November 6, 2026

Division of Legislative Automated Services (DLAS)
Old City Hall, Suite 210
101 East Broad Street
Richmond, VA 23219

Attention: Legislative Documents and Reports Processing

As required by Code of Code of Virginia - § 23.1-2908 (B.4.), we respectively submit on behalf of Dr. David Doré, Chancellor of the Virginia Community College System, the annual report on the financial statements of the Virginia Community System for the fiscal year ending June 30, 2026. This report was submitted to the Department of Accounts on October 8,2026. The status of VCCS ongoing capital projects for fiscal year ending June 30,2026. This report was submitted to Department of General Services on July 24,2026. These reports were submitted to the respective state entities required by the Code of VA prior to November 1,2026.

Also attached is the "2026 Workforce Annual Report" in accordance with Item 206.D.2. of the 2026 Appropriations Act. This report was submitted to the staff of House Appropriations and Senate Finance and Appropriations committees and the Department of Planning and Budget on November 4, 2026.

If you have questions regarding these reports, please contact me at (804) 819-4912 or wjohnson@vccs.edu.

Sincerely,

William M. Johnson
Vice Chancellor for Finance and Capital Resources

Attachment
(Electronic Submission Only)

Virginia's Community Colleges

October 8, 2026

Ms. Staci A, Henshaw
Auditor of Public Accounts
P.O. Box 1295
Richmond, VA 23218-1295

Dear Staci:

Enclosed please find the Virginia Community College System's consolidated financial statements and footnotes for the year ended June 30, 2026. The oath required by Section 4-11.00 of the Appropriation Act is attached.

If you have any questions, please contact Greg Lehman, Chief Accounting Officer/Controller, at 819-4922.

Sincerely,

David Dore'
Chancellor

DD/gtl

Enclosure

cc: Dr. Craig Herndon (w/o enclosure)
Mr. William M. Johnson (w/o enclosure)
Mr. Gregory T. Lehman (w/o enclosure)

Virginia's Community Colleges

"I hereby affirm that the FY26 financial statement submission of the Virginia Community College System is true and correct to the best of my knowledge and belief."

Signature

Chancellor
Title

Commonwealth of Virginia
City of Richmond

This is to certify that David Dore'on this 09 day of October 2026 took and subscribed the foregoing oath required by the laws of the Commonwealth.

Lauren Philip
Name of Notary

Director of HR
Title

Commonwealth Of Virginia
Lauren Maria Philip - Notary Public
Commission No. 00349441
My Commission Expires 9/30/2029

Commonwealth Of Virginia
Lauren Maria Philip - Notary Public
Commission No. 00349441
My Commission Expires 9/30/2029

VIRGINIA COMMUNITY COLLEGE SYSTEM

FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2026
(UNAUDITED)

Prepared by:
Office of Fiscal Services
Virginia Community College System
300 Arboretum Place, Suite 200
Richmond, Virginia 23236

VCCS Financial Report 2025-2026

STATE BOARD MEMBERS

Michael Wooten, Chair
Mark Hourigan, Vice Chair

David Elmore
Sasha Gong
Jeffrey Haley
Wiley "Bif" Johnson
Bruce Meyer
Anthony "Tony" Miller
Alethea "AJ" Robinson
Jeremy Satterfield
Christy Thompson
Terri Thompson
Brett Vassey
Joan Wodiska
Michael Zajur

CHANCELLOR

David Dore'
Secretary, State Board

OFFICER REPORTING

Gregory T. Lehman
Controller

VCCS Financial Report 2025-2026

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VIRGINIA COMMUNITY COLLEGE SYSTEM

Management's Discussion and Analysis
(Unaudited)

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

The following discussion and analysis provide an overview of the financial position and activities of the VCCS for the year ended June 30, 2026. Management has prepared this discussion, which should be read in conjunction with the financial statements and footnotes.

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

Overview of the 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.

The *Statement of Net Position* presents assets, deferred outflows of resources, liabilities, deferred inflows of resources and the net position. Net position is the residual amount equal to assets and deferred outflows of resources, less liabilities and deferred inflows of resources. Net position is presented in four categories: Net investment in capital assets, Restricted nonexpendable, Restricted expendable, and Unrestricted. Change in net position may indicate over time whether the financial position is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* present operating and non-operating revenues received by the institution, noncapital subsidies, operating and non-operating expenses incurred. 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.

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

The *Notes to the Financial Statements* provide additional information necessary to understand the data provided in the financial statements. The notes include a summary of the VCCS' significant accounting policies and provide more detail on the nature of amounts reported, and how these amounts are determined.

The *Required Supplementary Information* includes details and notes for VCCS' share of pension and other post-employment benefits (OPEBs) liabilities and contributions.

For fiscal year 2026, the VCCS implemented GASB Statement No. 103, Financial Reporting Model Improvements. GASB 103 establishes a mandatory intermediate subtotal on the Statement of Revenues, Expenses and Changes in Net Position titled Operating Loss and Noncapital Subsidies. This presentation explicitly highlights the extent to which appropriations and institutional noncapital grant subsidies (such as the Commonwealth's portion of the New Economy Workforce Credential Grant Program) support public higher education operational costs and lower out-of-pocket tuition charges for students.

Financial Summary and detailed analysis

The System's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1.6 billion, at the end of fiscal year 2026, which is an increase $84.3 million or 5.41% over the previous year. The largest portion of the System's net position is invested in capital assets, net of related debt. As noted earlier, the change in net position may indicate over time whether the financial position is improving or deteriorating.

Summary of the Statement of Net Position, as of June 30:
(in thousands)

			Increase (Decrease)	
	2026	2025	Amount	Percentage
Assets				
Current assets	$ 601,243	$ 651,315	$ (50,072)	(7.69%)
Capital assets, net	1,626,851	1,549,728	77,123	4.98%
Other non-current assets	152,288	119,558	32,729	27.38%
Total Assets	2,380,382	2,320,601	59,781	2.58%
Deferred Outflows of Resources	135,650	137,458	(1,808)	(1.32%)
Total Assets and Deferred Outflows of Resources	2,516,032	2,458,059	57,972	2.36%
Liabilities				
Current liabilities	263,905	232,737	31,169	13.39%
Non-current liabilities	508,409	574,130	(65,721)	(11.45%)
Total Liabilities	772,314	806,867	(34,553)	(4.28%)
Deferred Inflows of Resources	102,392	94,139	8,252	8.77%
Total Liabilities and Deferred Inflows of Resources	874,706	901,006	(26,300)	(2.92%)
Net Position				
Net investment in capital assets	1,489,018	1,409,819	79,199	5.62%
Restricted-nonexpendable	76	113	(37)	(32.56%)
Restricted-expendable	194,884	234,349	(39,465)	(16.84%)
Unrestricted	(42,653)	(87,230)	44,577	(51.1%)
Total Net Position	$ 1,641,326	$ 1,557,051	$ 84,275	5.41%

Current Assets

Current assets consist of $467.9 million in cash, cash equivalents, and short-term investments, $36.6 million in accounts, notes, and interest receivable, $62.9 million in state appropriation available, $8.9 million in amounts due from the Commonwealth, and $22.9 million in prepaid expenses. The $50.1 million decrease in current assets was primarily attributable to a decrease of $52.9 million in cash, cash equivalents, short-term investments, due mainly to state-mandated increases in compensation and benefits expenses, and a required $13.6 million transfer to the State Council of Higher Education for Virginia for deposit to the New Economy Workforce Credential Grant Fund.

Current assets cover current liabilities 2.28 times, an indicator of sound liquidity and the ability to weather short-term demands on working capital. Current assets also cover over 3.64 months of total operating expenses, excluding depreciation. Both ratios remained consistent with prior years. For fiscal year 2026, one month of operating expenses (excluding depreciation) equaled $114.6 million.

Other Non-Current Assets

The appropriation available balance consists of General and Central Capital Planning funds for capital projects. The increase in other non-current assets is due primarily to increases in appropriation available of $26.5 million and post-employment benefit assets of $4.9 million. The appropriation available balance includes $42.5 million for the replacement of the French Slaughter building at Germanna Community College.

Deferred Outflows of Resources

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

Current Liabilities

Current liabilities consist of accounts and retainage payable of $65.6 million, accrued payroll expense of $68.8 million, unearned revenues of $59.8 million, long-term obligations (current portion) of $55.4 million, and deposits totaling $12.3 million.

Current liabilities increased by $31.1 million in fiscal year 2026 primarily due to the increase in accounts and retainage payable of $10.0 million, increases in unearned revenues of $5.9 million, and increases in accrued payroll of $3.9 million. Additionally, the current portion of long-term liabilities increased by $10.1 million due to increases in lease and subscription liabilities and timing of when the subscription payments are due. The increase in accounts payable is spread across multiple colleges and relates to the timing of receiving goods and services and payment to suppliers.

Non-Current Liabilities

Non-Current liabilities consist of a net pension obligation of $309.7 million, the net OPEB obligation of $66.9 million, pooled bonds of $41.8 million, accrued leave of $21.5 million, and federal loan program amounts due of $746 thousand. The overall decrease of $65.7 million in non-current liabilities was primarily due to the change in the VCCS' proportionate share of the Commonwealth's overall VRS pension liability and OPEB liabilities, which accounted for $54.5 million of the change.

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 balances include amounts related to pension and OPEB that will impact expenses in future fiscal years and deferred gains on debt refunding related to refinancing of certain pooled bond issuances. The changes in pension and OPEB from year-to-year are primarily due to actuarial calculations related to the plans, including the impact of investment performance on the plan assets.

Net Position

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 net position for the VCCS increased by $84.3 million for the fiscal year ended June 30, 2026.

The increase in net investment in capital assets of $79.2 million is due mainly to completion of large construction projects at Northern Virginia and Virginia Peninsula community colleges. The increase of $44.6 million in the unrestricted net position category is the result of several factors: The fluctuation of the VCCS' proportionate share of the Commonwealth's overall OPEB liability and VCCS' proportionate share of the overall VRS pension liability. Both liabilities (short and long-term portions) had a combined decrease of $54.9 million, offset by increases in operating expenses. The decrease of $39.5 million the restricted nonexpendable category was due to decreases in the WCGP – Workforce Credential Program and increased spending on capital projects with external restrictions.

Statement of Revenues, Expenses and Changes in Net Position

As noted earlier, VCCS implemented GASB Statement No. 103, Financial Reporting Model Improvements for fiscal year 2026. GASB 103 includes a new section titled Noncapital subsidies and adds a mandatory intermediate subtotal on the Statement of Revenues, Expenses and Changes in Net Position titled Operating Loss and Noncapital Subsidies. The statement does not require entities to revise previous information for the management discussion and analysis.

Summary of the Statement of Revenues, Expenses and Changes in Net Position
For the year ended June 30:
(in thousands)

			Increase (Decrease)	
	2026	2025	Amount	Percentage
Operating revenue	$ 667,944	$ 445,613	$ 222,332	49.89%
Operating expenses	1,481,209	1,409,805	71,404	5.06%
Operating income (loss)	(813,265)	(964,192)	150,928	(15.65%)
Noncapital subsidies	785,444	1,034,046	(248,601)	(24.04%)
Operating income (loss) and noncapital subsidies	(27,821)	69,854	(97,674)	(139.83%)
Other nonoperating revenue (expenses)	112,095	98,001	14,094	14.38%
Increase (decrease) in net position	84,274	167,854	(83,580)	(49.79%)
Net position, beginning of year as restated	1,557,052	1,389,198	167,855	12.08%
Net position, end of year	$ 1,641,326	$ 1,557,051	$ 84,275	5.41%

The following table is a more detailed representation and comparison of amounts included in operating, noncapital subsidies and non-operating revenues during the periods ended June 30, 2026, and 2025:

Summary Statement of Revenues
for the year ended June 30:
(in thousands)

			Increase (Decrease)	
	2026	2025	Amount	Percentage
Operating revenues				
Student tuition and fees, net	$ 285,742	$ 273,718	$ 12,024	4.39%
Grants and contracts	325,387	128,342	197,043	153.53%
Auxiliary enterprises, net	22,148	21,434	714	3.33%
Other operating revenue*	34,667	22,119	12,548	56.73%
Total Operating Revenues	667,943	445,612	222,332	49.89%
Noncapital subsidies				
State operating appropriations	757,129	783,659	(26,529)	(3.39%)
Local operating appropriations	2,683	2,739	(56)	(2.04%)
Grants and gifts	25,632	247,648	(222,016)	(89.65%)
Total Noncapital subsidies	785,444	1,034,046	(248,601)	(24.04%)
Other nonoperating revenues (expenses)				
Investment income(loss)	7,787	9,468	(1,681)	(17.75%)
Interest expense	(5,488)	(4,513)	(976)	21.62%
Capital appropriations-state	102,444	67,907	34,537	50.86%
Capital appropriations-local	2,190	3,137	(948)	(30.21%)
Capital gifts and grants	20,062	19,290	772	4.00%
Other nonoperating revenues (expenses)	(14,900)	2,711	(17,611)	(649.62%)
Total other nonoperating revenue (expenses)	112,095	98,000	14,094	14.38%
Total revenues	$ 1,565,482	$ 1,577,658	$ (12,176)	(0.77%)

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

Operating Revenues

Total operating revenues increased significantly, $222.0 million over the previous year, mainly driven by Pell revenue now being presented as operating revenue, due to GASB 103. Gross student tuition and fee revenues (before scholarship discounts and allowances) increased by $27.3 million. Net tuition and fees revenue increased by $12.0 million (4.4%). Tuition and fee rates increased by $4.90 per credit hour, $2.50 for out-of-state students, and an increase in enrollments of 4.9% contributed to this net tuition revenue increase.

Noncapital Subsidies & GASB 103 Classification

In accordance with GASB Statement No. 103, funding received under the New Economy Workforce Credential Grant Program (WCGP / FastForward) is reported using a bifurcated model:

- Student Co-Payment (1/3 Portion): Student co-payments collected upon enrollment represent exchange transactions for instructional services and are reported within Operating Revenues under *Student Tuition and Fees (net)*.

- Commonwealth Reimbursement (2/3 Portion): The state grant funding provided upon program milestone completions satisfies GASB 103 criteria for a Noncapital Subsidy. Because the Commonwealth receives no direct goods or services in exchange and the funds directly lower student fee burdens, these revenues are reported within Noncapital Subsidies under *State Noncapital Grants and Appropriations*.

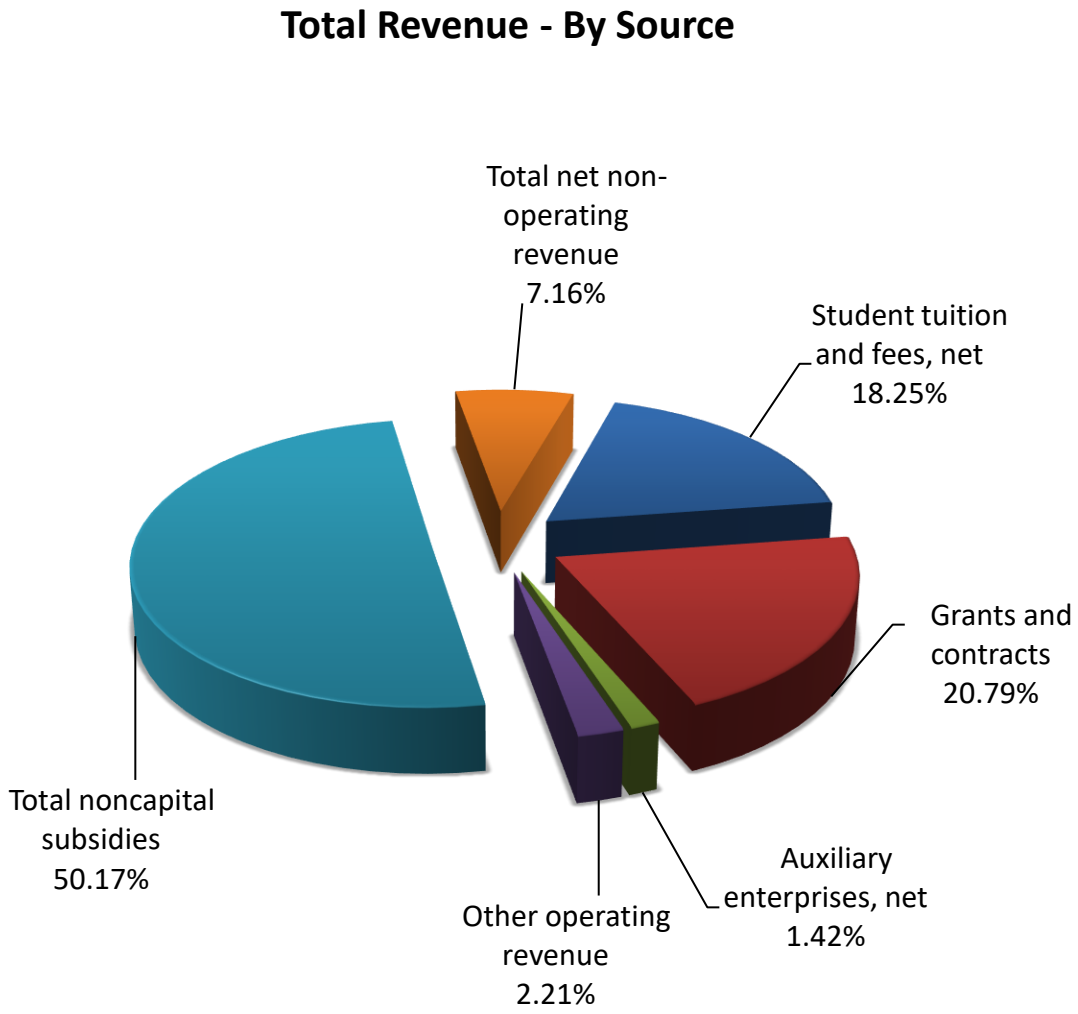
During fiscal year 2026, total noncapital subsidies totaled $785.4 million. These subsidies offset the operating loss of $813.2 million, resulting in an Operating Loss and Noncapital Subsidies of $27.8 million. The grants and gifts decreased by $222.0 million as a result of Pell revenue now being presented as operating revenue.

This updated presentation explicitly highlights the extent to which appropriations and institutional noncapital grant subsidies (such as the Commonwealth's portion of the New Economy Workforce Credential Grant Program) support public higher education operational costs and lower out-of-pocket tuition charges for students.

Non-operating and Other Revenues

Total net non-operating revenue increased by $14.1 million. State appropriation revenues increased by $34.5 million, mainly due to $42.5 million received for the replacement of the French Slaughter building at Germanna Community College. Other nonoperating expenses increased by $17.6 million, due to a requirement in Chapter 7, 2026 Session of the Virginia Acts of Assembly, Item 200 EE to transfer $13.6 million to the State Council of Higher Education for Virginia for deposit to the New Economy Workforce Credential Grant Fund.

A graphic presentation of fiscal year 2026 revenues by source (per the Statement of Revenues, Expenses and Changes in Net Position) is below:



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, 2026, and 2025:

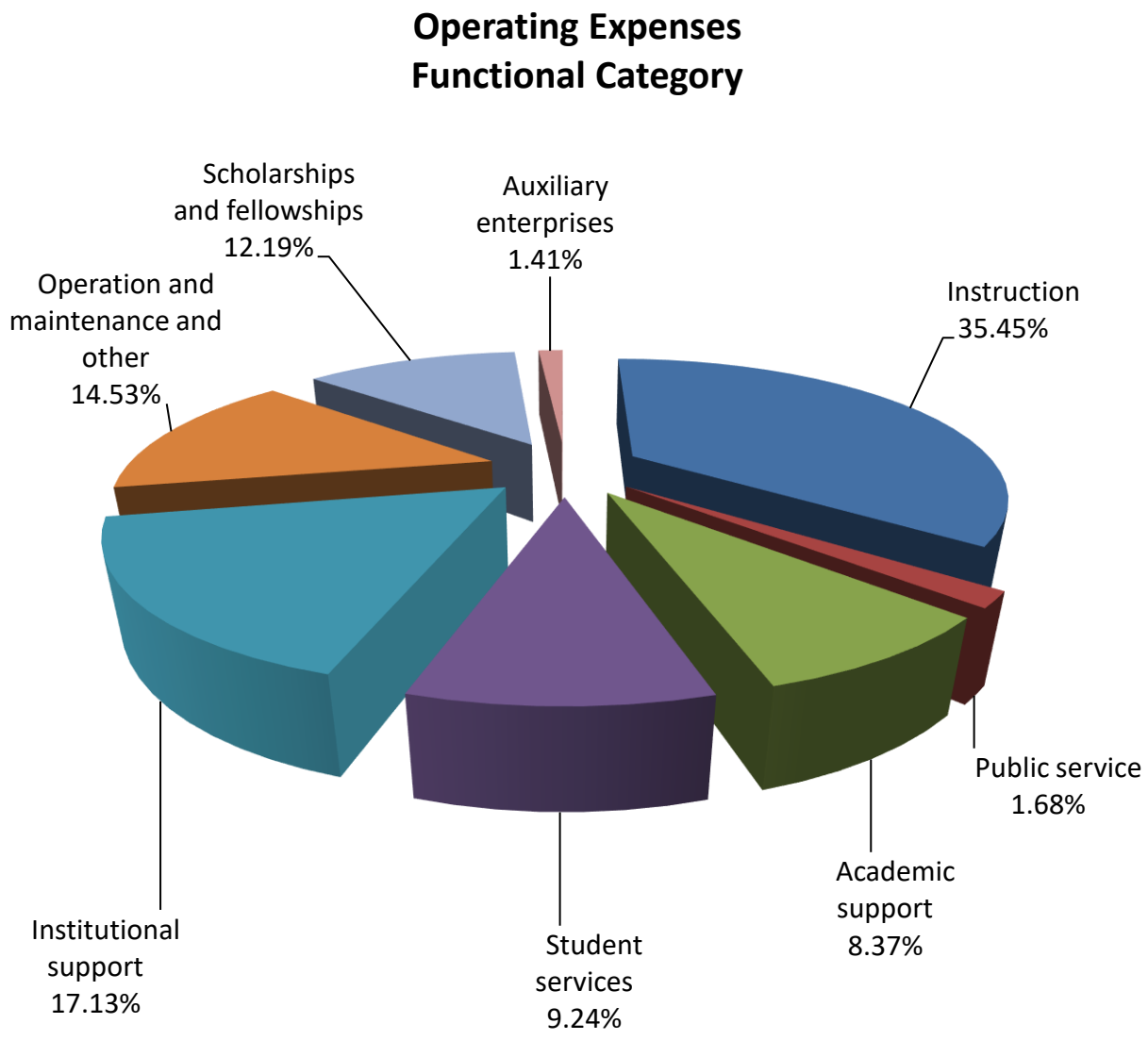
Summary Statement of Expenses by Function
for the year ended June 30:
(in thousands)

			Increase (Decrease)	
	2026	2025	Amount	Percentage
Operating expenses:				
Instruction	$ 525,071	$ 528,074	$ (3,003)	(0.57%)
Public service	24,865	23,572	1,292	5.48%
Academic support	124,019	133,899	(9,879)	(7.38%)
Student services	136,807	128,441	8,366	6.51%
Institutional support	253,803	221,114	32,690	14.78%
Operation and maintenance	215,239	181,075	34,165	18.87%
Scholarships and fellowships	180,541	177,033	3,509	1.98%
Auxiliary enterprises	20,818	16,584	4,235	25.54%
Other expenses	45	14	32	228.33%
Total operating expenses	$ 1,481,209	$ 1,409,805	$ 71,404	5.06%

Operating Expenses

Operating expenses totaled approximately $1.48 billion for fiscal year 2026, an increase of $71.4 million. The natural expense category, compensation and benefits, comprised $838.8 million of total VCCS operating expenses representing a 3.1% increase over fiscal year 2025 due to state-mandated salary and benefit increases for faculty and staff. Depreciation expense increased 23.3% due to increases in the purchase of capital assets. The net change across the other natural expense categories (i.e., scholarships, utilities and supplies, services and other) remained relatively flat.

A graphic presentation of fiscal year 2026 operating expenses by function (per the Statement of Revenues, Expenses and Changes in Net Position) is below:



Statement of Cash Flows

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

Summary Statement of Cash Flows
for the year ended June 30:
(in thousands)

	2026	2025	$ Change	% Change
Cash received from operations	$730,307	$515,429	214,878	41.69%
Cash used in operations	1,466,661	1,452,437	14,224	0.98%
Net cash used in operations	($736,355)	($937,008)	200,653	(21.41%)
Net cash provided by non-capital financing activities	774,242	1,036,165	(261,923)	(25.28%)
Net cash used in capital and related financing activities	(104,195)	(58,061)	(46,134)	79.46%
Net cash provided by (used in) investing activities	10,637	6,566	4,071	62.00%
Net increase (decrease) in cash and cash equivalents	($55,671)	$47,662	(103,333)	(216.8%)
Cash and cash equivalents, beginning of year	$494,670	$447,008		
Cash and cash equivalents, end of year	$438,999	$494,670		

The primary sources of cash for the VCCS included tuition and fees of $279.9 million, operating grants and contracts of $327.5 million, and auxiliary revenues of $22.1 million. The primary uses of operating cash included employee salaries, wages, fringe benefits and pension benefits of $882.9 million, operating expenses (payments to suppliers/others and utilities) of $290.3 million and scholarships of $201.5 million. Cash used in operations is greater than the cash received from operations on this statement due to the required presentation of state appropriation and certain grants/gifts as cash flows from non-capital financing activities. As noted earlier, Pell revenue has moved to operating revenue due to the implementation of GASB 103. Noncapital subsidies, which include state appropriation, remains in non-capital financing activities. The VCCS recognized $258.0 million in Pell revenue for fiscal year 2026, accounting for the offsetting increases and decreases in cash received from operations and net cash provided by non-capital financing activities of $214.9 million and $261.9 million, respectively.Net cash flows from capital and related financing activities decreased $46.1 million due an increase of $40.8 million for capital asset purchases and an increase of $7.7 million for debt principle and interest payment associated with notes payable and leased assets. The overall decrease in cash and cash equivalents was $55.7 million at the end of fiscal year 2026.

Significant Capital Asset and Long-Term Financing Activity

The overall increase of $77.1 million in net capital assets was due primarily to increases in buildings, including leased buildings, and equipment.

The Northern Virginia Community College Seefeldt Building renovation was completed in fiscal year 2026. This project net of depreciation increased building assets by $64.7 million. The Northern Virginia Woodbridge Workforce Development Center also had completed renovations totaling $3.1 million net of depreciation.

The Virginia Peninsula Community College Templin Hall renovations were completed in fiscal year 2026, which increased building assets $24.5 million, net of depreciation.

The System Office renewed its lease for office space at the Arboretum for ten years increasing right to use building assets and liabilities by $9.9 million.

The System received $19.2 million from the Virginia College Building Authority's (VCBA) Higher Education Equipment Trust Fund program, which reimburses colleges for qualifying equipment purchases.

Summary of Capital Assets, net
(in thousands)

			Increase (Decrease)	
	2026	2025	Amount	Percentage
Land	$ 72,633	$ 72,633	$ -	0.00%
Construction in progress	120,053	124,770	(4,717)	(3.93%)
Land improvements	33,151	34,887	(1,737)	(5.24%)
Infrastructure	34,611	36,471	(1,860)	(5.37%)
Building	1,140,679	1,078,234	62,445	5.47%
Equipment and historical treasures	129,976	113,044	16,933	13.03%
Intangibles	1,449	1,618	(169)	(11.65%)
Library books	1,747	2,197	(449)	(25.71%)
Leased assets				
Land	281	291	(10)	(3.55%)
Building	61,206	52,753	8,453	13.81%
Equipment and historical treasures	5,446	6,061	(615)	(11.3%)
Subscription assets	25,619	26,770	(1,150)	(4.49%)
TOTAL	$ 1,626,851	$ 1,549,728	$ 77,123	4.74%

As of June 30, 2026, VCCS had total long-term financing liabilities of $137.5 million, which includes notes payable, installment purchases, lease and subscription-based information technology liabilities. During the year, long-term financing liabilities decreased by $2.5 million.

Notes payables represent agreements with the Virginia College Building Authority (VCBA) to finance student centers, academic buildings, and parking garages at several campuses across the System. The Virginia Community College System's general revenues, not otherwise obligated, secure these notes.

The System leases certain office space, academic space, laboratory space, equipment, and subscription-based information technology. Initial terms are typically 3 to 15 years and may contain rent escalation clauses and renewal options ranging from 1 to 10-year intervals. Discount rates ranging from 1.7% to 7.5% were used to determine the right-to-use asset values and liabilities.

Currently Known Facts, Decisions, or Conditions

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 2027 will be 32.0% of the average of the four-year institutions for total tuition and mandatory fees.

Effective with the fall 2026 session, the State Board for Community Colleges elected to increase tuition rates by $6.70 per credit hour for all students. Within the VCCS, eight colleges have tuition differential rates ranging from $1.00 per credit hour to $29.80 per credit hour.

Chapter 1, 2026 Special Session I of the Virginia Acts of Assembly, authorized the funding for repairs or replacements of major mechanical systems for Northern Virginia, New River, and Mountain Empire community colleges. This chapter also authorized funding to construct a new Career and Technical Education Facility at the Glenns Campus of Rappahannock community college and for Laurel Ridge Community College to acquire property adjacent to its campus.

At June 30, 2026, the VCCS was committed to construction contracts totaling $273,307,894 of which $97,849,043 was unexpended. The System held $5,158,981 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.

CONSOLIDATED FINANCIAL STATEMENTS

Virginia Community College System
Consolidated
Statement of Net Position
As of June 30, 2026

	VCCS	Component Units Foundations
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	434,326,780	52,230,253
Appropriation available	62,919,401	-
Short term investments (Note 2)	33,586,306	41,306,209
Accounts receivable, net (Note 3)	36,610,522	3,419,031
Pledges receivable (Note 3)		5,767,805
Due from commonwealth (Note 4)	8,941,278	-
Interest receivable	286,052	139,557
Prepaid expenses	22,948,245	1,052,503
Inventories	1,521,344	-
Notes receivable, net (Note 3)	103,287	45,447
Total Current Assets	601,243,215	103,960,805
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	4,863,387	-
Prepaid expenses	3,144,527	-
Endowment cash and cash equivalents (Note 2)	17,606	4,549,785
Appropriation available	58,775,302	-
Endowment investments (Note 2)		326,010,211
Other long-term investments (Note 2)	50,426,382	136,440,967
Accounts receivable, net (Note 3)	711,344	233,249
Investments in real estate (Note 2)		1,112,405
Pledges receivable (Note 3)		10,520,682
Due from commonwealth (Note 4)	5,584,038	-
Notes receivable, net (Note 3)	40,118	-
Post employment benefit assets (Note 18)	28,724,971	-
Non-depreciable capital assets, net (Note 5)	192,834,397	27,381,244
Depreciable capital assets, net (Note 5)	1,434,016,765	71,916,473
Total Noncurrent Assets	1,779,138,837	578,165,016
Total Assets	2,380,382,052	682,125,821
Deferred Outflows of Resources (Note 8)	135,649,658	-
Total Assets and Deferred Outflows of Resources	2,516,031,710	682,125,821
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	65,594,880	4,844,803
Accrued payroll expense	68,754,187	138,297
Unearned revenue	59,788,436	738,358
Long-term liabilities-current portion (Note 9)	55,436,041	1,526,605
Securities lending obligation	208,922	-
Post employment benefit obligations (Note 9)	1,825,353	-
Deposits	12,297,194	378,590
Total Current Liabilities	263,905,013	7,626,653

Virginia Community College System
Consolidated
Statement of Net Position
As of June 30, 2026

	VCCS	Component Units Foundations
Noncurrent Liabilities		
Unearned revenue	603,629	5,383,033
Long-term liabilities (Note 9)	130,469,534	42,685,835
Due to federal government (Note 9)	746,292	-
Pension and post employment benefit obligations (Note 9)	376,589,407	-
Total Noncurrent Liabilities	508,408,862	48,068,868
Total Liabilities	772,313,875	55,695,521
Deferred Inflows of Resources (Note 8)	102,391,962	
Total Liabilities and Deferred Inflows of Resources	874,705,837	55,695,521
Net Position		
Net investment in capital assets	1,489,018,492	56,026,535
Restricted for:		
Nonexpendable	76,243	195,784,102
Expendable	194,884,415	221,766,629
Unrestricted	(42,653,277)	152,853,034
Total Net Position	1,641,325,873	626,430,300

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

Virginia Community College System
Consolidated
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2026

	VCCS	Component Units Foundations
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of $249,326,278)	285,741,759	
Federal grants and contracts	306,455,524	2,915,897
State and local grants	7,361,508	6,698,982
Nongovernmental grants	11,569,503	3,288,528
Sales/services of education department	834,597	
Auxiliary enterprises (net of scholarship allowance of $1,202,712)	22,148,310	
Gifts and contributions		41,367,980
Other operating revenues	33,832,477	15,793,624
Total Operating Revenue	667,943,678	70,065,011
Expenses		
Operating Expenses		
Instruction	525,071,142	671,455
Public service	24,865,565	5,530,373
Academic support	124,019,334	18,983,343
Student services	136,806,841	305,059
Institutional support	253,803,489	22,824,903
Operation and maintenance	215,239,361	1,418,822
Scholarships and fellowships	180,541,392	15,402,834
Auxiliary enterprises	20,818,381	463,066
Fundraising		4,185,468
Other expenses	43,470	208,638
Total Operating Expenses (Note 12)	1,481,208,975	69,993,961
Operating Income (Loss)	(813,265,297)	71,050
Noncapital Subsidies		
State appropriations (Note 13)	757,129,406	
Local appropriations	2,683,054	
Grants and gifts	25,631,873	
Total Noncapital Subsidies	785,444,333	
Operating Income (Loss) and Noncapital Subsidies	(27,820,964)	71,050
Other Nonoperating Revenues (Expenses)		
Investment income	7,787,186	62,089,658
Interest on capital asset related debt	(5,488,314)	(1,502,081)
Capital appropriations-state (Note 20)	102,444,274	
Capital appropriations-local	2,190,141	
Capital gifts, grants and contracts	20,061,901	7,166,457
Additions to permanent and term endowments		14,278,118
Other nonoperating revenue (expense)	(14,900,396)	(2,370,758)
Total Other Nonoperating Revenue (Expenses)	112,094,792	79,661,394
Increase (Decrease) in Net Position	84,273,828	79,732,444
Net Position		
Net Position beginning of year, as previously stated	1,545,247,297	546,697,856
Net Position Adjustments (Note 1-W)	11,804,748	
Net Position end of year	1,641,325,873	626,430,300

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, 2026

Cash flows from operating activities:	
Tuition and fees	279,870,048
Grants and contracts	327,472,349
Payments to suppliers and others	(290,252,376)
Payments for employee wages	(655,947,969)
Payments for employee fringes and pension benefits	(226,962,759)
Payment for scholarships	(201,503,391)
Payments for utilities	(25,599,584)
Sales and services of education department	834,597
Auxiliary	22,115,378
Custodial receipts	20,520,709
Custodial disbursements	(19,812,134)
PLUS, Stafford and Direct Lending loan receipts	45,862,017
PLUS, Stafford and Direct Lending loan disbursements	(46,582,950)
Loans issued to students	
Loans collected from students	336,785
Other	33,294,649
Net cash used by operating activities	(736,354,631)
Cash flows from non-capital financing activities:	
State appropriations	757,129,406
Local appropriations	2,683,054
Grants and gifts	29,457,476
Other non-operating revenue(expense)	(15,028,196)
Net cash provided (used) by non-capital financing activities	774,241,740
Cash flows from capital and related financing activities:	
Capital appropriations-state	29,857,712
Capital appropriations-local	2,190,141
Capital grants and gifts	17,661,156
Purchase capital assets	(111,405,620)
Proceeds from sale of capital assets	557,495
Debt interest payments	(5,779,722)
Debt principal payments	(37,276,085)
Net cash provided (used) by capital financing activities	(104,194,923)
Cash flows from investing activities:	
Purchases of investments	(34,612,024)
Sale of investments	37,164,139
Investment income	8,084,855
Net cash provided (used) by investing activities	10,636,970
Net increase (decrease) in net position	
Net increase (decrease) in cash and cash equivalents	(55,670,844)
Cash and cash equivalents, beginning of year	494,669,695
Cash and cash equivalents, End of Year	438,998,851

Virginia Community College System
Consolidated
Statement of Cash Flows
For the Year Ended June 30, 2026

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(813,265,297)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	106,396,484
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and accounts receivable, net	(9,557,309)
Prepaid expenses and other	4,084,940
Post employment benefits asset	(4,923,083)
Accrued compensation and leave	6,242,693
Accounts payable and other	14,369,002
Unearned revenue	5,050,049
Deposits pending distribution	848,188
Custodial receipts(disbursements)	701,942
Stafford and Direct Loan receipts(disbursements)	(720,933)
Pension liability	(43,108,065)
Post employment benefits liability	(11,781,785)
Deferred inflows of resources related to pensions and post employment benefits	7,690,706
Deferred outlflows of resources related to pensions and post employment benefits	1,617,837
Net cash used in operating activities	(736,354,631)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	439,207,773
Less: Securities Lending Cash Equivalents	208,922
Cash and cash equivalents end of year	438,998,851
Noncash transactions	
Donated capital assets	2,400,745
Amortization of bond premium	374,413
Unrealized gain/loss on investments	300,316
Amortization of deferral on debt defeasance	(190,300)
Capital assets acquired through the assumption of a liability	35,176,604
Retainage payable	5,158,981

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

Virginia Community College System Foundations
Statement of Net Position
As of June 30, 2026*

	Virginia Western Community College Educational Foundation	Mountain Empire Community College Educational Foundation	Northern Virginia Community College Educational Foundation	Southwest Virginia Community College Educational Foundation	New River Community College Educational Foundation	Combined Non-Major Component Units	Total Component Units
Assets							
Current Assets							
Cash and cash equivalents (Note 2)	9,263	183,908	1,431,370	672,280	143,642	49,789,790	52,230,253
Short term investments (Note 2)			3,192,680	21,553,635		16,559,894	41,306,209
Accounts receivable, net (Note 3)		29,135				3,389,896	3,419,031
Pledges receivable (Note 3)	312,580		240,000	72,383		5,142,842	5,767,805
Interest receivable	118,732					20,825	139,557
Prepaid expenses	12,426	34,934		15,123		990,020	1,052,503
Notes receivable, net (Note 3)					45,447		45,447
Total Current Assets	453,001	247,977	4,864,050	22,313,421	189,089	75,893,267	103,960,805
Noncurrent assets:							
Endowment cash and cash equivalents	1,002,144				1,492,810	2,054,831	4,549,785
Endowment investments	38,259,734	40,877,684	18,072,123	5,941,527	30,165,126	192,694,017	326,010,211
Other long-term investments	8,996,729	4,278,893	19,177,468	11,803,630	5,233,420	86,950,827	136,440,967
Accounts receivable, net		204,315				28,934	233,249
Investments in real estate		35,500				1,076,905	1,112,405
Pledges receivable	3,412,999		359,598	31,848		6,716,237	10,520,682
Non-depreciable capital assets, net				364,479		27,016,765	27,381,244
Depreciable capital assets, net				4,857,131	3,741	67,055,601	71,916,473
Total Noncurrent Assets	51,671,606	45,396,392	37,609,189	22,998,615	36,895,097	383,594,117	578,165,016
Total Assets	52,124,607	45,644,369	42,473,239	45,312,036	37,084,186	459,487,384	682,125,821
Deferred Outflows of Resources (Note 8)							
Total Assets and Deferred Outflows of Resources	52,124,607	45,644,369	42,473,239	45,312,036	37,084,186	459,487,384	682,125,821

	Virginia Western Community College Educational Foundation	Mountain Empire Community College Educational Foundation	Northern Virginia Community College Educational Foundation	Southwest Virginia Community College Educational Foundation	New River Community College Educational Foundation	Combined Non-Major Component Units	Total Component Units
Liabilities							
Current Liabilities							
Accounts and retainage payable	41,301	57,052	331,285	5,277	1,256	4,408,632	4,844,803
Accrued payroll expense			13,940			124,357	138,297
Unearned revenue						738,358	738,358
Long-term liabilities-current portion				91,049		1,435,556	1,526,605
Deposits				2,949		375,641	378,590
Total Current Liabilities	41,301	57,052	345,225	99,275	1,256	7,082,544	7,626,653
Noncurrent Liabilities							
Unearned revenue		679,601				4,703,432	5,383,033
Long-term liabilities				3,157,571		39,528,264	42,685,835
Total Noncurrent Liabilities		679,601		3,157,571		44,231,696	48,068,868
Total Liabilities	41,301	736,653	345,225	3,256,846	1,256	51,314,240	55,695,521
Deferred Inflows of Resources (Note 8)							
Total Liabilities and Deferred Inflows of Resources	41,301	736,653	345,225	3,256,846	1,256	51,314,240	55,695,521
Net Position							
Net investment in capital assets				1,972,990	3,741	54,049,804	56,026,535
Restricted for:							
Nonexpendable	18,781,843	13,432,336	10,580,455	3,307,091	15,797,294	133,885,083	195,784,102
Expendable	26,950,008	21,607,470	13,549,749	10,526,542	4,213,148	144,919,712	221,766,629
Unrestricted	6,351,455	9,867,910	17,997,810	26,248,567	17,068,747	75,318,545	152,853,034
Total Net Position	52,083,306	44,907,716	42,128,014	42,055,190	37,082,930	408,173,144	626,430,300

* Refer to Footnote 1D

Virginia Community College System Foundations
Statement of Revenues, Expenses, and Changes in Net Position
As of June 30, 2026*

	Virginia Western Community College Educational Foundation	Mountain Empire Community College Educational Foundation	Northern Virginia Community College Educational Foundation	Southwest Virginia Community College Educational Foundation	New River Community College Educational Foundation	Combined Non-Major Component Units	Total Component Units
Revenues							
Operating Revenue							
Federal grants and contracts						2,915,897	2,915,897
State and local grants		252,923				6,446,059	6,698,982
Nongovernmental grants		264,403				3,024,125	3,288,528
Gifts and contributions	2,312,476	129,245	3,420,802	1,018,797	1,050,174	33,436,486	41,367,980
Other operating revenues	766,208	265,937	648,253	829,444	67,178	13,216,604	15,793,624
Total operating revenues	3,078,684	912,508	4,069,055	1,848,241	1,117,352	59,039,171	70,065,011
Expenses							
Operating Expenses							
Instruction						671,455	671,455
Public service						5,530,373	5,530,373
Academic support		1,590,744	3,285,823			14,106,776	18,983,343
Student services						305,059	305,059
Institutional support	1,038,233	370,733	247,379	2,166,644	120,616	18,881,298	22,824,903
Operation and maintenance				516,923		901,899	1,418,822
Scholarships and fellowships	1,843,796		801,866	506,616	1,913,958	10,336,598	15,402,834
Auxiliary enterprises						463,066	463,066
Fundraising	138,128	60,120	197,250	20,728	57,264	3,711,978	4,185,468
Other expenses						208,638	208,638
Total operating expenses	3,020,157	2,021,597	4,532,318	3,210,911	2,091,838	55,117,140	69,993,961
Operating Income (Loss)	58,527	(1,109,089)	(463,263)	(1,362,670)	(974,486)	3,922,031	71,050
Noncapital Subsidies							
Total Noncapital Subsidies							
Operating Income (Loss) and Noncapital Subsidies	58,527	(1,109,089)	(463,263)	(1,362,670)	(974,486)	3,922,031	71,050

	Virginia Western Community College Educational Foundation	Mountain Empire Community College Educational Foundation	Northern Virginia Community College Educational Foundation	Southwest Virginia Community College Educational Foundation	New River Community College Educational Foundation	Combined Non-Major Component Units	Total Component Units
Other Nonoperating Revenues (Expenses)							
Investment income	8,164,641	6,179,690	3,964,985	6,425,520	4,225,121	33,129,701	62,089,658
Interest on capital asset related debt				(145,897)		(1,356,184)	(1,502,081)
Capital gifts, grants and contracts					207,888	6,958,569	7,166,457
Additions to permanent and term endowments	3,288,094	438,561	864,591	62,704	395,520	9,228,648	14,278,118
Other nonoperating revenue (expense)				(2,366,992)		(3,766)	(2,370,758)
Total Other Nonoperating Revenue (Expenses)	11,452,735	6,618,251	4,829,576	3,975,335	4,828,529	47,956,968	79,661,394
Increase (Decrease) in Net Position	11,511,262	5,509,162	4,366,313	2,612,665	3,854,043	51,878,999	79,732,444
Net Position							
Net Position beginning of year (Note 1-V)	40,572,044	39,398,554	37,761,701	39,442,525	33,228,887	356,294,145	546,697,856
Net Position end of year	52,083,306	44,907,716	42,128,014	42,055,190	37,082,930	408,173,144	626,430,300

*Refer to Footnote 1D

NOTES TO THE FINANCIAL STATEMENTS

VIRGINIA COMMUNITY COLLEGE SYSTEM

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2026

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

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

B. Community College Foundations

The community college foundations are legally separate, tax-exempt organizations formed to promote the achievements and further the aims and purposes of the colleges. The VCCS has five major component units and twenty-five non-major component units as referenced in Footnote 21. 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.

