,927,015
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		154,325
Due from Commonwealth	121,340	
Notes receivable, net (Note 3)		185,941
Non-depreciable capital assets, net (Note 4)	4,744,551	
Depreciable capital assets, net (Note 4)	49,217,816	16,599
<b>Total Noncurrent Assets</b>	<u>54,090,704</u>	<u>14,846,175</u>
<b>Total Assets</b>	<u>63,377,722</u>	<u>15,270,590</u>
<b>Deferred Outflows of Resources</b> (Note 15)	3,400,672	
<b>Total Assets and Deferred Outflows of Resources</b>	<u>66,778,394</u>	<u>15,270,590</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 5)	1,773,375	89,549
Accrued payroll expense	1,890,454	
Unearned revenue	1,915,688	
Long-term liabilities-current portion (Note 7)	1,090,749	
Securities lending obligation		
Due to Commonwealth		
Due to system's office		
Deposits	132,203	
<b>Total Current Liabilities</b>	<u>6,802,469</u>	<u>89,549</u>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 7)	5,744,541	
Due to federal government (Note 7)		
Pension obligations (Note 7)	20,532,000	
<b>Total Noncurrent Liabilities</b>	<u>26,276,541</u>	
<b>Total Liabilities</b>	<u>33,079,010</u>	<u>89,549</u>



**Virginia Community College System  
Virginia Western Community College  
Statement of Net Position  
As of June 30, 2017**

	<b>Community College</b>	<b>Component Unit Virginia Western Community College Educational Foundation</b>
<b>Deferred Inflows of Resources</b> (Note 15)	1,349,000	
<b>Total Liabilities and Deferred Inflows of Resources</b>	34,428,010	89,549
<b>Net Position</b>		
Net investment in capital assets	48,313,749	16,599
Restricted for:		
Nonexpendable		
Expendable	(439,703)	14,301,372
Unrestricted	(15,523,662)	863,070
<b>Total Net Position</b>	32,350,384	15,181,041

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, 2017**

	<b>Community College</b>	<b>Component Unit Virginia Western Community College Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$7,646,861)	14,002,921	
Federal grants and contracts	1,290,749	
State and local grants	53,259	
Nongovernmental grants	9,165	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$24,450)	1,573,907	
Gifts and contributions		1,198,986
Endowment income		396,904
Other operating revenues	703,567	355,123
<b>Total Operating Revenue</b>	<b>17,633,568</b>	<b>1,951,013</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	20,159,077	
Public service		
Academic support	5,358,306	
Student services	4,050,421	
Institutional support	4,890,017	709,214
Operation and maintenance	4,440,552	
Scholarships and fellowships	3,074,834	1,383,401
Auxiliary enterprises	118,527	
Fundraising		104,233
Other expenses		
<b>Total Operating Expenses (Note 10)</b>	<b>42,091,734</b>	<b>2,196,848</b>
<b>Operating Income (Loss)</b>	<b>(24,458,166)</b>	<b>(245,835)</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 11)	17,829,144	
Local appropriations	1	
Grants and gifts	8,095,779	
Investment income	15,659	87,363
Interest on capital asset related debt	(220,360)	
Other nonoperating revenue (expense)	435,395	
<b>Net Nonoperating Revenue</b>	<b>26,155,618</b>	<b>87,363</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>1,697,452</b>	<b>(158,472)</b>
Capital appropriations-state (Note 18)	1,741,779	
Capital appropriations-local		
Capital gifts, grants and contracts	143,900	
Additions to permanent and term endowments		195,226
<b>Increase (Decrease) in Net Position</b>	<b>3,583,131</b>	<b>36,754</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>28,767,253</b>	<b>15,144,287</b>
<b>Net Position end of year</b>	<b>32,350,384</b>	<b>15,181,041</b>