The J. Sargeant Reynolds Real Estate Foundation has a sublease agreement with J. Sargeant Reynolds Community College for The Kitchens at Reynolds Culinary Institute. The initial term of the sublease agreement is for five years with three renewal terms of five years each. Base rent is subject to scheduled increases throughout the lease term. Rental income was $589,425 and $562,182 for the years ended June 30, 2026, and 2025, respectively.

During the year ended June 30, 2026, the foundations distributed $18,374,049 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, 2026.

The community college foundations are private, nonprofit organizations that report under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB. Where necessary, reclassifications have been made to convert FASB presentation to GASB presentation requirements.

The financial statements for the community college foundations are for the year ending June 30, 2026 except for Mountain Gateway (Educational Foundation), Eastern Shore, Germanna, Laurel Ridge, Mountain Empire, New River, Piedmont, Tidewater (Educational and Real Estate Foundations), Virginia Western, and Wytheville (Educational and Scholarship Foundations) which are as of December 31, 2025.

E. Lease Receivable

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

substance is included in the measurement of the lease receivable. The System uses its incremental borrowing rate to discount the lease payments. The incremental borrowing rate is based on the Department of Accounts estimated rate of interest for borrowing over a similar term as the lease term.

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

F. Installment Payment Receivable

Northern Virginia Community College (Northern Virginia) has a Public-Private Partnership and Public-Public Partnerships (PPP) arrangement whereby the Northern Virginia (the transferor), contracted with a vendor (the operator), to provide dining services by conveying control of the right to operate the dining areas on multiple campuses. Initial term of the arrangement was one year with four renewal options, which were exercised, and includes provisions for Northern Virginia to receive monthly variable payments based on gross sales. These variable payments are not included in the measurement of the Installment payment receivable and are recognized as revenue in the period to which those payments relate. Northern Virginia did not receive any variable payments in fiscal year 2026.

G. Prepaid Assets

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

H. Inventories

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

I. 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.

J. Capital Assets

Plant assets consisting of land, buildings, infrastructure, equipment, library books, intangible assets, and construction in progress are stated at appraised historical cost or actual cost where determinable. Intangible assets include computer software and right-to-use lease assets. Improvements to buildings, infrastructure and land that significantly increase the usefulness, efficiency or life of the asset are capitalized. Routine maintenance and repairs are charged to operations when incurred. Donated assets are recorded at acquisition value at the date of donation. The capital asset values presented in these financial statements are extracted from the financial data maintained by the System's Administrative Information System (AIS). Expenses for equipment are capitalized when the unit acquisition cost is $5,000 or greater and the estimated useful life is one year or more. Bulk purchases of capital assets under the normal $5,000 capitalization threshold are capitalized if the assets were purchased as a group with a cost of $5,000 or greater. Occupancy permits are used to determine when to reclassify buildings from construction-in-progress.

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

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

Right-to-use subscription-based information technology arrangement (SBITA) assets represent the System's right to use an underlying asset for an arranged term, and are initially measured as the sum of the amount of the initial measurement of the related SBITA liability, SBITA payments made prior to the commencement of the SBITA term, less any SBItA incentives, and initial direct costs that are ancillary charges necessary to place the SBITA asset into service. Right-to-use SBITA assets are amortized on a straight line basis over the shorter of the SBITA term or the useful life of the underlying asset.

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, 20 years for patents, trademarks, and copyrights, and 5 to 10 years for intangible assets - computer software. Right-to use lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset, generally 7 years for buildings, 5 years for equipment, and 2 to 6 years for subscriptions. Amortization is allocated to the functional expense categories. Amortization expense is combined with depreciation expense in the Statement of Revenues, Expenses, and Changes in Net Position.

The VCCS is party to long-term agreements with governmental entities permitting the use of land for academic purposes at a nominal cost of one dollar or at no cost. These agreements are considered a nonexchange transaction and do not meet the definition of a lease under GASB Statement 87, Accordingly, no lease liability or right-to-use asset has been recorded.

K. Unearned Revenues

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

L. 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 Statement of Net Position. 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.

M. Lease Liability

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

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

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

For real estate leases, the present value of payments expected to be made during the lease term is calculated using the discount rate implicit in the lease agreement, the System's own incremental borrowing rate, or the prime interest rate, published at the beginning of the lease term. For equipment leases, the present value of payments expected to be made during the lease term is calculated using the discount rate implicit in the lease agreement, the System's own incremental borrowing rate, the Department of Treasury's Master Equipment Leasing Program (MELP) rate, or the prime interest rate, published at the beginning of the lease term.

N. Deposits

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

O. 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.

P. Post-Employment Benefits

Plans administered by the VRS

State Employee Health Insurance Credit Program

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

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

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

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

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

Plan administered by the Department of Human Resource Management

Pre-Medicare Retiree Healthcare Plan
Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes. This program was established by Title 2.2, Chapter 28 of the *Code of Virginia* for retirees who are not yet eligible to participate in Medicare. It is the same health insurance program offered to active employees and managed by the Virginia Department of Human Resource Management. After retirement, VCCS no longer subsidizes the retiree's premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, retiree rates are effectively lower than what might otherwise be available outside of this benefit.

Q. 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.

Noncapital subsidies include state and local appropriations and certain grants and gifts as required by GASB 103.

Nonoperating revenues (expenses) include capital state and local appropriations, 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.

R. Public-Private Partnership and Public-Public Partnerships (PPP and APA Agreements)

The colleges regularly enter into agreements with private and public entities to operate bookstore services. The colleges provide space and operational support in return for commissions based on graduated sales level. During the year ended June 30, 2026, the colleges received $4,234,577 in bookstore commissions.

S. 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.

T. 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.

U. 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.

V. New Accounting Pronouncements

During fiscal year 2026, the System implemented GASB Statement No. 103, Financial Reporting Model Improvements. This Statement improves key components of the governmental financial reporting model, including certain presentation and disclosure requirements. The implementation of this Statement did not have a material effect on the System's financial position.

During fiscal year 2026, the System implemented GASB Statement No. 104, Disclosure of Certain Capital Assets. This Statement enhances disclosure requirements related to certain capital assets. The implementation of this Statement did not have a material effect on the System's financial position.

W. Restatements

Statement of Revenue, Expenses, and Changes in Net Position:	
Net Position as of June 30, 2025 – previously reported	$1,545,247,297
Error Corrections:	
GASB 87 Lease Adjustments	(42,758)
GASB 96 SBITA Adjustments	4,884,690
Bulk Purchase Adjustments	2,118,571
Restatement of Capital Assets	4,844,245
Net Position as of July 1, 2025 – as restated	$1,557,052,045

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 $46,445,258 at June 30, 2026.

Investments

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

Investments in money market accounts, non-negotiable certificates of deposit, and the Virginia State Non-Arbitrage Program (SNAP) are reported at amortized cost. SNAP offers a professionally-managed money market mutual fund, which provides a temporary pooled investment vehicle for proceeds pending expenditure, and with record keeping, depository and arbitrage rebate calculations. This program complies with all standards of GASB Statement 79. SNAP investments are reported using the net asset value (NAV) per share, which is calculated on an amortized cost basis that provides an NAV that approximates fair value. VCCS did not have any SNAP investments at fiscal year end 2026. All other investments are reported at fair market value, in accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended by GASB Statement 72, *Fair Value Measurement and Application*. GASB Statement 72 provides guidance for determining fair value measurements using the level of fair value hierarchy and valuation techniques.

At June 30, 2026, the System had investments of $89,024,244 in the Local Government Investment Pool (LGIP). The LGIP is an externally managed investment pool that is not registered with the Securities and Exchange Commission. Pursuant to the Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP. The LGIP values portfolio securities by the amortized cost method and the maturity is less than one year. The System classified LGIP as cash and cash equivalents.

At June 30, 2026, the System had investments of $4,148,398 in the Local Government Investment Pool - Extended Maturity (LGIP-EM), which is an externally managed investment pool that is not registered with the Securities and Exchange Commission. Pursuant to the Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP-EM. The LGIP-EM portfolio reports its investments at fair value. The System classified LGIP-EM as short-term investments.

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

the Local Government Investment Pool are limited to those set forth for local officials in Chapter 45, Sections 2.2-4500 et seq. of the *Code of Virginia*.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. VCCS has no investments or deposits exposed to custodial credit risk for 2026.

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 2026.

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 2026.

Summary of VCCS Cash and Cash Equivalents

Cash and Cash Equivalents:	
Local Cash and Cash Equivalents	$146,404,876
Treasurer of Virginia	287,712,982
Treasurer of Virginia (Securities Lending)	208,922
Subtotal	$434,326,780
Restricted Cash and Cash Equivalents:	
Local Cash and Cash Equivalents	$8,808,469
Treasurer of Virginia (Unreimbursed Bond Payments)	(3,945,082)
Endowment Cash and Cash Equivalents	17,606
Subtotal	$4,880,993
Total Cash and Cash Equivalents	$439,207,773

Cash Equivalents	Value	Credit Rating
Local Government Investment Pool	$89,024,244	AAA
Repurchase Agreements	8,539,032	Not Rated
Mutual and Money Market Funds	5,033,817	Not Rated
Total	$102,597,093	

Investment Type	S&P Credit Rating	Less Than 1 Year	1 – 5 Years	6 – 10 Years	6/30/2026
LGIP EM	AAA	$ 4,148,398	$ -	$ -	$ 4,148,398
Agency Mortgage Backed Securities	AA+	2,688,645	3,622,437	-	6,311,082
Corporate Bonds	AA+	-	2,469,860	-	2,469,860
Corporate Bonds	AA	-	1,100,940	-	1,100,940
Corporate Bonds	AA-	2,166,426	1,304,214	-	3,470,640
Corporate Bonds	A+	1,038,366	5,451,273	-	6,489,639
Corporate Bonds	A	89,217	6,314,583	-	6,403,800
Corporate Bonds	A-	-	2,938,941	-	2,938,941
Corporate Bonds	BBB+	88,800	884,835	-	973,635
Negotiable CDs	Not Rated	9,276,383	3,974,341	-	13,250,724
Mutual Funds	Not Rated	1,470,829	-	-	1,470,829
U.S. Treasury and Agency Securities	N/A	9,160,948	20,897,770	1,467,188	31,525,906
Non-Negotiable CDs	Not Rated	3,458,294	-	-	3,458,294
Total		$ 33,586,306	$48,959,194	$ 1,467,188	$84,012,688

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 Acitve Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Other Unobservbable Inputs Level 3
Agency Mortgage Backed Securities	$ -	$ 6,311,082	-
Corporate Bonds	-	23,847,455	-
Negotiable Certificates of Deposit	-	13,250,724	-
Mutual and Money Market Funds	5,033,817	1,470,829	-
U.S. Treasury and Agency Securities	31,525,906	-	-
Repurchase Agreements	-	8,539,032	-
Total Investments measured at Fair Value	$36,559,723	$53,419,122	-

Investments measured at NAV are as follows:

	Balance at 6/30/2026	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
LGIP-EM	$ 4,148,398	N/A	Weekly	5 days

Community College Foundations

The Foundations had the following cash, cash equivalents and investments as of June 30, 2026:

Cash and cash equivalents	$ 56,780,038
Investments:	
Stocks	$ 215,987,432
Mutual & Money Market Funds	156,999,427
Corporate Bonds	47,515,545
Mortgage Backed Securities	4,813,993
Investments in Real Estate	1,345,620
UVA Investment Management Company	20,468,820
US Government Securities	12,259,379
Fixed Income Funds	15,765,169
Municipal Securities	4,883,546
Investments in Limited Partnerships	3,560,576
Certificates of Deposit	7,963,657
Cash Surrender Value Life Insurance	318,648
Private Business Developments	616,981
Alternative Investments	11,017,414
Other	1,353,585
Total investments	$504,869,792

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, 2026:

Gross accounts receivable:	
Tuition and fees	$32,080,301
Auxiliary enterprises	656,189
Federal, state, local and nongovernmental grants, gifts, contracts	4,673,300
Lease*	989,120
Other activities	1,013,672
Total gross accounts receivable	$39,412,582
Less: Allowance for doubtful accounts	(2,090,716)
Net accounts receivable	$37,321,866
Gross Loans and notes receivable	$ 161,997
Less: Allowance for doubtful accounts	(18,592)
Net loans and notes receivable	$ 143,405

*The System leases out cell tower space, initial terms are typically 5 to 10 years and may contain rent escalation clauses, revenue share, and renewal options ranging from 1 to 10-year intervals. Discount rates on all current leases range from 3.25 to 8.25%.

The lease and interest receivables for fiscal years subsequent to June 30, 2026, are as follows:

Year	Lease Receivable	Interest Receivable	Total
2027	$ 410,499	$ 36,847	$ 447,346
2028	170,068	28,254	198,322
2029	110,068	20,343	130,411
2030	57,005	16,842	73,847
2031	61,591	14,472	76,063
2032-2036	87,537	51,675	139,212
2037-2040	92,352	18,235	110,587
Total	$ 989,120	$ 186,668	$ 1,175,788

Receivables not expected to be collected within one year are $751,462 in accounts, notes, and loans receivable.

Community College Foundations

The foundations have the following receivables as of June 30, 2026:

Gross accounts receivable	$3,652,280
Less: Allowance for doubtful accounts	-
Net accounts receivable	$3,652.280
Pledges receivable:	
Due in one year	$5,870,796
Due in 1-5 years	9,163,949
Due in more than 5 years	2,956,713
Less: Allowance for doubtful accounts	(222,894)
Present value discount	(1,480,077)
Net pledges receivable	$16,288,487
Gross loans, notes and interest receivable	$45,447
Less: Allowance for doubtful accounts	-
Net loans and notes receivable	$45,447

Receivables not expected to be collected within one year are $233,249 in accounts, notes, and loans receivable and $10,520,682 in pledges receivable.

4. COMMONWEALTH EQUIPMENT AND CAPITAL PROJECT REIMBURSEMENT PROGRAMS

The Commonwealth has established several programs to provide state-supported institutions of higher education with bond proceeds for financing the acquisition and replacement of instructional equipment and facilities During fiscal year 2026, funding has been provided to the VCCS from three programs: general obligation bonds 9(b), 21st Century, and Equipment Trust Fund managed by the Virginia College Building Authority (VCBA). The VCBA issues bonds and uses the proceeds to reimburse the VCCS and other institutions of higher education for expenses incurred in the acquisition of equipment and facilities.

The line items, Due from Commonwealth, Current and Noncurrent, on the Statement of Net Position, for the year ended June 30, 2026, represent pending reimbursements from the following programs:

Due from Commonwealth, Current	
VCBA Equipment Trust Fund program	$3,536,760
VCBA 21st Century program	4,545,795
General Obligation Bond program	0
Other	858,723
Total Due from Commonwealth, Current	$8,941,278
Due from Commonwealth, Noncurrent	
VCBA 21st Century program	$5,584,038
Total Due from Commonwealth, Noncurrent	$5,584,038

5. CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2026 are as follows:

	Beginning Balance*	Increases	Decreases	Ending Balance
Nondepreciable capital assets:				
Land/Land Improvements	$ 72,633,205	$ -	$ -	$ 72,633,205
Inexhaustible Works of Art	148,174	-	-	148,174
Construction in Progress*	124,770,095	99,708,871	(104,425,948)	120,053,018
Total capital assets not being depreciated	$ 197,551,474	$ 99,708,871	$ (104,425,948)	$ 192,834,397
Depreciable capital assets:				
Buildings*	$ 1,727,560,690	$ 101,013,640	$ (5,010,838)	$ 1,823,563,492
Infrastructure*	98,335,920	49,386,758	(17,284,820)	130,437,858
Equipment*	369,355,991	1,959,503	-	371,315,494
Land Improvements*	120,232,460	2,223,199	(65,575)	122,390,084
Library Books	35,347,303	458,598	(1,760,222)	34,045,679
Intangible	15,792,382	28,742	-	15,821,124
Right to use intangible assets (Leases)				
Land Improvements*	351,865	-	-	351,865
Buildings*	83,808,222	20,897,241	(1,524,723)	103,180,740
Equipment*	7,858,005	201,051	-	8,059,056
Right to use intangible assets (SBITAs)*	55,899,013	11,264,449	-	67,163,462
Total other capital assets	$ 2,514,541,851	$ 187,433,181	$ (25,646,178)	$ 2,676,328,854
Less accumulated depreciation and amortization for				
Buildings*	$ (649,326,742)	$ (37,359,932)	$ 3,802,287	$ (682,884,387)
Infrastructure	(61,865,195)	(3,820,164)	940	(65,684,419)
Equipment*	(256,312,385)	(32,168,852)	16,999,544	(271,481,693)
Land Improvements	(85,345,130)	(3,894,651)	244	(89,239,537)
Library Books	(33,150,581)	(796,449)	1,648,848	(32,298,182)
Intangible	(14,323,044)	(197,492)	-	(14,520,536)
Right to use intangible assets (Leases)				

Land Improvements*	(60,818)	(9,984)	-	(70,802)
Buildings*	(31,055,377)	(11,685,027)	765,554	(41,974,850)
Equipment*	(1,796,873)	(816,409)	-	(2,613,282)
Right to use intangible assets (SBITAs)*	(29,129,509)	(12,428,637)	13,745	(41,544,401)
Total accumulated depreciation and amortization	$ (1,162,365,654)	$ (103,177,597)	$ 23,231,162	$ (1,242,312,089)
Other capital assets, net	$ 1,352,176,197	$ 84,255,584	$ (2,415,016)	$ 1,434,016,765
Total capital assets, net	$ 1,549,727,671	$ 183,964,455	$ (106,840,964)	$ 1,626,851,162

* Beginning balances have been restated (see footnote 1W.)

Capital Assets Held for Sale

At June 30, 2026, the System had equipment classified as held for sale. The equipment had a historical cost of $120,174 and accumulated depreciation of $103,786, resulting in a net book value of $16,388.

Community College Foundations

The foundations had the following capital assets as of June 30, 2026:

Non-depreciable capital assets:	
Land	$14,469,922
Construction in Process	12,835,345
Works of art	75,977
Total nondepreciable capital assets	$27,381,244
Depreciable capital assets:	
Buildings	$67,195,786
Equipment	3,243,412
Site improvement/Infrastructure	7,617,575
Intangible assets	8,272,299
Total depreciable capital assets	$86,329,072
Less: Accumulated depreciation	(14,412,599)
Depreciable capital assets, net	$71,916,473
Total capital assets, net	$99,297,717

6. ACCOUNTS AND RETAINAGE PAYABLE

Accounts and retainage payable consisted of the following as of June 30, 2026:

	VCCS	Foundations
Vendors payable	$59,451,113	$4,844,803
Students payable	970,894	-
Retainage payable	5,158,981	-
Taxes payable	13,892	-
Total	$65,594,880	$4,844,803

7. COMMITMENTS

At June 30, 2026, the VCCS was committed to contracts totaling $273,307,894 of which $97,849,043 was unexpended. The System held $5,158,981 as retainage payable on construction and architectural/engineering contracts for work performed. The retainage payable will be remitted to the various contractors upon satisfactory completion of the construction projects.

8. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The composition of deferred outflows of resources on June 30, 2026, is summarized as follows:

Deferred Loss on Debt Defeasance	$ 717,023
Pension	113,214,170
Post Employment Benefit	21,718,465
Total Deferred Outflows of Resources	$135,649,658

The composition of deferred inflows of resources on June 30, 2026, is summarized as follows:

Deferred Gain on Debt Refunding	$ 298,700
Leases	1,022,320
Pension	70,441,525
Post Employment Benefit	30,629,417
Total Deferred Inflows of Resources	$102,391,962

9. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2026 is as follows:

	Beginning Balance*	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Leases	$ 58,957,597	$ 21,412,622	$ (11,748,280)	$ 68,621,939	$ 11,564,510
SBITAs	23,128,685	12,793,309	(16,704,220)	19,217,774	9,101,302
Notes Payable:					
Installment purchases	128,754	-	(112,912)	15,842	7,833
Pooled bonds	57,841,973	-	(8,114,413)	49,727,560	7,935,000
Total Debt	$ 140,057,009	$ 34,205,931	$ (36,679,825)	$ 137,583,115	$ 28,608,645
Other liabilities:					
Compensated absences	$ 45,948,042	$ 2,374,418	$ -	$ 48,322,460	$ 26,827,396
Pension obligations	352,776,984	-	(43,108,065)	309,668,919	-
Postemployment benefits	80,527,626	-	(11,781,785)	68,745,841	1,825,353
Federal loan program contributions	855,387	-	(109,095)	746,292	-
Total other liabilities	$ 480,108,039	$ 2,374,418	$ (54,998,945)	$ 427,483,512	$ 28,652,749
Total long-term liabilities	$ 620,165,048	$ 36,580,349	$ (91,678,770)	$ 565,066,627	$ 57,261,394

* Beginning balances have been restated (see footnote 1W.)

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 Commonwealth's Annual Comprehensive Financial Report. As of June 30, 2026, $0 of VCCS defeased bonds remain outstanding.

Community College Foundations

The foundations had the following long-term liabilities as of June 30, 2026:

Notes payable	$35,102,677
Trust & Annuity Obligations	47,762
Lease Obligations	9,062,001
Total long-term liabilities	44,212,440
Less current portion	1,526,605
Total long-term liabilities	$42,685,835

10. NOTES PAYABLE

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

Student Center for Tidewater Community College Norfolk Campus - The remaining balance is to be repaid in annual installments ranging from $860,000 to $1,095,000 with coupon rates ranging from 1.33% to 5.00% payable semiannually. The final installment of $870,000 is due September 1, 2030. The outstanding balance at June 30, 2026 is $5,069,835.

Workforce Training and Technology Center for J. Sargeant Reynolds Community College - The remaining balance is to be repaid in annual installments ranging from $60,000 to $70,000 with coupon rates ranging from 4.25% to 5.00% payable semiannually. The final installment of $70,000 is due September 1, 2029. The outstanding balance at June 30, 2026 is $283,223.

Student Center for Tidewater Community College Virginia Beach Campus – The remaining balance is to be repaid in annual installments ranging from $505,000 to $585,000 with a coupon rate of 5.50% payable semiannually. The final installment of $585,000 is due September 1, 2030. The outstanding balance at June 30, 2026 is $2,843,570.

Student Center for Tidewater Community College Chesapeake Campus – The remaining balance is to be repaid in annual installments ranging from $360,000 to $415,000 with a coupon rate of 5.50% payable semiannually. The final installment of $415,000 is due September 1, 2030. The outstanding balance at June 30, 2026 is $2,013,632.

Academic Building (17787) & Student Center (17625) for Tidewater Community College Chesapeake Campus; Student Center for Virginia Beach Campus (17067) - The remaining balance is to be repaid in annual installments ranging from $1,4955,000 to $1,715,000 with coupon rates ranging from 1.53% to 5.00% payable semiannually. The final installment of $560,000 is due September 1, 2031 for Student Center Chesapeake (17625) and $805,000 is due September 1, 2031 for Virginia Beach (17067) Campus. The outstanding balance at June 30, 2026 is $9,617,399.

Student Center for Blue Ridge Community College Weyers Cave Campus - The remaining balance is to be repaid in annual installments ranging from $570,000 to $660,000 with a coupon rate of 5.50% payable semiannually. The final installment of $660,000 is due September 1, 2030. The outstanding balance at June 30, 2026 is $3,159,289.

Student Center for Tidewater Community College Portsmouth Campus - The remaining balance is to be repaid in annual installments ranging from $925,000 to $1,065,000 with a coupon rate of 5.50% payable semiannually. The final installment of $1,065,000 is due September 1, 2030. The outstanding balance at June 30, 2026 is $5,110,612.

Student Center for Virginia Western Community College - The remaining balance is to be repaid in annual installments ranging from $440,000 to $470,000 with coupon rates ranging from 0.77% to 1.71% payable semiannually. The final installment of $470,000 is due September 1, 2031. The outstanding balance at June 30, 2026 is $2,710,000.

Parking garage for Germanna Community College - The remaining balance is to be repaid in annual installments ranging from $385,000 to $405,000 with coupon rates ranging from 0.77% to 1.71% payable semiannually. The final installment of $405,000 is due September 1, 2031. The outstanding balance at June 30, 2026 is $2,355,000.

Parking garage for Brightpoint Community College Midlothian Campus - The remaining balance is to be repaid in annual installments ranging from $405,000 to $440,000 with coupon rates ranging from 0.48% to 1.81% payable semiannually. The final installment of $440,000 is due September 1, 2032. The outstanding balance at June 30, 2026 is $2,935,000.

Parking garage for Tidewater Community College Chesapeake Campus - The remaining balance is to be repaid in annual installments ranging from $1,500,000 to $1,625,000 with coupon rates ranging from 0.77% to 1.81% payable semiannually. The final installment of $1,625,000 is due September 1, 2032. The outstanding balance at June 30, 2026 is $10,880,000.

Parking garage for Blue Ridge Community College Weyers Cave Campus - The remaining balance is to be repaid in annual installments ranging from $290,000 to $325,000 with coupon rates ranging from 0.77% to 5.00% payable semiannually. The final installment of $325,000 is due September 1, 2034. The outstanding balance at June 30, 2026 is $2,750,000.

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

Scheduled maturities of notes payable are as follows:

Year Ending June 30	Principal	Interest	Total Payments
2027	$ 7,935,000	$ 1,603,277	$ 9,538,277
2028	8,130,000	1,365,815	9,495,815
2029	8,395,000	1,103,672	9,498,672
2030	8,385,000	809,577	9,194,577
2031	8,100,000	509,418	8,609,418
2032-2036	7,600,000	391,888	7,991,888
2037-2041	-	-	-
Sub Totals	$ 48,545,000	$ 5,783,647	$ 54,328,647
Plus Bond Premium	1,182,560	-	1,182,560
Totals	$ 49,727,560	$ 5,783,647	$ 55,511,207

11. LEASE COMMITMENTS, SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS, AND INSTALLMENT PURCHASES

The System leases certain office space, academic space, laboratory space, and equipment. Initial terms are typically 3 to 15 years and may contain rent escalation clauses and renewal options ranging from 1 to 10-year intervals. Discount rates ranging from 1.7% to 7.5% were used.

Future obligations under Leases for fiscal years subsequent to June 30, 2026, are as follows:

Year	Liability Reduction	Interest	Total
2027	$ 11,564,510	$ 3,021,241	$ 14,585,751
2028	10,674,539	2,471,217	13,145,756
2029	8,211,226	2,061,186	10,272,412
2030	7,941,897	1,635,279	9,577,176
2031	5,598,356	1,271,857	6,870,213
2032-2036	20,586,436	2,512,579	23,099,015
2037-2041	1,466,222	503,050	1,969,272
2042-2046	1,097,222	302,758	1,399,980
2047-2051	1,481,531	109,437	1,590,968
Total	$ 68,621,939	$ 13,888,604	$ 82,510,543

Future obligations under Subscription-Based Information Technology Agreements for fiscal years subsequent to June 30, 2026, are as follows:

Year	Liability Reduction	Interest	Total
2027	$ 9,101,302	$ 769,281	$ 9,870,583
2028	5,925,920	455,184	6,381,104
2029	3,719,370	201,060	3,920,430
2030	471,182	18,234	489,416
Total	$ 19,217,774	$1,443,759	$20,661,533

Future obligations for installment purchase agreements as of June 30, 2026, follows:

Year Ending June 30	Installment Purchase Obligations
2027	$ 8,189
2028	8,189
Total obligation and gross minimum lease payments	$ 16,378
Less: Interest	(536)
Present value of minimum lease payments	$ 15,842

The System is committed under an installment purchase agreement at Paul D. Camp Community College. The cost of assets capitalized under the installment purchase agreement is $277,041.

12. OPERATING EXPENSES BY NATURAL AND FUNCTIONAL CLASSIFICATIONS

VCCS operating expenses for the year ended June 30, 2026 were as follows:

	Natural Classification					
Functional Classification	**Salaries & Benefits**	**Utilities**	**Scholarships**	**Depreciation & Amortization**	**Supplies Services& Other**	**Total**
Instruction	$ 396,667,938	$ 379,927	$ 21,448,416	$ 55,088,018	$ 51,486,843	$ 525,071,142
Public Service	16,833,577	27,817	(101,298)	410,897	7,694,325	24,865,318
Academic Support	91,376,407	250,802	630,478	7,881,291	23,880,356	124,019,334
Student Services	116,873,084	-	1,164,979	3,269,431	15,499,347	136,806,841
Institutional Support	161,276,925	402,226	395,072	31,283,615	60,445,898	253,803,736
Operation & Maintenance	50,064,446	23,970,498	32,085	5,154,530	136,017,802	215,239,361
Scholarships and Fellowships	118,722	-	178,000,973	-	2,421,697	180,541,392
Auxiliary Enterprises	5,602,061	651,450	1,713	3,308,702	11,254,455	20,818,381
Other Expenses	-	-	-	-	43,470	43,470
Total Expenses	$ 838,813,160	$ 25,682,720	$ 201,572,418	$ 106,396,484	$ 308,744,193	$1,481,208,975

13. STATE APPROPRIATIONS

All Commonwealth unrestricted revenues must be appropriated by the Legislature and are provided on an annual basis. Unspent balances of these appropriations at the close of the fiscal year revert to the Commonwealth's General Fund. These reverted funds are eligible for re-appropriation in fiscal year 2023-24 provided that the VCCS meets financial and administrative standards outlined in the *Code of Virginia*.

During the year ended June 30, 2026, the Virginia Community College System received the following general fund appropriations in accordance with the 2025 – 2026 amended budget Chapter 7, approved February 20, 2026.

Appropriated - Chapter 7 approved February 20th, 2026	$	583,628,526
Additions and Subtractions:		
Net Central Accounts Distributions		29,542,026
Carryover (reappropriate) FY24 year end balances		66,725,417
VMSDP waivers		3,297,000
Transfer from SCHEV - VIVA Open Course Grants		19,665
Transfer from SCHEV - FY 6 VIVA ILL allocation		28,435
Tech Talent Investment Program funding		1,272,643
VMSDP waiver funding from SCHEV Spring 2026		752,000
Adjusted funding for Line of Cuty Act premiums		9,267
Equipment Trust Fund lease payment (NGF)		(633,657)
Capital Fee transfers		(3,301,665)
Interest Earned and Credit Card Rebates		7,153,379
Employee Bonus payment - Ch.7		5,976,881
Third VMSDP waiver funding from SCHEV		1,074,061
Reversion		(70,802,761)
Philpott manufacturing		(2,752,512)
Adjusted Unrestricted Appropriations	$	621,988,705

Other restricted appropriations were $135,141,500 for a total of $757,130,206.

14. EQUIPMENT TRUST FUND

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

15. DONOR-RESTRICTED ENDOWMENTS

VCCS has two donor-restricted endowments. The net appreciation on investments of donor-restricted endowments that is available for expenditure by the governing board did not change for the year ended June 30, 2026. These amounts are reported as restricted expendable net position. Total-return policy is followed for authorizing and spending investment income.

16. CONTINGENCIES ON GRANTS

The VCCS receives assistance from non-state grantor agencies in the form of grants. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements. Substantially all grants are subject to financial and compliance audits by the grantors. All disallowances as a result of these audits become a liability of the VCCS. As of June 30, 2026, the VCCS estimates that no material liabilities will result from such audits.

17. RETIREMENT PLANS

Virginia Retirement System – General Information about the Pension Plans

Plan Description

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

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

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	**About Plan 2** Same as Plan 1.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Eligible Members Members are in Plan 1 if their membership date is before July 1, 2010, they were vested as of January 1, 2013, and they have not taken a refund. **Hybrid Opt-In Election** VRS Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** Members are in Plan 2 if their membership date is from July 1, 2010, to December 31, 2013, and they have not taken a refund, or their membership date is prior to July 1, 2010, and they were not vested as of January 1, 2013. **Hybrid Opt-In Election** Same as Plan 1.	**Eligible Members** Members are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Full-time permanent, salaried state employees.* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 **Non-Eligible Members* Some members are not eligible to participate in the Hybrid Retirement Plan. They include: Members of the Virginia Law Officers' Retirement System (VaLORS) Those members 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.

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Retirement Contributions State members, excluding state elected officials, and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payments.	**Retirement Contributions** Same as Plan 1.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
Service Credit Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	**Service Credit** Same as Plan 1.	**Service Credit** *Defined Benefit Component:* Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. *Defined Contributions Component*: Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	**Vesting** Same as Plan 1.	**Vesting** *Defined Benefit Component*: Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. *Defined Contributions Component:* Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. 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. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distributions not required, except as governed by law.

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** *Defined Benefit Component*: See definition under Plan 1 *Defined Contribution Component*: The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier **VRS:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. **VaLORS:** The retirement multiplier for VaLORS employees is 1.70% or 2.00%.	**Service Retirement Multiplier** **VRS:** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013. **VaLORS:** The retirement multiplier for VaLORS employees is 2.00% applied to hazardous duty service and 1.70% applied to non-hazardous duty service and no supplement.	**Service Retirement Multiplier** *Defined Benefit Component*: **VRS:** The retirement multiplier for the defined benefit component is 1.00%. 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. **VaLORS:** Not applicable. *Defined Contribution Component:* Not applicable.

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

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. *Eligibility:* For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date. *Exceptions to COLA Effective Dates:* The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member Is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.	**Cost-of-Living Adjustment (COLA) in Retirement** The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. *Eligibility:* Same as Plan 1. *Exceptions to COLA Effective Dates:* Same as Plan 1.	**Cost-of-Living Adjustment (COLA) in Retirement** *Defined Benefit Component:* Same as Plan 2. *Defined Contribution Component*: Not applicable. *Eligibility:* Same as Plan 1 and Plan 2. *Exceptions to COLA Effective Dates:* Same as Plan 1 and Plan 2.

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
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.		

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

Contributions

The contribution requirement for active employees is governed by § 51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each state agency's contractually required employer contribution rate for the fiscal year ended June 30, 2026, was 12.52% of covered employee compensation for employees in the VRS State Employee Retirement Plan. For employees in the VaLORS Retirement Plan, the contribution rate was 24.60% of covered employee compensation. These rates were the final approved General Assembly rates which were based on actuarially determined rates from an actuarial valuation as of June 30, 2021. The actuarially determined rates, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from VCCS to the VRS State Employee Retirement Plan were $52,343,603 and $50,693,653 for the years ended June 30, 2026, and June 30, 2025, respectively. Contributions from the VCCS to the

VaLORS Retirement Plan were $1,959,336 and $1,821,481 for the years ended June 30, 2026 and June 30, 2025, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled $2,102,463 for the year ended June 30, 2026. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled $3,103,466 for the year ended June 30, 2026. The total Hybrid plan participant covered payroll totaled $217,808,726 for the year ended June 30, 2026.

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

At June 30, 2026, the VCCS reported a liability of $300,300,989 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of $9,367,930 for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2025, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2024, and rolled forward to the measurement date of June 30, 2025. The VCCS's proportion of the Net Pension Liability was based on the VCCS's actuarially determined employer contributions to the pension plans for the year ended June 30, 2025, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2025, the VCCS' proportion of the VRS State Employee Retirement Plan was 6.79% as compared to 6.96% at June 30, 2024. At June 30, 2025, the VCCS' proportion of the VaLORS Retirement Plan was 1.51% as compared to 1.52% at June 30, 2024.

For the year ended June 30, 2026, the VCCS recognized pension expense of $18,083,981 for the VRS State Employee Retirement Plan and $1,310,299 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2024, and June 30, 2025, a portion of the pension expense was related to deferred amounts from changes in proportion and differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2026, the VCCS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

VRS State Employer Retirement Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 48,782,309	$ -
Net difference between projected and actual earnings on pension plan investments	-	55,702,949
Change in assumptions	6,934,396	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	2,769,626	13,543,849

Employer contributions subsequent to the measurement date	52,343,603	
Total	$110,829,934	$69,246,798

VaLORS Retirement Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 267,938	$ -
Net difference between projected and actual earnings on pension plan investments	-	1,034,049
Change in assumptions	11,665	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	145,297	160,678
Employer contributions subsequent to the measurement date	1,959,336	-
Total	$ 2,384,236	$ 1,194,727

$54,302,939 reported as deferred outflows of resources related to pensions resulting from the VCCS's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2027. 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	VRS Retirement Plan	VaLORS Retirement Plan
FY 2027	$27,007,532	$259,130
FY 2028	(6,643,374)	(389,374)
FY 2029	(18,443,741)	(404,633)
FY 2030	(12,680,883)	(234,949)
FY 2031	-	-

Actuarial Assumptions

The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2024, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2025.

Inflation	2.50%
Salary increases, including Inflation	3.50% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates – VRS State Employees
Pre-retirement: Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; female set forward 2 years **Post-retirement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generatonally; 110% of rates for females **Post-disablement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; males and females set forward 3 years **Beneficiaries and Survivors:** Pub-2010 Amount-Weighted tables, with 75% of MP-2021 Scale projected generationally; 110% of rates for males and females **Mortality Improvement:** Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

The total pension liability for the VaLORS Retirement Plan was based on an actuarial valuation as of June 30, 2024, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2025.

Inflation	2.50%
Salary increases, including Inflation	3.50% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates – VaLORS Employees

Pre-retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males, and 105% of rates for females set forward 2 years

Post-retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males, and 105% of rates for females set forward 3 years

Post-disablement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% for males set back 3 years, and 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males set forward 2 years; 110% of rates for females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis
Salary Scale	Increase Merit & Longevity 50 basis points; use of the 2.50% payroll growth assumption for purposes of amotizing any unfunded actuarial accrued
Discount Rate	No change

Net Pension Liability

The net pension liability (NPL) is calculated separately for each plan and represents that particular plan's total pension liability determined in accordance with GASB Statement No. 67, less that plan's fiduciary net position. As of June 30, 2023, NPL amounts for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan are as follows:

	State Employee Retirement Plan	VaLORS Retirement Plan
Total Pension Liability	$ 31,048,959	$ 2,863,701
Plan Fiduciary Net Position	26,622,947	2,244,828
Employers' Net Pension Liability (Asset)	$ 4,426,012	$ 618,873
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.75%	78.39%

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	32.00%	6.60%	2.11%
Fixed Income	16.00%	5.09%	0.81%
Credit Strategies	16.00%	8.21%	1.31%
Real Assets	15.00%	7.10%	1.07%
Private Equity	15.00%	8.60%	1.29%
PIP – Private Investment	1.00%	7.95%	0.08%
Diversifying Strategies	6.00%	6.82%	0.41%
Cash	2.00%	4.07%	0.08%
Leverage	(3.00%)	4.57%	(0.14%)
Total	**100.00%**		**7.02%**

* Expected arithmetic nominal return	* Expected arithmetic **7.02%**

* *The above allocation provides a one-year expected return of 7.02% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.06%, including expected inflation of 2.50%.*

On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2025, the rate contributed by the VCCS for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2025, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the VCCS' proportionate share of the VRS State Employee Retirement Plan net pension liability using the discount rate of 6.75%, as well as what the VCCS' proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
VCCS' proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	$ 548,559,951	$ 300,300,989	$ 92,133,025

The following presents the VCCS' proportionate share of the VaLORS Retirement Plan net pension liability using the discount rate of 6.75%, as well as what the VCCS' proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
VCCS' proportionate share of the VaLORS Retirement Plan Net Pension Liability	$ 15,019,980	$ 9,367,930	$ 4,744,873

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 2025 Annual Report. A copy of the 2025 VRS Annual Report may be downloaded from the VRS website at https://www.varetire.org/publications/?category=annual 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 $68,605,388 as Accrued Payroll Expenses as of June 30, 2026, which represents hours worked before June 30 but paid after July 1. The portion payable to the VRS for pension contributions is estimated at $2,245,273.

Optional Retirement Plans

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

Faculty rank employees can participate in a defined contribution plan administered by two providers other than the VRS. These optional retirement plans are defined contribution plans offered through TIAA and DCP. This is a defined contribution plan where the retirement benefits received are based on the employer's (10.4%) contributions, plus interest and dividends for those employees who became a member prior to July 1, 2010. For those employees who became a member on or after July 1, 2010, the employer's contributions are 8.5% and the employee's contributions are 5.0%.

Individual contracts issued under the ORP plan provide for full and immediate vesting of the VCCS contributions. Total pension costs under this plan were $7,478,587 and $7,322,463 for years ended June 30, 2026, and 2025, respectively. Contributions to the ORP plan were calculated using the base salary amount of $81,588,412 and $79,330,138 for fiscal years 2026 and 2025. The VCCS total payroll for fiscal years 2026 and 2025 was $646,045,422 and $625,350,747 respectively.

Payables to the Optional Retirement Plan

The VCCS recognized $68,605,388 as Accrued Payroll Expenses as of June 30, 2026, which represents hours worked before June 30 but paid after July 1 or after. The portion payable for contributions to the optional retirement plans is estimated at $545,522.

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 $1,382,694 for fiscal year 2026.

18. POST-EMPLOYMENT BENEFITS

Plans administered by VRS

General Information about the State Employee Health Insurance Credit Program

Plan Description

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

General Information about the Group Life Insurance Program

Plan Description

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

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

General Information about the Line of Duty Act Program

Plan Description

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS)

are automatically covered by the Line of Duty Act Program (LODA). As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

General Information about the *VRS Disability Insurance Program*

Plan Description

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

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

STATE EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS	GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS	LINE OF DUTY ACT PROGRAM (LODA) PLAN PROVISIONS	VSDP PLAN PROVISIONS

Eligible Employees	Eligible Employees	Eligible Employees	Eligible Employees
The State Employee Retiree Health Insurance Credit Program was established January 1, 1990, for retired state employees covered under VRS, SPORS, VaLORS and JRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: • Full-time and part-time permanent salaried state employees covered under VRS, SPORS, VaLORS and JRS.	The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: • City of Portsmouth • City of Roanoke • Roanoke City School Board The City of Richmond and the City of Norfolk participate in VRS for retirement and life. However, there are employees under each locality who decided to remain with the locality's retirement plan and are covered under VRS for life insurance only. Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.	The eligible employees of the LODA Program include paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under VRS, SPORS, or VaLORS.	The Virginia Sickness and Disability Program (VSDP), also known as the Disability Insurance Trust Fund was established January 1, 1999, to provide short-term and long-term disability benefits for non-work-related and work-related disabilities. Eligible employees are enrolled automatically upon employment. They include: • Full-time and part-time permanent salaried state employees covered under VRS, SPORS and VaLORS (members new to VaLORS following its creation on October 1, 1999, have been enrolled since the inception of VSDP). • State employees hired before January 1, 1999, who elected to transfer to VSDP rather than retain their eligibility to be considered for VRS disability retirement. • Public college and university faculty members who elect the VRS defined benefit plan. They may participate in VSDP or their institution's disability program, if offered. If the institution does not offer the program or the faculty member does not make an election, he or she is enrolled in VSDP.

Benefit Amounts	**Benefit Amounts**	**Benefit Amounts**	**Benefit Amounts**
The State Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees: • *At Retirement* – For State employees, the monthly benefit is $4.25 per year of service per month with no cap on the benefit amount. • *Disability Retirement* – For State employees, other than state police officers, who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP), the monthly benefit is $120.00 or $4.25 per year of service, whichever is higher. For State police officer employees with a non-work-related disability who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP) the monthly benefit is $120.00 or $4.25 per year of service, whichever is higher. For State police officers with a work-related disability, there is no benefit provided under the State Employee Retiree Health Insurance Credit Program if the premiums are being paid under the Virginia Line of Duty Act. However, they may receive the credit for premiums paid for other qualified health plans.	The benefits payable under the Group Life Insurance Program have several components. • *Natural Death Benefit* – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • *Accidental Death Benefit* – The accidental death benefit is double the natural death benefit. • *Other Benefit Provisions* – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: ○ Accidental dismemberment benefit ○ Seatbelt benefit ○ Repatriation benefit ○ Felonious assault benefit ○ Accelerated death benefit option	LODA provides death and health insurance benefits for eligible individuals: • *Death:* The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: ○ $100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after. ○ $25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date. The benefit increased to $75,000 for approved presumptive deaths occurring on or after January 1, 2025. ○ An additional $20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001. • Health Insurance*:* The LODA program provides health insurance benefits. The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.	The Virginia Sickness and Disability Program (VSDP) provides the following benefits for eligible employees: • *Leave:* Sick, family and personal leave. Eligible leave benefits are paid by the employer. • *Short-Term Disability:* The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. The benefit provides income replacement beginning at 100% of the employee's pre-disability income, reducing to 80% and then 60% based on the period of the disability and the length of service of the employee. Short-term disability benefits are paid by the employer. • *Long-Term Disability (LTD):* The program provides a long-term disability benefit beginning after 125 workdays of short-term disability and continuing until the employee reaches his or her normal retirement age. The benefit provides income replacement of 60% of the employee's pre-disability income. If an employee becomes disabled within five years of his or her normal retirement age, the employee will receive up to five years of VSDP benefits, provided he or she remains medically eligible. Long-term disability benefits are paid for by the Virginia

STATE EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS	GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS	LINE OF DUTY ACT PROGRAM (LODA) PLAN PROVISIONS	VSDP PLAN PROVISIONS
			Disability Insurance Program (VSDP) OPEB Plan. • *Income Replacement Adjustment:* The program provides for an income replacement adjustment to 80% for catastrophic conditions. • *VSDP Long-Term Care Plan:* The program also includes a self-funded long-term care plan that assists with the cost of covered long-term care services.

STATE EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS	GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS	LINE OF DUTY ACT PROGRAM (LODA) PLAN PROVISIONS	VSDP PLAN PROVISIONS
Plan Notes: • The monthly Health Insurance Credit benefit cannot exceed the individual's premium amount. • Employees who retire after being on long-term disability under VSDP must have at least 15 years of service credit to qualify for the Health Insurance Credit as a retiree.			**Plan Notes:** • Employees hired or rehired on or after July 1, 2009, must satisfy eligibility periods before becoming eligible for non-work-related short-term disability benefits and certain income-replacement levels. • A state employee who is approved for VSDP benefits on or after the date that is five years prior to his or her normal retirement date is eligible for up five years of VSDP benefits. • Employees on work-related short-term disability receiving only a workers' compensation payment may be eligible to purchase service credit for this period if retirement contributions are not being withheld from the workers' compensation payment. The rate will be based on 5.00% of the employee's compensation.
	Reduction in Benefit Amounts The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on		**Cost-of-Living Adjustment (COLA)** • During periods an employee receives long-term disability benefits, the LTD benefit may be increased annually by an amount recommended by the actuary and approved by the Board.

STATE EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS	GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS	LINE OF DUTY ACT PROGRAM (LODA) PLAN PROVISIONS	VSDP PLAN PROVISIONS
	January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. **Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)** For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $9,768 as of June 30, 2026.		○ Plan 1 employees vested as of 1/1/2013 – 100% of the VRS Plan 1 COLA (The first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%). ○ Plan 1 employee non-vested as of 1/1/2013, Plan 2 and Hybrid Plan employees – 100% of the VRS Plan 2 and Hybrid COLA (The first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%). • For participating full-time employees taking service retirement, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement. ○ 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4.00%. • For participating full-time employees receiving

STATE EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS	GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS	LINE OF DUTY ACT PROGRAM (LODA) PLAN PROVISIONS	VSDP PLAN PROVISIONS
			supplemental (work-related) disability benefits, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement. ○ 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4.00%.

Contributions

The contribution requirement for active employees in the VRS State Employee Health Insurance Credit Program is governed by §51.1-1400(D) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each state agency's contractually required employer contribution rate for the year ended June 30, 2026, was 1.12% of covered employee compensation for employees in the VRS State Employee Health Insurance Credit Program. This rate was the approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023 The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the VCCS to the VRS State Employee Health Insurance Credit Program were $5,599,143 and $5,457,032 for the years ended June 30, 2026 and June 30, 2025, respectively.

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and § 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% X 60%) and the employer component was 0.47% (1.18% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2026, was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life

Insurance Program from the VCCS were $5,780,907 and $5,634,095 for the years ended June 30, 2026, and June 30, 2025, respectively.

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2026, was $1,015.00 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2025, and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the VCCS were $111,650 and $96,394 for the years ended June 30, 2026 and June 30, 2025, respectively.

The contribution requirements for the Disability Insurance Program (VSDP) are governed by §51.1-1140 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the Disability Insurance Program (VSDP) for the year ended June 30, 2026, was 0.50% of covered employee compensation. This rate was General Assembly approved rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits payable during the year, with an adjustment to amortize the accrued OPEB assets. Contributions to the Disability Insurance Program (VSDP) from the VCCS were $2,109,726 and $2,020,582 for the years ended June 30, 2026 and June 30, 2025, respectively.

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

At June 30, 2026, the VCCS reported a liability of $30,115,727 for its proportionate share of the VRS State Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS State Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2025 and the total VRS State Employee Health Insurance Credit Program OPEB Liability used to calculate the Net VRS State Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2024, and rolled forward to the measurement date of June 30, 2025. The VCCS' proportion of the Net VRS State Employee Health Insurance Credit Program OPEB Liability was based on the VCCS' actuarially determined employer contributions to the VRS State Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2025, relative to the total of the actuarially determined employer contributions for all participating state employers. At June 30, 2025 the VCCS' proportion of the VRS State Employee Health Insurance Credit Program was 4.85% as compared to 4.98% at June 30, 2024.

For the year ended June 30, 2026, the VCCS recognized VRS State Employee Health Insurance Credit Program OPEB expense of $849,952. Since there was a change in proportionate share between measurement dates, a portion of the VRS State Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

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

At June 30, 2026, the VCCS reported a liability of $16,672,506 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2025, and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2024, and rolled forward to the measurement date of June 30, 2025. The VCCS' proportion of the Net GLI OPEB Liability was based on the VCCS' actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2025, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2025, the VCCS proportion was 1.73% as compared to 1.77% at June 30, 2024

For the year ended June 30, 2026, the VCCS recognized GLI OPEB expense of ($680,986). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

At June 30, 2026, the VCCS reported a liability of $1,999,308 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2025, and the total LODA OPEB Liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation performed as of June 30, 2024, and rolled forward to the measurement date of June 30, 2025. The VCCS' proportion of the Net LODA OPEB Liability was based on the VCCS' actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2025, relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2025, the VCCS' proportion was 0.53% as compared 0.58% at June 30, 2024.

For the year ended June 30, 2026, the VCCS recognized LODA OPEB expense of $216,127. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

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

At June 30, 2026, the VCCS reported a liability (asset) of ($28,724,971) for its proportionate share of the Net VSDP OPEB Liability (Asset). The Net VSDP OPEB Liability (Asset) was measured as of June 30, 2025, and the total VSDP OPEB liability used to calculate the Net VSDP OPEB Liability (Asset) was determined by an actuarial valuation as of June 30, 2024, and rolled forward to the measurement date of June 30, 2025. The VCCS' proportion of the Net VSDP OPEB Liability (Asset) was based on the VCCS' actuarially determined employer contributions to the VSDP OPEB plan for the year ended June 30, 2025, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the VCCS' proportion was 6.60% as compared to 6.73% at June 30, 2024.

For the year ended June 30, 2026, the VCCS recognized VSDP OPEB expense of ($123,902). Since there was a change in proportionate share between measurement dates, a portion of the VSDP OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2026, the VCCS reported deferred outflows of resources and deferred inflows of resources related to the VRS OPEB plans from the following sources:

VRS Health Insurance Credit Program	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,700,333
Net difference between projected and actual earnings on State HIC OPEB program investments	-	545,989
Change in assumptions	322,825	302,710
Changes in proportionate share and differences between actual and expected contributions	688,478	3,229,137
Employer contributions subsequent to the measurement date	5,599,143	-
Total	$ 6,610,446	$ 6,778,169

VRS Group Life Insurance Program	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,957,636	$ 313,826
Net difference between projected and actual earnings on GLI OPEB program investments	-	2,333,115
Change in assumptions	-	545,492
Changes in proportionate share	473,303	1,561,461
Employer contributions subsequent to the measurement date	5,780,907	-
Total	$ 9,211,846	4,753,894

VRS Line of Duty Act Program	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 31,642	$ 436,395
Net difference between projected and actual earnings on LODA OPEB program investments	-	6,466
Change in assumptions	295,497	552,804
Changes in proportionate share	793,149	849,340
Employer contributions subsequent to the measurement date	111,650	-
Total	$ 1,231,938	$ 1,845,005

VRS Virginia Sickness and Disability Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 657.975	$ 2,349,395
Net difference between projected and actual earnings on VSDP OPEB program investments	-	1,502,061
Change in assumptions	-	2,338,975
Changes in proportionate share	1,693,249	513,838
Employer contributions subsequent to the measurement date	2,109,726	
Total	$4,460,950	$6,704,269

$5,559,143 reported as deferred outflows of resources related to the State Employee HIC OPEB resulting from VCCS' contributions subsequent to the measurement date will be recognized as a reduction of the Net State Employee HIC OPEB Liability in the Fiscal Year ending June 30, 2027.

$5,780,907 reported as deferred outflows of resources related to the GLI OPEB resulting from VCCS' contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2027.

$111,650 reported as deferred outflows of resources related to the LODA OPEB resulting from VCCS' contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the Fiscal Year ending June 30, 2027.

$2,109,726 reported as deferred outflows of resources related to the VSDP OPEB resulting from VCCS' contributions subsequent to the measurement date will be recognized as a reduction of the Net VSDP OPEB Liability in the Fiscal Year ending June 30, 2027.

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

Year ended June 30	**HIC**	**GLI**	**LODA**	**VSDP**
FY 2027	(1,795,876)	(390,410)	(45,867)	(745,795)
FY 2028	(1,679,512)	(531,835)	(64,191)	(920,138)
FY 2029	(1,253,033)	(342,454)	(77,789)	(833,541)
FY 2030	(794,821)	(132,784)	(126,244)	(613,501)
FY 2031	(243,354)	74,522	(132,768)	(414,238)
Thereafter	-	-	(266,130)	(825,830)

HIC Actuarial Assumptions

The total State Employee HIC OPEB Liability for the VRS State Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2024, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2025.

Inflation	2.50%
Salary increases, including inflation –	
General state employees	3.50% – 5.35%
SPORS employees	3.50% – 4.75%
VaLORS employees	3.50% – 4.75%
JRS employees	4.00%
Investment rate of return	6.75% net of plan investment expenses, including inflation

Mortality rates – General State Employees
Pre-retirement: Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; females set forward 2 years **Post-retirement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for females **Post-disablement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; males and females set forward 3 years **Beneficiaries and Survivors:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males and females. **Mortality Improvement:** Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the MP-2020 rate

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020 through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables, with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Benefit participation (future service retirees)	Reduced participation to 94%
Benefit participation (future disability)	Reduced participation to 92%
Benefit participation (from terminated vested)	Reduced participation to 94%
Benefit utilization (not receiving the max)	No change
Benefit utilization (not receiving the max-amount of max received)	No change
Benefit utilization (benefit increase for those not at a max)	Removed
Percentage of deferred vested members electing to withdraw from VRS	Reduced
Terminated vested member commencement age	Adjusted slightly
Discount Rate	No change

Mortality rates – SPORS Employees
Pre-Retirement: Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males and 105% of rates for females set forward 2 years. **Post-Retirement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years **Post-Disablement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years **Beneficiaries and Survivors:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males set forward 2 years, and 110% of rates for females set forward 2 years **Mortality Improvement Scale:** Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020 through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Benefit participation (future service retirees)	Reduced participation to 94%
Benefit participation (future disability)	Reduced participation to 63%
Benefit participation (from terminated vested)	Reduced participation to 94%
Benefit utilization (not receiving the max)	Reduced to 9%
Benefit utilization (not receiving the max-amount of max received)	No change
Benefit Utilization (benefit increase for those not at the max)	Removed
Percentage of deferred vested members electing to withdraw from VRS	Reduced
Terminated vested member commencement age	Adjusted slightly
Line of Duty Disability	No change
Discount Rate	No change

Mortality rates – VaLORS Employees
Pre-Retirement: Pub-2010 Amount-Weighted tables, with 75% of he MP-2021 Scale projected generationally; 95% of rates for males, and 105% of rates for females set forward 2 years. **Post-Retirement:** Pub-2010 Amount-Weighted Safety tables, with 75% of the MP-2021 Scale generationally; 110% of rates for males, and 105% of rates for females set forward 3 years **Post-Disablement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males set back 3 years, and 90% of rates for females set back 3 years **Beneficiaries and Survivors:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale generationally; 110% of rates for males swt forward 2 years, and 110% of rates for females set forward 2 years **Mortality Improvement Scale:** Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020 through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points; use of 2.50% payroll growth assumption for purposes of amortizing any unfunded actuarial accrued liabilities
Benefit participation (future service retirees)	Reduced participation to 94%
Benefit participation (future disability)	Reduced participation to 63%
Benefit participation (from terminated vested)	Reduced participation to 94%
Benefit utilization (not receiving the max)	Reduced to 9%
Benefit utilization (not receiving the max-amount of max received)	No change
Benefit Utilization (benefit increase for those not at the max)	Removed
Percentage of deferred vested members electing to withdraw from VRS	Reduced
Terminated vested member commencement age	Adjusted slightly
Discount Rate	No change

Mortality rates – JRS Employees
Pre-Retirement: Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; males set forward 2 years **Post-Retirement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males and females set back 2 years **Post-Disablement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally **Beneficiaries and Survivors:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally **Mortality Improvement Scale:** Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience on a liability-weighted basis
Termination Rates	No change
Disability Rates	No change
Salary Scale	No change
Benefit participation (future service retirees)	Reduced participation to 94%
Benefit participation (future disability)	Reduced participation to 92%
Benefit participation (from terminated vested)	Reduced participation to 94%
Benefit utilization (not receiving the max)	No change
Benefit utilization (not receiving the max-amount of max received)	No change
Benefit utilization (benefit increase for those not at the max)	Removed
Percentage of deferred vested members electing to withdraw from VRS	Reduced
Terminated vested member commencement age	Adjusted slightly
Discount Rate	No change

GLI Actuarial Assumptions

The total GLI OPEB Liability was based on an actuarial valuation as of June 30, 2024, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2025.

Inflation	2.50%
Salary increases, including inflation –	
General state employees	3.50% – 5.35%
Teachers	3.50% – 5.95%
SPORS employees	3.50% – 4.75%
VaLORS employees	3.50%– 4.75%
JRS employees	4.00%
Locality – General employees	3.50% – 5.35%
Locality – Hazardous Duty employees	3.50% – 4.75%
Investment rate of return	6.75% net of investment expenses, including inflation

Mortality rates – General State Employees
Pre-Retirement:
Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; females set forward 2 years
Post-Retirement:
Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for females
Post-Disablement:
Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 projected generationally; males and females set forward 3 years
Beneficiaries and Survivors:
Pub-2010 Amount-Weighted with 75% of the MP-2021 projected generationally
Mortality Improvement Scale:
Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rate

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020 through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Mortality rates – Teachers
Pre-Retirement: Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males **Post-Retirement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; males set forward 1 year; 105% of rates for females **Post-Disablement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males and females **Beneficiaries and Survivors:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally **Mortality Improvement Scale:** Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rate

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 were based on the results of an actuarial experience study for the period from July 1, 2020 through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update t MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Mortality rates – SPORS Employees
Pre-Retirement: Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males, and 105% of rates for females set forward 2 years. **Post-Retirement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males, and 105% of rates for females set forward 3 years **Post-Disablement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males set back 3 years, and 90% of rates for females set back 3 years **Beneficiaries and Survivors:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males set forward 2 years, and 110% of rates for females set forward 2 years **Mortality Improvement Scale:** Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rate

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020 through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustement, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longeviy 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Mortality rates – VaLORS Employees
Pre-Retirement: Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males, and 105% of rates for females set forward 2 years **Post-Retirement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males, and 105% of rates for females set forward 3 years **Post-Disablement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males set back 3 years, and 90% of rates for females set back 3 years **Beneficiaries and Survivors:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males set forward 2 years, and 110% of rates for females set forward 2 years **Mortality Improvement Scale:** Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rate

The actuarial assumptions used in the June 30, 2024, valuation were roled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020 through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a liability-weighted basis
Salary Scale	Increase Merit & Longevity 50 basis points; use of 2.50% payroll growth assumption for purposes of amortizing any unfunded actuarial accrued liabilities
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Mortality rates – JRS Employees
Pre-Retirement: Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; males set forward 2 years **Post-Retirement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males and females set back 2 years **Post-Disablement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally **Beneficiaries and Survivors:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally **Mortality Improvement Scale:** Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020 through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	No change
Disability Rates	No change
Salary Scale	Reduce increases across all ages by 0.50%
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Mortality rates – Metro Locality Employers – General Employees
Pre-Retirement: Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; males set forward 2 years; 105% of th rates for females set forward 1 year **Post-Retirement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year **Post-Disablement:** Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years **Beneficiaries and Survivors:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally **Mortality Improvement Scale:** Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Mortality rates – Non-Metro Locality Employers – General Employees
Pre-Retirement: Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; males set forward 2 years; 105% of the rates for females set forward 3 years **Post-Retirement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year **Post-Disablement:** Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years **Beneficiaries and Survivors:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally **Mortality Improvement Scale:** Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Mortality rates – Metro Locality Employers – Hazardous Duty Employees
Pre-Retirement: Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years **Post-Retirement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years **Post-Disablement:** Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years **Beneficiaries and Survivors:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males set forward 2 years and 110% of rates for females set forward 2 years **Mortality Improvement Scale:** Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Mortality rates – Non Metro Locality Employers – Hazardous Duty Employees
Pre-Retirement: Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years **Post-Retirement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years **Post-Disablement:** Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years **Beneficiaries and Survivors:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males set forward 2 years and 110% of rates for females set forward 2 years **Mortality Improvement Scale:** Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

LODA Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2024, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2025.

Inflation	2.50%
Salary increases, including Inflation –	
General state employees	N/A
SPORS employees	N/A
VaLORS employees	N/A
Locality employees	N/A

Medical cost trend rates assumption –	
Under age 65	7.25% – 4.25%
Ages 65 and older	6.50% – 4.25%
Medicare Part B Trend	5.89% - 4.25%
Year of ultimate trend rate	
Under age 65	Fiscal year ended 2034
Ages 65 and older	Fiscal year ended 2034
Medicare Part B Trend	Fiscal year ended 2034
Investment rate of return	6.75%, net of plan investment expenses, including inflation

Mortality rates – General State Employees
Pre-Retirement: Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally;females set forward 2 years. **Post-Retirement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for females. **Post-Disablement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; males and females set forward 3 years. **Beneficiaries and Survivors:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally **Mortality Improvement Scale:** Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rate

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Line of Duty Disability	No change
Discount Rate	No change

Percentage of disabilities qualifying for	No change
Percentage of deaths qualifying for benefits	No change
Percentage of qualifying deaths that are a direct result of the performance of duty	No change
Spouse/dependent participation rate	No change
Percent assumed to be eligible for Medicare due to age	Increase from 75% to 85%
Health Care trend rates	No Change: will be reviewed each valuation cycle
Missing Data Assumptions	Unknown gender: No Change Unknown Date of Birth: No Change Missing Service: adjusted slightly
Full-time Equivalent Weightings	National Guard Full-Time: from 100% to 75% National Guard Part-Time: from 10% to 5% Politcal Subdivisions Volunteer Part-Time: from 25% to 20%

Mortality rates – SPORS Employees
Pre-Retirement: Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males, and 105% of rates for females set forward 2 years **Post-Retirement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males, and 105% of rates for females set forward 3 years **Post-Disablement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years **Beneficiaries and Survivors:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males set forward 2 years, and 110% of rates for females set forward 2 years **Mortality Improvement Scale:** Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Line of Duty Disability	No change
Discount Rate	No change
Percentage of disabilities qualifying for	No change
Percentage of deaths qualifying for benefits	No change
Percentage of qualifying deaths that are a direct result of the performance of duty	No change
Spouse/dependent participation rate	No change
Percent assumed to be eligible for Medicare due to age	Increase from 75% to 85%
Health Care trend rates	No Change: will be reviewed each valuation cycle
Missing Data Assumptions	Unknown gender: No Change Unknown Date of Birth: No Change Missing Service: adjusted slightly
Full-time Equivalent Weightings	National Guard Full-Time: from 100% to 75% National Guard Part-Time: from 10% to 5% Politcal Subdivisions Volunteer Part-Time: from 25% to 20%

Mortality rates – VaLORS Employees

Pre-Retirement:
Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males, and 105% of rates for females set forward 2 years

Post-Retirement:
Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males, and 105% of rates for females set forward 3 years

Post-Disablement:
Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males set back 3 years, and 90% of rates for females set back 3 years

Beneficiaries and Survivors:
Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for females set forward 2 years

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points; use of 2.50% payroll growth assumption for purposes of amortizing any unfunded actuarial accrued liabilities
Line of Duty Disability	No change
Discount Rate	No change
Percentage of disabilities qualifying for	Decreased from 35% to 25%
Percentage of deaths qualifying for benefits	No change
Percentage of qualifying deaths that are a direct result of the performance of duty	No change
Spouse/dependent participation rate	No change
Percent assumed to be eligible for Medicare due to age	Increase from 75% to 85%
Health Care trend rates	No Change: will be reviewed each valuation cycle
Missing Data Assumptions	Unknown gender: No Change Unknown Date of Birth: No Change Missing Service: adjusted slightly
Full-time Equivalent Weightings	National Guard Full-Time: from 100% to 75% National Guard Part-Time: from 10% to 5% Politcal Subdivisions Volunteer Part-Time: from 25% to 20%

Mortality rates – Metro Locality Employers With Public Safety Employees
Pre-Retirement: Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years **Post-Retirement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years **Post-Disablement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years **Beneficiaries and Survivors:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males set forward 2 years, and 110 of rates for females set forward 2 years **Mortality Improvement Scale:** Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the standard rates

Mortality rates – Non-Metro Locality Employers With Public Safety Employees
Pre-Retirement: Pub-2010 Amount-Weighted tables with 75% of the MP-2021 Scale projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years **Post-Retirement:** Pub-2010 Amount-Weighted tables with 75% of the MP-2021 Scale projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years **Post-Disablement:** Pub-2010 Amount-Weighted tables with 75% of the MP-2021 Scale projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years **Beneficiaries and Survivors:** Pub-2010 Amount-Weighted tables with 75% of the MP-2021 Scale projected generationally; 110% of rates for males and females set forward 2 years **Mortality Improvement Scale:** Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Line of Duty Disability	No change
Discount Rate	No change
Percentage of disabilities qualifying for	Increased to 100%
Percentage of deaths qualifying for benefits	No change
Percentage of qualifying deaths that are a direct result of the performance of duty	No change
Spouse/dependent participation rate	No change
Percent assumed to be eligible for Medicare due to age	Increase from 75% to 85%
Health Care trend rates	No Change: will be reviewed each valuation cycle
Missing Data Assumptions	Unknown gender: No Change Unknown Date of Birth: No Change Missing Service: adjusted slightly
Full-time Equivalent Weightings	National Guard Full-Time: from 100% to 75% National Guard Part-Time: from 10% to 5% Politcal Subdivisions Volunteer Part-Time: from 25% to 20%

VSDP Actuarial Assumptions

The total VSDP OPEB liability was based on an actuarial valuation as of June 30, 2024, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2025.

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

Mortality rates – General State Employees

Pre-Retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; females set forward 2 years

Post-Retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for females

Post-Disablement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; males and females set forward 3 years

Beneficiaries and Survivors:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Discount Rate	No Change
Rates of disability claim incidence	Same disability incidence as pension
Rates of disability claim termination	Lower termination in early years, higher in later years
Benefit offsets	Adjusted slightly
Catastrophic claims	No Change
Percentage eligible for additional 1% defined contribution	No Change

Mortality rates – SPORS Employees
Pre-Retirement: Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males, and 105% of rates for females set forward 2 years **Post-Retirement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males, and 105% of rates for females set forward 3 years **Post-Disablement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males set back 3 years, and 90% of rates for females set back 3 years **Beneficiaries and Survivors:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males set forward 2 years, and 110% of rates for females set forward 2 years **Mortality Improvement Scale:** Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the MP-2021 rates

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Discount Rate	No Change
Rates of disability claim incidence	Same disability incidence as pension
Rates of disability claim termination	Lower termination in early years, higher in later years
Benefit offsets	Adjusted slightly
Catastrophic claims	No Change
Percentage eligible for additional 1% defined contribution	No Change

Mortality rates – VaLORS Employees
Pre-Retirement: Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males, and 105% of rates for females set forward 2 years **Post-Retirement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males, and 105% of rates for females set forward 3 years **Post-Disablement:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years **Beneficiaries and Survivors:** Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males set forward 2 years, and 110% of rates for females set forward 2 years **Mortality Improvement Scale:** Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points; use of 2.50% payroll growth assumption for purposes of amortizing any unfunded actuarial accrued liabilities
Discount Rate	No Change
Rates of disability claim incidence	Same disability incidence as pension
Rates of disability claim termination	Lower termination in early years, higher in later years
Benefit offsets	Adjusted slightly
Catastrophic claims	No Change
Percentage eligible for additional 1% defined contribution	No Change

Net OPEB Liability (Asset)

The net OPEB liability (NOL) represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2025, NOL amounts for VRS administered programs are as follows:

	HIC	GLI	LODA	VSDP
Total OPEB Liability	$ 1,074,252	$ 4,433,282	$ 384,211	$ 323,479
Plan Fiduciary Net Position	453,179	3,471,094	4,972	758,711
Net OPEB Liability (Asset)	$ 621,073	$ 962,188	$ 379,239	$ (435,232)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	42.19%	78.30%	1.29%	234.55%

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

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

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	32.00%	6.60%	2.11%
Fixed Income	16.00%	5.09%	0.81%
Credit Strategies	16.00%	8.21%	1.31%
Real Assets	15.00%	7.10%	1.07%
Private Equity	15.00%	8.60%	1.29%
PIP - Private Investment Partnerships	1.00%	7.95%	0.08%
Diversifying Strategies	6.00%	6.82%	0.41%
Cash	2.00%	4.07%	0.08%
Leverage	(3.00%)	4.57%	(0.14%)
Total	**100.00%**		**7.02%**
		*Expected arithmetic nominal return	**7.02%**

** The above allocation provides a one-year return of 7.02% (includes a 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a*

range of returns over various time periods that ultimately provide a median return of 7.06%, including expected inflation of 2.50%.

On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total State Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2025, the rate contributed by the VCCS for the VRS State Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 124% of the actuarially determined contribution rate. From July 1, 2025 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the State Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total State Employee HIC OPEB liability.

The discount rate used to measure the total GLI OPEB Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2025, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2025 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB Liability.

The Line of Duty Act Program is funded on a pay-as-you-go basis. As a result, the liabilities are valued using a discount rate of 5.20%, which approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyers GO 20-year Municipal Bond Index as of the measurerment date of June 30, 2025.

The discount rate used to measure the total VSDP OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2025, the rate contributed by participating employers to the VSDP OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2025, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VSDP OPEB Program's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total VSDP OPEB liability.

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

The following presents the VCCS' proportionate share of the VRS State Employee Health Insurance Credit Program net HIC OPEB liability using the discount rate of 6.75%, as well as what the VCCS' proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
VCCS' proportionate share of the VRS State Employee HIC OPEB Plan Net OPEB Liability	$ 35,069,718	$ 30,115,727	$ 25,858,843

The following presents the VCCS' proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the VCCS' proportionate share of the net GLI OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate):

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
VCCS' proportionate share of the Group Life Insurance Plan Net OPEB Liability	$ 28,125,793	$ 16,672,506	$ 7,432,392

The following presents the VCCS' proportionate share of the net LODA OPEB liability using the discount rate of 5.20%, as well as what the VCCS' proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower 2.86% or one percentage point higher 4.86% than the current rate:

	1.00% Decrease (4.20%)	Current Discount Rate (5.20%)	1.00% Increase (6.20%)
VCCS' proportionate share of the LODA Net OPEB Liability	$ 2,355,805	$ 1,999,308	$ 1,716,995

The following presents the VCCS' proportionate share of the net VSDP OPEB liability (asset) using the discount rate of 6.75%, as well as what the VCCS' proportionate share of the net VSDP OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
VCCS' proportionate share of the VSDP Net OPEB Liability (Asset)	$ (27,266,333)	$ (28,724,971)	$ (30,025,137)

Sensitivity of Covered Employer's Proportionate Share of the net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the Line of Duty Act Program (LODA) contains provisions for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the VCCS' proportionate share of the net LODA OPEB liability using the health care trend rate of 7.25% decreasing to 4.25%, as well as what the VCCS' proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.25% decreasing to 3.25%) or one percentage point higher (8.25% decreasing to 5.25%) than the current rate:

	1.00% Decrease (6.25% decreasing to 3.25%)	**Current Trend Rate (7.25% decreasing to 4.25%)**	**1.00% Increase (8.25% decreasing to 5.25%)**
VCCS' proportionate share of the LODA Net OPEB Liability	$ 1,605,191	$ 1,999,308	$ 2,526,111

VRS OPEB Programs Fiduciary Net Position
Detailed information about the VRS OPEB Programs Fiduciary Net Position is available in the separately issued VRS 2025 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2025 VRS Annual Report may be downloaded from the VRS website at, https://www.varetire.org/pdf/publications//?categir=annual or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the State Employee Health Insurance Credit Program OPEB Plan
The VCCS recognized $68,605,388 as Accrued Payroll Expenses as of June 30, 2026, which represents hours worked before June 30 but paid after July 1. The portion payable for contributions to the Health Insurance Credit Program is estimated at $194,002.

Payables to the VRS Group Life Insurance OPEB Plan
The VCCS recognized $68,605,388 as Accrued Payroll Expenses as of June 30, 2026, which represents hours worked before June 30 but paid after July 1. The portion payable for contributions to the Group Life Insurance Plan is estimated at $226,988.

Payables to the Disability Insurance Program (VSDP) OPEB Plan
The VCCS recognized $68,605,388 as Accrued Payroll Expenses as of June 30, 2026, which represents hours worked before June 30 but paid after July 1. The portion payable for contributions to the Disability Insurance Plan is estimated at $85,817.

Plans administered by the DHRM

Pre-Medicare Retiree Healthcare

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

The following are eligibility requirements for Virginia Retirement System retirees:

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

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

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

The following are eligibility requirements for Optional Retirement Plan retirees:

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

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

This fund is reported as part of the Commonwealth's Healthcare Internal Service Fund. Benefit payments are recognized when due and payable in accordance with the benefit terms. Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes, and is administered by the Department of Human Resource Management. There were approximately 2,914 retirees and 9,683 active employees in the program as of June 30, 2025. There are no inactive employees entitled to future benefits who are not currently receiving benefits. There are no assets accumulated in a trust to pay benefits.

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

At June 30, 2026, the VCCS reported a liability of $19,958,300 for its proportionate share of the collective total Pre-Medicare Retiree Healthcare OPEB liability of $313.8 million. The Pre-Medicare Retiree Healthcare OPEB liability was measured as of June 30, 2025 and was determined by an actuarial valuation as of June 30, 2025. The VCCS' proportion of the Pre-Medicare Retiree Healthcare OPEB liability was based on each employer's calculated healthcare premium contributions as a percentage of the total employer's calculated healthcare premium contributions for all participating employers. On June 30, 2025, the VCCS' proportion was 6.36% as compared to 6.51% at June 30, 2024. For the year ended June 30, 2026, the VCCS recognized Pre-Medicare Retiree Healthcare OPEB expense of ($3,950,759).

On June 30, 2026, the VCCS reported deferred outflows or resources and deferred inflows of resources related to Pre-Medicare Retiree Healthcare from the following sources:

Pre-Medicare Retiree Healthcare	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 334,973	$ 1,365,193
Change in assumptions	352,031	6,585,694
Changes in proportionate share	1,352,832	2,597,193
Sub Total	2,039,836	10,548,080
Amounts associated with transactions subsequent to the measurement date	-	-
Total	$ 2,039,836	$ 10,548,080

Deferred outflows of resources related to the Pre-Medicare Retiree Healthcare OPEB resulting from amounts associated with transactions subsequent to the measurement date were $0. These amounts will be recognized as a reduction of the total OPEB Liability in the fiscal year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pre-Medicare Retiree Healthcare OPEB will be recognized in the Pre-Medicare Retiree Healthcare OPEB expense as follows:

Year ended June 30	
2027	$ (3,972,112)
2028	$ (2.221.460)
2029	$ (822,669)
2030	$ (656,601)
2031	$ (589,387)
Thereafter	$ (235,869)

Actuarial Assumptions and Methods

The total Pre-Medicare Retiree Healthcare OPEB liability was based on an actuarial valuation with a valuation date of June 30, 2025 (one year prior to the end of the fiscal year). The Department of Human Resource Management selected the economic, demographic and healthcare claim cost assumptions. The actuary provided guidance with respect to these assumptions.Initial healthcare costs trend rates used were 8.00 percent for medical. The ultimate trend rates used were 3.94 percent for medical.

Valuation Date	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.
Measurement Date	June 30, 2025 (one year prior to the end of the fiscal year)

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed
Effective Amortization Period	6.40 years
Discount Rate	5.20%
Projected Salary Increases	5.85% to 3.50% based on years of service from 1 year to 20 years or more
Medical Trend Under 65	Medical & Rx: 8.00% to 3.94
Year of Ultimate Trend	2046
Mortality	Mortality rates vary by participant status and gender
Pre-Retirement:	Pub-2010 Benefits Weighted General Employee Rates projected with 75% of the Modified MP-2021 Projection Scale on a fully generational basis: females set forward 2 years
Post-Retirement	Pub-2010 Benefits Weighted General Healthy Retiree Rates projected with 75% of the MP-2021 Projection Scal on a fully generational basis: 110% of females' rates
Post-Disablement:	Pub-2010 Benefits Weighted General Disabled Rates projected with 75% of the MP-2021 Projection on a fully generational basis: males and females set forward three years
Beneficiaries and Survivors:	Pub-2010 Benefits Weighted General Contingent Annuitant Rates projected with 75% of the MP-2021 Projection Scale on a fully generational basis: 110% of rates for males and females

The discount rate was based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date which is June 30, 2025.