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

**Virginia Community College System  
Virginia Western Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	14,457,339
Grants and contracts	1,353,173
Payments to suppliers and others	(9,895,432)
Payments for employee wages	(18,733,258)
Payments for employee fringes and pension benefits	(7,168,765)
Payment for scholarships	(3,145,426)
Payments for utilities	(979,298)
Sales and services of education department	
Auxiliary	1,573,907
Loans issued to students	
Loans collected from students	
Other	703,567
Net cash used by operating activities	(21,834,193)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	17,829,144
Local appropriations	1
Grants and gifts	8,095,779
Agency receipts	1,900,967
Agency disbursements	(1,876,620)
PLUS, Stafford and Direct Lending loan receipts	5,901,641
PLUS, Stafford and Direct Lending loan disbursements	(5,901,641)
Borrowings	165,000
Loan repayments	(165,000)
Other non-operating revenue(expense)	435,067
Net cash provided (used) by non-capital financing activities	26,384,338
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	1,636,569
Capital appropriations-local	
Capital grants and gifts	143,900
Purchase capital assets	(2,319,737)
Proceeds from sale of capital assets	13,672
Proceeds from bond issue	
Debt interest payments	(276,166)
Debt principal payments	(583,352)
Net cash provided (used) by capital financing activities	(1,385,114)
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	15,658
Net cash provided (used) by investing activities	15,658
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,180,689</b>
Cash and cash equivalents, beginning of year	5,369,346
<b>Cash and cash equivalents, End of Year</b>	<b>8,550,035</b>

**Virginia Community College System  
Virginia Western Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(24,458,166)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	2,264,625
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(301,581)
Prepaid expenses and other	(24,726)
Accrued compensation and leave	29,890
Accounts payable and other	257,287
Unearned revenue	777,469
Deposits pending distribution	(15,804)
Net pension liability	467,000
Deferred inflows of resources related to pensions	(75,000)
Deferred outflows of resources related to pensions	(755,187)
<b>Net cash used in operating activities</b>	<u><u>(21,834,193)</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  
Wytheville Community College  
Statement of Net Position  
As of June 30, 2017**

	Component Units		
	Community College	Wytheville Community College Educational Foundation	Wytheville Community College Scholarship Foundation
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents (Note 2)	6,147,225	723,373	38,791
Appropriation available			
Short term investments (Note 2)	605,616	738,082	16,196
Accounts receivable, net (Note 3)	190,904	19,103	
Pledges receivable (Note 3)		135,535	3,000
Due from Commonwealth	373,470		
Due from system office	128,757		
Interest receivable			
Prepaid expenses	461,972		
Inventories	59,718		
Notes receivable, net (Note 3)			
<b>Total Current Assets</b>	<u>7,967,662</u>	<u>1,616,093</u>	<u>57,987</u>
<b>Noncurrent Assets</b>			
Restricted cash and cash equivalents (Note 2)	(5,848)		
Cash equivalents with trustees			
Endowment cash and cash equivalents (Note 2)			
Appropriation available			
Endowment investments (Note 2)		5,354,663	449,230
Other long-term investments (Note 2)		1,796,433	148,283
Accounts receivable, net (Note 3)			
Investments in real estate (Note 2)			
Pledges receivable (Note 3)			9,000
Due from Commonwealth	294,505		
Notes receivable, net (Note 3)			
Non-depreciable capital assets, net (Note 4)	1,285,501	43,393	
Depreciable capital assets, net (Note 4)	14,105,211		
<b>Total Noncurrent Assets</b>	<u>15,679,369</u>	<u>7,194,489</u>	<u>606,513</u>
<b>Total Assets</b>	<u>23,647,031</u>	<u>8,810,582</u>	<u>664,500</u>
<b>Deferred Outflows of Resources</b> (Note 15)	1,252,653		
<b>Total Assets and Deferred Outflows of Resources</b>	<u>24,899,684</u>	<u>8,810,582</u>	<u>664,500</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts and retainage payable (Note 5)	1,550,644	12,776	15,000
Accrued payroll expense	976,348		
Unearned revenue	436,490		
Long-term liabilities-current portion (Note 7)	283,594		
Securities lending obligation			
Due to Commonwealth			
Due to system's office			
Deposits	144,798		
<b>Total Current Liabilities</b>	<u>3,391,874</u>	<u>12,776</u>	<u>15,000</u>
<b>Noncurrent Liabilities</b>			
Unearned revenue			
Long-term liabilities (Note 7)	196,215		
Due to federal government (Note 7)			
Pension obligations (Note 7)	8,431,000		
<b>Total Noncurrent Liabilities</b>	<u>8,627,215</u>		
<b>Total Liabilities</b>	<u>12,019,089</u>	<u>12,776</u>	<u>15,000</u>