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

The trend rates were updated based on economic conditions as of June 30, 2025. Additionally, the discount rate was increased from 3.93 percent to 5.20 percent based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2025.

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

The change of assumptions line refers to the change in the discount rate from 3.93% to 5.20%, the change in medical claims costs and trends, and the change in demographic assumptions based on the Virginia Retirement System experience study. The differences between expected and actual experience include changes in demographic experience (census data) as well as the change in actuary, as the actuary was not provided with prior-year data to attempt to match the prior results.

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

The following presents the VCCS' proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability using the discount rate of 5.20 percent, as well as what the VCCS' proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.20 percent) or one percentage point higher (6.20 percent) than the current rate:

	1% Decrease (4.20%)	Current Rate (5.20%)	1% Increase (6.20%)
OPEB Liability	$ 21,124,367	$ 19,958,300	$ 18,854,704

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

The following presents the VCCS' proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability using healthcare cost trend rate of 8.0 percent decreasing to 3.94 percent, as well as what the VCCS' proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (7.00 percent decreasing to 2.94 percent) or one percentage point higher (9.00 percent decreasing to 4.94 percent) than the current rate:

	1% Decrease (7.00% decreasing to 2.94%)	Trend Rate (8.00% decreasing to 3.94%)	1% Increase (9.00% decreasing to 4.94%)
OPEB Liability	$ 18,476,683	$ 19,958,300	$ 21,644,693

19. RISK MANAGEMENT

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

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

20. CAPITAL APPROPRIATIONS-STATE

Capital appropriations-state is comprised of the following:

Virginia College Building Authority appropriation revenue	$ 31,129,333
General Fund appropriation revenue	71,314,941
Total	$102,444,274

21. COMPONENT UNIT FINANCIAL INFORMATION

Below is a summary of the foundations.

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

For fiscal year 2026, Virginia Western Community College Educational Foundation, Mountain Empire Community College Foundation, Northern Virginia Community College Educational Foundation, Southwest Virginia Community College Educational Foundation, and New River Community College Educational Foundation were considered major component units as a result of their ending net position.

22. LITIGATION

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

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Employer's Share of Net Pension Liability

VRS State Employee Retirement Plan

***For the Years Ended June 30**

	VCCS' Proportion of the Net Pension Liability (Asset)	VCCS's Proportionate Share of the Net Pension Liability (Asset)	VCCS' Covered Payroll	VCCS' Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2026	6.79%	$ 300,300,989	$ 409,225,909	73.38%	85.75%
2025	6.95%	$ 342,633,749	$ 386,080,368	88.75%	83.45%
2024	7.14%	$ 361,249,494	$ 357,515,749	101.04%	82.19%
2023	7.33%	$ 332,510,974	$ 337,638,468	98.48%	83.26%
2022	7.35%	$ 266,500,181	$ 319,448,276	83.43%	86.44%
2021	7.43%	$ 537,958,214	$ 326,302,811	164.86%	72.15%
2020	7.66%	$ 484,192,628	$ 318,144,635	152.19%	75.13%
2019	7.84%	$ 424,652,000	$ 322,386,829	131.72%	77.39%
2018	8.19%	$ 477,103,000	$ 326,278,349	146.23%	75.33%
2017	8.48%	$ 559,144,000	$ 328,281,989	170.32%	71.29%

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

Schedule of Employer's Share of Net Pension Liability

VaLORS Retirement Plan

***For the Years Ended June 30**

	VCCS' Proportion of the Net Pension Liability (Asset)	VCCS's Proportionate Share of the Net Pension Liability (Asset)	VCCS' Covered Payroll	VCCS' Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2026	1.51%	$ 9,367,930	$ 6,184,727	151.47%	78.39%
2025	1.52%	$ 10,143,235	$ 6,054,658	167.53%	75.70%
2024	1.52%	$ 9,849,421	$ 5,620,186	175.25%	74.91%
2023	1.66%	$ 10,514,520	$ 5,626,938	186.86%	74.41%
2022	1.45%	$ 7,587,693	$ 5,070,967	149.63%	78.18%
2021	1.49%	$ 11,661,463	$ 5,518,364	211.32%	65.74%
2020	1.52%	$ 10,574,723	$ 5,332,773	198.30%	68.31%
2019	1.55%	$ 9,642,000	$ 5,346,521	180.34%	69.56%
2018	1.55%	$ 10,192,000	$ 5,349,651	190.52%	67.22%
2017	1.50%	$ 11,618,000	$ 5,187,256	223.97%	61.01%

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

Schedule of Employer Contributions
VRS State Employee Retirement Plan
For the Years Ended June 30, 2017 through 2026

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	VCCS' Covered Payroll	Contributions as a % of Covered Payroll
2026	$ 53,239,624	$ 53,239,624	-	$ 425,236,621	12.52%
2025	$ 51,235,084	$ 51,235,084	-	$ 409,225,909	12.52%
2024	$ 55,827,221	$ 55,827,221	-	$ 386,080,368	14.46%
2023	$ 51,696,777	$ 51,696,777	-	$ 357,515,749	14.46%
2022	$ 48,822,522	$ 48,822,522	-	$ 337,638,468	14.46%
2021	$ 46,192,220	$ 46,192,220	-	$ 319,448,276	14.46%
2020	$ 44,116,141	$ 44,116,141	-	$ 326,302,811	13.52%
2019	$ 43,013,155	$ 43,013,155	-	$ 318,144,635	13.52%
2018	$ 43,489,983	$ 43,489,983	-	$ 322,386,829	13.49%
2017	$ 44,014,949	$ 44,014,949	-	$ 326,278,349	13.49%

Schedule of Employer Contributions
VaLORS Employee Retirement Plan
For the Years Ended June 30, 2017 through 2026

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	VCCS' Covered Payroll	Contributions as a % of Covered Payroll
2026	$ 1,729,130	$ 1,729,130	-	$ 7,028,979	24.60%
2025	$ 1,521,443	$ 1,521,443	-	$ 6,184,727	24.60%
2024	$ 1,489,447	$ 1,489,447	-	$ 6,054,658	24.60%
2023	$ 1,382,565	$ 1,382,565	-	$ 5,620,186	24.60%
2022	$ 1,232,299	$ 1,232,299	-	$ 5,626,938	21.90%
2021	$ 1,110,540	$ 1,110,540	-	$ 5,070,967	21.90%
2020	$ 1,192,521	$ 1,192,521	-	$ 5,518,364	21.61%
2019	$ 1,145,000	$ 1,145,000	-	$ 5,332,773	21.47%
2018	$ 1,125,443	$ 1,125,443	-	$ 5,346,521	21.05%
2017	$ 1,126,102	$ 1,126,102	-	$ 5,349,651	21.05%

Notes to Required Supplementary Information
For the Year Ended June 30, 2026

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period from July 1, 2020 through June 30, 2024, Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Discount Rate	No change

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and the VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points; use of 2.50% payroll growth assumption for purposes of amortizing any unfunded actuarial accrued liabilities
Discount Rate	No change

Schedule of Employer's Share of Net OPEB Liability
Health Insurance Credit Program (HIC)
***For the Years Ended June 30**

	VCCS' Proportion of the Net HIC OPEB Liability (Asset)	VCCS's Proportionate Share of the Net HIC OPEB Liability	VCCS' Covered Payroll	VCCS' Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability
2026	4.98%	$ 30,115,727	$ 477,156,319	6.31%	42.19%
2025	4.98%	$ 35,345,060	$ 452,156,115	7.82%	35.17%
2024	5.14%	$ 42,196,417	$ 421,321,102	10.02%	25.46%
2023	5.30%	$ 43,403,952	$ 401,475,699	10.81%	21.52%
2022	5.30%	$ 44,762,175	$ 381,943,222	11.72%	19.75%
2021	5.44%	$ 49,901,710	$ 391,633,015	12.74%	12.02%
2020	5.60%	$ 51,728,631	$ 381,875,067	13.55%	10.56%
2019	5.78%	$ 52,749,000	$ 389,321,850	13.55%	9.51%
2018	6.10%	$ 55,585,000	$ 394,447,967	14.09%	8.03%

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

Schedule is intended to show information for 10 years. Since 2026 is the ninth year for this presentation, there are only nine years available. However, additional years will be included as they become available.

Schedule of Employer Contributions
Health Insurance Credit Program
For the Years Ended June 30, 2018 through 2026

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2026	$ 5,526,326	$ 5,526,326	-	$ 493,421,731	1.12%
2025	$ 5,344,150	$ 5,344,150	-	$ 477,156,319	1.12%
2024	$ 5,064,147	$ 5,064,147	-	$ 452,156,115	1.12%
2023	$ 4,718,794	$ 4,718,794	-	$ 421,321,102	1.12%
2022	$ 4,496,529	$ 4,496,529	-	$ 401,475,699	1.12%
2021	$ 4,277,766	$ 4,277,766	-	$ 381,943,222	1.12%
2020	$ 4,582,106	$ 4,582,106	-	$ 391,633,015	1.17%
2019	$ 4,468,478	$ 4,468,478	-	$ 381,875,067	1.17%
2018	$ 4,593,998	$ 4,593,998	-	$ 389,321,850	1.18%

Schedule is intended to show information for 10 years. Since 2026 is the ninth year for this presentation, there are only nine years available. However, additional years will be included as they become available.

Schedule of Employer's Share of Net OPEB Liability

Group Life Insurance OPEB Plan (GLI)
***For the Years Ended June 30**

	VCCS' Proportion of the Net GLI OPEB Liability (Asset)	VCCS's Proportionate Share of the Net GLI OPEB Liability (Asset)	VCCS' Covered Payroll	VCCS' Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability
2026	1.77%	$ 16,672,506	$ 477,738,769	3.49%	78.30%
2025	1.77%	$ 19,701,044	$ 453,308,148	4.35%	73.41%
2024	1.85%	$ 21,479,943	$ 419,770,154	5.12%	69.30%
2023	1.79%	$ 22,239,660	$ 401,769,550	5.54%	67.21%
2022	1.86%	$ 21,614,468	$ 383,290,595	5.64%	67.45%
2021	1.91%	$ 31,946,869	$ 393,971,211	8.11%	52.64%
2020	1.96%	$ 31,846,900	$ 383,653,769	8.30%	52.00%
2019	2.06%	$ 31,274,000	$ 391,539,930	7.99%	51.22%
2018	2.14%	$ 32,268,000	$ 395,579,732	8.16%	48.86%

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

Schedule is intended to show information for 10 years. Since 2026 is the ninth year for this presentation, there are only nine years available. However, additional years will be included as they become available.

Schedule of Employer Contributions
Group Life Insurance OPEB Plan
For the Years Ended June 30, 2018 through 2026

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	VCCS' Covered Payroll	Contributions as a % of Covered Payroll
2026	$ 2,321,213	$ 2,321,213	-	$ 493,875,560	0.47%
2025	$ 2,245,371	$ 2,245,371	-	$ 477,738,769	0.47%
2024	$ 2,447,867	$ 2,447,867	-	$ 453,308,148	0.54%
2023	$ 2,278,187	$ 2,278,187	-	$ 419,770,154	0.54%
2022	$ 2,169,557	$ 2,169,557	-	$ 401,769,550	0.54%
2021	$ 2,069,768	$ 2,069,768	-	$ 383,290,595	0.54%
2020	$ 2,048,652	$ 2,048,652	-	$ 393,971,211	0.52%
2019	$ 1,995,018	$ 1,995,018	-	$ 383,653,769	0.52%
2018	$ 2,036,008	$ 2,036,008	-	$ 391,539,930	0.52%

Schedule is intended to show information for 10 years. Since 2026 is the ninth year for this presentation, there are only nine years available. However, additional years will be included as they become available.

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

	VCCS' Proportion of the Net LODA OPEB Liability (Asset)	VCCS's Proportionate Share of the Net LODA Liability (Asset)	VCCS' Covered-Employee Payroll**	VCCS' Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered Payroll**	Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability
2026	0.53%	$ 1,999,308	$ 7,078,420	28.25%	1.29%
2025	0.58%	$ 2,275,297	$ 6,430,371	35.38%	1.22%
2024	0.50%	$ 2,018,526	$ 6,189,737	32.61%	1.31%
2023	0.50%	$ 1,906,055	$ 6,348,538	30.02%	1.87%
2022	0.50%	$ 2,228,641	$ 5,906,588	37.73%	1.68%
2021	0.60%	$ 2,523,073	$ 6,171,841	40.88%	1.02%
2020	0.52%	$ 1,849,043	$ 5,697,818	32.45%	0.79%
2019	0.53%	$ 1,670,000	$ 5,346,521	31.24%	0.60%
2018	0.55%	$ 1,449,000	$ 5,349,651	27.09%	1.30%

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

Schedule is intended to show information for 10 years. Since 2026 is the ninth year for this presentation, there are only nine years available. However, additional years will be included as they become available.

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

Schedule of Employer Contributions
Line of Duty Act Program (LODA)
For the Years Ended June 30, 2018 through 2026

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll**	Contributions as a % of Covered-Employee Payroll**
2026	$ 111,650	$ 111,650	-	$ 8,168,765	1.37%
2025	$ 96,394	$ 96,394	-	$ 7,078,420	1.36%
2024	$ 87,238	$ 87,238	-	$ 6,430,371	1.36%
2023	$ 64,093	$ 64,093	-	$ 5,620,186	1.14%
2022	$ 69,365	$ 69,365	-	$ 6,348,538	1.09%
2021	$ 69,579	$ 69,579	-	$ 5,906,588	1.18%
2020	$ 81,869	$ 81,869	-	$ 6,171,841	1.33%
2019	$ 69,165	$ 69,165	-	$ 5,697,818	1.21%
2018	$ 68,000	$ 68,000	-	$ 5,346,521	1.27%

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

Schedule of Employer's Share of Net OPEB Liability (Asset)
Virginia Sickness and Disability Program (VSDP)
***For the Years Ended June 30**

	VCCS' Proportion of the Net VSDP OPEB Liability (Asset)	VCCS's Proportionate Share of the Net VSDP Liability (Asset)	VCCS' Covered Payroll	VCCS' Proportionate Share of the Net VSDP OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total VSDP OPEB Liability
2026	(6.60%)	$ (28,724,971)	$ 404,488,869	(7.10%)	234.55%
2025	(6.73%)	$ (23,801,888)	$ 380,116,634	(6.26%)	204.38%
2024	(6.91%)	$ (21,815,558)	$ 349,925,466	(6.23%)	199.05%
2023	(7.14%)	$ (21,073,711)	$ 328,639,106	(6.41%)	195.90%
2022	(7.15%)	$ (24,632,752)	$ 308,845,113	(7.98%)	229.01%
2021	(7.25%)	$ (15,996,216)	$ 314,095,047	(5.09%)	181.88%
2020	(7.52%)	$ (14,744,584)	$ 304,193,586	(4.85%)	167.18%

2019	(7.74%)	$	(17,433,000)	$	305,233,995	(5.71%)	194.74%
2018	(8.11%)	$	(16,659,000)	$	306,049,960	(5.44%)	186.63%

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

Schedule is intended to show information for 10 years. Since 2026 is the ninth year for this presentation, there are only nine years available. However, additional years will be included as they become available.

Schedule of Employer Contributions
Virginia Sickness and Disability Program (VSDP)
For the Years Ended June 30, 2018 through 2026

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	VCCS' Covered Payroll	Contributions as a % of Covered Payroll
2026	$ 2,109,250	$ 2,109,250	-	$ 421,849,667	0.50%
2025	$ 2,022,439	$ 2,022,439	-	$ 404,488,869	0.50%
2024	$ 2,318,714	$ 2,318,714	-	$ 380,116,634	0.61%
2023	$ 2,134,545	$ 2,134,545	-	$ 349,925,466	0.61%
2022	$ 2,004,701	$ 2,004,701	-	$ 328,639,106	0.61%
2021	$ 1,883,956	$ 1,883,956	-	$ 308,845,113	0.61%
2020	$ 1,947,391	$ 1,947,391	-	$ 314,095,047	0.62%
2019	$ 1,885,999	$ 1,885,999	-	$ 304,193,586	0.62%
2018	$ 2,014,544	$ 2,014,544	-	$ 305,233,995	0.66%

Schedule is intended to show information for 10 years. Since 2026 is the ninth year for this presentation, there are only nine years available. However, additional years will be included as they become available.

Notes to Required Supplementary Information
Plans Administered by VRS

Health Insurance Credit Program (HIC)

Group Life Insurance Program (GLI)

Line of Duty Act (LODA)

Disability Insurance Program (VSDP)

For the Year Ended June 30, 2026

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2024 valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020 through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Health Insurance Credit Plan (HIC)

General State Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Benefit participation (future service	Reduced participation to 94%
Benefit participation (future disability)	Reduced participation to 92%
Benefit participation (from terminated	Reduced participation to 94%
Benefit utilization (not receiving the max)	No change
Benefit utilization (not receiving the max-amount of max received)	No change
Benefit Utilization (benefit increase for those not at the max)	Removed
Percentage of deferred vested members electing to withdraw from VRS	Reduced
Terminated vested member commencement age	Adjusted slightly
Discount Rate	No change

SPORS Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Benefit participation (future service retirees)	Reduced participation to 94%
Benefit participation (future disability)	Reduced participation to 63%
Benefit participation (from terminated vested)	Reduced participation to 94%
Benefit utilization (not receiving the max)	Reduced to 9%
Benefit utilization (not receiving the max-amount of max received)	No change
Benefit Utilization (benefit increase for those not at the max)	Removed
Percentage of deferred vested members electing to withdraw from VRS	Reduced
Terminated vested member commencement age	Adjusted slightly
Discount Rate	No change

VaLORS Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points; use of 2.50% payroll growth assumption for purposes of amortizing any unfunded actuarial accrued liabilities
Benefit participation (future service retirees)	Reduced participation to 94%
Benefit participation (future disability)	Reduced participation to 63%
Benefit participation (from terminated vested)	Reduced participation to 94%
Benefit utilization (not receiving the max)	Reduced to 9%
Benefit utilization (not receiving the max-amount of max received)	No change
Benefit Utilization (benefit increase for those not at the max)	Removed
Percentage of deferred vested members electing to withdraw from VRS	Reduced
Terminated vested member	Adjusted slightly
Discount Rate	No change

JRS Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	No change
Disability Rates	No change
Salary Scale	No change
Benefit participation (future service retirees)	Reduced participation to 94%
Benefit participation (future disability)	Reduced participation to 92%
Benefit participation (from terminated vested)	Reduced participation to 94%
Benefit utilization (not receiving the max)	No change
Benefit utilization (not receiving the max-amount of max received)	No change
Benefit Utilization (benefit increase for those not at the max)	Removed
Percentage of deferred vested members electing to withdraw from VRS	Reduced
Terminated vested member commencement age	Adjusted slightly
Discount Rate	No change

Group Life Insurance Plan (GLI)

General State Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Teachers

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

SPORS Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted bases, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

VaLORS Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points; use of 2.50% payroll growth assumption for purposes of amortizing any unfunded actuarial accrued liabilities
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

JRS Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	No change
Disability Rates	No change
Salary Scale	No change
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Metro Locality Employers – General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis.
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Non-Metro Locality Employers – General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis.
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Metro Locality Employers – Hazardous Duty Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Non-Metro Locality Employers – Hazardous Duty Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree liability estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

LODA

General State Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Line of Duty Disability	No change
Discount Rate	No change
Percentage of disabilities qualifying for benefits	No change
Percentage of deaths qualifying for benefits	No change
Percentage of qualifying deaths that are a direct result of the performance of duty	No change
Spouse/dependent participation rate	No change
Percent assumed to be eligible for Medicare due to age	Increase from 75% to 85%
Health Care trend rates	No Change: will be reviewed each valuation cycle
Missing Data Assumptions	Unknown gender: No Change Unknown Date of Birth: No Change Missing Service: adjusted slightly
Full-time Equivalent Weightings	National Guard Full-Time: from 100% to 75% National Guard Part-Time: from 10% to 5% Political Subdivisions Volunteer Part-Time: from 25% to 20% All Other Part-Time: 100% to 50%

SPORS Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Line of Duty Disability	No change
Discount Rate	No change
Percentage of disabilities qualifying for benefits	No change
Percentage of deaths qualifying for benefits	No change
Percentage of qualifying deaths that are a direct result of the performance of duty	No change
Spouse/dependent participation rate	No change
Percent assumed to be eligible for Medicare due to age	Increase from 75% to 85%
Health Care trend rates	No Change: will be reviewed each valuation cycle
Missing Data Assumptions	Unknown gender: No Change Unknown Date of Birth: No Change Missing Service: adjusted slightly
Full-time Equivalent Weightings	National Guard Full-Time: from 100% to 75% National Guard Part-Time: from 10% to 5% Political Subdivisions Volunteer Part-Time: from 25% to 20% All Other Part-Time: 100% to 50%

VaLORS Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points; use of 2.50% payroll growth assumption for purposes of amortizing any unfunded actuarial accrued liabilities
Line of Duty Disability	No change
Discount Rate	No change
Percentage of disabilities qualifying for benefits	Decreased from 35% to 25%
Percentage of deaths qualifying for benefits	No change
Percentage of qualifying deaths that are a direct result of the performance of duty	No change
Spouse/dependent participation rate	No change
Percent assumed to be eligible for Medicare due to age	Increase from 75% to 85%
Health Care trend rates	No Change: will be reviewed each valuation cycle
Missing Data Assumptions	Unknown gender: No Change Unknown Date of Birth: No Change Missing Service: adjusted slightly
Full-time Equivalent Weightings	National Guard Full-Time: from 100% to 75% National Guard Part-Time: from 10% to 5% Political Subdivisions Volunteer Part-Time: from 25% to 20% All Other Part-Time: 100% to 50%

Employees in Metro Locality Employers With Public Safety Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Line of Duty Disability	No change
Discount Rate	No change
Percentage of disabilities qualifying for benefits	Increased to 100%
Percentage of deaths qualifying for benefits	No change
Percentage of qualifying deaths that are a direct result of the performance of duty	No change
Spouse/dependent participation rate	No change
Percent assumed to be eligible for Medicare due to age	Increase from 75% to 85%
Health Care trend rates	No Change: will be reviewed each valuation cycle
Missing Data Assumptions	Unknown gender: No Change Unknown Date of Birth: No Change Missing Service: adjusted slightly
Full-time Equivalent Weightings	National Guard Full-Time: from 100% to 75% National Guard Part-Time: from 10% to 5% Political Subdivisions Volunteer Part-Time: from 25% to 20% All Other Part-Time: 100% to 50%

Employees in Non-Metro Locality Employers With Public Safety Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Line of Duty Disability	No change
Discount Rate	No change
Percentage of disabilities qualifying for benefits	Increased to 100%
Percentage of deaths qualifying for benefits	No change
Percentage of qualifying deaths that are a direct result of the performance of duty	No change
Spouse/dependent participation rate	No change
Percent assumed to be eligible for Medicare due to age	Increase from 75% to 85%
Health Care trend rates	No Change: will be reviewed each valuation cycle
Missing Data Assumptions	Unknown gender: No Change Unknown Date of Birth: No Change Missing Service: adjusted slightly
Full-time Equivalent Weightings	National Guard Full-Time: from 100% to 75% National Guard Part-Time: from 10% to 5% Political Subdivisions Volunteer Part-Time: from 25% to 20% All Other Part-Time: 100% to 50%

VSDP

General State Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Discount Rate	No change
Rates of disability claim incidence	Same disability incidence as pension
Rates of disability claim termination	Lower termination in early years, higher in later years
Benefit offsets	Adjusted slightly
Catastrophic claims	No Change
Percentage eligible for additional 1% defined contribution	No Change

SPORS Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Discount Rate	No change
Rates of disability claim incidence	Same disability incidence as pension
Rates of disability claim termination	Lower termination in early years, higher in later years
Benefit offsets	Adjusted slightly
Catastrophic claims	No Change
Percentage eligible for additional 1% defined contribution	No Change

VaLORS Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points; use of 2.50% payroll growth assumption for purposes of amortizing any unfunded actuarial accrued liabilities
Discount Rate	No change
Rates of disability claim incidence	Same disability incidence as pension
Rates of disability claim termination	Lower termination in early years, higher in later years
Benefit offsets	Adjusted slightly
Catastrophic claims	No Change
Percentage eligible for additional 1% defined contribution	No Change

Required Supplementary Information

Commonwealth of Virginia State Health Plans
Program for Pre-Medicare Retirees
***For the Fiscal Year Ended June 30, 2025**

Schedule of Employer's Share of Total OPEB Liability

	VCCS' Proportion of the collective total OPEB Liability	VCCS's Proportionate Share of the collective total OPEB Liability	VCCS' Covered Payroll	VCCS' Proportionate Share of the Net VSDP OPEB Liability (Asset) as a Percentage of its Covered Payroll
2026	6.36%	$ 19,958,300	$ 438,814,988	4.55%
2025	6.51%	$ 23,206,225	$ 417,100,274	5.56%
2024	6.55%	$ 23,064,516	$ 374,091,462	6.17%
2023	6.62%	$ 24,066,524	$ 362,456,806	6.64%
2022	6.56%	$ 29,447,302	$ 345,959,338	8.51%
2021	6.65%	$ 37,813,303	$ 363,562,657	10.40%
2020	6.77%	$ 45,992,947	$ 348,687,142	13.19%
2019	6.91%	$ 69,451,303	$ 356,495,630	19.48%
2018	7.14%	$ 92,753,806	$ 326,278,349	28.43%

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

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only nine years of data are available. However, additional years will be added as they become available.

Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2026

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

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

Changes of Assumptions:

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

The trend rates were updated based on economic conditions as of June 30, 2025. Additionally, the discount rate increased from 3.93 percent to 5.20 percent based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2025. The change of assumptions line refers to the change in the discount rate from 3.93% to 5.20%, the change in medical claims costs and trends, and the change in demographic assumptions based on the Virginia Retirement System experience study. The differences between expected and actual experience include changes in demographic experience (census data) as well as the change in actuary, as the actuary was not provided with prior-year data to attempt to match the prior results.

INDIVIDUAL COLLEGE FINANCIAL STATEMENTS

Virginia Community College System
Blue Ridge Community College
Statement of Net Position
As of June 30, 2026

	Community College	Component Unit: Blue Ridge Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	13,431,827	298,836
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	220,656	2,063
Pledges receivable (Note 3)		45,907
Due from commonwealth (Note 4)	375,876	
Due from system office	1,052,187	
Interest receivable	49,228	
Prepaid expenses	170,883	6,620
Inventories	16,184	
Notes receivable, net (Note 3)		
Total Current Assets	15,316,841	353,426
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	3,460,208	
Prepaid expenses	445	
Endowment cash and cash equivalents (Note 2)		13,392
Appropriation available		
Endowment investments (Note 2)		18,398,698
Other long-term investments (Note 2)		8,251,076
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		392,205
Pledges receivable (Note 3)		114,768
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	804,090	
Non-depreciable capital assets, net (Note 5)	1,831,473	3,600
Depreciable capital assets, net (Note 5)	63,256,038	
Total Noncurrent Assets	69,352,254	27,173,739
Total Assets	84,669,095	27,527,165
Deferred Outflows of Resources (Note 8)	3,750,268	
Total Assets and Deferred Outflows of Resources	88,419,363	27,527,165
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	1,538,062	24,592
Accrued payroll expense	2,414,782	
Unearned revenue	1,594,207	
Long-term liabilities-current portion (Note 9)	1,614,073	15,540
Securities lending obligation	97	
Post employment benefit obligations (Note 9)	61,654	
Due to system's office		
Deposits	89,843	
Total Current Liabilities	7,312,718	40,132

Virginia Community College System
Blue Ridge Community College
Statement of Net Position
As of June 30, 2026

	Community College	Component Unit: Blue Ridge Community College Educational Foundation
Noncurrent Liabilities		
Unearned revenue		
Account payable for noncurrent assets		
Long-term liabilities (Note 9)	5,725,076	29,718
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	10,325,069	
Total Noncurrent Liabilities	16,050,145	29,718
Total Liabilities	23,362,863	69,850
Deferred Inflows of Resources (Note 8)	2,971,419	
Total Liabilities and Deferred Inflows of Resources	26,334,282	69,850
Net Position		
Net investment in capital assets	58,989,149	3,600
Restricted for:		
Nonexpendable		11,046,331
Expendable	5,914,331	7,363,036
Unrestricted	(2,818,399)	9,044,348
Total Net Position	62,085,081	27,457,315

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, 2026

	Community College	Component Unit: Blue Ridge Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of $6,954,227)	5,460,519	
Federal grants and contracts	7,719,224	
State and local grants	57,604	
Nongovernmental grants	864,126	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of $21,399)	1,531,945	
Gifts and contributions		1,039,032
Other operating revenues	355,363	633,071
Total Operating Revenue	15,988,781	1,672,103
Expenses		
Operating Expenses		
Instruction	15,259,281	510,651
Public service	396,015	25,000
Academic support	1,731,935	46,293
Student services	3,096,434	
Institutional support	6,706,980	244,185
Operation and maintenance	8,045,602	
Scholarships and fellowships	5,595,388	899,766
Auxiliary enterprises	438,984	
Fundraising		68,435
Other expenses		
Total Operating Expenses (Note 12)	41,270,619	1,794,330
Operating Income (Loss)	(25,281,838)	(122,227)
Noncapital Subsidies		
State appropriations (Note 13)	21,256,155	
Local appropriations	26,000	
Grants and gifts	1,095,682	
Total Noncapital Subsidies	22,377,837	
Operating Income (Loss) and Noncapital Subsidies	(2,904,001)	(122,227)
Other Nonoperating Revenues (Expenses)		
Investment income	418,069	3,942,076
Interest on capital asset related debt	(156,341)	
Capital appropriations-state (Note 20)		
Capital appropriations-local	300,001	
Capital gifts, grants and contracts	260,792	
Additions to permanent and term endowments		1,908,608
Other nonoperating revenue (expense)	4,088,382	
Total Other Nonoperating Revenue (Expenses)	4,910,903	5,850,684
Increase (Decrease) in Net Position	2,006,902	5,728,457
Net Position		
Net Position beginning of year, as previously stated	58,061,335	21,728,858
Net Position Adjustments (Note 1-W)	2,016,844	
Net Position end of year	62,085,081	27,457,315

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, 2026

	Community College
Cash flows from operating activities:	
Tuition and fees	5,423,567
Grants and contracts	9,113,454
Payments to suppliers and others	(9,277,306)
Payments for employee wages	(16,963,769)
Payments for employee fringes and pension benefits	(6,702,171)
Payment for scholarships	(5,673,211)
Payments for utilities	(924,152)
Sales and services of education department	
Auxiliary	1,531,945
Custodial receipts	6,686,787
Custodial disbursements	(6,740,575)
PLUS, Stafford and Direct Lending loan receipts	1,012,059
PLUS, Stafford and Direct Lending loan disbursements	(1,012,059)
Loans issued to students	
Loans collected from students	
Other	355,363
Net cash used by operating activities	(23,170,068)
Cash flows from non-capital financing activities:	
State appropriations	21,256,155
Local appropriations	26,000
Grants and gifts	1,043,199
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	3,356,943
Net cash provided (used) by non-capital financing activities	25,682,297
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	300,001
Capital grants and gifts	260,792
Purchase capital assets	(2,224,507)
Proceeds from sale of capital assets	54,416
Debt interest payments	(141,670)
Debt principal payments	(945,052)
Net cash provided (used) by capital financing activities	(2,696,020)
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	425,933
Net cash provided (used) by investing activities	425,933
Net increase (decrease) in net position	
Net increase (decrease) in cash and cash equivalents	242,142
Cash and cash equivalents, beginning of year	16,649,796
Cash and cash equivalents, End of Year	16,891,938

Virginia Community College System
Blue Ridge Community College
Statement of Cash Flows
For the Year Ended June 30, 2026

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(25,281,838)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	2,576,137
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(39,569)
Prepaid expenses and other	(13,481)
Post employment benefits asset	(100,751)
Accrued compensation and leave	173,088
Accounts payable and other	145,381
Unearned revenue	474,415
Deposits pending distribution	
Custodial receipts(disbursements)	(53,788)
Stafford and Direct Loan receipts(disbursements)	
Pension liability	(1,567,325)
Post employment benefits liability	(415,768)
Deferred inflows of resources related to pensions and post employment benefits	611,826
Deferred outlflows of resources related to pensions and post employment benefits	321,605
Net cash used in operating activities	(23,170,068)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	16,892,035
Less: Securities Lending Cash Equivalents	97
Cash and cash equivalents end of year	16,891,938
Noncash transactions	
Donated capital assets	
Amortization of bond premium	21,430
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	(5,200)
Capital assets acquired through the assumption of a liability	
Retainage payable	152,382

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, 2026

	Community College	Component Unit: Central Virginia Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	11,577,556	8,028,540
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	702,979	91,757
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)		
Due from system office	83,562	
Interest receivable		
Prepaid expenses	455,038	
Inventories	42,254	
Notes receivable, net (Note 3)		
Total Current Assets	12,861,389	8,120,297
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		
Prepaid expenses		
Endowment cash and cash equivalents (Note 2)		211,689
Appropriation available		
Endowment investments (Note 2)		3,074,240
Other long-term investments (Note 2)		3,701,045
Accounts receivable, net (Note 3)		1,335
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	698,765	
Non-depreciable capital assets, net (Note 5)	3,124,840	
Depreciable capital assets, net (Note 5)	16,695,942	
Total Noncurrent Assets	20,519,547	6,988,309
Total Assets	33,380,936	15,108,606
Deferred Outflows of Resources (Note 8)	3,415,144	
Total Assets and Deferred Outflows of Resources	36,796,080	15,108,606
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	891,750	3,607
Accrued payroll expense	1,028,671	
Unearned revenue	1,256,783	
Long-term liabilities-current portion (Note 9)	890,230	
Securities lending obligation	26	
Post employment benefit obligations (Note 9)	54,559	
Due to system's office		
Deposits	461,896	
Total Current Liabilities	4,583,915	3,607

Virginia Community College System
Central Virginia Community College
Statement of Net Position
As of June 30, 2026

	Community College	Component Unit: Central Virginia Community College Educational Foundation
Noncurrent Liabilities		
Unearned revenue	163,477	
Account payable for noncurrent assets		
Long-term liabilities (Note 9)	1,318,529	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	9,349,192	
Total Noncurrent Liabilities	10,831,198	
Total Liabilities	15,415,113	3,607
Deferred Inflows of Resources (Note 8)	2,794,748	
Total Liabilities and Deferred Inflows of Resources	18,209,861	3,607
Net Position		
Net investment in capital assets	18,707,319	
Restricted for:		
Nonexpendable		1,201,368
Expendable	1,029,285	11,941,492
Unrestricted	(1,150,385)	1,962,139
Total Net Position	18,586,219	15,104,999

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, 2026

	Community College	Component Unit Central Virginia Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of $6,190,451)	7,717,941	
Federal grants and contracts	8,927,418	
State and local grants		
Nongovernmental grants		
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of $19,272)	196,066	
Gifts and contributions		8,497,480
Other operating revenues	505,610	225,933
Total Operating Revenue	17,347,035	8,723,413
Expenses		
Operating Expenses		
Instruction	15,366,688	
Public service	78,233	
Academic support	2,900,285	
Student services	3,186,246	
Institutional support	4,155,131	848,487
Operation and maintenance	5,641,902	
Scholarships and fellowships	5,370,300	594,140
Auxiliary enterprises	75,411	
Fundraising		34,984
Other expenses		
Total Operating Expenses (Note 12)	36,774,196	1,477,611
Operating Income (Loss)	(19,427,161)	7,245,802
Noncapital Subsidies		
State appropriations (Note 13)	19,320,298	
Local appropriations	5,165	
Grants and gifts	516,796	
Total Noncapital Subsidies	19,842,259	
Operating Income (Loss) and Noncapital Subsidies	415,098	7,245,802
Other Nonoperating Revenues (Expenses)		
Investment income	28,067	839,724
Interest on capital asset related debt	(44,766)	
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	1,136,275	
Additions to permanent and term endowments		62,998
Other nonoperating revenue (expense)	3,882,762	
Total Other Nonoperating Revenue (Expenses)	5,002,338	902,722
Increase (Decrease) in Net Position	5,417,436	8,148,524
Net Position		
Net Position beginning of year, as previously stated	12,927,305	6,956,475
Net Position Adjustments (Note 1-W)	241,478	
Net Position end of year	18,586,219	15,104,999

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, 2026

	Community College
Cash flows from operating activities:	
Tuition and fees	7,799,214
Grants and contracts	8,934,490
Payments to suppliers and others	(6,813,340)
Payments for employee wages	(17,041,589)
Payments for employee fringes and pension benefits	(5,864,631)
Payment for scholarships	(5,476,080)
Payments for utilities	(644,159)
Sales and services of education department	
Auxiliary	194,973
Custodial receipts	122,190
Custodial disbursements	(60,639)
PLUS, Stafford and Direct Lending loan receipts	940,516
PLUS, Stafford and Direct Lending loan disbursements	(937,590)
Loans issued to students	
Loans collected from students	
Other	505,610
Net cash used by operating activities	(18,341,035)
Cash flows from non-capital financing activities:	
State appropriations	19,320,298
Local appropriations	5,165
Grants and gifts	841,706
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	4,127,263
Net cash provided (used) by non-capital financing activities	24,294,432
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	1,136,120
Purchase capital assets	(3,830,190)
Proceeds from sale of capital assets	4,109
Debt interest payments	(44,766)
Debt principal payments	(268,132)
Net cash provided (used) by capital financing activities	(3,002,859)
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	28,064
Net cash provided (used) by investing activities	28,064
Net increase (decrease) in net position	
Net increase (decrease) in cash and cash equivalents	2,978,602
Cash and cash equivalents, beginning of year	8,598,928
Cash and cash equivalents, End of Year	11,577,530

Virginia Community College System
Central Virginia Community College
Statement of Cash Flows
For the Year Ended June 30, 2026

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(19,427,161)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,716,826
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(22,125)
Prepaid expenses and other	(38,175)
Post employment benefits asset	(105,194)
Accrued compensation and leave	112,544
Accounts payable and other	345,691
Unearned revenue	110,238
Deposits pending distribution	
Custodial receipts(disbursements)	70,443
Stafford and Direct Loan receipts(disbursements)	2,926
Pension liability	(1,369,702)
Post employment benefits liability	(331,638)
Deferred inflows of resources related to pensions and post employment benefits	390,516
Deferred outlflows of resources related to pensions and post employment benefits	203,776
Net cash used in operating activities	(18,341,035)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	11,577,556
Less: Securities Lending Cash Equivalents	26
Cash and cash equivalents end of year	11,577,530
Noncash transactions	
Donated capital assets	155
Amortization of bond premium	
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	747,639
Retainage payable	74,313

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

Virginia Community College System
Mountain Gateway Community College
Statement of Net Position
As of June 30, 2026

	Community College	Component Unit: Mountain Gateway Community College Educational Foundation	Component Unit: Mountain Gateway Community College Real Estate Foundation
Assets			
Current Assets			
Cash and cash equivalents (Note 2)	4,179,241	855,978	641,989
Appropriation available			
Short term investments (Note 2)		918,059	147,000
Accounts receivable, net (Note 3)	415,690		84,711
Pledges receivable (Note 3)		37,025	2,000
Due from commonwealth (Note 4)	304,930		
Due from system office	71,084		
Interest receivable		20,825	
Prepaid expenses	142,749		
Inventories	37,003		
Notes receivable, net (Note 3)			
Total Current Assets	5,150,697	1,831,887	875,700
Noncurrent Assets			
Restricted cash and cash equivalents (Note 2)			
Prepaid expenses			
Endowment cash and cash equivalents (Note 2)			
Appropriation available			
Endowment investments (Note 2)		9,601,020	
Other long-term investments (Note 2)		517,985	
Accounts receivable, net (Note 3)			
Investments in real estate (Note 2)			
Pledges receivable (Note 3)		40,000	2,000
Due from commonwealth (Note 4)			
Notes receivable, net (Note 3)			
Post employment benefit assets (Note 18)	295,608		
Non-depreciable capital assets, net (Note 5)	309,236		257,315
Depreciable capital assets, net (Note 5)	11,348,928		6,136,647
Total Noncurrent Assets	11,953,772	10,159,005	6,395,962
Total Assets	17,104,469	11,990,892	7,271,662
Deferred Outflows of Resources (Note 8)	1,356,591		
Total Assets and Deferred Outflows of Resources	18,461,060	11,990,892	7,271,662
Liabilities			
Current Liabilities			
Accounts and retainage payable (Note 6)	196,136	19,156	
Accrued payroll expense	567,395		
Unearned revenue			
Long-term liabilities-current portion (Note 9)	327,850		8,767
Securities lending obligation	10		
Post employment benefit obligations (Note 9)	21,185		
Due to system's office			
Deposits	94,941		84,711
Total Current Liabilities	1,207,517	19,156	93,478

Virginia Community College System
Mountain Gateway Community College
Statement of Net Position
As of June 30, 2026

	Community College	Component Unit: Mountain Gateway Community College Educational Foundation	Component Unit: Mountain Gateway Community College Real Estate Foundation
Noncurrent Liabilities			
Unearned revenue			
Account payable for noncurrent assets			
Long-term liabilities (Note 9)	416,339		448,923
Due to federal government (Note 9)			
Pension and post employment benefit obligations (Note 9)	3,874,278		
Total Noncurrent Liabilities	4,290,617		448,923
Total Liabilities	5,498,134	19,156	542,401
Deferred Inflows of Resources (Note 8)	897,453		
Total Liabilities and Deferred Inflows of Resources	6,395,587	19,156	542,401
Net Position			
Net investment in capital assets	11,414,620		5,936,272
Restricted for:			
Nonexpendable		5,493,618	
Expendable	1,386,934	4,787,676	
Unrestricted	(736,081)	1,690,442	792,989
Total Net Position	12,065,473	11,971,736	6,729,261

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

Virginia Community College System
Mountain Gateway Community College
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2026

	Community College	Component Unit Mountain Gateway Community College Educational Foundation	Component Unit Mountain Gateway Community College Real Estate Foundation
Revenues			
Operating Revenue			
Tuition and fees (net of scholarship allowance of $1,336,877)	1,759,799		
Federal grants and contracts	2,607,950		
State and local grants	414,726		130,000
Nongovernmental grants	614,684		28,900
Sales/services of education department	1,700		
Auxiliary enterprises (net of scholarship allowance of $4,165)	17,110		
Gifts and contributions		546,894	625
Other operating revenues	749,553	76,243	186,856
Total Operating Revenue	6,165,522	623,137	346,381
Expenses			
Operating Expenses			
Instruction	5,278,351		
Public service	9,515		
Academic support	807,305	354,800	166,840
Student services	1,908,804		
Institutional support	2,778,581	92,560	17,790
Operation and maintenance	1,391,511		194,103
Scholarships and fellowships	1,375,357	149,536	
Auxiliary enterprises			
Fundraising		60,088	3,140
Other expenses			
Total Operating Expenses (Note 12)	13,549,424	656,984	381,873
Operating Income (Loss)	(7,383,902)	(33,847)	(35,492)
Noncapital Subsidies			
State appropriations (Note 13)	6,505,147		
Local appropriations	118,045		
Grants and gifts	621,487		
Total Noncapital Subsidies	7,244,679		
Operating Income (Loss) and Noncapital Subsidies	(139,223)	(33,847)	(35,492)
Other Nonoperating Revenues (Expenses)			
Investment income	28,297	734,468	3,007
Interest on capital asset related debt	(21,645)		(25,196)
Capital appropriations-state (Note 20)			
Capital appropriations-local	27,000		
Capital gifts, grants and contracts	460,151		175,835
Additions to permanent and term endowments		1,287,769	
Other nonoperating revenue (expense)	455,291		
Total Other Nonoperating Revenue (Expenses)	949,094	2,022,237	153,646
Increase (Decrease) in Net Position	809,871	1,988,390	118,154
Net Position			
Net Position beginning of year, as previously stated	10,900,585	9,983,346	6,611,107
Net Position Adjustments (Note 1-W)	355,017		
Net Position end of year	12,065,473	11,971,736	6,729,261

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

Virginia Community College System
Mountain Gateway Community College
Statement of Cash Flows
For the Year Ended June 30, 2026

	Community College
Cash flows from operating activities:	
Tuition and fees	1,862,755
Grants and contracts	3,500,421
Payments to suppliers and others	(2,835,781)
Payments for employee wages	(5,923,606)
Payments for employee fringes and pension benefits	(2,340,665)
Payment for scholarships	(1,374,902)
Payments for utilities	(404,488)
Sales and services of education department	1,700
Auxiliary	16,243
Custodial receipts	301,871
Custodial disbursements	(267,130)
PLUS, Stafford and Direct Lending loan receipts	223,756
PLUS, Stafford and Direct Lending loan disbursements	(223,756)
Loans issued to students	
Loans collected from students	
Other	749,588
Net cash used by operating activities	(6,713,994)
Cash flows from non-capital financing activities:	
State appropriations	6,505,147
Local appropriations	118,045
Grants and gifts	316,557
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	442,311
Net cash provided (used) by non-capital financing activities	7,382,060
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	27,000
Capital grants and gifts	460,151
Purchase capital assets	(467,183)
Proceeds from sale of capital assets	16,118
Debt interest payments	(21,645)
Debt principal payments	(356,710)
Net cash provided (used) by capital financing activities	(342,269)
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	28,296
Net cash provided (used) by investing activities	28,296
Net increase (decrease) in net position	
Net increase (decrease) in cash and cash equivalents	354,093
Cash and cash equivalents, beginning of year	3,825,138
Cash and cash equivalents, End of Year	4,179,231

Virginia Community College System
Mountain Gateway Community College
Statement of Cash Flows
For the Year Ended June 30, 2026

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(7,383,902)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,128,034
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	42,629
Prepaid expenses and other	(16,561)
Post employment benefits asset	(49,390)
Accrued compensation and leave	68,524
Accounts payable and other	(124,818)
Unearned revenue	(77,444)
Deposits pending distribution	
Custodial receipts(disbursements)	34,741
Stafford and Direct Loan receipts(disbursements)	
Pension liability	(407,789)
Post employment benefits liability	(111,899)
Deferred inflows of resources related to pensions and post employment benefits	90,481
Deferred outlflows of resources related to pensions and post employment benefits	93,400
Net cash used in operating activities	(6,713,994)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	4,179,241
Less: Securities Lending Cash Equivalents	10
Cash and cash equivalents end of year	4,179,231
Noncash transactions	
Donated capital assets	
Amortization of bond premium	
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	332,295

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, 2026

	Community College	Component Unit: Danville Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	9,366,890	1,529,736
Appropriation available	1,364	
Short term investments (Note 2)	685,559	
Accounts receivable, net (Note 3)	5,071,131	
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)	4,584	
Due from system office	158,341	
Interest receivable		
Prepaid expenses	81,872	
Inventories	339,228	
Notes receivable, net (Note 3)		
Total Current Assets	15,708,969	1,529,736
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		
Prepaid expenses		
Endowment cash and cash equivalents (Note 2)		770,020
Appropriation available		
Endowment investments (Note 2)		20,187,047
Other long-term investments (Note 2)		188,370
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	536,685	
Non-depreciable capital assets, net (Note 5)	1,124,426	
Depreciable capital assets, net (Note 5)	24,910,924	7,486
Total Noncurrent Assets	26,572,035	21,152,923
Total Assets	42,281,004	22,682,659
Deferred Outflows of Resources (Note 8)	2,454,607	
Total Assets and Deferred Outflows of Resources	44,735,611	22,682,659
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	484,966	14,067
Accrued payroll expense	2,032,441	
Unearned revenue	649,107	
Long-term liabilities-current portion (Note 9)	559,505	
Securities lending obligation	4,507	
Post employment benefit obligations (Note 9)	34,699	
Due to system's office		
Deposits	413,068	
Total Current Liabilities	4,178,293	14,067

Virginia Community College System
Danville Community College
Statement of Net Position
As of June 30, 2026

	Community College	Component Unit: Danville Community College Educational Foundation
Noncurrent Liabilities		
Unearned revenue		
Account payable for noncurrent assets		
Long-term liabilities (Note 9)	386,837	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	6,939,267	
Total Noncurrent Liabilities	7,326,104	
Total Liabilities	11,504,397	14,067
Deferred Inflows of Resources (Note 8)	2,087,702	
Total Liabilities and Deferred Inflows of Resources	13,592,099	14,067
Net Position		
Net investment in capital assets	25,945,110	7,486
Restricted for:		
Nonexpendable		10,782,604
Expendable	3,659,491	5,463,973
Unrestricted	1,538,911	6,414,529
Total Net Position	31,143,512	22,668,592

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, 2026

	Community College	Component Unit Danville Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of $4,444,142)	3,215,071	
Federal grants and contracts	6,211,499	
State and local grants	462,950	
Nongovernmental grants	236,565	128,733
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of $447,140)	254,935	
Gifts and contributions		24,643
Other operating revenues	381,852	118,986
Total Operating Revenue	10,762,872	272,362
Expenses		
Operating Expenses		
Instruction	11,183,628	
Public service	1,077,740	
Academic support	1,236,674	
Student services	2,084,568	
Institutional support	5,501,953	519,502
Operation and maintenance	4,237,255	
Scholarships and fellowships	3,341,979	161,761
Auxiliary enterprises	840,382	
Fundraising		224,172
Other expenses	489	
Total Operating Expenses (Note 12)	29,504,668	905,435
Operating Income (Loss)	(18,741,796)	(633,073)
Noncapital Subsidies		
State appropriations (Note 13)	17,004,290	
Local appropriations		
Grants and gifts	34,160	
Total Noncapital Subsidies	17,038,450	
Operating Income (Loss) and Noncapital Subsidies	(1,703,346)	(633,073)
Other Nonoperating Revenues (Expenses)		
Investment income	57,668	1,956,082
Interest on capital asset related debt	(11,938)	
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	467,738	
Additions to permanent and term endowments		516,977
Other nonoperating revenue (expense)	372,653	
Total Other Nonoperating Revenue (Expenses)	886,121	2,473,059
Increase (Decrease) in Net Position	(817,225)	1,839,986
Net Position		
Net Position beginning of year, as previously stated	31,526,082	20,828,606
Net Position Adjustments (Note 1-W)	434,655	
Net Position end of year	31,143,512	22,668,592

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, 2026

	Community College
Cash flows from operating activities:	
Tuition and fees	1,692,682
Grants and contracts	6,716,296
Payments to suppliers and others	(8,200,028)
Payments for employee wages	(11,555,689)
Payments for employee fringes and pension benefits	(4,284,007)
Payment for scholarships	(3,352,447)
Payments for utilities	(889,813)
Sales and services of education department	
Auxiliary	263,099
Custodial receipts	147,386
Custodial disbursements	(87,803)
PLUS, Stafford and Direct Lending loan receipts	560,961
PLUS, Stafford and Direct Lending loan disbursements	(725,776)
Other	381,363
Net cash used by operating activities	(19,333,776)
Cash flows from non-capital financing activities:	
State appropriations	17,004,290
Local appropriations	
Grants and gifts	29,576
Other non-operating revenue(expense)	303,160
Net cash provided (used) by non-capital financing activities	17,337,026
Cash flows from capital and related financing activities:	
Capital appropriations-state	2,500,000
Capital appropriations-local	
Capital grants and gifts	467,738
Purchase capital assets	(1,222,792)
Proceeds from sale of capital assets	
Debt interest payments	(11,938)
Debt principal payments	(182,287)
Net cash provided (used) by capital financing activities	1,550,721
Cash flows from investing activities:	
Sale of investments	
Investment income	38,120
Net cash provided (used) by investing activities	38,120
Net increase (decrease) in net position	
Net increase (decrease) in cash and cash equivalents	(407,909)
Cash and cash equivalents, beginning of year	9,770,292
Cash and cash equivalents, End of Year	9,362,383

Virginia Community College System
Danville Community College
Statement of Cash Flows
For the Year Ended June 30, 2026

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(18,741,796)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,765,627
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(1,694,591)
Prepaid expenses and other	114,226
Post employment benefits asset	(82,926)
Accrued compensation and leave	304,866
Accounts payable and other	(1,632)
Unearned revenue	(14,352)
Custodial receipts(disbursements)	59,583
Stafford and Direct Loan receipts(disbursements)	(164,815)
Pension liability	(1,114,606)
Post employment benefits liability	(232,049)
Deferred inflows of resources related to pensions and post employment benefits	260,762
Deferred outlflows of resources related to pensions and post employment benefits	207,927
Net cash used in operating activities	(19,333,776)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	9,366,890
Less: Securities Lending Cash Equivalents	4,507
Cash and cash equivalents end of year	9,362,383
Noncash transactions	
Donated capital assets	
Amortization of bond premium	
Unrealized gain/loss on investments	19,417
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	58,117
Retainage payable	15,641

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, 2026

	Community College	Component Unit Eastern Shore Community College Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	1,621,640	273,885
Appropriation available		
Short term investments (Note 2)		1,406,694
Accounts receivable, net (Note 3)	842,847	
Pledges receivable (Note 3)		4,625
Due from commonwealth (Note 4)		
Due from system office	4,703	
Interest receivable		
Prepaid expenses	28,966	
Inventories	28,000	
Notes receivable, net (Note 3)		
Total Current Assets	2,526,156	1,685,204
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		
Prepaid expenses		
Endowment cash and cash equivalents (Note 2)		287,643
Appropriation available		
Endowment investments (Note 2)		3,083,979
Other long-term investments (Note 2)		2,869,786
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		19,238
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	223,753	
Non-depreciable capital assets, net (Note 5)	1,204,413	
Depreciable capital assets, net (Note 5)	21,510,214	
Total Noncurrent Assets	22,938,380	6,260,646
Total Assets	25,464,536	7,945,850
Deferred Outflows of Resources (Note 8)	1,180,576	
Total Assets and Deferred Outflows of Resources	26,645,112	7,945,850
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	80,844	58,245
Accrued payroll expense	562,687	
Unearned revenue	166,519	
Long-term liabilities-current portion (Note 9)	225,320	
Securities lending obligation	3	
Post employment benefit obligations (Note 9)	15,404	
Due to system's office		
Deposits	229,066	
Total Current Liabilities	1,279,843	58,245

Virginia Community College System
Eastern Shore Community College
Statement of Net Position
As of June 30, 2026

	Community College	Component Unit Eastern Shore Community College Foundation
Noncurrent Liabilities		
Unearned revenue		
Account payable for noncurrent assets		
Long-term liabilities (Note 9)	153,606	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	2,874,594	
Total Noncurrent Liabilities	3,028,200	
Total Liabilities	4,308,043	58,245
Deferred Inflows of Resources (Note 8)	677,336	
Total Liabilities and Deferred Inflows of Resources	4,985,379	58,245
Net Position		
Net investment in capital assets	22,649,987	
Restricted for:		
Nonexpendable		3,371,622
Expendable	517,122	3,232,648
Unrestricted	(1,507,376)	1,283,335
Total Net Position	21,659,733	7,887,605

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, 2026

	Community College	Component Unit Eastern Shore Community College Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of $1,912,360)	243,989	
Federal grants and contracts	2,893,225	
State and local grants	109,540	
Nongovernmental grants	17,964	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of $5,919)	29,500	
Gifts and contributions		4,121,826
Other operating revenues	396,197	71,331
Total Operating Revenue	3,690,415	4,193,157
Expenses		
Operating Expenses		
Instruction	4,428,057	
Public service	255,950	
Academic support	267,801	381,883
Student services	1,248,862	
Institutional support	2,458,368	1,995,989
Operation and maintenance	906,053	
Scholarships and fellowships	1,358,595	374,591
Auxiliary enterprises	182,886	
Fundraising		43,033
Other expenses		
Total Operating Expenses (Note 12)	11,106,572	2,795,496
Operating Income (Loss)	(7,416,157)	1,397,661
Noncapital Subsidies		
State appropriations (Note 13)	5,771,729	
Local appropriations	94,515	
Grants and gifts	551,520	
Total Noncapital Subsidies	6,417,764	
Operating Income (Loss) and Noncapital Subsidies	(998,393)	1,397,661
Other Nonoperating Revenues (Expenses)		
Investment income	12,954	846,956
Interest on capital asset related debt	(10,116)	
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	2,161,748	
Additions to permanent and term endowments		
Other nonoperating revenue (expense)	(19,395)	
Total Other Nonoperating Revenue (Expenses)	2,145,191	846,956
Increase (Decrease) in Net Position	1,146,798	2,244,617
Net Position		
Net Position beginning of year, as previously stated	20,483,895	5,642,988
Net Position Adjustments (Note 1-W)	29,040	
Net Position end of year	21,659,733	7,887,605

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, 2026

	Community College
Cash flows from operating activities:	
Tuition and fees	760,271
Grants and contracts	3,002,765
Payments to suppliers and others	(2,290,711)
Payments for employee wages	(4,750,974)
Payments for employee fringes and pension benefits	(1,939,168)
Payment for scholarships	(1,266,608)
Payments for utilities	(214,235)
Sales and services of education department	
Auxiliary	29,500
Custodial receipts	55,733
Custodial disbursements	(33,665)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Loans issued to students	
Loans collected from students	
Other	396,197
Net cash used by operating activities	(6,250,895)
Cash flows from non-capital financing activities:	
State appropriations	5,771,729
Local appropriations	94,515
Grants and gifts	551,520
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	(24,098)
Net cash provided (used) by non-capital financing activities	6,393,666
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	354,167
Purchase capital assets	(438,663)
Proceeds from sale of capital assets	
Debt interest payments	(10,116)
Debt principal payments	(152,081)
Net cash provided (used) by capital financing activities	(246,693)
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	12,953
Net cash provided (used) by investing activities	12,953
Net increase (decrease) in net position	
Net increase (decrease) in cash and cash equivalents	(90,969)
Cash and cash equivalents, beginning of year	1,712,606
Cash and cash equivalents, End of Year	1,621,637

Virginia Community College System
Eastern Shore Community College
Statement of Cash Flows
For the Year Ended June 30, 2026

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(7,416,157)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,098,938
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	351,679
Prepaid expenses and other	(24,336)
Post employment benefits asset	(51,705)
Accrued compensation and leave	35,450
Accounts payable and other	(195,688)
Unearned revenue	146,639
Deposits pending distribution	
Custodial receipts(disbursements)	22,068
Stafford and Direct Loan receipts(disbursements)	
Pension liability	(158,121)
Post employment benefits liability	(53,712)
Deferred inflows of resources related to pensions and post employment benefits	64,148
Deferred outlflows of resources related to pensions and post employment benefits	(70,098)
Net cash used in operating activities	(6,250,895)

Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	1,621,640
Less: Securities Lending Cash Equivalents	3
Cash and cash equivalents end of year	1,621,637

Noncash transactions

Donated capital assets	1,807,581
Amortization of bond premium	
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	109,780
Retainage payable	

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, 2026

	Community College	Component Unit: Germanna Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	15,574,518	2,375,681
Appropriation available	465	
Short term investments (Note 2)	582,206	
Accounts receivable, net (Note 3)	2,248,709	223,600
Pledges receivable (Note 3)		320,000
Due from commonwealth (Note 4)	4,611	
Due from system office	195,405	
Interest receivable		
Prepaid expenses	532,938	240,996
Inventories	11,015	
Notes receivable, net (Note 3)		
Total Current Assets	19,149,867	3,160,277
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	3,950,846	
Prepaid expenses	30,409	
Endowment cash and cash equivalents (Note 2)		
Appropriation available	42,534,806	
Endowment investments (Note 2)		6,038,440
Other long-term investments (Note 2)	1,396,829	9,044,172
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		49,369
Due from commonwealth (Note 4)	23,450	
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	1,589,600	
Non-depreciable capital assets, net (Note 5)	7,417,650	6,911,369
Depreciable capital assets, net (Note 5)	51,040,500	13,099,355
Total Noncurrent Assets	107,984,090	35,142,705
Total Assets	127,133,957	38,302,982
Deferred Outflows of Resources (Note 8)	8,575,046	
Total Assets and Deferred Outflows of Resources	135,709,003	38,302,982
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	1,287,967	90,231
Accrued payroll expense	4,188,256	
Unearned revenue	4,004,880	
Long-term liabilities-current portion (Note 9)	2,742,559	362,809
Securities lending obligation	4,955	
Post employment benefit obligations (Note 9)	83,275	
Due to system's office		
Deposits	131,060	
Total Current Liabilities	12,442,952	453,040

Virginia Community College System
Germanna Community College
Statement of Net Position
As of June 30, 2026

	Community College	Component Unit: Germanna Community College Educational Foundation
Noncurrent Liabilities		
Unearned revenue	137,566	
Long-term liabilities (Note 9)	12,831,807	11,667,225
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	20,006,043	
Total Noncurrent Liabilities	32,975,416	11,667,225
Total Liabilities	45,418,368	12,120,265
Deferred Inflows of Resources (Note 8)	4,369,492	
Total Liabilities and Deferred Inflows of Resources	49,787,860	12,120,265
Net Position		
Net investment in capital assets	44,907,549	7,980,690
Restricted for:		
Nonexpendable		4,186,199
Expendable	49,753,636	12,388,083
Unrestricted	(8,740,042)	1,627,745
Total Net Position	85,921,143	26,182,717

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, 2026

	Community College	Component Unit Germanna Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of $15,045,061)	13,854,739	
Federal grants and contracts	16,503,964	
State and local grants	430,861	
Nongovernmental grants	906,158	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of $46,496)	1,034,131	
Gifts and contributions		1,718,848
Other operating revenues	428,647	3,005,393
Total Operating Revenue	33,158,500	4,724,241
Expenses		
Operating Expenses		
Instruction	29,785,072	
Public service	204,996	
Academic support	7,339,719	434,500
Student services	8,857,984	
Institutional support	10,554,352	1,757,646
Operation and maintenance	7,576,781	
Scholarships and fellowships	8,504,252	657,046
Auxiliary enterprises	742,672	
Fundraising		522,483
Other expenses		
Total Operating Expenses (Note 12)	73,565,828	3,371,675
Operating Income (Loss)	(40,407,328)	1,352,566
Noncapital Subsidies		
State appropriations (Note 13)	37,793,121	
Local appropriations	229,282	
Grants and gifts	2,686,923	
Total Noncapital Subsidies	40,709,326	
Operating Income (Loss) and Noncapital Subsidies	301,998	1,352,566
Other Nonoperating Revenues (Expenses)		
Investment income	212,647	1,273,736
Interest on capital asset related debt	(727,208)	(420,105)
Capital appropriations-state (Note 20)	42,689,843	
Capital appropriations-local	278,069	
Capital gifts, grants and contracts	814,965	
Additions to permanent and term endowments		218,060
Other nonoperating revenue (expense)	385,749	
Total Other Nonoperating Revenue (Expenses)	43,654,065	1,071,691
Increase (Decrease) in Net Position	43,956,063	2,424,257
Net Position		
Net Position beginning of year, as previously stated	42,243,605	23,758,460
Net Position Adjustments (Note 1-W)	(278,525)	
Net Position end of year	85,921,143	26,182,717

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, 2026

	Community College
Cash flows from operating activities:	
Tuition and fees	13,696,203
Grants and contracts	17,258,086
Payments to suppliers and others	(12,089,576)
Payments for employee wages	(36,609,050)
Payments for employee fringes and pension benefits	(11,624,325)
Payment for scholarships	(8,510,085)
Payments for utilities	(993,400)
Sales and services of education department	
Auxiliary	1,013,630
Custodial receipts	326,435
Custodial disbursements	(302,718)
PLUS, Stafford and Direct Lending loan receipts	2,112,437
PLUS, Stafford and Direct Lending loan disbursements	(2,112,437)
Loans issued to students	
Loans collected from students	
Other	445,178
Net cash used by operating activities	(37,389,622)
Cash flows from non-capital financing activities:	
State appropriations	37,793,121
Local appropriations	229,282
Grants and gifts	3,161,957
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	369,803
Net cash provided (used) by non-capital financing activities	41,554,163
Cash flows from capital and related financing activities:	
Capital appropriations-state	188,575
Capital appropriations-local	278,069
Capital grants and gifts	814,965
Purchase capital assets	(3,924,836)
Proceeds from sale of capital assets	4,603
Debt interest payments	(740,970)
Debt principal payments	(1,481,046)
Net cash provided (used) by capital financing activities	(4,860,640)
Cash flows from investing activities:	
Purchases of investments	(1,746,609)
Sale of investments	1,564,044
Investment income	235,510
Net cash provided (used) by investing activities	52,945
Net increase (decrease) in net position	
Net increase (decrease) in cash and cash equivalents	(643,154)
Cash and cash equivalents, beginning of year	20,163,563
Cash and cash equivalents, End of Year	19,520,409

Virginia Community College System
Germanna Community College
Statement of Cash Flows
For the Year Ended June 30, 2026

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(40,407,328)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	4,812,443
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(857,062)
Prepaid expenses and other	(99,767)
Post employment benefits asset	(366,577)
Accrued compensation and leave	79,305
Accounts payable and other	(371,640)
Unearned revenue	134,190
Deposits pending distribution	465
Custodial receipts(disbursements)	23,717
Stafford and Direct Loan receipts(disbursements)	
Pension liability	(395,605)
Post employment benefits liability	(307,658)
Deferred inflows of resources related to pensions and post employment benefits	882,286
Deferred outlflows of resources related to pensions and post employment benefits	(516,391)
Net cash used in operating activities	(37,389,622)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	19,525,364
Less: Securities Lending Cash Equivalents	4,955
Cash and cash equivalents end of year	19,520,409
Noncash transactions	
Donated capital assets	
Amortization of bond premium	-
Unrealized gain/loss on investments	(24,215)
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	758,139
Retainage payable	47,923

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, 2026

	Community College	Component Units: J. Sargeant Reynolds Community College Educational and Real Estate Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	34,091,855	1,952,066
Appropriation available		
Short term investments (Note 2)		5,127,722
Accounts receivable, net (Note 3)	5,227,549	22,198
Pledges receivable (Note 3)		1,617,904
Due from commonwealth (Note 4)		
Due from system office	2,451	
Interest receivable	14,766	
Prepaid expenses	83,295	633,549
Inventories		
Notes receivable, net (Note 3)		
Total Current Assets	39,419,916	9,353,439
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	1,000,000	
Prepaid expenses	1,488,769	
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		17,995,030
Other long-term investments (Note 2)		
Accounts receivable, net (Note 3)	109,234	
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		4,618,230
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	1,539,893	
Non-depreciable capital assets, net (Note 5)	4,281,702	105,999
Depreciable capital assets, net (Note 5)	69,180,746	11,655,395
Total Noncurrent Assets	77,600,344	34,374,654
Total Assets	117,020,260	43,728,093
Deferred Outflows of Resources (Note 8)	7,309,599	
Total Assets and Deferred Outflows of Resources	124,329,859	43,728,093
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	3,949,472	582,208
Accrued payroll expense	3,501,290	
Unearned revenue	5,176,183	
Long-term liabilities-current portion (Note 9)	2,754,618	429,429
Securities lending obligation	104,530	
Post employment benefit obligations (Note 9)	94,876	
Due to system's office		
Deposits	347,634	
Total Current Liabilities	15,928,603	1,011,637

Virginia Community College System
J. Sargeant Reynolds Community College
Statement of Net Position
As of June 30, 2026

	Community College	Component Units: J. Sargeant Reynolds Community College Educational and Real Estate Foundation
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 9)	5,458,747	8,632,572
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	20,095,079	
Total Noncurrent Liabilities	25,553,826	8,632,572
Total Liabilities	41,482,429	9,644,209
Deferred Inflows of Resources (Note 8)	6,571,762	
Total Liabilities and Deferred Inflows of Resources	48,054,191	9,644,209
Net Position		
Net investment in capital assets	67,550,525	3,493,869
Restricted for:		
Nonexpendable		11,992,650
Expendable	3,395,464	16,464,994
Unrestricted	5,329,679	2,132,371
Total Net Position	76,275,668	34,083,884

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, 2026

	Community College	Component Units: J. Sargeant Reynolds Community College Educational and Real Estate Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of $15,352,234)	22,891,648	-
Federal grants and contracts	22,890,628	
State and local grants		
Nongovernmental grants	1,047,800	
Sales/services of education department	23,113	
Auxiliary enterprises (net of scholarship allowance of $46,931)	1,173,615	
Gifts and contributions		1,300,518
Other operating revenues	700,465	425,087
Total Operating Revenue	48,727,269	1,725,605
Expenses		
Operating Expenses		
Instruction	29,539,520	
Public service	3,373,377	
Academic support	7,438,550	2,104,827
Student services	6,432,750	
Institutional support	11,294,950	584,710
Operation and maintenance	9,914,710	
Scholarships and fellowships	11,383,648	1,183,709
Auxiliary enterprises	827,390	
Fundraising		207,920
Other expenses		
Total Operating Expenses (Note 12)	80,204,895	4,081,166
Operating Income (Loss)	(31,477,626)	(2,355,561)
Noncapital Subsidies		
State appropriations (Note 13)	39,305,418	
Local appropriations	342,180	
Grants and gifts	970,932	
Total Noncapital Subsidies	40,618,530	
Operating Income (Loss) and Noncapital Subsidies	9,140,904	(2,355,561)
Other Nonoperating Revenues (Expenses)		
Investment income	521,925	1,714,071
Interest on capital asset related debt	(209,987)	
Capital appropriations-state (Note 20)		
Capital appropriations-local	954,746	
Capital gifts, grants and contracts	90,978	5,943,514
Additions to permanent and term endowments		229,635
Other nonoperating revenue (expense)	(625,782)	
Total Other Nonoperating Revenue (Expenses)	731,880	7,887,220
Increase (Decrease) in Net Position	9,872,784	5,531,659
Net Position		
Net Position beginning of year, as previously stated	65,995,560	28,552,225
Net Position Adjustments (Note 1-W)	407,324	
Net Position end of year	76,275,668	34,083,884

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, 2026

	Community College
Cash flows from operating activities:	
Tuition and fees	20,233,345
Grants and contracts	24,695,500
Payments to suppliers and others	(15,723,664)
Payments for employee wages	(36,575,148)
Payments for employee fringes and pension benefits	(12,202,137)
Payment for scholarships	(11,378,932)
Payments for utilities	(1,554,868)
Sales and services of education department	23,113
Auxiliary	1,173,615
Custodial receipts	1,195,716
Custodial disbursements	(1,282,522)
PLUS, Stafford and Direct Lending loan receipts	2,841,486
PLUS, Stafford and Direct Lending loan disbursements	(2,940,061)
Loans issued to students	
Loans collected from students	
Other	661,511
Net cash used by operating activities	(30,833,046)
Cash flows from non-capital financing activities:	
State appropriations	39,305,418
Local appropriations	342,180
Grants and gifts	970,932
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	(533,475)
Net cash provided (used) by non-capital financing activities	40,085,055
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	954,746
Capital grants and gifts	90,481
Purchase capital assets	(1,073,678)
Proceeds from sale of capital assets	38
Debt interest payments	(220,206)
Debt principal payments	(1,436,306)
Net cash provided (used) by capital financing activities	(1,684,925)
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	542,663
Net cash provided (used) by investing activities	542,663
Net increase (decrease) in net position	
Net increase (decrease) in cash and cash equivalents	8,109,747
Cash and cash equivalents, beginning of year	26,877,578
Cash and cash equivalents, End of Year	34,987,325

Virginia Community College System
J. Sargeant Reynolds Community College
Statement of Cash Flows
For the Year Ended June 30, 2026

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(31,477,626)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	5,563,039
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(4,826,688)
Prepaid expenses and other	(699,394)
Post employment benefits asset	(240,188)
Accrued compensation and leave	242,251
Accounts payable and other	1,372,142
Unearned revenue	2,886,503
Deposits pending distribution	
Custodial receipts(disbursements)	(86,806)
Stafford and Direct Loan receipts(disbursements)	(98,575)
Pension liability	(2,915,501)
Post employment benefits liability	(881,002)
Deferred inflows of resources related to pensions and post employment benefits	375,182
Deferred outlflows of resources related to pensions and post employment benefits	(46,383)
Net cash used in operating activities	(30,833,046)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	35,091,855
Less: Securities Lending Cash Equivalents	104,530
Cash and cash equivalents end of year	34,987,325
Noncash transactions	
Donated capital assets	497
Amortization of bond premium	8,912
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	(4,100)
Capital assets acquired through the assumption of a liability	359,757
Retainage payable	

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

Virginia Community College System
Brightpoint Community College
Statement of Net Position
As of June 30, 2026

	Community College	Component Unit: Brightpoint Community College Educational Foundation	Component Unit: Brightpoint Community College Real Estate Foundation
Assets			
Current Assets			
Cash and cash equivalents (Note 2)	14,231,519	1,399,359	129,387
Appropriation available			
Short term investments (Note 2)	4,677,096		
Accounts receivable, net (Note 3)	2,117,912		
Pledges receivable (Note 3)		299,250	
Due from commonwealth (Note 4)	441,863		
Due from system office	58,916		
Interest receivable			
Prepaid expenses	60,407		
Inventories	4,644		
Notes receivable, net (Note 3)			
Total Current Assets	21,592,357	1,698,609	129,387
Noncurrent Assets			
Restricted cash and cash equivalents (Note 2)			
Prepaid expenses	257		
Endowment cash and cash equivalents (Note 2)		53,638	
Appropriation available			
Endowment investments (Note 2)		5,854,712	
Other long-term investments (Note 2)		4,151,549	
Accounts receivable, net (Note 3)			
Investments in real estate (Note 2)		25,800	
Pledges receivable (Note 3)		547,017	
Due from commonwealth (Note 4)			
Notes receivable, net (Note 3)			
Post employment benefit assets (Note 18)	1,276,970		
Non-depreciable capital assets, net (Note 5)	10,206,756		
Depreciable capital assets, net (Note 5)	83,507,183		
Total Noncurrent Assets	94,991,166	10,632,716	
Total Assets	116,583,523	12,331,325	129,387
Deferred Outflows of Resources (Note 8)	5,659,855		
Total Assets and Deferred Outflows of Resources	122,243,378	12,331,325	129,387
Liabilities			
Current Liabilities			
Accounts and retainage payable (Note 6)	3,481,188	157,402	
Accrued payroll expense	3,164,453		
Unearned revenue	969,320		
Long-term liabilities-current portion (Note 9)	1,636,834		
Securities lending obligation	38		
Post employment benefit obligations (Note 9)	86,069		
Due to system's office			
Deposits	2,795,838		
Total Current Liabilities	12,133,740	157,402	

Virginia Community College System
Brightpoint Community College
Statement of Net Position
As of June 30, 2026

		Component Unit	
	Community College	Brightpoint Community College Educational Foundation	Brightpoint Community College Real Estate Foundation
Noncurrent Liabilities			
Unearned revenue			
Long-term liabilities (Note 9)	3,568,406		
Due to federal government (Note 9)			
Pension and post employment benefit obligations (Note 9)	16,300,419		
Total Noncurrent Liabilities	19,868,825		
Total Liabilities	32,002,565	157,402	
Deferred Inflows of Resources (Note 8)	3,963,293		
Total Liabilities and Deferred Inflows of Resources	35,965,858	157,402	
Net Position			
Net investment in capital assets	90,711,700		
Restricted for:			
Nonexpendable		2,886,705	
Expendable	3,990,436	6,114,838	
Unrestricted	(8,424,616)	3,172,380	129,387
Total Net Position	86,277,520	12,173,923	129,387

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

Virginia Community College System
Brightpoint Community College
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2026

		Component Unit	
	Community College	Brightpoint Community College Educational Foundation	Brightpoint Community College Real Estate Foundation
Revenues			
Operating Revenue			
Tuition and fees (net of scholarship allowance of $14,636,069)	7,132,802		
Federal grants and contracts	14,927,581		
State and local grants			
Nongovernmental grants	771,185		
Sales/services of education department			
Auxiliary enterprises (net of scholarship allowance of $45,204)	728,271		
Gifts and contributions		992,906	
Other operating revenues	531,306	922,651	5,000
Total Operating Revenue	24,091,145	1,915,557	5,000
Expenses			
Operating Expenses			
Instruction	25,829,044		
Public service	520,459		
Academic support	6,910,033	629,944	
Student services	8,678,777		
Institutional support	10,039,747	552,740	3,719
Operation and maintenance	8,644,980		
Scholarships and fellowships	9,627,373	706,199	
Auxiliary enterprises	519,971		
Fundraising		403,164	
Other expenses			
Total Operating Expenses (Note 12)	70,770,384	2,292,047	3,719
Operating Income (Loss)	(46,679,239)	(376,490)	1,281
Noncapital Subsidies			
State appropriations (Note 13)	41,518,961		
Local appropriations	94,784		
Grants and gifts	2,740,480		
Total Noncapital Subsidies	44,354,225		
Operating Income (Loss) and Noncapital Subsidies	(2,325,014)	(376,490)	1,281
Other Nonoperating Revenues (Expenses)			
Investment income	27,178	1,203,927	4,488
Interest on capital asset related debt	(31,811)		
Capital appropriations-state (Note 20)			
Capital appropriations-local			
Capital gifts, grants and contracts	478,640		
Additions to permanent and term endowments		82,660	
Other nonoperating revenue (expense)	(454,053)		
Total Other Nonoperating Revenue (Expenses)	19,954	1,286,587	4,488
Increase (Decrease) in Net Position	(2,305,060)	910,097	5,769
Net Position			
Net Position beginning of year, as previously stated	87,613,974	11,263,826	123,618
Net Position Adjustments (Note 1-W)	968,606		
Net Position end of year	86,277,520	12,173,923	129,387

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

Virginia Community College System
Brightpoint Community College
Statement of Cash Flows
For the Year Ended June 30, 2026

	Community College
Cash flows from operating activities:	
Tuition and fees	7,886,586
Grants and contracts	15,468,938
Payments to suppliers and others	(11,437,284)
Payments for employee wages	(32,020,197)
Payments for employee fringes and pension benefits	(10,637,579)
Payment for scholarships	(9,619,464)
Payments for utilities	(1,140,986)
Sales and services of education department	
Auxiliary	682,152
Custodial receipts	9,956
Custodial disbursements	(5,057)
PLUS, Stafford and Direct Lending loan receipts	2,010,197
PLUS, Stafford and Direct Lending loan disbursements	(1,821,699)
Loans issued to students	
Loans collected from students	
Other	531,306
Net cash used by operating activities	(40,093,131)
Cash flows from non-capital financing activities:	
State appropriations	41,518,961
Local appropriations	94,784
Grants and gifts	2,298,617
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	(253,583)
Net cash provided (used) by non-capital financing activities	43,658,779
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	478,640
Purchase capital assets	(609,958)
Proceeds from sale of capital assets	(222,300)
Debt interest payments	(47,611)
Debt principal payments	(457,845)
Net cash provided (used) by capital financing activities	(859,074)
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	(126,305)
Net cash provided (used) by investing activities	(126,305)
Net increase (decrease) in net position	
Net increase (decrease) in cash and cash equivalents	2,580,269
Cash and cash equivalents, beginning of year	11,651,212
Cash and cash equivalents, End of Year	14,231,481

Virginia Community College System
Brightpoint Community College
Statement of Cash Flows
For the Year Ended June 30, 2026

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(46,679,239)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	3,893,135
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(25,860)
Prepaid expenses and other	197,259
Post employment benefits asset	(211,310)
Accrued compensation and leave	924,321
Accounts payable and other	2,798,674
Unearned revenue	78,340
Deposits pending distribution	425,357
Custodial receipts(disbursements)	4,899
Stafford and Direct Loan receipts(disbursements)	188,498
Pension liability	(1,990,897)
Post employment benefits liability	(480,763)
Deferred inflows of resources related to pensions and post employment benefits	679,832
Deferred outlflows of resources related to pensions and post employment benefits	104,623
Net cash used in operating activities	(40,093,131)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	14,231,519
Less: Securities Lending Cash Equivalents	38
Cash and cash equivalents end of year	14,231,481
Noncash transactions	
Donated capital assets	
Amortization of bond premium	
Unrealized gain/loss on investments	153,477
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	46,842
Retainage payable	17,337

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

Virginia Community College System
Laurel Ridge Community College
Statement of Net Position
As of June 30, 2026

	Community College	Component Unit: Laurel Ridge Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	18,369,462	8,701,510
Appropriation available	3,760	
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	811,573	100,000
Pledges receivable (Note 3)		99,739
Due from commonwealth (Note 4)		
Due from system office	146,758	
Interest receivable		
Prepaid expenses	663,851	
Inventories	37,850	
Notes receivable, net (Note 3)		
Total Current Assets	20,033,254	8,901,249
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	318,224	
Prepaid expenses		
Endowment cash and cash equivalents (Note 2)		293,811
Appropriation available		
Endowment investments (Note 2)		11,689,643
Other long-term investments (Note 2)		4,622,113
Accounts receivable, net (Note 3)	148,030	
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		13,432
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	1,035,853	
Non-depreciable capital assets, net (Note 5)	2,778,815	4,360,515
Depreciable capital assets, net (Note 5)	66,943,582	14,461,472
Total Noncurrent Assets	71,224,504	35,440,986
Total Assets	91,257,758	44,342,235
Deferred Outflows of Resources (Note 8)	5,157,606	
Total Assets and Deferred Outflows of Resources	96,415,364	44,342,235
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	1,106,119	66,957
Accrued payroll expense	2,409,947	
Unearned revenue	1,390,683	
Long-term liabilities-current portion (Note 9)	1,759,154	287,739
Securities lending obligation	47,716	
Post employment benefit obligations (Note 9)	82,245	
Due to system's office		
Deposits	736,825	
Total Current Liabilities	7,532,689	354,696

Virginia Community College System
Laurel Ridge Community College
Statement of Net Position
As of June 30, 2026

	Community College	Component Unit: Laurel Ridge Community College Educational Foundation
Noncurrent Liabilities		
Unearned revenue		4,675,833
Account payable for noncurrent assets		
Long-term liabilities (Note 9)	5,852,639	8,635,450
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	13,726,081	
Total Noncurrent Liabilities	19,578,720	13,311,283
Total Liabilities	27,111,409	13,665,979
Deferred Inflows of Resources (Note 8)	3,245,199	
Total Liabilities and Deferred Inflows of Resources	30,356,608	13,665,979
Net Position		
Net investment in capital assets	63,844,467	9,898,798
Restricted for:		
Nonexpendable		11,983,454
Expendable	3,466,805	3,396,901
Unrestricted	(1,252,516)	5,397,103
Total Net Position	66,058,756	30,676,256