**Virginia Community College System  
Wytheville Community College  
Statement of Net Position  
As of June 30, 2017**

	<u>Community College</u>	<u>Component Units</u>	
		<u>Wytheville Community College Educational Foundation</u>	<u>Wytheville Community College Scholarship Foundation</u>
<b>Deferred Inflows of Resources</b> (Note 15)	1,261,000		
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>13,280,089</u>	<u>12,776</u>	<u>15,000</u>
<b>Net Position</b>			
Net investment in capital assets	15,390,712	43,393	
Restricted for:			
Nonexpendable		5,483,839	461,230
Expendable	104,221	3,106,776	188,097
Unrestricted	<u>(3,875,338)</u>	<u>163,798</u>	<u>173</u>
<b>Total Net Position</b>	<u>11,619,595</u>	<u>8,797,806</u>	<u>649,500</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, 2017**

	<b>Component Units</b>		
	<b>Community College</b>	<b>Wytheville Community College Educational Foundation</b>	<b>Wytheville Community College Scholarship Foundation</b>
<b>Revenues</b>			
<b>Operating Revenue</b>			
Tuition and fees (net of scholarship allowance of \$2,890,496)	4,921,325		
Federal grants and contracts	1,981,053		
State and local grants	29,343	612,977	
Nongovernmental grants	325,403	395,905	
Sales/services of education department	16,112		
Auxiliary enterprises (net of scholarship allowance of \$9,213)	130,317		
Gifts and contributions		6,655	
Endowment income		668,888	32,145
Other operating revenues	137,563	424,071	
<b>Total Operating Revenue</b>	<b>7,541,116</b>	<b>2,108,496</b>	<b>32,145</b>
<b>Expenses</b>			
<b>Operating Expenses</b>			
Instruction	8,345,546	6,277	
Public service	294,682	663	
Academic support	2,265,835	168,514	
Student services	1,662,788		
Institutional support	3,714,233	330,419	70
Operation and maintenance	2,001,161		
Scholarships and fellowships	1,901,271	1,033,526	30,000
Auxiliary enterprises	23,408		
Fundraising		163,075	
Other expenses			
<b>Total Operating Expenses (Note 10)</b>	<b>20,208,924</b>	<b>1,702,474</b>	<b>30,070</b>
<b>Operating Income (Loss)</b>	<b>(12,667,808)</b>	<b>406,022</b>	<b>2,075</b>
<b>Nonoperating Revenues(Expenses)</b>			
State appropriations (Note 11)	9,083,779		
Local appropriations	149,568		
Grants and gifts	3,549,766		
Investment income	31,081	12,381	8,965
Interest on capital asset related debt			
Other nonoperating revenue (expense)	418,883		
<b>Net Nonoperating Revenue</b>	<b>13,233,077</b>	<b>12,381</b>	<b>8,965</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>565,269</b>	<b>418,403</b>	<b>11,040</b>
Capital appropriations-state (Note 18)	322,989		
Capital appropriations-local			
Capital gifts, grants and contracts	313,191		
Additions to permanent and term endowments		905,330	12,988
<b>Increase (Decrease) in Net Position</b>	<b>1,201,449</b>	<b>1,323,733</b>	<b>24,028</b>
<b>Net Position</b>			
<b>Net Position beginning of year</b>	<b>10,418,146</b>	<b>7,474,073</b>	<b>625,472</b>
<b>Net Position end of year</b>	<b>11,619,595</b>	<b>8,797,806</b>	<b>649,500</b>

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, 2017**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	4,734,635
Grants and contracts	2,325,940
Payments to suppliers and others	(3,666,734)
Payments for employee wages	(10,031,481)
Payments for employee fringes and pension benefits	(3,219,519)
Payment for scholarships	(1,952,629)
Payments for utilities	(247,692)
Sales and services of education department	16,112
Auxiliary	132,504
Loans issued to students	
Loans collected from students	
Other	136,993
Net cash used by operating activities	(11,771,871)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	9,083,779
Local appropriations	149,568
Grants and gifts	3,176,296
Agency receipts	122,564
Agency disbursements	(29,982)
PLUS, Stafford and Direct Lending loan receipts	795,773
PLUS, Stafford and Direct Lending loan disbursements	(791,133)
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	286,353
Net cash provided (used) by non-capital financing activities	12,793,218
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	35,365
Capital appropriations-local	
Capital grants and gifts	308,199
Purchase capital assets	(697,648)
Proceeds from sale of capital assets	4,403
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	(349,681)
<b>Cash flows from investing activities:</b>	
Purchases of investments	(505,316)
Sale of investments	2,115,803
Investment income	31,081
Net cash provided (used) by investing activities	1,641,568
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,313,234</b>
Cash and cash equivalents, beginning of year	3,828,143
<b>Cash and cash equivalents, End of Year</b>	<b>6,141,377</b>



**Virginia Community College System  
Wytheville Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(12,667,808)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,033,867
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	261,062
Prepaid expenses and other	(9,930)
Accrued compensation and leave	25,902
Accounts payable and other	342,323
Unearned revenue	(101,672)
Deposits pending distribution	
Net pension liability	(655,000)
Deferred inflows of resources related to pensions	487,000
Deferred outflows of resources related to pensions	(487,615)
<b>Net cash used in operating activities</b>	<u><u>(11,771,871)</u></u>
 <b>Noncash transactions</b>	
Donated fixed assets	4,992
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, 2017**

	<b>System's Office</b>	<b>Component Unit  Community Colleges of VA Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	13,103,403	789,041
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)		
Pledges receivable (Note 3)		2,202,607
Due from Commonwealth	1,879,081	
Due from colleges		
Interest receivable		
Prepaid expenses	10,355,636	
Inventories	15,000	
Notes receivable, net (Note 3)		
<b>Total Current Assets</b>	<b>25,353,120</b>	<b>2,991,648</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)		
Cash equivalents with trustees		
Endowment cash and cash equivalents (Note 2)		
Appropriation available	723,043	
Endowment investments (Note 2)		8,308,358
Other long-term investments (Note 2)		
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		1,679,622
Due from Commonwealth		
Notes receivable, net (Note 3)		
Non-depreciable capital assets, net (Note 4)		
Depreciable capital assets, net (Note 4)	9,824,796	
<b>Total Noncurrent Assets</b>	<b>10,547,839</b>	<b>9,987,980</b>
<b>Total Assets</b>	<b>35,900,959</b>	<b>12,979,628</b>
<b>Deferred Outflows of Resources</b> (Note 15)	4,291,823	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>40,192,782</b>	<b>12,979,628</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable (Note 5)	10,430,113	910,849
Accrued payroll expense	1,754,826	
Unearned revenue		
Long-term liabilities-current portion (Note 7)	3,712,961	5,800
Securities lending obligation		
Due to Commonwealth		
Due to colleges	1,257,424	
Deposits	397,846	
<b>Total Current Liabilities</b>	<b>17,553,170</b>	<b>916,649</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue		
Long-term liabilities (Note 7)	628,887	34,092
Due to federal government (Note 7)		
Pension obligations (Note 7)	24,151,000	
<b>Total Noncurrent Liabilities</b>	<b>24,779,887</b>	<b>34,092</b>
<b>Total Liabilities</b>	<b>42,333,057</b>	<b>950,741</b>

**Virginia Community College System  
System Office  
Statement of Net Position  
As of June 30, 2017**

	<b>System's Office</b>	<b>Component Unit Community Colleges of VA Educational Foundation</b>
<b>Deferred Inflows of Resources</b> (Note 15)	1,454,000	
<b>Total Liabilities and Deferred Inflows of Resources</b>	43,787,057	950,741
 <b>Net Position</b>		
Net investment in capital assets	9,824,796	
Restricted for:		
Nonexpendable		2,386,419
Expendable	(3,126,659)	7,148,858
Unrestricted	(10,292,412)	2,493,610
<b>Total Net Position</b>	(3,594,275)	12,028,887