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

Virginia Community College System
Laurel Ridge Community College
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2026

	Community College	Component Unit Laurel Ridge Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of $6,364,279)	12,730,063	
Federal grants and contracts	7,063,310	
State and local grants	1,130,206	
Nongovernmental grants	150,094	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of $19,527)	436,630	
Gifts and contributions		3,179,448
Other operating revenues	407,506	1,481,062
Total Operating Revenue	21,917,809	4,660,510
Expenses		
Operating Expenses		
Instruction	24,436,443	
Public service	452,702	
Academic support	4,039,682	
Student services	4,681,122	
Institutional support	8,845,304	2,176,122
Operation and maintenance	5,765,284	
Scholarships and fellowships	6,102,564	499,291
Auxiliary enterprises	180,433	
Fundraising		93,776
Other expenses		
Total Operating Expenses (Note 12)	54,503,534	2,769,189
Operating Income (Loss)	(32,585,725)	1,891,321
Noncapital Subsidies		
State appropriations (Note 13)	26,911,815	
Local appropriations	367,540	
Grants and gifts	2,927,672	
Total Noncapital Subsidies	30,207,027	
Operating Income (Loss) and Noncapital Subsidies	(2,378,698)	1,891,321
Other Nonoperating Revenues (Expenses)		
Investment income	7,613	1,508,426
Interest on capital asset related debt	(175,223)	(506,149)
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	759,539	
Additions to permanent and term endowments		
Other nonoperating revenue (expense)	287,380	
Total Other Nonoperating Revenue (Expenses)	879,309	1,002,277
Increase (Decrease) in Net Position	(1,499,389)	2,893,598
Net Position		
Net Position beginning of year, as previously stated	67,232,311	27,782,658
Net Position Adjustments (Note 1-W)	325,834	
Net Position end of year	66,058,756	30,676,256

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

Virginia Community College System
Laurel Ridge Community College
Statement of Cash Flows
For the Year Ended June 30, 2026

	Community College
Cash flows from operating activities:	
Tuition and fees	12,435,568
Grants and contracts	8,475,017
Payments to suppliers and others	(11,661,912)
Payments for employee wages	(24,283,606)
Payments for employee fringes and pension benefits	(8,739,503)
Payment for scholarships	(6,177,486)
Payments for utilities	(958,205)
Sales and services of education department	
Auxiliary	436,630
Custodial receipts	936,281
Custodial disbursements	(668,468)
PLUS, Stafford and Direct Lending loan receipts	670,137
PLUS, Stafford and Direct Lending loan disbursements	(669,533)
Loans issued to students	
Loans collected from students	
Other	402,363
Net cash used by operating activities	(29,802,717)
Cash flows from non-capital financing activities:	
State appropriations	26,911,815
Local appropriations	367,540
Grants and gifts	3,701,547
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	141,971
Net cash provided (used) by non-capital financing activities	31,122,873
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	759,539
Purchase capital assets	(2,943,539)
Proceeds from sale of capital assets	21,778
Debt interest payments	(175,223)
Debt principal payments	(842,733)
Net cash provided (used) by capital financing activities	(3,180,178)
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	5,370
Net cash provided (used) by investing activities	5,370
Net increase (decrease) in net position	
Net increase (decrease) in cash and cash equivalents	(1,854,652)
Cash and cash equivalents, beginning of year	20,494,622
Cash and cash equivalents, End of Year	18,639,970

Virginia Community College System
Laurel Ridge Community College
Statement of Cash Flows
For the Year Ended June 30, 2026

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(32,585,725)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	4,130,948
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(493,702)
Prepaid expenses and other	(513,866)
Post employment benefits asset	(197,939)
Accrued compensation and leave	174,361
Accounts payable and other	354,477
Unearned revenue	376,683
Deposits pending distribution	3,760
Custodial receipts(disbursements)	267,813
Stafford and Direct Loan receipts(disbursements)	604
Pension liability	(1,018,511)
Post employment benefits liability	(418,735)
Deferred inflows of resources related to pensions and post employment benefits	304,337
Deferred outlflows of resources related to pensions and post employment benefits	(187,222)
Net cash used in operating activities	(29,802,717)

Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	18,687,686
Less: Securities Lending Cash Equivalents	47,716
Cash and cash equivalents end of year	18,639,970

Noncash transactions

Donated capital assets	
Amortization of bond premium	
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	498,034
Retainage payable	4,631

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, 2026

	Community College	Component Unit: Mountain Empire Community College Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	7,610,764	183,908
Appropriation available		
Short term investments (Note 2)	750,000	
Accounts receivable, net (Note 3)	610,690	29,135
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)	162,728	
Due from system office	70,829	
Interest receivable		
Prepaid expenses		34,934
Inventories	394,362	
Notes receivable, net (Note 3)		
Total Current Assets	9,599,373	247,977
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		
Prepaid expenses		
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		40,877,684
Other long-term investments (Note 2)		4,278,893
Accounts receivable, net (Note 3)		204,315
Investments in real estate (Note 2)		35,500
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	505,348	
Non-depreciable capital assets, net (Note 5)	1,537,326	
Depreciable capital assets, net (Note 5)	17,539,489	
Total Noncurrent Assets	19,582,163	45,396,392
Total Assets	29,181,536	45,644,369
Deferred Outflows of Resources (Note 8)	2,636,968	
Total Assets and Deferred Outflows of Resources	31,818,504	45,644,369
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	321,062	57,052
Accrued payroll expense	1,334,522	
Unearned revenue	333,703	
Long-term liabilities-current portion (Note 9)	586,032	
Securities lending obligation	1,201	
Post employment benefit obligations (Note 9)	44,561	
Due to system's office		
Deposits	593,502	
Total Current Liabilities	3,214,583	57,052

Virginia Community College System
Mountain Empire Community College
Statement of Net Position
As of June 30, 2026

	Community College	Component Unit: Mountain Empire Community College Foundation
Noncurrent Liabilities		
Unearned revenue		679,601
Long-term liabilities (Note 9)	625,305	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	7,587,808	
Total Noncurrent Liabilities	8,213,113	679,601
Total Liabilities	11,427,696	736,653
Deferred Inflows of Resources (Note 8)	2,081,180	
Total Liabilities and Deferred Inflows of Resources	13,508,876	736,653
Net Position		
Net investment in capital assets	18,718,758	
Restricted for:		
Nonexpendable		13,432,336
Expendable	3,001,576	21,607,470
Unrestricted	(3,410,706)	9,867,910
Total Net Position	18,309,628	44,907,716

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, 2026

	Community College	Component Unit Mountain Empire Community College Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of $4,289,690)	2,185,234	-
Federal grants and contracts	6,755,701	
State and local grants	98,101	252,923
Nongovernmental grants	258,838	264,403
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of $13,252)	104,584	
Gifts and contributions		129,245
Other operating revenues	106,191	265,937
Total Operating Revenue	9,508,649	912,508
Expenses		
Operating Expenses		
Instruction	9,386,234	
Public service	427,608	
Academic support	2,255,069	1,590,744
Student services	2,019,396	
Institutional support	3,089,510	370,733
Operation and maintenance	2,878,145	
Scholarships and fellowships	4,617,654	
Auxiliary enterprises	63,732	
Fundraising		60,120
Other expenses		
Total Operating Expenses (Note 12)	24,737,348	2,021,597
Operating Income (Loss)	(15,228,699)	(1,109,089)
Noncapital Subsidies		
State appropriations (Note 13)	14,200,097	
Local appropriations	76,410	
Grants and gifts	307,365	
Total Noncapital Subsidies	14,583,872	
Operating Income (Loss) and Noncapital Subsidies	(644,827)	(1,109,089)
Other Nonoperating Revenues (Expenses)		
Investment income	19,327	6,179,690
Interest on capital asset related debt	(10,467)	
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	341,913	
Additions to permanent and term endowments		438,561
Other nonoperating revenue (expense)	1,313,199	
Total Other Nonoperating Revenue (Expenses)	1,663,972	6,618,251
Increase (Decrease) in Net Position	1,019,145	5,509,162
Net Position		
Net Position beginning of year, as previously stated	17,390,704	39,398,554
Net Position Adjustments (Note 1-W)	(100,221)	
Net Position end of year	18,309,628	44,907,716

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, 2026

	Community College
Cash flows from operating activities:	
Tuition and fees	2,340,847
Grants and contracts	7,476,011
Payments to suppliers and others	(4,668,993)
Payments for employee wages	(10,818,911)
Payments for employee fringes and pension benefits	(4,814,155)
Payment for scholarships	(3,703,031)
Payments for utilities	(574,533)
Sales and services of education department	
Auxiliary	107,956
Custodial receipts	665,822
Custodial disbursements	(610,369)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Loans issued to students	
Loans collected from students	
Other	106,191
Net cash used by operating activities	(14,493,165)
Cash flows from non-capital financing activities:	
State appropriations	14,200,097
Local appropriations	76,410
Grants and gifts	228,697
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	1,859,721
Net cash provided (used) by non-capital financing activities	16,364,925
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	341,913
Purchase capital assets	(1,610,857)
Proceeds from sale of capital assets	81,358
Debt interest payments	(10,467)
Debt principal payments	(61,380)
Net cash provided (used) by capital financing activities	(1,259,433)
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	19,282
Net cash provided (used) by investing activities	19,282
Net increase (decrease) in net position	
Net increase (decrease) in cash and cash equivalents	631,609
Cash and cash equivalents, beginning of year	6,977,954
Cash and cash equivalents, End of Year	7,609,563

Virginia Community College System
Mountain Empire Community College
Statement of Cash Flows
For the Year Ended June 30, 2026

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(15,228,699)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,290,730
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	132,756
Prepaid expenses and other	24,098
Post employment benefits asset	(79,898)
Accrued compensation and leave	(285,546)
Accounts payable and other	13,674
Unearned revenue	328,703
Deposits pending distribution	60,897
Custodial receipts(disbursements)	55,453
Stafford and Direct Loan receipts(disbursements)	
Pension liability	(975,891)
Post employment benefits liability	(254,903)
Deferred inflows of resources related to pensions and post employment benefits	288,635
Deferred outlflows of resources related to pensions and post employment benefits	136,826
Net cash used in operating activities	(14,493,165)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	7,610,764
Less: Securities Lending Cash Equivalents	1,201
Cash and cash equivalents end of year	7,609,563
Noncash transactions	
Amortization of bond premium	
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	231,673
Retainage payable	66,856

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, 2026

	Community College	Component Unit: New River Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	17,041,641	143,642
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	112,348	
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)	435,726	
Due from system office	828,009	
Interest receivable		
Prepaid expenses	778,996	
Inventories	9,040	
Notes receivable, net (Note 3)		45,447
Total Current Assets	19,205,760	189,089
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		
Prepaid expenses		
Endowment cash and cash equivalents (Note 2)		1,492,810
Appropriation available		
Endowment investments (Note 2)		30,165,126
Other long-term investments (Note 2)		5,233,420
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	547,479	
Non-depreciable capital assets, net (Note 5)	882,635	
Depreciable capital assets, net (Note 5)	16,159,029	3,741
Total Noncurrent Assets	17,589,143	36,895,097
Total Assets	36,794,903	37,084,186
Deferred Outflows of Resources (Note 8)	2,573,293	
Total Assets and Deferred Outflows of Resources	39,368,196	37,084,186
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	1,575,610	1,256
Accrued payroll expense	1,059,003	
Unearned revenue	1,326,567	
Long-term liabilities-current portion (Note 9)	761,734	
Securities lending obligation	104	
Post employment benefit obligations (Note 9)	40,578	
Due to system's office		
Deposits		
Total Current Liabilities	4,763,596	1,256

Virginia Community College System
New River Community College
Statement of Net Position
As of June 30, 2026

	Community College	Component Unit: New River Community College Educational Foundation
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 9)	3,170,166	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	7,416,893	
Total Noncurrent Liabilities	10,587,059	
Total Liabilities	15,350,655	1,256
Deferred Inflows of Resources (Note 8)	2,240,613	
Total Liabilities and Deferred Inflows of Resources	17,591,268	1,256
Net Position		
Net investment in capital assets	14,076,740	3,741
Restricted for:		
Nonexpendable		15,797,294
Expendable	2,635,332	4,213,148
Unrestricted	5,064,856	17,068,747
Total Net Position	21,776,928	37,082,930

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, 2026

	Community College	Component Unit: New River Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of $5,419,038)	4,965,118	-
Federal grants and contracts	6,551,472	
State and local grants	45,358	
Nongovernmental grants	42,930	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of $16,763)	109,217	
Gifts and contributions		1,050,174
Other operating revenues	622,154	67,178
Total Operating Revenue	12,336,249	1,117,352
Expenses		
Operating Expenses		
Instruction	12,136,528	
Public service	11,744	
Academic support	4,254,385	
Student services	1,877,422	
Institutional support	4,612,236	120,616
Operation and maintenance	5,793,817	
Scholarships and fellowships	5,107,472	1,913,958
Auxiliary enterprises	36,476	
Fundraising		57,264
Other expenses		
Total Operating Expenses (Note 12)	33,830,080	2,091,838
Operating Income (Loss)	(21,493,831)	(974,486)
Noncapital Subsidies		
State appropriations (Note 13)	19,472,764	
Local appropriations	108,789	
Grants and gifts	829,339	
Total Noncapital Subsidies	20,410,892	
Operating Income (Loss) and Noncapital Subsidies	(1,082,939)	(974,486)
Other Nonoperating Revenues (Expenses)		
Investment income	362,986	4,225,121
Interest on capital asset related debt	(104,113)	
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	422,922	207,888
Additions to permanent and term endowments		395,520
Other nonoperating revenue (expense)	2,274,105	
Total Other Nonoperating Revenue (Expenses)	2,955,900	4,828,529
Increase (Decrease) in Net Position	1,872,961	3,854,043
Net Position		
Net Position beginning of year, as previously stated	20,265,415	33,228,887
Net Position Adjustments (Note 1-W)	(361,448)	
Net Position end of year	21,776,928	37,082,930

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, 2026

	Community College
Cash flows from operating activities:	
Tuition and fees	5,220,810
Grants and contracts	6,639,760
Payments to suppliers and others	(9,374,824)
Payments for employee wages	(13,741,126)
Payments for employee fringes and pension benefits	(4,826,781)
Payment for scholarships	(4,409,564)
Payments for utilities	(550,180)
Sales and services of education department	
Auxiliary	109,217
Custodial receipts	155,425
Custodial disbursements	(101,242)
PLUS, Stafford and Direct Lending loan receipts	868,562
PLUS, Stafford and Direct Lending loan disbursements	(868,562)
Loans issued to students	
Loans collected from students	
Other	622,154
Net cash used by operating activities	(20,256,351)
Cash flows from non-capital financing activities:	
State appropriations	19,472,764
Local appropriations	108,789
Grants and gifts	393,613
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	1,473,146
Net cash provided (used) by non-capital financing activities	21,448,312
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	422,429
Purchase capital assets	(1,354,150)
Proceeds from sale of capital assets	
Debt interest payments	(104,113)
Debt principal payments	(287,731)
Net cash provided (used) by capital financing activities	(1,323,565)
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	362,980
Net cash provided (used) by investing activities	362,980
Net increase (decrease) in net position	
Net increase (decrease) in cash and cash equivalents	231,376
Cash and cash equivalents, beginning of year	16,810,161
Cash and cash equivalents, End of Year	17,041,537

Virginia Community College System
New River Community College
Statement of Cash Flows
For the Year Ended June 30, 2026

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(21,493,831)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,586,616
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	34,978
Prepaid expenses and other	248,774
Post employment benefits asset	(96,515)
Accrued compensation and leave	73,798
Accounts payable and other	113,834
Unearned revenue	352,899
Deposits pending distribution	(72,050)
Custodial receipts(disbursements)	54,183
Stafford and Direct Loan receipts(disbursements)	
Pension liability	(1,252,728)
Post employment benefits liability	(235,882)
Deferred inflows of resources related to pensions and post employment benefits	296,228
Deferred outlflows of resources related to pensions and post employment benefits	133,345
Net cash used in operating activities	(20,256,351)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	17,041,641
Less: Securities Lending Cash Equivalents	104
Cash and cash equivalents end of year	17,041,537
Noncash transactions	
Donated capital assets	493
Amortization of bond premium	
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	804,340
Retainage payable	42,474

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, 2026

	Community College	Component Unit: Northern Virginia Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	119,881,206	1,431,370
Appropriation available		
Short term investments (Note 2)	7,333,741	3,192,680
Accounts receivable, net (Note 3)	4,814,815	
Pledges receivable (Note 3)		240,000
Due from commonwealth (Note 4)		
Due from system office	2,055,618	
Interest receivable	51,406	
Prepaid expenses	12,542,890	
Inventories		
Notes receivable, net (Note 3)	100,469	
Total Current Assets	146,780,145	4,864,050
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	(3,303,610)	
Prepaid expenses	603,673	
Endowment cash and cash equivalents (Note 2)		
Appropriation available	6,074,625	
Endowment investments (Note 2)		18,072,123
Other long-term investments (Note 2)	33,257,691	19,177,468
Accounts receivable, net (Note 3)	419,189	
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		359,598
Due from commonwealth (Note 4)	4,796,792	
Notes receivable, net (Note 3)	40,118	
Post employment benefit assets (Note 18)	7,845,408	
Non-depreciable capital assets, net (Note 5)	107,068,333	
Depreciable capital assets, net (Note 5)	407,592,701	
Total Noncurrent Assets	564,394,920	37,609,189
Total Assets	711,175,065	42,473,239
Deferred Outflows of Resources (Note 8)	35,499,980	
Total Assets and Deferred Outflows of Resources	746,675,045	42,473,239
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	34,007,599	331,285
Accrued payroll expense	19,952,041	13,940
Unearned revenue	30,312,808	
Long-term liabilities-current portion (Note 9)	12,830,512	
Securities lending obligation	2,269	
Post employment benefit obligations (Note 9)	443,754	
Due to system's office		
Deposits	(1,581,596)	
Total Current Liabilities	95,967,387	345,225

Virginia Community College System
Northern Virginia Community College
Statement of Net Position
As of June 30, 2026

	Community College	Component Unit Northern Virginia Community College Educational Foundation
Noncurrent Liabilities		
Unearned revenue	195,686	
Long-term liabilities (Note 9)	14,784,692	
Due to federal government (Note 9)	746,292	
Pension and post employment benefit obligations (Note 9)	103,500,724	
Total Noncurrent Liabilities	119,227,394	
Total Liabilities	215,194,781	345,225
Deferred Inflows of Resources (Note 8)	27,248,411	
Total Liabilities and Deferred Inflows of Resources	242,443,192	345,225
Net Position		
Net investment in capital assets	500,154,651	
Restricted for:		
Nonexpendable	76,823	10,580,455
Expendable	20,064,055	13,549,749
Unrestricted	(16,063,676)	17,997,810
Total Net Position	504,231,853	42,128,014

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, 2026

	Community College	Component Unit Northern Virginia Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of $78,585,631)	132,021,009	-
Federal grants and contracts	85,538,153	
State and local grants	377,942	
Nongovernmental grants	2,961,033	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of $242,895)	5,812,583	
Gifts and contributions		3,420,802
Other operating revenues	9,878,789	648,253
Total Operating Revenue	236,589,509	4,069,055
Expenses		
Operating Expenses		
Instruction	162,858,240	
Public service	2,037,942	
Academic support	23,737,443	3,285,823
Student services	36,906,641	
Institutional support	70,423,188	247,379
Operation and maintenance	84,124,889	
Scholarships and fellowships	44,554,388	801,866
Auxiliary enterprises	7,482,589	
Fundraising		197,250
Other expenses	42,729	
Total Operating Expenses (Note 12)	432,168,049	4,532,318
Operating Income (Loss)	(195,578,540)	(463,263)
Noncapital Subsidies		
State appropriations (Note 13)	207,600,219	
Local appropriations	250,020	
Grants and gifts	395,655	
Total Noncapital Subsidies	208,245,894	
Operating Income (Loss) and Noncapital Subsidies	12,667,354	(463,263)
Other Nonoperating Revenues (Expenses)		
Investment income	3,054,419	3,964,985
Interest on capital asset related debt	(639,156)	
Capital appropriations-state (Note 20)	16,122,043	
Capital appropriations-local		
Capital gifts, grants and contracts	2,687,634	
Additions to permanent and term endowments		864,591
Other nonoperating revenue (expense)	1,070,579	
Total Other Nonoperating Revenue (Expenses)	22,295,519	4,829,576
Increase (Decrease) in Net Position	34,962,873	4,366,313
Net Position		
Net Position beginning of year, as previously stated	470,111,137	37,761,701
Net Position Adjustments (Note 1-W)	(842,157)	
Net Position end of year	504,231,853	42,128,014

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, 2026

	Community College
Cash flows from operating activities:	
Tuition and fees	130,158,959
Grants and contracts	89,026,187
Payments to suppliers and others	(85,907,643)
Payments for employee wages	(185,303,582)
Payments for employee fringes and pension benefits	(60,224,701)
Payment for scholarships	(64,682,146)
Payments for utilities	(5,040,280)
Sales and services of education department	
Auxiliary	5,812,583
Custodial receipts	3,088,116
Custodial disbursements	(3,039,831)
PLUS, Stafford and Direct Lending loan receipts	21,081,317
PLUS, Stafford and Direct Lending loan disbursements	(21,664,644)
Loans issued to students	
Loans collected from students	335,764
Other	9,225,578
Net cash used by operating activities	(167,134,323)
Cash flows from non-capital financing activities:	
State appropriations	207,600,219
Local appropriations	250,020
Grants and gifts	3,330,158
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	163,267
Net cash provided (used) by non-capital financing activities	211,343,664
Cash flows from capital and related financing activities:	
Capital appropriations-state	12,833,627
Capital appropriations-local	
Capital grants and gifts	2,659,144
Purchase capital assets	(85,349,299)
Proceeds from sale of capital assets	361,179
Debt interest payments	(639,156)
Debt principal payments	(6,164,760)
Net cash provided (used) by capital financing activities	(76,299,265)
Cash flows from investing activities:	
Purchases of investments	(15,196,635)
Sale of investments	12,114,299
Investment income	3,529,017
Net cash provided (used) by investing activities	446,681
Net increase (decrease) in net position	
Net increase (decrease) in cash and cash equivalents	(31,643,243)
Cash and cash equivalents, beginning of year	148,218,570
Cash and cash equivalents, End of Year	116,575,327

Virginia Community College System
Northern Virginia Community College
Statement of Cash Flows
For the Year Ended June 30, 2026

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(195,578,540)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	24,297,605
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(2,764,128)
Prepaid expenses and other	3,893,433
Post employment benefits asset	(1,357,214)
Accrued compensation and leave	2,222,161
Accounts payable and other	14,647,601
Unearned revenue	1,537,378
Deposits pending distribution	
Custodial receipts(disbursements)	48,285
Stafford and Direct Loan receipts(disbursements)	(583,327)
Pension liability	(11,232,514)
Post employment benefits liability	(3,121,057)
Deferred inflows of resources related to pensions and post employment benefits	832,264
Deferred outlflows of resources related to pensions and post employment benefits	23,730
Net cash used in operating activities	(167,134,323)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	116,577,596
Less: Securities Lending Cash Equivalents	2,269
Cash and cash equivalents end of year	116,575,327
Noncash transactions	
Donated capital assets	28,490
Amortization of bond premium	
Unrealized gain/loss on investments	(31,611)
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	4,932,916
Retainage payable	3,755,849

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, 2026

	Community College	Component Unit: Patrick & Henry Community College Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	4,606,139	1,288,190
Appropriation available		
Short term investments (Note 2)	1,190,634	548,000
Accounts receivable, net (Note 3)	1,346,033	
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)	149,962	
Due from system office	351,243	
Interest receivable		
Prepaid expenses	55,660	
Inventories	6,000	
Notes receivable, net (Note 3)	2,818	
Total Current Assets	7,708,489	1,836,190
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		
Prepaid expenses	20,164	
Endowment cash and cash equivalents (Note 2)		93,190
Appropriation available		
Endowment investments (Note 2)		13,036,999
Other long-term investments (Note 2)		12,735,934
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	903,367	
Non-depreciable capital assets, net (Note 5)	1,362,898	111,906
Depreciable capital assets, net (Note 5)	25,478,523	612,144
Total Noncurrent Assets	27,764,952	26,590,173
Total Assets	35,473,441	28,426,363
Deferred Outflows of Resources (Note 8)	3,791,993	
Total Assets and Deferred Outflows of Resources	39,265,434	28,426,363
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	906,265	2,180
Accrued payroll expense	1,121,654	
Unearned revenue	363,193	297,274
Long-term liabilities-current portion (Note 9)	614,487	
Securities lending obligation	15	
Post employment benefit obligations (Note 9)	58,358	
Due to system's office		
Deposits	154,213	
Total Current Liabilities	3,218,185	299,454

Virginia Community College System
Patrick & Henry Community College
Statement of Net Position
As of June 30, 2026

	Community College	Component Unit: Patrick & Henry Community College Foundation
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 9)	429,738	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	11,305,762	
Total Noncurrent Liabilities	11,735,500	
Total Liabilities	14,953,685	299,454
Deferred Inflows of Resources (Note 8)	2,910,468	
Total Liabilities and Deferred Inflows of Resources	17,864,153	299,454
Net Position		
Net investment in capital assets	26,737,521	724,050
Restricted for:		
Nonexpendable		7,831,934
Expendable	1,842,890	6,058,798
Unrestricted	(7,179,130)	13,512,127
Total Net Position	21,401,281	28,126,909

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, 2026

	Community College	Component Unit: Patrick Henry Community College Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of $5,406,344)	2,417,376	
Federal grants and contracts	9,413,595	
State and local grants	158,146	
Nongovernmental grants	478,558	696,830
Sales/services of education department	5	
Auxiliary enterprises (net of scholarship allowance of $16,483)	287,857	
Gifts and contributions		1,393,975
Other operating revenues	186,586	116,279
Total Operating Revenue	12,942,123	2,207,084
Expenses		
Operating Expenses		
Instruction	7,077,931	49,606
Public service	2,078,981	4,958
Academic support	2,653,269	807,350
Student services	3,740,510	15,000
Institutional support	5,175,818	74,141
Operation and maintenance	3,455,330	67,383
Scholarships and fellowships	3,571,620	887,772
Auxiliary enterprises	216,498	463,066
Fundraising		35,139
Other expenses	252	64,785
Total Operating Expenses (Note 12)	27,970,209	2,469,200
Operating Income (Loss)	(15,028,086)	(262,116)
Noncapital Subsidies		
State appropriations (Note 13)	14,188,027	
Local appropriations	37,249	
Grants and gifts	835,304	
Total Noncapital Subsidies	15,060,580	
Operating Income (Loss) and Noncapital Subsidies	32,494	(262,116)
Other Nonoperating Revenues (Expenses)		
Investment income	109,930	3,728,938
Interest on capital asset related debt	(7,557)	
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	589,773	
Additions to permanent and term endowments		318,210
Other nonoperating revenue (expense)	1,799,689	
Total Other Nonoperating Revenue (Expenses)	2,491,835	4,047,148
Increase (Decrease) in Net Position	2,524,329	3,785,032
Net Position		
Net Position beginning of year, as previously stated	18,819,633	24,341,877
Net Position Adjustments (Note 1-W)	57,319	
Net Position end of year	21,401,281	28,126,909

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, 2026

	Community College
Cash flows from operating activities:	
Tuition and fees	2,571,706
Grants and contracts	10,042,230
Payments to suppliers and others	(4,805,787)
Payments for employee wages	(13,304,087)
Payments for employee fringes and pension benefits	(5,730,826)
Payment for scholarships	(3,445,984)
Payments for utilities	(545,755)
Sales and services of education department	5
Auxiliary	281,084
Custodial receipts	294,587
Custodial disbursements	(243,223)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Loans issued to students	
Loans collected from students	1,021
Other	187,177
Net cash used by operating activities	(14,697,852)
Cash flows from non-capital financing activities:	
State appropriations	14,188,027
Local appropriations	37,249
Grants and gifts	834,438
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	1,510,043
Net cash provided (used) by non-capital financing activities	16,569,757
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	589,773
Purchase capital assets	(1,357,441)
Proceeds from sale of capital assets	340
Debt interest payments	(7,557)
Debt principal payments	(137,836)
Net cash provided (used) by capital financing activities	(912,721)
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	13
Net cash provided (used) by investing activities	13
Net increase (decrease) in net position	
Net increase (decrease) in cash and cash equivalents	959,197
Cash and cash equivalents, beginning of year	3,646,927
Cash and cash equivalents, End of Year	4,606,124

Virginia Community College System
Patrick & Henry Community College
Statement of Cash Flows
For the Year Ended June 30, 2026

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(15,028,086)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,678,652
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	78,114
Prepaid expenses and other	(75,324)
Post employment benefits asset	(142,277)
Accrued compensation and leave	(306,973)
Accounts payable and other	394
Unearned revenue	63,238
Deposits pending distribution	
Custodial receipts(disbursements)	51,364
Stafford and Direct Loan receipts(disbursements)	
Pension liability	(1,515,069)
Post employment benefits liability	(371,210)
Deferred inflows of resources related to pensions and post employment benefits	554,988
Deferred outlflows of resources related to pensions and post employment benefits	314,337
Net cash used in operating activities	(14,697,852)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	4,606,139
Less: Securities Lending Cash Equivalents	15
Cash and cash equivalents end of year	4,606,124
Noncash transactions	
Donated capital assets	
Amortization of bond premium	
Unrealized gain/loss on investments	109,915
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	55,135
Retainage payable	44,473

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, 2026

		Component Unit	
	Community College	Paul D. Camp Community College Foundation	Paul D. Camp Community College Real Estate Foundation
Assets			
Current Assets			
Cash and cash equivalents (Note 2)	4,258,162	223,985	2,616,888
Appropriation available			
Short term investments (Note 2)		897,448	
Accounts receivable, net (Note 3)	793,367	49,444	38,416
Pledges receivable (Note 3)			
Due from commonwealth (Note 4)			
Due from system office	3,694		
Interest receivable			
Prepaid expenses	27,965		
Inventories	13,500		
Notes receivable, net (Note 3)			
Total Current Assets	5,096,688	1,170,877	2,655,304
Noncurrent Assets			
Restricted cash and cash equivalents (Note 2)	(198,065)		
Prepaid expenses			
Endowment cash and cash equivalents (Note 2)	17,606		
Appropriation available			
Endowment investments (Note 2)		822,525	
Other long-term investments (Note 2)			
Accounts receivable, net (Note 3)			27,599
Investments in real estate (Note 2)			
Pledges receivable (Note 3)		4,650	
Due from commonwealth (Note 4)	198,065		
Notes receivable, net (Note 3)			
Post employment benefit assets (Note 18)	319,112		
Non-depreciable capital assets, net (Note 5)	594,274	2,500	592,972
Depreciable capital assets, net (Note 5)	9,493,470	1,175	5,486,289
Total Noncurrent Assets	10,424,462	830,850	6,106,860
Total Assets	15,521,150	2,001,727	8,762,164
Deferred Outflows of Resources (Note 8)	1,180,718		
Total Assets and Deferred Outflows of Resources	16,701,868	2,001,727	8,762,164
Liabilities			
Current Liabilities			
Accounts and retainage payable (Note 6)	286,926		4,429
Accrued payroll expense	378,991		
Unearned revenue	437,764	6,750	10,663
Long-term liabilities-current portion (Note 9)	313,106		
Securities lending obligation			
Post employment benefit obligations (Note 9)	18,273		
Due to system's office			
Deposits	1,538,789		
Total Current Liabilities	2,973,849	6,750	15,092

Virginia Community College System
Paul D. Camp Community College
Statement of Net Position
As of June 30, 2026

		Component Unit	
	Community College	Paul D. Camp Community College Foundation	Paul D. Camp Community College Real Estate Foundation
Noncurrent Liabilities			
Unearned revenue			27,599
Long-term liabilities (Note 9)	226,023		
Due to federal government (Note 9)			
Pension and post employment benefit obligations (Note 9)	3,945,331		
Total Noncurrent Liabilities	4,171,354		27,599
Total Liabilities	7,145,203	6,750	42,691
Deferred Inflows of Resources (Note 8)	911,871		
Total Liabilities and Deferred Inflows of Resources	8,057,074	6,750	42,691
Net Position			
Net investment in capital assets	10,071,902	3,675	6,079,261
Restricted for:			
Nonexpendable		315,565	
Expendable	1,621,828	1,591,750	1,749,095
Unrestricted	(3,048,936)	83,987	891,117
Total Net Position	8,644,794	1,994,977	8,719,473

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, 2026

		Component Unit	
	Community College	Paul D. Camp Community College Foundation	Paul D. Camp Community College Real Estate Foundation
Revenues			
Operating Revenue			
Tuition and fees (net of scholarship allowance of $2,413,873)	1,940,718		
Federal grants and contracts	3,228,096		
State and local grants	385,063		750,000
Nongovernmental grants	227,764	468,245	357,500
Sales/services of education department			
Auxiliary enterprises (net of scholarship allowance of $7,467)	41,878		
Gifts and contributions		118,138	
Other operating revenues	284,292	235,836	347,313
Total Operating Revenue	6,107,811	822,219	1,454,813
Expenses			
Operating Expenses			
Instruction	8,566,018		
Public service	150,960	41,118	
Academic support	1,774,255	368,020	48,613
Student services	2,211,601		
Institutional support	3,350,630	315,460	316,312
Operation and maintenance	3,177,024		
Scholarships and fellowships	1,063,506	194,940	
Auxiliary enterprises	10,676		
Fundraising		10,099	
Other expenses			
Total Operating Expenses (Note 12)	20,304,670	929,637	364,925
Operating Income (Loss)	(14,196,859)	(107,418)	1,089,888
Noncapital Subsidies			
State appropriations (Note 13)	9,047,419		
Local appropriations	108,646		
Grants and gifts	1,214,847		
Total Noncapital Subsidies	10,370,912		
Operating Income (Loss) and Noncapital Subsidies	(3,825,947)	(107,418)	1,089,888
Other Nonoperating Revenues (Expenses)			
Investment income	7,927	123,072	75,012
Interest on capital asset related debt	(528)		
Capital appropriations-state (Note 20)	216,939		
Capital appropriations-local			
Capital gifts, grants and contracts			
Additions to permanent and term endowments			
Other nonoperating revenue (expense)	955,940		
Total Other Nonoperating Revenue (Expenses)	1,180,278	123,072	75,012
Increase (Decrease) in Net Position	(2,645,669)	15,654	1,164,900
Net Position			
Net Position beginning of year, as previously stated	8,061,090	1,979,323	7,554,573
Net Position Adjustments (Note 1-W)	3,229,373		
Net Position end of year	8,644,794	1,994,977	8,719,473

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, 2026

	Community College
Cash flows from operating activities:	
Tuition and fees	2,146,788
Grants and contracts	3,801,309
Payments to suppliers and others	(8,845,963)
Payments for employee wages	(6,984,860)
Payments for employee fringes and pension benefits	(2,447,355)
Payment for scholarships	(1,068,319)
Payments for utilities	(409,667)
Sales and services of education department	
Auxiliary	41,878
Custodial receipts	3,599
Custodial disbursements	(1,628)
PLUS, Stafford and Direct Lending loan receipts	316,618
PLUS, Stafford and Direct Lending loan disbursements	(316,618)
Loans issued to students	
Loans collected from students	
Other	284,292
Net cash used by operating activities	(13,479,926)
Cash flows from non-capital financing activities:	
State appropriations	9,047,419
Local appropriations	108,646
Grants and gifts	1,214,847
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	1,037,487
Net cash provided (used) by non-capital financing activities	11,408,399
Cash flows from capital and related financing activities:	
Capital appropriations-state	850,076
Capital appropriations-local	
Capital grants and gifts	
Purchase capital assets	13,960
Proceeds from sale of capital assets	2,000
Debt interest payments	(528)
Debt principal payments	(7,661)
Net cash provided (used) by capital financing activities	857,847
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	7,882
Net cash provided (used) by investing activities	7,882
Net increase (decrease) in net position	
Net increase (decrease) in cash and cash equivalents	(1,205,798)
Cash and cash equivalents, beginning of year	5,283,501
Cash and cash equivalents, End of Year	4,077,703

Virginia Community College System
Paul D. Camp Community College
Statement of Cash Flows
For the Year Ended June 30, 2026

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(14,196,859)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	964,583
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	150,798
Prepaid expenses and other	24,139
Post employment benefits asset	(71,584)
Accrued compensation and leave	51,673
Accounts payable and other	(224,957)
Unearned revenue	15,708
Deposits pending distribution	(50)
Custodial receipts(disbursements)	1,971
Stafford and Direct Loan receipts(disbursements)	
Pension liability	(258,889)
Post employment benefits liability	(85,370)
Deferred inflows of resources related to pensions and post employment benefits	63,349
Deferred outlflows of resources related to pensions and post employment benefits	85,562
Net cash used in operating activities	(13,479,926)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	4,077,703
Less: Securities Lending Cash Equivalents	
Cash and cash equivalents end of year	4,077,703

Noncash transactions

Amortization of bond premium	
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	-

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, 2026

	Community College	Component Unit: Piedmont Virginia Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	8,909,732	6,592,379
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	1,329,994	
Pledges receivable (Note 3)		371,507
Due from commonwealth (Note 4)	46,839	
Due from system office	116,993	
Interest receivable		
Prepaid expenses	13,695	200
Inventories	5,500	
Notes receivable, net (Note 3)		
Total Current Assets	10,422,753	6,964,086
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	(195,775)	
Prepaid expenses		
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		20,468,820
Other long-term investments (Note 2)		7,036,097
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		38,935
Due from commonwealth (Note 4)	195,775	
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	790,034	
Non-depreciable capital assets, net (Note 5)	3,934,753	
Depreciable capital assets, net (Note 5)	46,995,832	
Total Noncurrent Assets	51,720,619	27,543,852
Total Assets	62,143,372	34,507,938
Deferred Outflows of Resources (Note 8)	3,775,432	
Total Assets and Deferred Outflows of Resources	65,918,804	34,507,938
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	864,633	96,820
Accrued payroll expense	2,582,840	124,357
Unearned revenue	1,160,646	
Long-term liabilities-current portion (Note 9)	1,016,654	
Securities lending obligation	15,226	
Post employment benefit obligations (Note 9)	58,682	
Due to system's office		
Deposits	64,421	
Total Current Liabilities	5,763,102	221,177

Virginia Community College System
Piedmont Virginia Community College
Statement of Net Position
As of June 30, 2026

	Community College	Component Unit: Piedmont Virginia Community College Educational Foundation
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 9)	951,719	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	10,470,038	
Total Noncurrent Liabilities	11,421,757	
Total Liabilities	17,184,859	221,177
Deferred Inflows of Resources (Note 8)	2,733,329	
Total Liabilities and Deferred Inflows of Resources	19,918,188	221,177
Net Position		
Net investment in capital assets	50,374,001	
Restricted for:		
Nonexpendable	(580)	29,590,537
Expendable	1,119,917	4,696,224
Unrestricted	(5,492,722)	
Total Net Position	46,000,616	34,286,761

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, 2026

	Community College	Component Unit Piedmont Virginia Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of $5,815,115)	7,197,456	-
Federal grants and contracts	7,902,986	
State and local grants	960,153	
Nongovernmental grants	45,983	
Sales/services of education department	733,626	
Auxiliary enterprises (net of scholarship allowance of $18,128)	171,475	
Gifts and contributions		828,445
Other operating revenues	1,273,816	
Total Operating Revenue	18,285,495	828,445
Expenses		
Operating Expenses		
Instruction	15,960,243	
Public service	1,650,480	
Academic support	4,225,454	1,148,723
Student services	5,361,668	
Institutional support	6,533,860	1,200,696
Operation and maintenance	3,435,233	
Scholarships and fellowships	5,805,847	497,530
Auxiliary enterprises	74,552	
Fundraising		224,489
Other expenses		4,370
Total Operating Expenses (Note 12)	43,047,337	3,075,808
Operating Income (Loss)	(24,761,842)	(2,247,363)
Noncapital Subsidies		
State appropriations (Note 13)	22,513,345	
Local appropriations	63,373	
Grants and gifts	705,907	
Total Noncapital Subsidies	23,282,625	
Operating Income (Loss) and Noncapital Subsidies	(1,479,217)	(2,247,363)
Other Nonoperating Revenues (Expenses)		
Investment income	66,757	3,258,836
Interest on capital asset related debt	(18,326)	
Capital appropriations-state (Note 20)	238,712	
Capital appropriations-local		
Capital gifts, grants and contracts	460,248	
Additions to permanent and term endowments		1,822,955
Other nonoperating revenue (expense)	1,124,598	
Total Other Nonoperating Revenue (Expenses)	1,871,989	5,081,791
Increase (Decrease) in Net Position	392,772	2,834,428
Net Position		
Net Position beginning of year, as previously stated	44,582,251	31,452,333
Net Position Adjustments (Note 1-W)	1,025,593	
Net Position end of year	46,000,616	34,286,761

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, 2026

	Community College
Cash flows from operating activities:	
Tuition and fees	8,636,965
Grants and contracts	8,955,397
Payments to suppliers and others	(7,128,946)
Payments for employee wages	(20,612,981)
Payments for employee fringes and pension benefits	(7,139,288)
Payment for scholarships	(6,776,808)
Payments for utilities	(467,787)
Sales and services of education department	733,626
Auxiliary	177,383
Custodial receipts	473,765
Custodial disbursements	(540,974)
PLUS, Stafford and Direct Lending loan receipts	931,817
PLUS, Stafford and Direct Lending loan disbursements	(899,218)
Loans issued to students	
Loans collected from students	
Other	1,294,350
Net cash used by operating activities	(22,362,699)
Cash flows from non-capital financing activities:	
State appropriations	22,513,345
Local appropriations	63,373
Grants and gifts	703,839
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	1,239,067
Net cash provided (used) by non-capital financing activities	24,519,624
Cash flows from capital and related financing activities:	
Capital appropriations-state	197,088
Capital appropriations-local	
Capital grants and gifts	460,179
Purchase capital assets	(1,718,739)
Proceeds from sale of capital assets	4,352
Debt interest payments	(18,326)
Debt principal payments	(336,496)
Net cash provided (used) by capital financing activities	(1,411,942)
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	65,986
Net cash provided (used) by investing activities	65,986
Net increase (decrease) in net position	
Net increase (decrease) in cash and cash equivalents	810,969
Cash and cash equivalents, beginning of year	7,887,762
Cash and cash equivalents, End of Year	8,698,731

Virginia Community College System
Piedmont Virginia Community College
Statement of Cash Flows
For the Year Ended June 30, 2026

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(24,761,842)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	2,601,434
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	1,350,293
Prepaid expenses and other	(3,319)
Post employment benefits asset	(128,769)
Accrued compensation and leave	195,639
Accounts payable and other	(324,030)
Unearned revenue	58,334
Deposits pending distribution	104,036
Custodial receipts(disbursements)	(67,438)
Stafford and Direct Loan receipts(disbursements)	32,599
Pension liability	(1,133,663)
Post employment benefits liability	(408,344)
Deferred inflows of resources related to pensions and post employment benefits	133,433
Deferred outlflows of resources related to pensions and post employment benefits	(11,062)
Net cash used in operating activities	(22,362,699)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	8,713,957
Less: Securities Lending Cash Equivalents	15,226
Cash and cash equivalents end of year	8,698,731
Noncash transactions	
Amortization of bond premium	
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	279,174
Retainage payable	335,065

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, 2026

	Community College	Component Unit: Rappahannock Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	7,337,087	751,158
Appropriation available	68	
Short term investments (Note 2)	991,376	4,874,299
Accounts receivable, net (Note 3)	345,085	361,503
Pledges receivable (Note 3)		155,833
Due from commonwealth (Note 4)		
Due from system office	29,944	
Interest receivable	12,459	
Prepaid expenses	35,288	2,638
Inventories	56,800	
Notes receivable, net (Note 3)		
Total Current Assets	8,808,107	6,145,431
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		
Prepaid expenses	35,298	
Endowment cash and cash equivalents (Note 2)		
Appropriation available		
Endowment investments (Note 2)		21,431,232
Other long-term investments (Note 2)		
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		100,000
Pledges receivable (Note 3)		226,514
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	600,228	
Non-depreciable capital assets, net (Note 5)	494,036	1,538,488
Depreciable capital assets, net (Note 5)	8,326,360	
Total Noncurrent Assets	9,455,922	23,296,234
Total Assets	18,264,029	29,441,665
Deferred Outflows of Resources (Note 8)	3,223,019	
Total Assets and Deferred Outflows of Resources	21,487,048	29,441,665
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	194,571	469,210
Accrued payroll expense	1,444,025	
Unearned revenue	561,291	
Long-term liabilities-current portion (Note 9)	659,094	
Securities lending obligation	145	
Post employment benefit obligations (Note 9)	39,217	
Due to system's office		
Deposits	1,258,951	
Total Current Liabilities	4,157,294	469,210

Virginia Community College System
Rappahannock Community College
Statement of Net Position
As of June 30, 2026

	Community College	Component Unit: Rappahannock Community College Educational Foundation
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 9)	575,134	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	7,724,159	
Total Noncurrent Liabilities	8,299,293	
Total Liabilities	12,456,587	469,210
Deferred Inflows of Resources (Note 8)	1,780,046	
Total Liabilities and Deferred Inflows of Resources	14,236,633	469,210
Net Position		
Net investment in capital assets	8,604,925	1,538,488
Restricted for:		
Nonexpendable		7,548,006
Expendable	2,642,022	18,364,713
Unrestricted	(3,996,532)	1,521,248
Total Net Position	7,250,415	28,972,455

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, 2026

	Community College	Component Unit Rappahannock Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of $3,291,043)	3,075,709	-
Federal grants and contracts	6,466,905	731,343
State and local grants	652,804	
Nongovernmental grants	363,794	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of $9,366)	130,850	
Gifts and contributions		268,058
Other operating revenues	682,274	213,169
Total Operating Revenue	11,372,336	1,212,570
Expenses		
Operating Expenses		
Instruction	9,426,042	17,470
Public service	408,104	
Academic support	3,255,429	533,243
Student services	3,979,238	
Institutional support	6,021,524	180,698
Operation and maintenance	2,955,599	
Scholarships and fellowships	2,554,604	932,600
Auxiliary enterprises	27,223	
Fundraising		62,702
Other expenses		98,325
Total Operating Expenses (Note 12)	28,627,763	1,825,038
Operating Income (Loss)	(17,255,427)	(612,468)
Noncapital Subsidies		
State appropriations (Note 13)	15,925,190	
Local appropriations	105,569	
Grants and gifts	860,633	
Total Noncapital Subsidies	16,891,392	
Operating Income (Loss) and Noncapital Subsidies	(364,035)	(612,468)
Other Nonoperating Revenues (Expenses)		
Investment income	40,918	2,694,698
Interest on capital asset related debt	(5,870)	
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts		
Additions to permanent and term endowments		1,689,290
Other nonoperating revenue (expense)	416,659	
Total Other Nonoperating Revenue (Expenses)	451,707	4,383,988
Increase (Decrease) in Net Position	87,672	3,771,520
Net Position		
Net Position beginning of year, as previously stated	6,690,510	25,200,935
Net Position Adjustments (Note 1-W)	472,233	
Net Position end of year	7,250,415	28,972,455

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, 2026

	Community College
Cash flows from operating activities:	
Tuition and fees	3,206,387
Grants and contracts	7,483,503
Payments to suppliers and others	(6,434,241)
Payments for employee wages	(13,180,795)
Payments for employee fringes and pension benefits	(4,812,478)
Payment for scholarships	(2,838,926)
Payments for utilities	(303,396)
Sales and services of education department	
Auxiliary	130,850
Custodial receipts	939
Custodial disbursements	(242)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Loans issued to students	
Loans collected from students	
Other	678,974
Net cash used by operating activities	(16,069,425)
Cash flows from non-capital financing activities:	
State appropriations	15,925,190
Local appropriations	105,569
Grants and gifts	860,633
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	401,008
Net cash provided (used) by non-capital financing activities	17,292,400
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	
Purchase capital assets	(456,098)
Proceeds from sale of capital assets	
Debt interest payments	(5,870)
Debt principal payments	(168,764)
Net cash provided (used) by capital financing activities	(630,732)
Cash flows from investing activities:	
Purchases of investments	(16,780)
Sale of investments	170,796
Investment income	56,732
Net cash provided (used) by investing activities	210,748
Net increase (decrease) in net position	
Net increase (decrease) in cash and cash equivalents	802,991
Cash and cash equivalents, beginning of year	6,533,951
Cash and cash equivalents, End of Year	7,336,942

Virginia Community College System
Rappahannock Community College
Statement of Cash Flows
For the Year Ended June 30, 2026

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(17,255,427)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,637,523
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(64,029)
Prepaid expenses and other	331,633
Post employment benefits asset	(143,992)
Accrued compensation and leave	26,940
Accounts payable and other	(251,080)
Unearned revenue	127,565
Deposits pending distribution	63,842
Custodial receipts(disbursements)	697
Stafford and Direct Loan receipts(disbursements)	
Pension liability	(132,341)
Post employment benefits liability	(130,744)
Deferred inflows of resources related to pensions and post employment benefits	173,597
Deferred outlflows of resources related to pensions and post employment benefits	(453,609)
Net cash used in operating activities	(16,069,425)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	7,337,087
Less: Securities Lending Cash Equivalents	145
Cash and cash equivalents end of year	7,336,942
Noncash transactions	
Donated capital assets	
Amortization of bond premium	
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	348,561
Retainage payable	2,118

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, 2026

	Community College	Component Unit: Southside Virginia Community College Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	19,824,551	1,372,902
Appropriation available		
Short term investments (Note 2)		1,478,078
Accounts receivable, net (Note 3)	895,150	1,265,543
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)	226,083	
Due from system office	199,153	
Interest receivable	881	
Prepaid expenses	298,274	
Inventories		
Notes receivable, net (Note 3)		
Total Current Assets	21,444,092	4,116,523
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		
Prepaid expenses	21,343	
Endowment cash and cash equivalents (Note 2)		4,481
Appropriation available		
Endowment investments (Note 2)		6,115,718
Other long-term investments (Note 2)		1,298,787
Accounts receivable, net (Note 3)	6,455	
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	673,261	
Non-depreciable capital assets, net (Note 5)	634,070	67,250
Depreciable capital assets, net (Note 5)	28,493,164	1,020,984
Total Noncurrent Assets	29,828,293	8,507,220
Total Assets	51,272,385	12,623,743
Deferred Outflows of Resources (Note 8)	3,201,331	
Total Assets and Deferred Outflows of Resources	54,473,716	12,623,743
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	735,375	775,592
Accrued payroll expense	1,837,173	
Unearned revenue	1,096,246	
Long-term liabilities-current portion (Note 9)	859,459	
Securities lending obligation	1,091	
Post employment benefit obligations (Note 9)	47,067	
Due to system's office		
Deposits	715,163	
Total Current Liabilities	5,291,574	775,592

Virginia Community College System
Southside Virginia Community College
Statement of Net Position
As of June 30, 2026

	Community College	Component Unit: Southside Virginia Community College Foundation
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 9)	1,046,563	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	8,943,819	
Total Noncurrent Liabilities	9,990,382	
Total Liabilities	15,281,956	775,592
Deferred Inflows of Resources (Note 8)	2,156,207	
Total Liabilities and Deferred Inflows of Resources	17,438,163	775,592
Net Position		
Net investment in capital assets	28,509,420	1,088,234
Restricted for:		
Nonexpendable		1,066,413
Expendable	1,807,319	4,408,976
Unrestricted	6,718,814	5,284,528
Total Net Position	37,035,553	11,848,151

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, 2026

	Community College	Component Unit Southside Virginia Community College Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of $8,109,308)	2,143,386	-
Federal grants and contracts	9,451,042	1,231,621
State and local grants	82,684	1,491,661
Nongovernmental grants	3,000	376,249
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of $25,085)	119,596	
Gifts and contributions		779,853
Other operating revenues	1,663,440	141,697
Total Operating Revenue	13,463,148	4,021,081
Expenses		
Operating Expenses		
Instruction	11,266,331	
Public service	610,935	
Academic support	5,371,222	1,197
Student services	2,586,350	
Institutional support	5,263,858	2,255,464
Operation and maintenance	4,185,737	50,670
Scholarships and fellowships	4,132,447	467,702
Auxiliary enterprises	45,757	
Fundraising		85,883
Other expenses		
Total Operating Expenses (Note 12)	33,462,637	2,860,916
Operating Income (Loss)	(19,999,489)	1,160,165
Noncapital Subsidies		
State appropriations (Note 13)	18,773,635	
Local appropriations	89,311	
Grants and gifts	1,330,730	
Total Noncapital Subsidies	20,193,676	
Operating Income (Loss) and Noncapital Subsidies	194,187	1,160,165
Other Nonoperating Revenues (Expenses)		
Investment income	162,834	659,068
Interest on capital asset related debt	(31,268)	
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	975,183	
Additions to permanent and term endowments		250
Other nonoperating revenue (expense)	1,308,273	
Total Other Nonoperating Revenue (Expenses)	2,415,022	659,318
Increase (Decrease) in Net Position	2,609,209	1,819,483
Net Position		
Net Position beginning of year, as previously stated	33,876,940	10,028,668
Net Position Adjustments (Note 1-W)	549,404	
Net Position end of year	37,035,553	11,848,151

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, 2026

	Community College
Cash flows from operating activities:	
Tuition and fees	3,073,678
Grants and contracts	9,940,245
Payments to suppliers and others	(6,412,824)
Payments for employee wages	(15,243,656)
Payments for employee fringes and pension benefits	(5,612,000)
Payment for scholarships	(4,128,760)
Payments for utilities	(556,573)
Sales and services of education department	
Auxiliary	136,173
Custodial receipts	86,249
Custodial disbursements	(93,761)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Loans issued to students	
Loans collected from students	
Other	1,619,238
Net cash used by operating activities	(17,191,991)
Cash flows from non-capital financing activities:	
State appropriations	18,773,635
Local appropriations	89,311
Grants and gifts	1,829,995
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	1,165,052
Net cash provided (used) by non-capital financing activities	21,857,993
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	577,334
Purchase capital assets	(995,619)
Proceeds from sale of capital assets	17,113
Debt interest payments	(31,268)
Debt principal payments	(179,963)
Net cash provided (used) by capital financing activities	(612,403)
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	205,603
Net cash provided (used) by investing activities	205,603
Net increase (decrease) in net position	
Net increase (decrease) in cash and cash equivalents	4,259,202
Cash and cash equivalents, beginning of year	15,564,258
Cash and cash equivalents, End of Year	19,823,460

Virginia Community College System
Southside Virginia Community College
Statement of Cash Flows
For the Year Ended June 30, 2026

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(19,999,489)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,972,867
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	1,100,090
Prepaid expenses and other	28,436
Post employment benefits asset	(132,274)
Accrued compensation and leave	244,720
Accounts payable and other	392,073
Unearned revenue	209,727
Deposits pending distribution	
Custodial receipts(disbursements)	(7,512)
Stafford and Direct Loan receipts(disbursements)	
Pension liability	(926,749)
Post employment benefits liability	(252,704)
Deferred inflows of resources related to pensions and post employment benefits	178,648
Deferred outlflows of resources related to pensions and post employment benefits	176
Net cash used in operating activities	(17,191,991)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	19,824,551
Less: Securities Lending Cash Equivalents	1,091
Cash and cash equivalents end of year	19,823,460
Noncash transactions	
Donated capital assets	397,849
Amortization of bond premium	
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	98,950
Retainage payable	45,909

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, 2026

	Community College	Component Unit Southwest Virginia Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	6,279,620	672,280
Appropriation available	48	
Short term investments (Note 2)		21,553,635
Accounts receivable, net (Note 3)	895,623	
Pledges receivable (Note 3)		72,383
Due from commonwealth (Note 4)		
Due from system office	1,312	
Interest receivable		
Prepaid expenses	114,361	15,123
Inventories	26,000	
Notes receivable, net (Note 3)		
Total Current Assets	7,316,964	22,313,421
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		
Prepaid expenses	6,099	
Endowment cash and cash equivalents (Note 2)		
Appropriation available	2,592,857	
Endowment investments (Note 2)		5,941,527
Other long-term investments (Note 2)		11,803,630
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		31,848
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	608,238	
Non-depreciable capital assets, net (Note 5)	1,094,435	364,479
Depreciable capital assets, net (Note 5)	19,754,229	4,857,131
Total Noncurrent Assets	24,055,858	22,998,615
Total Assets	31,372,822	45,312,036
Deferred Outflows of Resources (Note 8)	3,094,591	
Total Assets and Deferred Outflows of Resources	34,467,413	45,312,036
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	405,415	5,277
Accrued payroll expense	2,014,535	
Unearned revenue	1,189,140	
Long-term liabilities-current portion (Note 9)	670,376	91,049
Securities lending obligation	1,156	
Post employment benefit obligations (Note 9)	51,240	
Due to system's office		
Deposits	89,907	2,949
Total Current Liabilities	4,421,769	99,275

Virginia Community College System
Southwest Virginia Community College
Statement of Net Position
As of June 30, 2026

	Community College	Component Unit Southwest Virginia Community College Educational Foundation
Noncurrent Liabilities		
Unearned revenue	106,900	
Long-term liabilities (Note 9)	798,422	3,157,571
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	8,677,035	
Total Noncurrent Liabilities	9,582,357	3,157,571
Total Liabilities	14,004,126	3,256,846
Deferred Inflows of Resources (Note 8)	2,240,421	
Total Liabilities and Deferred Inflows of Resources	16,244,547	3,256,846
Net Position		
Net investment in capital assets	20,476,684	1,972,990
Restricted for:		
Nonexpendable		3,307,091
Expendable	3,519,039	10,526,542
Unrestricted	(5,772,857)	26,248,567
Total Net Position	18,222,866	42,055,190

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, 2026

	Community College	Component Unit Southwest Virginia Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of $6,638,299)	2,088,786	
Federal grants and contracts	10,223,537	
State and local grants	430,506	
Nongovernmental grants	371,326	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of $20,535)	902,985	
Gifts and contributions		1,018,797
Other operating revenues	354,787	829,444
Total Operating Revenue	14,371,927	1,848,241
Expenses		
Operating Expenses		
Instruction	9,429,887	
Public service	1,619,771	
Academic support	2,130,555	
Student services	4,618,556	
Institutional support	4,342,407	2,166,644
Operation and maintenance	4,497,496	516,923
Scholarships and fellowships	5,599,819	506,616
Auxiliary enterprises	567,684	
Fundraising		20,728
Other expenses		
Total Operating Expenses (Note 12)	32,806,175	3,210,911
Operating Income (Loss)	(18,434,248)	(1,362,670)
Noncapital Subsidies		
State appropriations (Note 13)	16,278,787	
Local appropriations	223,832	
Grants and gifts	455,813	
Total Noncapital Subsidies	16,958,432	
Operating Income (Loss) and Noncapital Subsidies	(1,475,816)	(1,362,670)
Other Nonoperating Revenues (Expenses)		
Investment income	4,922	6,425,520
Interest on capital asset related debt	(20,948)	(145,897)
Capital appropriations-state (Note 20)	2,435,000	
Capital appropriations-local	20,797	
Capital gifts, grants and contracts	726,723	
Additions to permanent and term endowments		62,704
Other nonoperating revenue (expense)	611,425	(2,366,992)
Total Other Nonoperating Revenue (Expenses)	3,777,919	3,975,335
Increase (Decrease) in Net Position	2,302,103	2,612,665
Net Position		
Net Position beginning of year, as previously stated	13,972,572	39,442,525
Net Position Adjustments (Note 1-W)	1,948,191	
Net Position end of year	18,222,866	42,055,190

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, 2026

	Community College
Cash flows from operating activities:	
Tuition and fees	2,534,388
Grants and contracts	10,713,227
Payments to suppliers and others	(5,195,088)
Payments for employee wages	(13,594,795)
Payments for employee fringes and pension benefits	(5,134,506)
Payment for scholarships	(5,779,064)
Payments for utilities	(1,054,708)
Sales and services of education department	
Auxiliary	902,985
Custodial receipts	27,939
Custodial disbursements	(19,683)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Loans issued to students	
Loans collected from students	
Other	286,324
Net cash used by operating activities	(16,312,981)
Cash flows from non-capital financing activities:	
State appropriations	16,278,787
Local appropriations	223,832
Grants and gifts	455,813
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	734,217
Net cash provided (used) by non-capital financing activities	17,692,649
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	20,797
Capital grants and gifts	608,507
Purchase capital assets	(1,098,401)
Proceeds from sale of capital assets	
Debt interest payments	(20,948)
Debt principal payments	(268,496)
Net cash provided (used) by capital financing activities	(758,541)
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	4,807
Net cash provided (used) by investing activities	4,807
Net increase (decrease) in net position	
Net increase (decrease) in cash and cash equivalents	625,934
Cash and cash equivalents, beginning of year	5,652,530
Cash and cash equivalents, End of Year	6,278,464

Virginia Community College System
Southwest Virginia Community College
Statement of Cash Flows
For the Year Ended June 30, 2026

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(18,434,248)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	2,376,329
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(120,157)
Prepaid expenses and other	(43,895)
Post employment benefits asset	(109,361)
Accrued compensation and leave	351,609
Accounts payable and other	(5,712)
Unearned revenue	185,154
Deposits pending distribution	
Custodial receipts(disbursements)	8,256
Stafford and Direct Loan receipts(disbursements)	
Pension liability	(996,609)
Post employment benefits liability	(269,086)
Deferred inflows of resources related to pensions and post employment benefits	425,407
Deferred outlflows of resources related to pensions and post employment benefits	319,332
Net cash used in operating activities	(16,312,981)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	6,279,620
Less: Securities Lending Cash Equivalents	1,156
Cash and cash equivalents end of year	6,278,464
Noncash transactions	
Donated capital assets	118,216
Amortization of bond premium	
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	

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

Virginia Community College System
Virginia Peninsula Community College
Statement of Net Position
As of June 30, 2026

	Community College	Component Unit: Virginia Peninsula Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	25,313,168	1,031,069
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	1,293,130	34,263
Pledges receivable (Note 3)		87,000
Due from commonwealth (Note 4)	462,108	
Due from system office	57,191	
Interest receivable		
Prepaid expenses	141,894	
Inventories	1,250	
Notes receivable, net (Note 3)		
Total Current Assets	27,268,741	1,152,332
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	(227,633)	
Prepaid expenses		
Endowment cash and cash equivalents (Note 2)		
Appropriation available	7,313,487	
Endowment investments (Note 2)		11,354,720
Other long-term investments (Note 2)		2,262,160
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		558,900
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)	369,956	
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	1,013,917	
Non-depreciable capital assets, net (Note 5)	8,695,645	222,200
Depreciable capital assets, net (Note 5)	66,209,504	625,582
Total Noncurrent Assets	83,374,876	15,023,562
Total Assets	110,643,617	16,175,894
Deferred Outflows of Resources (Note 8)	4,812,906	
Total Assets and Deferred Outflows of Resources	115,456,523	16,175,894
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	1,517,963	37,817
Accrued payroll expense	1,924,277	
Unearned revenue	2,267,957	
Long-term liabilities-current portion (Note 9)	2,411,141	14,155
Securities lending obligation	15,963	
Post employment benefit obligations (Note 9)	62,125	
Due to system's office		
Deposits	1,305,549	
Total Current Liabilities	9,504,975	51,972

Virginia Community College System
Virginia Peninsula Community College
Statement of Net Position
As of June 30, 2026

	Community College	Component Unit Virginia Peninsula Community College Educational Foundation
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 9)	878,629	84,865
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	13,438,871	
Total Noncurrent Liabilities	14,317,500	84,865
Total Liabilities	23,822,475	136,837
Deferred Inflows of Resources (Note 8)	4,063,098	
Total Liabilities and Deferred Inflows of Resources	27,885,573	136,837
Net Position		
Net investment in capital assets	73,437,012	847,782
Restricted for:		
Nonexpendable		4,386,234
Expendable	9,361,681	8,752,799
Unrestricted	4,772,257	2,052,242
Total Net Position	87,570,950	16,039,057

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

Virginia Community College System
Virginia Peninsula Community College
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2026

	Community College	Component Unit Virginia Peninsula Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of $10,393,882)	10,777,667	
Federal grants and contracts	12,101,187	
State and local grants	479,293	
Nongovernmental grants		197,125
Sales/services of education department	26,185	
Auxiliary enterprises (net of scholarship allowance of $32,657)	254,038	
Gifts and contributions		1,233,460
Other operating revenues	3,672,725	1,653,683
Total Operating Revenue	27,311,095	3,084,268
Expenses		
Operating Expenses		
Instruction	21,017,055	1,942
Public service	2,038,586	5,166,351
Academic support	2,212,807	238,987
Student services	4,777,687	
Institutional support	13,822,947	459,862
Operation and maintenance	8,995,093	
Scholarships and fellowships	8,693,981	268,539
Auxiliary enterprises	2,120,474	
Fundraising		94,856
Other expenses		
Total Operating Expenses (Note 12)	63,678,630	6,230,537
Operating Income (Loss)	(36,367,535)	(3,146,269)
Noncapital Subsidies		
State appropriations (Note 13)	32,746,403	
Local appropriations	46,479	
Grants and gifts	2,562,989	
Total Noncapital Subsidies	35,355,871	
Operating Income (Loss) and Noncapital Subsidies	(1,011,664)	(3,146,269)
Other Nonoperating Revenues (Expenses)		
Investment income	374,720	1,816,837
Interest on capital asset related debt	(18,789)	
Capital appropriations-state (Note 20)	1,473,017	
Capital appropriations-local	609,528	
Capital gifts, grants and contracts	833,988	838,923
Additions to permanent and term endowments		30,000
Other nonoperating revenue (expense)	14,022	(3,766)
Total Other Nonoperating Revenue (Expenses)	3,286,486	2,681,994
Increase (Decrease) in Net Position	2,274,822	(464,275)
Net Position		
Net Position beginning of year, as previously stated	85,369,271	16,503,332
Net Position Adjustments (Note 1-W)	(73,143)	
Net Position end of year	87,570,950	16,039,057

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

Virginia Community College System
Virginia Peninsula Community College
Statement of Cash Flows
For the Year Ended June 30, 2026

	Community College
Cash flows from operating activities:	
Tuition and fees	11,356,832
Grants and contracts	12,619,146
Payments to suppliers and others	(19,538,578)
Payments for employee wages	(25,693,856)
Payments for employee fringes and pension benefits	(8,294,400)
Payment for scholarships	(8,709,650)
Payments for utilities	(1,310,645)
Sales and services of education department	26,185
Auxiliary	259,877
Custodial receipts	(36,386)
Custodial disbursements	9,156
PLUS, Stafford and Direct Lending loan receipts	2,134,705
PLUS, Stafford and Direct Lending loan disbursements	(2,229,110)
Loans issued to students	
Loans collected from students	
Other	3,968,090
Net cash used by operating activities	(35,438,634)
Cash flows from non-capital financing activities:	
State appropriations	32,746,403
Local appropriations	46,479
Grants and gifts	2,100,881
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	1,415,658
Net cash provided (used) by non-capital financing activities	36,309,421
Cash flows from capital and related financing activities:	
Capital appropriations-state	1,499,091
Capital appropriations-local	609,528
Capital grants and gifts	833,965
Purchase capital assets	(4,151,407)
Proceeds from sale of capital assets	12,756
Debt interest payments	(18,789)
Debt principal payments	(1,689,281)
Net cash provided (used) by capital financing activities	(2,904,137)
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	374,061
Net cash provided (used) by investing activities	374,061
Net increase (decrease) in net position	
Net increase (decrease) in cash and cash equivalents	(1,659,289)
Cash and cash equivalents, beginning of year	26,728,861
Cash and cash equivalents, End of Year	25,069,572

Virginia Community College System
Virginia Peninsula Community College
Statement of Cash Flows
For the Year Ended June 30, 2026

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(36,367,535)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	4,318,529
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(260,796)
Prepaid expenses and other	53,834
Post employment benefits asset	(163,831)
Accrued compensation and leave	255,108
Accounts payable and other	(1,728,393)
Unearned revenue	285,813
Deposits pending distribution	893,307
Custodial receipts(disbursements)	(37,454)
Stafford and Direct Loan receipts(disbursements)	(94,405)
Pension liability	(1,795,494)
Post employment benefits liability	(440,819)
Deferred inflows of resources related to pensions and post employment benefits	(362,280)
Deferred outlflows of resources related to pensions and post employment benefits	5,782
Net cash used in operating activities	(35,438,634)

Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	25,085,535
Less: Securities Lending Cash Equivalents	15,963
Cash and cash equivalents end of year	25,069,572

Noncash transactions

Amortization of bond premium	
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	2,839,058
Retainage payable	100,393

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, 2026

	Community College	Component Units: Tidewater Community College Educational Foundation	Component Units: Tidewater Community College Real Estate Foundation
Assets			
Current Assets			
Cash and cash equivalents (Note 2)	31,645,231	2,395,702	564,989
Appropriation available			
Short term investments (Note 2)	16,873,033		
Accounts receivable, net (Note 3)	4,050,968	19,318	228,300
Pledges receivable (Note 3)		683,387	
Due from commonwealth (Note 4)	339,036		
Due from system office	300,533		
Interest receivable	157,312		
Prepaid expenses	650,408	46,193	19,326
Inventories	415,618		
Notes receivable, net (Note 3)			
Total Current Assets	54,432,139	3,144,600	812,615
Noncurrent Assets			
Restricted cash and cash equivalents (Note 2)	59,192		
Prepaid expenses	1,075		
Endowment cash and cash equivalents (Note 2)		262,081	
Appropriation available	9,527		
Endowment investments (Note 2)		3,378,664	
Other long-term investments (Note 2)	15,771,862	8,230,612	7,043,449
Accounts receivable, net (Note 3)	28,436		
Investments in real estate (Note 2)			
Pledges receivable (Note 3)		682,687	
Due from commonwealth (Note 4)			
Notes receivable, net (Note 3)			
Post employment benefit assets (Note 18)	2,967,804		
Non-depreciable capital assets, net (Note 5)	23,078,233		4,166,443
Depreciable capital assets, net (Note 5)	247,033,863		12,483,040
Total Noncurrent Assets	288,949,992	12,554,044	23,692,932
Total Assets	343,382,131	15,698,644	24,505,547
Deferred Outflows of Resources (Note 8)	14,244,318		
Total Assets and Deferred Outflows of Resources	357,626,449	15,698,644	24,505,547
Liabilities			
Current Liabilities			
Accounts and retainage payable (Note 6)	2,212,346	439,846	41,574
Accrued payroll expense	7,287,460		
Unearned revenue	2,867,368		423,671
Long-term liabilities-current portion (Note 9)	9,342,280	570	298,584
Securities lending obligation	4,716		
Post employment benefit obligations (Note 9)	184,096		
Due to system's office			
Deposits			
Total Current Liabilities	21,898,266	440,416	763,829

Virginia Community College System
Tidewater Community College
Statement of Net Position
As of June 30, 2026

		Component Units	
	Community College	Tidewater Community College Educational Foundation	Tidewater Community College Real Estate Foundation
Noncurrent Liabilities			
Unearned revenue			
Long-term liabilities (Note 9)	35,226,080	1,934	8,963,714
Due to federal government (Note 9)			
Pension and post employment benefit obligations (Note 9)	38,638,133		
Total Noncurrent Liabilities	73,864,213	1,934	8,963,714
Total Liabilities	95,762,479	442,350	9,727,543
Deferred Inflows of Resources (Note 8)	13,323,936		
Total Liabilities and Deferred Inflows of Resources	109,086,415	442,350	9,727,543
Net Position			
Net investment in capital assets	231,057,658		7,387,185
Restricted for:			
Nonexpendable		3,640,745	
Expendable	3,800,574	8,801,051	
Unrestricted	13,681,802	2,814,498	7,390,819
Total Net Position	248,540,034	15,256,294	14,778,004

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, 2026

		Component Units	
	Community College	Tidewater Community College Educational Foundation	Tidewater Community College Real Estate Foundation
Revenues			
Operating Revenue			
Tuition and fees (net of scholarship allowance of $26,007,764)	29,321,162		
Federal grants and contracts	34,472,887		
State and local grants	88,078		
Nongovernmental grants	209,444	98,283	
Sales/services of education department	18,628		
Auxiliary enterprises (net of scholarship allowance of $80,029)	8,090,695		
Gifts and contributions		1,113,222	49,215
Other operating revenues	3,133,875	609,257	1,360,146
Total Operating Revenue	75,334,769	1,820,762	1,409,361
Expenses			
Operating Expenses			
Instruction	53,508,700	88,696	
Public service	2,915,076		
Academic support	9,003,485	48,628	
Student services	15,799,403	290,059	
Institutional support	26,244,135	1,515,175	514,680
Operation and maintenance	19,340,552		589,743
Scholarships and fellowships	26,921,577	583,470	
Auxiliary enterprises	5,346,465		
Fundraising		167,771	
Other expenses		570	
Total Operating Expenses (Note 12)	159,079,393	2,694,369	1,104,423
Operating Income (Loss)	(83,744,624)	(873,607)	304,938
Noncapital Subsidies			
State appropriations (Note 13)	79,964,036		
Local appropriations	23,880		
Grants and gifts	1,447,501		
Total Noncapital Subsidies	81,435,417		
Operating Income (Loss) and Noncapital Subsidies	(2,309,207)	(873,607)	304,938
Other Nonoperating Revenues (Expenses)			
Investment income	1,745,621	1,304,764	785,748
Interest on capital asset related debt	(1,230,589)		(326,598)
Capital appropriations-state (Note 20)			
Capital appropriations-local			
Capital gifts, grants and contracts	1,075,729		
Additions to permanent and term endowments		558,550	
Other nonoperating revenue (expense)	1,935,168		
Total Other Nonoperating Revenue (Expenses)	3,525,929	1,863,314	459,150
Increase (Decrease) in Net Position	1,216,722	989,707	764,088
Net Position			
Net Position beginning of year, as previously stated	246,982,084	14,266,587	14,013,916
Net Position Adjustments (Note 1-W)	341,228		
Net Position end of year	248,540,034	15,256,294	14,778,004

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, 2026

	Community College
Cash flows from operating activities:	
Tuition and fees	25,452,149
Grants and contracts	35,871,156
Payments to suppliers and others	(26,780,135)
Payments for employee wages	(72,567,895)
Payments for employee fringes and pension benefits	(23,648,975)
Payment for scholarships	(26,638,690)
Payments for utilities	(4,739,956)
Sales and services of education department	18,628
Auxiliary	8,090,695
Custodial receipts	600,843
Custodial disbursements	(538,614)
PLUS, Stafford and Direct Lending loan receipts	7,658,681
PLUS, Stafford and Direct Lending loan disbursements	(7,667,574)
Loans issued to students	
Loans collected from students	
Other	3,077,680
Net cash used by operating activities	(81,812,007)
Cash flows from non-capital financing activities:	
State appropriations	79,964,036
Local appropriations	23,880
Grants and gifts	2,020,141
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	1,918,226
Net cash provided (used) by non-capital financing activities	83,926,283
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	1,060,729
Purchase capital assets	(5,437,982)
Proceeds from sale of capital assets	52,384
Debt interest payments	(1,481,004)
Debt principal payments	(6,795,858)
Net cash provided (used) by capital financing activities	(12,601,731)
Cash flows from investing activities:	
Purchases of investments	(17,652,000)
Sale of investments	23,315,000
Investment income	1,763,818
Net cash provided (used) by investing activities	7,426,818
Net increase (decrease) in net position	
Net increase (decrease) in cash and cash equivalents	(3,060,637)
Cash and cash equivalents, beginning of year	34,760,344
Cash and cash equivalents, End of Year	31,699,707

Virginia Community College System
Tidewater Community College
Statement of Cash Flows
For the Year Ended June 30, 2026

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(83,744,624)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	12,415,674
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	216,379
Prepaid expenses and other	82,525
Post employment benefits asset	(471,580)
Accrued compensation and leave	473,207
Accounts payable and other	(548,328)
Unearned revenue	(2,410,433)
Deposits pending distribution	(631,391)
Custodial receipts(disbursements)	62,229
Stafford and Direct Loan receipts(disbursements)	(8,893)
Pension liability	(5,893,174)
Post employment benefits liability	(1,380,031)
Deferred inflows of resources related to pensions and post employment benefits	(248,787)
Deferred outlflows of resources related to pensions and post employment benefits	275,220
Net cash used in operating activities	(81,812,007)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	31,704,423
Less: Securities Lending Cash Equivalents	4,716
Cash and cash equivalents end of year	31,699,707
Noncash transactions	
Donated capital assets	15,000
Amortization of bond premium	344,071
Unrealized gain/loss on investments	55,868
Amortization of deferral on debt defeasance	(181,000)
Capital assets acquired through the assumption of a liability	1,421,853
Retainage payable	94,686

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, 2026

	Community College	Component Unit: Virginia Highlands Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	7,192,688	2,340,339
Appropriation available	846	
Short term investments (Note 2)	266,890	
Accounts receivable, net (Note 3)	875,913	564,720
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)		
Due from system office	836,570	
Interest receivable		
Prepaid expenses	75,473	
Inventories		
Notes receivable, net (Note 3)		
Total Current Assets	9,248,380	2,905,059
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		
Prepaid expenses	96,727	
Endowment cash and cash equivalents (Note 2)		
Appropriation available	250,000	
Endowment investments (Note 2)		2,223,295
Other long-term investments (Note 2)		
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	474,055	
Non-depreciable capital assets, net (Note 5)	3,730,653	8,200,555
Depreciable capital assets, net (Note 5)	7,001,445	17,352
Total Noncurrent Assets	11,552,880	10,441,202
Total Assets	20,801,260	13,346,261
Deferred Outflows of Resources (Note 8)	2,305,079	
Total Assets and Deferred Outflows of Resources	23,106,339	13,346,261
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	1,385,797	251,474
Accrued payroll expense	1,528,831	
Unearned revenue	610,088	
Long-term liabilities-current portion (Note 9)	423,548	
Securities lending obligation	8	
Post employment benefit obligations (Note 9)	40,169	
Due to system's office		
Deposits	1,184,366	
Total Current Liabilities	5,172,807	251,474

Virginia Community College System
Virginia Highlands Community College
Statement of Net Position
As of June 30, 2026

	Community College	Component Unit: Virginia Highlands Community College Educational Foundation
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 9)	282,059	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	6,348,863	
Total Noncurrent Liabilities	6,630,922	
Total Liabilities	11,803,729	251,474
Deferred Inflows of Resources (Note 8)	1,513,597	
Total Liabilities and Deferred Inflows of Resources	13,317,326	251,474
Net Position		
Net investment in capital assets	10,732,098	8,217,907
Restricted for:		
Nonexpendable		2,223,295
Expendable	1,013,781	817,337
Unrestricted	(1,956,866)	1,836,248
Total Net Position	9,789,013	13,094,787

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, 2026

	Community College	Component Unit Virginia Highlands Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of $4,521,396)	2,076,416	
Federal grants and contracts	7,291,409	
State and local grants	62,769	2,041,783
Nongovernmental grants	272,971	
Sales/services of education department	18,080	
Auxiliary enterprises (net of scholarship allowance of $14,008)	5,758	
Gifts and contributions		621,279
Other operating revenues	728,460	323,353
Total Operating Revenue	10,455,863	2,986,415
Expenses		
Operating Expenses		
Instruction	9,282,946	
Public service	557,011	
Academic support	1,680,568	99,230
Student services	3,318,335	
Institutional support	3,778,729	2,279,340
Operation and maintenance	2,598,317	
Scholarships and fellowships	4,136,929	
Auxiliary enterprises	49,632	
Fundraising		95,821
Other expenses		
Total Operating Expenses (Note 12)	25,402,467	2,474,391
Operating Income (Loss)	(14,946,604)	512,024
Noncapital Subsidies		
State appropriations (Note 13)	14,321,752	
Local appropriations	118,315	
Grants and gifts	753,228	
Total Noncapital Subsidies	15,193,295	
Operating Income (Loss) and Noncapital Subsidies	246,691	512,024
Other Nonoperating Revenues (Expenses)		
Investment income	10,386	694,395
Interest on capital asset related debt	(665)	
Capital appropriations-state (Note 20)	250,000	
Capital appropriations-local		
Capital gifts, grants and contracts	205,800	297
Additions to permanent and term endowments		
Other nonoperating revenue (expense)	2,146,811	
Total Other Nonoperating Revenue (Expenses)	2,612,332	694,692
Increase (Decrease) in Net Position	2,859,023	1,206,716
Net Position		
Net Position beginning of year, as previously stated	6,904,348	11,888,071
Net Position Adjustments (Note 1-W)	25,642	
Net Position end of year	9,789,013	13,094,787

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, 2026

	Community College
Cash flows from operating activities:	
Tuition and fees	2,188,827
Grants and contracts	7,881,095
Payments to suppliers and others	(4,372,797)
Payments for employee wages	(11,384,942)
Payments for employee fringes and pension benefits	(4,211,310)
Payment for scholarships	(4,146,362)
Payments for utilities	(285,233)
Sales and services of education department	18,080
Auxiliary	5,758
Custodial receipts	321,637
Custodial disbursements	(234,495)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Loans issued to students	
Loans collected from students	
Other	729,758
Net cash used by operating activities	(13,489,984)
Cash flows from non-capital financing activities:	
State appropriations	14,321,752
Local appropriations	118,315
Grants and gifts	753,228
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	2,054,211
Net cash provided (used) by non-capital financing activities	17,247,506
Cash flows from capital and related financing activities:	
Capital appropriations-state	250,000
Capital appropriations-local	
Capital grants and gifts	203,443
Purchase capital assets	(3,709,327)
Proceeds from sale of capital assets	84,280
Debt interest payments	(665)
Debt principal payments	(15,197)
Net cash provided (used) by capital financing activities	(3,187,466)
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	650
Net cash provided (used) by investing activities	650
Net increase (decrease) in net position	
Net increase (decrease) in cash and cash equivalents	570,706
Cash and cash equivalents, beginning of year	6,621,974
Cash and cash equivalents, End of Year	7,192,680