**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, 2017**

	<b>System's Office</b>	<b>Component Unit  Community Colleges of VA Educational Foundation</b>
<b>Revenues</b>		
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$0)		
Federal grants and contracts	47,955,949	
State and local grants	30,000	
Nongovernmental grants	809,057	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of \$0)		
Gifts and contributions		4,437,854
Endowment income		677,320
Other operating revenues	368,806	438,752
<b>Total Operating Revenue</b>	<b>49,163,812</b>	<b>5,553,926</b>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	1,610,086	
Public service	46,562,294	108,933
Academic support	9,809,251	2,640,589
Student services	706,358	
Institutional support	25,150,569	613,738
Operation and maintenance	1,522,382	
Scholarships and fellowships		
Auxiliary enterprises		
Fundraising		460,220
Other expenses		
<b>Total Operating Expenses (Note 10)</b>	<b>85,360,940</b>	<b>3,823,480</b>
<b>Operating Income (Loss)</b>	<b>(36,197,128)</b>	<b>1,730,446</b>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations (Note 11)	37,507,266	
Local appropriations		
Grants and gifts	95,497	
Investment income		
Interest on capital asset related debt		
Other nonoperating revenue (expense)	(5,630,478)	
<b>Net Nonoperating Revenue</b>	<b>31,972,285</b>	
<b>Income before other revenues, expenses gains (losses)</b>	<b>(4,224,843)</b>	<b>1,730,446</b>
Capital appropriations-state (Note 18)	7,756,528	
Capital appropriations-local		
Capital gifts, grants and contracts	1,690,322	
Additions to permanent and term endowments		44,900
<b>Increase (Decrease) in Net Position</b>	<b>5,222,007</b>	<b>1,775,346</b>
<b>Net Position</b>		
<b>Net Position beginning of year</b>	<b>(8,816,282)</b>	<b>10,253,541</b>
<b>Net Position end of year</b>	<b>(3,594,275)</b>	<b>12,028,887</b>

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

**Virginia Community College System  
System Office  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

	<b>System Office</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	
Grants and contracts	48,774,512
Payments to suppliers and others	(59,477,315)
Payments for employee wages	(19,836,113)
Payments for employee fringes and pension benefits	(7,913,207)
Payment for scholarships	
Payments for utilities	(63,979)
Sales and services of education department Auxiliary	
Loans issued to students	
Loans collected from students	
Other	368,806
Net cash used by operating activities	(38,147,296)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	37,507,266
Local appropriations	
Grants and gifts	95,497
Agency receipts	293,760
Agency disbursements	(203,161)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Borrowings	2,356,000
Loan repayments	(2,541,000)
Other non-operating revenue(expense)	(5,635,551)
Net cash provided (used) by non-capital financing activities	31,872,811
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	8,400,399
Capital appropriations-local	
Capital grants and gifts	1,461,137
Purchase capital assets	(1,488,569)
Proceeds from sale of capital assets	
Proceeds from bond issue	
Debt interest payments	
Debt principal payments	
Net cash provided (used) by capital financing activities	8,372,967
<b>Cash flows from investing activities:</b>	
Purchases of investments	
Sale of investments	
Investment income	
Net cash provided (used) by investing activities	
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,098,482</b>
Cash and cash equivalents, beginning of year	11,004,921
<b>Cash and cash equivalents, End of Year</b>	<b>13,103,403</b>

**Virginia Community College System  
System Office  
Statement of Cash Flows  
For the Year Ended June 30, 2017**

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(36,197,128)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	2,670,540
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	2,136,899
Prepaid expenses and other	(4,595,577)
Accrued compensation and leave	366,343
Accounts payable and other	(1,450,650)
Unearned revenue	
Deposits pending distribution	1,029
Net pension liability	2,389,000
Deferred inflows of resources related to pensions	(1,357,000)
Deferred outflows of resources related to pensions	(2,110,752)
<b>Net cash used in operating activities</b>	<u><u>(38,147,296)</u></u>
<b>Noncash transactions</b>	
Donated fixed assets	229,185
Debt principal and interest payments made by Treasury	

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