Virginia Community College System
Virginia Highlands Community College
Statement of Cash Flows
For the Year Ended June 30, 2026

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(14,946,604)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	832,884
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(172,082)
Prepaid expenses and other	(88,283)
Post employment benefits asset	(92,625)
Accrued compensation and leave	213,950
Accounts payable and other	888,816
Unearned revenue	289,737
Deposits pending distribution	
Custodial receipts(disbursements)	87,142
Stafford and Direct Loan receipts(disbursements)	
Pension liability	(554,711)
Post employment benefits liability	(148,169)
Deferred inflows of resources related to pensions and post employment benefits	96,809
Deferred outlflows of resources related to pensions and post employment benefits	103,152
Net cash used in operating activities	(13,489,984)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	7,192,688
Less: Securities Lending Cash Equivalents	8
Cash and cash equivalents end of year	7,192,680
Noncash transactions	
Donated capital assets	2,357
Amortization of bond premium	
Unrealized gain/loss on investments	9,734
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	15,197
Retainage payable	135,636

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, 2026

	Community College	Component Unit: Virginia Western Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	22,357,812	9,263
Appropriation available		
Short term investments (Note 2)		
Accounts receivable, net (Note 3)	1,425,318	
Pledges receivable (Note 3)		312,580
Due from commonwealth (Note 4)		
Due from system office	709,549	
Interest receivable		118,732
Prepaid expenses	692,880	12,426
Inventories		
Notes receivable, net (Note 3)		
Total Current Assets	25,185,559	453,001
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		
Prepaid expenses		
Endowment cash and cash equivalents (Note 2)		1,002,144
Appropriation available		
Endowment investments (Note 2)		38,259,734
Other long-term investments (Note 2)		8,996,729
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		3,412,999
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	1,069,496	
Non-depreciable capital assets, net (Note 5)	2,992,970	
Depreciable capital assets, net (Note 5)	69,869,855	
Total Noncurrent Assets	73,932,321	51,671,606
Total Assets	99,117,880	52,124,607
Deferred Outflows of Resources (Note 8)	5,116,219	
Total Assets and Deferred Outflows of Resources	104,234,099	52,124,607
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	1,597,112	41,301
Accrued payroll expense	2,609,586	
Unearned revenue	1,665,765	
Long-term liabilities-current portion (Note 9)	1,652,351	
Securities lending obligation	186	
Post employment benefit obligations (Note 9)	78,370	
Due to system's office		
Deposits	250,572	
Total Current Liabilities	7,853,942	41,301

Virginia Community College System
Virginia Western Community College
Statement of Net Position
As of June 30, 2026

	Community College	Component Unit: Virginia Western Community College Educational Foundation
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 9)	9,087,470	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	14,674,147	
Total Noncurrent Liabilities	23,761,617	
Total Liabilities	31,615,559	41,301
Deferred Inflows of Resources (Note 8)	3,492,953	
Total Liabilities and Deferred Inflows of Resources	35,108,512	41,301
Net Position		
Net investment in capital assets	63,935,532	
Restricted for:		
Nonexpendable		18,781,843
Expendable	1,904,318	26,950,008
Unrestricted	3,285,737	6,351,455
Total Net Position	69,125,587	52,083,306

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, 2026

	Community College	Component Unit: Virginia Western Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of $10,951,965)	9,940,628	-
Federal grants and contracts	13,072,861	
State and local grants	117,400	
Nongovernmental grants	51,803	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of $33,799)	562,211	
Gifts and contributions		2,312,476
Other operating revenues	1,617,034	766,208
Total Operating Revenue	25,361,937	3,078,684
Expenses		
Operating Expenses		
Instruction	23,770,077	
Public service	937,372	
Academic support	6,762,830	
Student services	4,603,556	
Institutional support	5,837,058	1,038,233
Operation and maintenance	10,424,240	
Scholarships and fellowships	7,695,820	1,843,796
Auxiliary enterprises	255,249	
Fundraising		138,128
Other expenses		
Total Operating Expenses (Note 12)	60,286,202	3,020,157
Operating Income (Loss)	(34,924,265)	58,527
Noncapital Subsidies		
State appropriations (Note 13)	32,332,132	
Local appropriations		
Grants and gifts	1,199,112	
Total Noncapital Subsidies	33,531,244	
Operating Income (Loss) and Noncapital Subsidies	(1,393,021)	58,527
Other Nonoperating Revenues (Expenses)		
Investment income	396,702	8,164,641
Interest on capital asset related debt	(222,775)	
Capital appropriations-state (Note 20)		
Capital appropriations-local		
Capital gifts, grants and contracts	695,662	
Additions to permanent and term endowments		3,288,094
Other nonoperating revenue (expense)	4,125,155	
Total Other Nonoperating Revenue (Expenses)	4,994,744	11,452,735
Increase (Decrease) in Net Position	3,601,723	11,511,262
Net Position		
Net Position beginning of year, as previously stated	68,988,560	40,572,044
Net Position Adjustments (Note 1-W)	(3,464,696)	
Net Position end of year	69,125,587	52,083,306

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, 2026

	Community College
Cash flows from operating activities:	
Tuition and fees	8,746,309
Grants and contracts	13,147,861
Payments to suppliers and others	(11,926,203)
Payments for employee wages	(26,126,861)
Payments for employee fringes and pension benefits	(9,255,311)
Payment for scholarships	(8,921,614)
Payments for utilities	(1,597,147)
Sales and services of education department	
Auxiliary	562,211
Custodial receipts	1,315,306
Custodial disbursements	(1,279,836)
PLUS, Stafford and Direct Lending loan receipts	2,103,781
PLUS, Stafford and Direct Lending loan disbursements	(2,099,326)
Loans issued to students	
Loans collected from students	
Other	1,617,034
Net cash used by operating activities	(33,713,796)
Cash flows from non-capital financing activities:	
State appropriations	32,332,132
Local appropriations	
Grants and gifts	1,199,112
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	4,182,698
Net cash provided (used) by non-capital financing activities	37,713,942
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	665,647
Purchase capital assets	(2,699,555)
Proceeds from sale of capital assets	23,680
Debt interest payments	(238,658)
Debt principal payments	(752,839)
Net cash provided (used) by capital financing activities	(3,001,725)
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	396,160
Net cash provided (used) by investing activities	396,160
Net increase (decrease) in net position	
Net increase (decrease) in cash and cash equivalents	1,394,581
Cash and cash equivalents, beginning of year	20,963,045
Cash and cash equivalents, End of Year	22,357,626

Virginia Community College System
Virginia Western Community College
Statement of Cash Flows
For the Year Ended June 30, 2026

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(34,924,265)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	4,017,003
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(1,267,824)
Prepaid expenses and other	184,857
Post employment benefits asset	(198,603)
Accrued compensation and leave	167,069
Accounts payable and other	(105,980)
Unearned revenue	(20,713)
Deposits pending distribution	15
Custodial receipts(disbursements)	35,470
Stafford and Direct Loan receipts(disbursements)	4,455
Pension liability	(1,522,522)
Post employment benefits liability	(422,606)
Deferred inflows of resources related to pensions and post employment benefits	251,227
Deferred outlflows of resources related to pensions and post employment benefits	88,621
Net cash used in operating activities	(33,713,796)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	22,357,812
Less: Securities Lending Cash Equivalents	186
Cash and cash equivalents end of year	22,357,626
Noncash transactions	
Amortization of bond premium	
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	114,556
Retainage payable	211,849

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, 2026

	Community College	Component Units: Wytheville Community College Educational Foundation	Component Units: Wytheville Community College Scholarship Foundation	Component Units: Wytheville Community College Real Estate Foundation
Assets				
Current Assets				
Cash and cash equivalents (Note 2)	13,155,649	742,881	3,549	374,864
Appropriation available				
Short term investments (Note 2)	235,771	1,106,491	56,103	
Accounts receivable, net (Note 3)	163,042	173,142		46,673
Pledges receivable (Note 3)		7,440		
Due from commonwealth (Note 4)	582,414			
Due from system office	245,928			
Interest receivable				
Prepaid expenses	450,942			40,498
Inventories	46,279			
Notes receivable, net (Note 3)				
Total Current Assets	14,880,025	2,029,954	59,652	462,035
Noncurrent Assets				
Restricted cash and cash equivalents (Note 2)				
Prepaid expenses	7,494			
Endowment cash and cash equivalents (Note 2)				
Appropriation available				
Endowment investments (Note 2)		9,366,456	609,761	
Other long-term investments (Note 2)		8,436,924	232,259	
Accounts receivable, net (Note 3)				
Investments in real estate (Note 2)				
Pledges receivable (Note 3)		1,260		
Due from commonwealth (Note 4)				
Notes receivable, net (Note 3)				
Post employment benefit assets (Note 18)	456,776			
Non-depreciable capital assets, net (Note 5)	934,060	43,393		432,260
Depreciable capital assets, net (Note 5)	15,097,375			1,448,680
Total Noncurrent Assets	16,495,705	17,848,033	842,020	1,880,940
Total Assets	31,375,730	19,877,987	901,672	2,342,975
Deferred Outflows of Resources (Note 8)	2,336,720			
Total Assets and Deferred Outflows of Resources	33,712,450	19,877,987	901,672	2,342,975
Liabilities				
Current Liabilities				
Accounts and retainage payable (Note 6)	892,160	287,971		25,634
Accrued payroll expense	1,208,900			
Unearned revenue	388,218			
Long-term liabilities-current portion (Note 9)	811,952			17,963
Securities lending obligation	4,960			
Post employment benefit obligations (Note 9)	32,365			
Due to system's office				
Deposits	395,360			155,636
Total Current Liabilities	3,733,915	287,971		199,233

Virginia Community College System
Wytheville Community College
Statement of Net Position
As of June 30, 2026

	Community College	Component Units: Wytheville Community College Educational Foundation	Component Units: Wytheville Community College Scholarship Foundation	Component Units: Wytheville Community College Real Estate Foundation
Noncurrent Liabilities				
Unearned revenue				
Long-term liabilities (Note 9)	1,819,067			1,063,863
Due to federal government (Note 9)				
Pension and post employment benefit obligations (Note 9)	6,190,248			
Total Noncurrent Liabilities	8,009,315			1,063,863
Total Liabilities	11,743,230	287,971		1,263,096
Deferred Inflows of Resources (Note 8)	1,448,914			
Total Liabilities and Deferred Inflows of Resources	13,192,144	287,971		1,263,096
Net Position				
Net investment in capital assets	14,134,018	43,393		799,114
Restricted for:				
Nonexpendable		9,367,716	609,761	
Expendable	1,731,853	8,657,264	291,640	
Unrestricted	4,654,435	1,521,643	271	280,765
Total Net Position	20,520,306	19,590,016	901,672	1,079,879

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, 2026

		Component Units		
	Community College	Wytheville Community College Educational Foundation	Wytheville Community College Scholarship Foundation	Wytheville Community College Real Estate Foundation
Revenues				
Operating Revenue				
Tuition and fees (net of scholarship allowance of $5,247,230)	584,523			
Federal grants and contracts	7,064,808			
State and local grants	71,175	871,660		
Nongovernmental grants	4,427	672,260		
Sales/services of education department	13,260			
Auxiliary enterprises (net of scholarship allowance of $16,192)	152,380			
Gifts and contributions		18,176		43,588
Other operating revenues	1,876,627	385,119		328,084
Total Operating Revenue	9,767,200	1,947,215		371,672
Expenses				
Operating Expenses				
Instruction	9,003,439	3,090		
Public service		118,095		
Academic support	2,847,575	542,610		410,911
Student services	2,510,432			
Institutional support	4,631,687	178,386	125	
Operation and maintenance	5,173,188			
Scholarships and fellowships	3,426,272	1,218,006	60,000	
Auxiliary enterprises	713,245			
Fundraising		126,782		
Other expenses		40,588		
Total Operating Expenses (Note 12)	28,305,838	2,227,557	60,125	410,911
Operating Income (Loss)	(18,538,638)	(280,342)	(60,125)	(39,239)
Noncapital Subsidies				
State appropriations (Note 13)	14,629,394			
Local appropriations	153,670			
Grants and gifts	587,798			
Total Noncapital Subsidies	15,370,862			
Operating Income (Loss) and Noncapital Subsidies	(3,167,776)	(280,342)	(60,125)	(39,239)
				(39,239)
Other Nonoperating Revenues (Expenses)				
Investment income	115,319	2,125,253	120,242	11,512
Interest on capital asset related debt	(83,724)			(78,136)
Capital appropriations-state (Note 20)				
Capital appropriations-local				
Capital gifts, grants and contracts	985,334			
Additions to permanent and term endowments		386,424	3,500	
Other nonoperating revenue (expense)	2,172,696			
Total Other Nonoperating Revenue (Expenses)	3,189,625	2,511,677	123,742	(66,624)
Increase (Decrease) in Net Position	21,849	2,231,335	63,617	(105,863)
Net Position				
Net Position beginning of year, as previously stated	20,258,581	17,358,681	838,055	1,185,742
Net Position Adjustments (Note 1-W)	239,876			
Net Position end of year	20,520,306	19,590,016	901,672	1,079,879

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, 2026

	Community College
Cash flows from operating activities:	
Tuition and fees	445,212
Grants and contracts	7,118,964
Payments to suppliers and others	(7,277,930)
Payments for employee wages	(10,817,127)
Payments for employee fringes and pension benefits	(3,862,915)
Payment for scholarships	(3,425,258)
Payments for utilities	(361,470)
Sales and services of education department	13,260
Auxiliary	154,941
Custodial receipts	3,226,177
Custodial disbursements	(3,140,193)
PLUS, Stafford and Direct Lending loan receipts	394,987
PLUS, Stafford and Direct Lending loan disbursements	(394,987)
Loans issued to students	
Loans collected from students	
Other	1,874,402
Net cash used by operating activities	(16,051,937)
Cash flows from non-capital financing activities:	
State appropriations	14,629,394
Local appropriations	153,670
Grants and gifts	616,470
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	1,919,357
Net cash provided (used) by non-capital financing activities	17,318,891
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	985,334
Purchase capital assets	(1,530,900)
Proceeds from sale of capital assets	39,291
Debt interest payments	(83,724)
Debt principal payments	(486,436)
Net cash provided (used) by capital financing activities	(1,076,435)
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	107,260
Net cash provided (used) by investing activities	107,260
Net increase (decrease) in net position	
Net increase (decrease) in cash and cash equivalents	297,779
Cash and cash equivalents, beginning of year	12,852,910
Cash and cash equivalents, End of Year	13,150,689

Virginia Community College System
Wytheville Community College
Statement of Cash Flows
For the Year Ended June 30, 2026

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(18,538,638)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	2,171,845
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(67,438)
Prepaid expenses and other	346,804
Post employment benefits asset	(98,984)
Accrued compensation and leave	81,266
Accounts payable and other	458,363
Unearned revenue	(88,273)
Deposits pending distribution	
Custodial receipts(disbursements)	80,912
Stafford and Direct Loan receipts(disbursements)	
Pension liability	(433,757)
Post employment benefits liability	(122,328)
Deferred inflows of resources related to pensions and post employment benefits	90,348
Deferred outlflows of resources related to pensions and post employment benefits	67,943
Net cash used in operating activities	(16,051,937)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	13,155,649
Less: Securities Lending Cash Equivalents	4,960
Cash and cash equivalents end of year	13,150,689
Noncash transactions	
Donated capital assets	
Amortization of bond premium	
Unrealized gain/loss on investments	7,731
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	255,196
Retainage payable	11,446

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, 2026

	System Office	Component Unit: Community Colleges of VA Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	16,421,957	3,303,928
Appropriation available	62,912,850	
Short term investments (Note 2)		
Accounts receivable, net (Note 3)		84,245
Pledges receivable (Note 3)		1,411,225
Due from commonwealth (Note 4)	5,404,518	
Due from colleges		
Interest receivable		
Prepaid expenses	4,149,949	
Inventories	5,000	
Notes receivable, net (Note 3)		
Total Current Assets	88,894,274	4,799,398
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		
Prepaid expenses	832,774	
Endowment cash and cash equivalents (Note 2)		64,886
Appropriation available		
Endowment investments (Note 2)		7,963,018
Other long-term investments (Note 2)		6,328,509
Accounts receivable, net (Note 3)		
Investments in real estate (Note 2)		
Pledges receivable (Note 3)		358,137
Due from commonwealth (Note 4)		
Notes receivable, net (Note 3)		
Post employment benefit assets (Note 18)	1,488,016	
Non-depreciable capital assets, net (Note 5)	3,520,765	
Depreciable capital assets, net (Note 5)	38,133,439	
Total Noncurrent Assets	43,974,994	14,714,550
Total Assets	132,869,268	19,513,948
Deferred Outflows of Resources (Note 8)	6,830,968	
Total Assets and Deferred Outflows of Resources	139,700,236	19,513,948
Liabilities		
Current Liabilities		
Accounts and retainage payable (Note 6)	5,557,943	959,620
Accrued payroll expense	2,026,988	
Unearned revenue		
Long-term liabilities-current portion (Note 9)	8,930,681	
Securities lending obligation		
Post employment benefit obligations (Note 9)	64,148	
Due to colleges	7,579,973	
Deposits	1,027,826	135,294
Total Current Liabilities	25,187,559	1,094,914

Virginia Community College System
System Office
Statement of Net Position
As of June 30, 2026

	System Office	Component Unit: Community Colleges of VA Educational Foundation
Noncurrent Liabilities		
Unearned revenue		
Long-term liabilities (Note 9)	22,961,559	
Due to federal government (Note 9)		
Pension and post employment benefit obligations (Note 9)	18,520,628	
Total Noncurrent Liabilities	41,482,187	
Total Liabilities	66,669,746	1,094,914
Deferred Inflows of Resources (Note 8)	5,385,296	
Total Liabilities and Deferred Inflows of Resources	72,055,042	1,094,914
Net Position		
Net investment in capital assets	13,130,543	
Restricted for:		
Nonexpendable		4,360,326
Expendable	65,243,511	9,576,424
Unrestricted	(10,728,860)	4,482,284
Total Net Position	67,645,194	18,419,034

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, 2026

	System's Office	Component Unit Community Colleges of VA Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of $0)		
Federal grants and contracts	(2,823,914)	952,933
State and local grants	746,149	1,160,955
Nongovernmental grants	1,669,056	
Sales/services of education department		
Auxiliary enterprises (net of scholarship allowance of $0)		
Gifts and contributions		5,546,857
Other operating revenues	2,867,983	351,055
Total Operating Revenue	2,459,274	8,011,800
Expenses		
Operating Expenses		
Instruction	1,275,387	
Public service	3,052,008	174,851
Academic support	19,182,972	5,740,177
Student services	2,320,499	
Institutional support	17,550,725	797,509
Operation and maintenance	1,547,656	
Scholarships and fellowships		
Auxiliary enterprises		
Fundraising		1,147,241
Other expenses		
Total Operating Expenses (Note 12)	44,929,247	7,859,778
Operating Income (Loss)	(42,469,973)	152,022
Noncapital Subsidies		
State appropriations (Note 13)	30,176,217	
Local appropriations		
Grants and gifts		
Total Noncapital Subsidies	30,176,217	
Operating Income (Loss) and Noncapital Subsidies	(12,293,756)	152,022
Other Nonoperating Revenues (Expenses)		
Investment income		1,704,365
Interest on capital asset related debt	(1,643,439)	
Capital appropriations-state (Note 20)	39,018,720	
Capital appropriations-local		
Capital gifts, grants and contracts	3,430,166	
Additions to permanent and term endowments		112,762
Other nonoperating revenue (expense)	(56,450,949)	
Total Other Nonoperating Revenue (Expenses)	(15,645,502)	1,817,127
Increase (Decrease) in Net Position	(27,939,258)	1,969,149
Net Position		
Net Position beginning of year, as previously stated	91,322,806	16,449,885
Net Position Adjustments (Note 1-W)	4,261,646	
Net Position end of year	67,645,194	18,419,034

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, 2026

	System Office
Cash flows from operating activities:	
Tuition and fees	
Grants and contracts	(408,709)
Payments to suppliers and others	(184,874)
Payments for employee wages	(23,909,736)
Payments for employee fringes and pension benefits	(9,354,068)
Payment for scholarships	
Payments for utilities	
Sales and services of education department	
Auxiliary	
Custodial receipts	514,336
Custodial disbursements	(528,622)
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Loans issued to students	
Loans collected from students	
Other	2,867,983
Net cash used by operating activities	(31,003,690)
Cash flows from non-capital financing activities:	
State appropriations	30,176,217
Local appropriations	
Grants and gifts	
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	(55,940,896)
Net cash provided (used) by non-capital financing activities	(25,764,679)
Cash flows from capital and related financing activities:	
Capital appropriations-state	11,539,255
Capital appropriations-local	
Capital grants and gifts	3,430,166
Purchase capital assets	16,828,463
Proceeds from sale of capital assets	
Debt interest payments	(1,643,439)
Debt principal payments	(13,248,727)
Net cash provided (used) by capital financing activities	16,905,718
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	
Net cash provided (used) by investing activities	
Net increase (decrease) in net position	
Net increase (decrease) in cash and cash equivalents	(39,862,651)
Cash and cash equivalents, beginning of year	56,284,608
Cash and cash equivalents, End of Year	16,421,957

Virginia Community College System
System Office
Statement of Cash Flows
For the Year Ended June 30, 2026

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(42,469,973)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	16,818,795
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(338,974)
Prepaid expenses and other	429,650
Post employment benefits asset	(156,923)
Accrued compensation and leave	383,334
Accounts payable and other	(3,241,591)
Unearned revenue	
Deposits pending distribution	
Custodial receipts(disbursements)	(14,286)
Stafford and Direct Loan receipts(disbursements)	
Pension liability	(3,182,328)
Post employment benefits liability	(732,200)
Deferred inflows of resources related to pensions and post employment benefits	1,078,772
Deferred outlflows of resources related to pensions and post employment benefits	422,034
Net cash used in operating activities	(31,003,690)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	16,421,957
Less: Securities Lending Cash Equivalents	
Cash and cash equivalents end of year	16,421,957
Noncash transactions	
Amortization of bond premium	
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	18,545,816

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

Virginia Community College System
Shared Services Center
Statement of Net Position
As of June 30, 2026

	Shared Services Center
Assets	
Current Assets	
Cash and cash equivalents (Note 2)	46,865
Appropriation available	
Short term investments (Note 2)	
Accounts receivable, net (Note 3)	
Pledges receivable (Note 3)	
Due from commonwealth (Note 4)	
Due from colleges	
Interest receivable	
Prepaid expenses	699,571
Inventories	25,817
Notes receivable, net (Note 3)	
Total Current Assets	772,253
Noncurrent Assets	
Restricted cash and cash equivalents (Note 2)	
Prepaid expenses	
Endowment cash and cash equivalents (Note 2)	
Appropriation available	
Endowment investments (Note 2)	
Other long-term investments (Note 2)	
Accounts receivable, net (Note 3)	
Investments in real estate (Note 2)	
Pledges receivable (Note 3)	
Due from commonwealth (Note 4)	
Notes receivable, net (Note 3)	
Post employment benefit assets (Note 18)	461,215
Non-depreciable capital assets, net (Note 5)	
Depreciable capital assets, net (Note 5)	2,444,430
Total Noncurrent Assets	2,905,645
Total Assets	3,677,898
Deferred Outflows of Resources (Note 8)	2,166,831
Total Assets and Deferred Outflows of Resources	5,844,729
Liabilities	
Current Liabilities	
Accounts and retainage payable (Note 6)	117,599
Accrued payroll expense	573,439
Unearned revenue	
Long-term liabilities-current portion (Note 9)	1,042,491
Securities lending obligation	
Post employment benefit obligations (Note 9)	28,384
Due to colleges	
Deposits	
Total Current Liabilities	1,761,913

Virginia Community College System
Shared Services Center
Statement of Net Position
As of June 30, 2026

	Shared Services Center
Noncurrent Liabilities	
Unearned revenue	
Long-term liabilities (Note 9)	1,894,922
Due to federal government (Note 9)	
Pension and post employment benefit obligations (Note 9)	5,716,926
Total Noncurrent Liabilities	7,611,848
Total Liabilities	9,373,761
Deferred Inflows of Resources (Note 8)	1,283,218
Total Liabilities and Deferred Inflows of Resources	10,656,979
Net Position	
Net investment in capital assets	146,603
Restricted for:	
Nonexpendable	
Expendable	461,215
Unrestricted	(5,420,068)
Total Net Position	(4,812,250)

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

Virginia Community College System
Shared Services Center
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2026

	Shared Services Center
Revenues	
Operating Revenue	
Tuition and fees (net of scholarship allowance of $0)	
Federal grants and contracts	
State and local grants	
Nongovernmental grants	
Sales/services of education department	
Auxiliary enterprises (net of scholarship allowance of $0)	
Gifts and contributions	
Other operating revenues	426,945
Total Operating Revenue	426,945
Expenses	
Operating Expenses	
Instruction	
Public service	
Academic support	32
Student services	
Institutional support	10,789,811
Operation and maintenance	532,967
Scholarships and fellowships	
Auxiliary enterprises	
Fundraising	
Other expenses	
Total Operating Expenses (Note 12)	11,322,810
Operating Income (Loss)	(10,895,865)
Noncapital Subsidies	
State appropriations (Note 13)	(426,945)
Local appropriations	
Grants and gifts	
Total Noncapital Subsidies	(426,945)
Operating Income (Loss) and Noncapital Subsidies	(11,322,810)
Other Nonoperating Revenues (Expenses)	
Investment income	
Interest on capital asset related debt	(61,065)
Capital appropriations-state (Note 20)	
Capital appropriations-local	
Capital gifts, grants and contracts	
Additions to permanent and term endowments	
Other nonoperating revenue (expense)	11,909,247
Total Other Nonoperating Revenue (Expenses)	11,848,182
Increase (Decrease) in Net Position	525,372
Net Position	
Net Position beginning of year, as previously stated	(5,333,257)
Net Position Adjustments (Note 1-W)	(4,365)
Net Position end of year	(4,812,250)

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

Virginia Community College System
Shared Services Center
Statement of Cash Flows
For the Year Ended June 30, 2026

	Shared Services
Cash flows from operating activities:	
Tuition and fees	
Grants and contracts	
Payments to suppliers and others	(1,067,948)
Payments for employee wages	(6,939,131)
Payments for employee fringes and pension benefits	(3,259,504)
Payment for scholarships	
Payments for utilities	(77,948)
Sales and services of education department	
Auxiliary	
Custodial receipts	
Custodial disbursements	
PLUS, Stafford and Direct Lending loan receipts	
PLUS, Stafford and Direct Lending loan disbursements	
Loans issued to students	
Loans collected from students	
Other	426,945
Net cash used by operating activities	(10,917,586)
Cash flows from non-capital financing activities:	
State appropriations	(426,945)
Local appropriations	
Grants and gifts	
Borrowings	
Loan repayments	
Other non-operating revenue(expense)	11,909,247
Net cash provided (used) by non-capital financing activities	11,482,302
Cash flows from capital and related financing activities:	
Capital appropriations-state	
Capital appropriations-local	
Capital grants and gifts	
Purchase capital assets	(42,922)
Proceeds from sale of capital assets	
Debt interest payments	(61,065)
Debt principal payments	(552,468)
Net cash provided (used) by capital financing activities	(656,455)
Cash flows from investing activities:	
Purchases of investments	
Sale of investments	
Investment income	
Net cash provided (used) by investing activities	
Net increase (decrease) in net position	
Net increase (decrease) in cash and cash equivalents	(91,739)
Cash and cash equivalents, beginning of year	138,604
Cash and cash equivalents, End of Year	46,865

Virginia Community College System
Shared Services Center
Statement of Cash Flows
For the Year Ended June 30, 2026

Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(10,895,865)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	730,288
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	
Prepaid expenses and other	(258,327)
Post employment benefits asset	(72,673)
Accrued compensation and leave	(19,972)
Accounts payable and other	(38,269)
Unearned revenue	
Deposits pending distribution	
Custodial receipts(disbursements)	
Stafford and Direct Loan receipts(disbursements)	
Pension liability	(363,569)
Post employment benefits liability	(173,108)
Deferred inflows of resources related to pensions and post employment benefits	178,698
Deferred outlflows of resources related to pensions and post employment benefits	(4,789)
Net cash used in operating activities	(10,917,586)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	46,865
Less: Securities Lending Cash Equivalents	
Cash and cash equivalents end of year	46,865
Noncash transactions	
Amortization of bond premium	
Unrealized gain/loss on investments	
Amortization of deferral on debt defeasance	
Capital assets acquired through the assumption of a liability	2,323,576

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

AGENCY CODE	PROJECT CODE	AGENCY NAME	APPROPRIATION OR PROJECT TITLE	BIENNIUM (*FIRST-FUNDED)	APPROPRIATION AMOUNT $	OBLIGATED AMOUNT $	INITIAL CO-2 APPROVED	DESIGN PERCENT COMPLETE	CONSTRUCTION CONTRACT(S) AMOUNT $	CONSTRUCTION PERCENT COMPLETE	ESTIMATED CONSTRUCTION COMPLETION	CABINET SECRETARY
260	17699	VIRGINIA COMMUNITY COLLEGE SYSTEM	ADA IMPROVEMENTS	*2008-2010	2,875,070	2,875,070	01/10/2008	100%	2,000,394.00	80%	25/12/2026	EDUCATION
260	17905	VIRGINIA COMMUNITY COLLEGE SYSTEM	VCCS - NON - GENERAL FUND CAPITAL OUTLAY BLANKET AUTHORIZATION	*2011	49,460,911	42,665,662	05/01/2017	100%	25,893,289.00	96%	30/08/2026	EDUCATION
260	18087	VIRGINIA COMMUNITY COLLEGE SYSTEM	NVCC - RENOVATE GODWIN BUILDING - ANNANDALE	*2013	3,030,000	3,030,000	19/01/2017	18%	-	0%	01/07/2027	EDUCATION
260	18162	VIRGINIA COMMUNITY COLLEGE SYSTEM	NVCC - RENOVATE SEEFELDT BUILDING - WOODBRIDGE	*2016-2018	71,593,286	71,593,286	19/01/2017	100%	53,712,340.10	100%	01/06/2026	EDUCATION
260	18163	VIRGINIA COMMUNITY COLLEGE SYSTEM	NVCC-RENOVATE HOWSMAN BLDG-MANASSAS	* 2016	69,150,000	64,398,147	19/01/2017	100%	56,902,902.11	30%	15/03/2028	EDUCATION
260	18279	VIRGINIA COMMUNITY COLLEGE SYSTEM	VCCS - IMPROVE LIFE SAFETY AND SECURITY SYSTEMWIDE	*2016-2018	5,864,419	5,566,445	19/01/2017	67%	4,727,500.00	63%	30/03/2028	EDUCATION
260	18280	VIRGINIA COMMUNITY COLLEGE SYSTEM	VCCS - REPAIR OR REPLACE MAJOR MECHANICAL SYSTEMS	*2016-2018	18,628,455	11,656,792	19/01/2017	95%	10,056,491.00	43%	01/02/2028	EDUCATION
260	18340	VIRGINIA COMMUNITY COLLEGE SYSTEM	GCC - REPLACE FRENCH SLAUGHTER BUILDING	*2016-2018	47,426,000	3,654,032	16/02/2018	98%	-	0%	01/06/2028	EDUCATION
260	18341	VIRGINIA COMMUNITY COLLEGE SYSTEM	TNCC - REPLACE DIGGS - MOORE - HARRISON COMPLEX	*2016-2018	48,491,250	5,559,513	25/10/2017	85%	-	0%	01/12/2028	EDUCATION
260	18342	VIRGINIA COMMUNITY COLLEGE SYSTEM	PVCC - CONSTRUCTION ADVANCED TECHNOLOGY CENTER	*2016-2018	34,168,856	30,982,223	16/02/2018	100%	26,674,858.00	100%	22/05/2025	EDUCATION
260	18343	VIRGINIA COMMUNITY COLLEGE SYSTEM	CVCC - RENOVATE AMHERST/CAMPBELL HALL	*2016-2018	1,293,086	1,293,086	16/02/2018	92%	-	0%	01/03/2029	EDUCATION
260	18483	VIRGINIA COMMUNITY COLLEGE SYSTEM	RE-ROOF AND HVAC-MULTIPLE BUILDINGS	*2020-2022	16,000,000	9,793,164	13/10/2021	86%	8,350,905.00	58%	01/04/2028	EDUCATION
260	18501	VIRGINIA COMMUNITY COLLEGE SYSTEM	PDCCC - REPLACE HVAC - ADMINISTRATION BUILDING - FRANKLIN CAMPUS	*2020-2022	2,200,000	2,116,535	17/06/2021	100%	1,674,000.00	100%	04/06/2026	EDUCATION
260	18554	VIRGINIA COMMUNITY COLLEGE SYSTEM	TECH TALENT RENOVATIONS	*2020-2022	2,500,000	2,500,000	13/10/2021	-	-	-	01/12/2024	EDUCATION
260	18572	VIRGINIA COMMUNITY COLLEGE SYSTEM	NVCC - CONSTRUCTION OF TRADES BUILDING	*2021	19,000,000	18,442,504	29/09/2021	100%	16,293,058.00	85%	01/11/2026	EDUCATION
260	18573	VIRGINIA COMMUNITY COLLEGE SYSTEM	NVCC - EXPAND MEDICAL EDUCATION CAMPUS	*2021	35,000,000	31,587,117	29/09/2021	100%	28,277,992.00	88%	25/10/2026	EDUCATION
260	18656	VIRGINIA COMMUNITY COLLEGE SYSTEM	VPCC - RECONSTRUCTION TEMPLIN HALL AUDITORIUM, HAMPTON CAMPUS	*2022-2024	28,323,000	18,634,409	14/05/2023	100%	16,958,322.00	100%	18/06/2026	EDUCATION
260	18687	VIRGINIA COMMUNITY COLLEGE SYSTEM	SWVCC- REPLACE BUCHANAN & TAZEWELL HALLS	*2024-2026	2,435,000	186,497	20/02/2025	5%	-	0%	01/07/2030	EDUCATION
260	18721	VIRGINIA COMMUNITY COLLEGE SYSTEM	SYSTEMWIDE SMALL RENOVATIONS	*2024-2026	24,000,000	10,280,271	15/10/2024	89%	7,840,946.93	11%	01/06/2028	EDUCATION

VCCS Fiscal Year 2026 Workforce Development and Non-Credit Instruction Report

In accordance with Item 206, Special Session 1, 2026 Acts of Assembly, the Virginia Community College System (VCCS) offers the following in-depth summary of workforce development and noncredit instruction during Fiscal Year 2026 (July 1, 2025-June 30, 2026).

I. Introduction

Virginia's Community Colleges provide a variety of workforce training and noncredit activities to support employers, incumbent workers, and Virginia's emerging workforce. Career pathway programs help individuals transition to employment after completing training. Open enrollment workforce training allows employees or potential employees to upgrade their skills quickly, at a low cost. Customized training supports employers by developing courses that address their employees' specific training needs.

II. Workforce and Noncredit Instruction at Community Colleges

Workforce Credential Grants

Recognizing the importance of creating and sustaining a demand-driven supply of credentialed workers for high-demand occupations in the Commonwealth, state lawmakers created a grant program in 2016 to make specific workforce training programs much more affordable for Virginians. The New Economy Workforce Credential Grant, which allocated $23.75 million for Fiscal Year 2026, reduces the student cost of approved workforce credential training programs by two-thirds, so that more people can access this type of training and the high-demand jobs that stem from it. The grant program covers community college training in high-demand occupational fields that were identified by the Virginia Board of Workforce Development.

With the Workforce Credentials Grant, students are eligible for up to $4,000 in grant money to help pay for the cost of credential training. Most programs take between six and twelve weeks and are built so Virginians can get their education while they work. At Virginia's Community Colleges, students can gain the skills that they need quickly and affordably, while creating more opportunities for their future.

Community colleges provide training that prepares individuals to earn an industry-recognized credential or licensure. Programs focus on a wide variety of high-demand fields, such as business and customer service, energy, education, healthcare, information technology, logistics and transportation, skilled trades and infrastructure, welding, and manufacturing. Courses include training for certified nursing assistants, pharmacy technicians, and medical coding and billing specialists; trades-related occupations, such as electricians, HVAC technicians, and welders; advanced manufacturing, such as Manufacturing Technician 1; and information technology, including cybersecurity and CompTIA certifications. During Fiscal Year 2026, Virginia's Community Colleges provided noncredit workforce training that led to 12,048 high-demand industry credentials.

Noncredit Open Enrollment and Customized Training

VCCS colleges design and offer training programs that meet the community and employer-specific workforce needs through delivery of noncredit open enrollment and customized training. During Fiscal Year 2026, colleges provided 27,070 individuals with noncredit workforce training. This training included courses that provide new skills for high-demand occupations, as well as skills upgrades, such as training in information technology, transportation, and project management. Selection of courses is driven by the specific needs of local employers and the short-term workforce needs of individual community members.

Employers are another key customer of community college workforce services, whether through direct contracts or through partnerships with economic development and community agencies that assist existing or potential employers. Last year, colleges served 687 employers in Virginia through noncredit training.

Workforce coordinators at Virginia's Community Colleges consist of administrative and professional faculty, as well as classified staff. Each coordinator is evaluated annually using established Virginia Community College System and Virginia Department of Human Resources performance plans and procedures.

III. Institutes of Excellence

Institutes of Excellence, Fiscal Year 2026

During Fiscal Year 2026, Virginia's community colleges received funding through the Institutes of Excellence (IE) program and other grant initiatives to develop and enhance workforce training programs that address high-demand, high-growth industry needs identified by today's employers. Each college focused on key industry sectors and created pathways leading to education and training, credential attainment, employment, and credit for prior learning.

A total of $509,864 in IE funds was allocated to community colleges, primarily to support equipment purchases that expand workforce training capacity.

- Germanna Community College received $300,000 to develop a mobile Amazon Web Services (AWS) Information Infrastructure Training Facility that will provide hands-on workforce preparation for careers associated with data centers and support Germanna's AWS Information Infrastructure Pre-Apprenticeship program. Specifically, the IE funds were used to purchase equipment and outfit the mobile training facility to provide instruction in high-demand areas such as electrical, HVAC, mechanical, fiber-optic, and data center systems, while also developing participants' workplace-readiness skills. These efforts will help build a pipeline of qualified workers to meet the region's growing infrastructure needs.

- Mountain Empire Community College (MECC) received $113,860 to support Project SOAR, which connects individuals affected by substance use disorder with skilled trades

training and recovery support to help them enter or reenter the workforce. The IE funds were used to expand training opportunities in high-demand skilled trades, including carpentry, electrical, plumbing, and welding, providing participants with pathways to employment while supporting their recovery and workforce reintegration.

- Northern Virginia Community College (NVCC) received $90,988 to strengthen construction and skilled trades workforce training for their Google Skilled Trades and Readiness (STAR) program. Funds supported curriculum enhancements, Virtual Reality training equipment, employer engagement to align curriculum with industry needs, professional development, and the development of program evaluation tools. These investments helped expand NOVA's skilled trades training capacity, building on 72 Google STAR program completers and supporting new National Center for Construction Education and Research (NCCER) Core and Electrical programs that enrolled 24 students in Fall 2026.

- The remaining $5,016 in IE funds were allocated to Southside Virginia Community College to support its Power Line Worker and Commercial Driver's License (CDL) programs.

IV. Specialized Workforce Centers

Expanding Services through Specialized Workforce Centers

In addition to the Institutes of Excellence, individuals and employers were served by the four specialty workforce centers located at Central Virginia, Danville, Paul D. Camp, and Virginia Peninsula Community Colleges. These colleges improved and expanded training and developed new programs through noncredit workforce-related instruction with emphasis on student attainment of industry credentials. The allocation of state funds to these specialized workforce centers requires a 25 percent match from each college. Matching funds were provided by local and county governments, regional foundations, and federal grants, demonstrating the investment that these groups have in the workforce services provided by the centers. Workforce projects and services at each of these centers are described below.

1. Central Virginia Community College (CVCC) had more than 670 enrollments in FastForward programs in Fiscal Year 2026. The following summaries provide updates on noncredit workforce programs impacted by this appropriation at CVCC.

- Skilled trades program enrollment in National Center for Construction Education and Research (NCCER) CORE, Electrical Levels 1 - 4 programs, HVAC Levels 1 - 4 programs, Plumbing Levels 1 - 4 programs, Heavy Equipment Operator 1, Welding 1 and 3, Industrial Maintenance, Carpentry 1 and 3, and Backflow Prevention programs offered all levels of NCCER certifications.

- CVCC is a registered apprenticeship intermediary through the Virginia Department of Workforce Development and Advancement. Several companies have become sponsors under CVCC, and workforce programs continue to provide related technical instruction (RTI) for other registered apprentices.

- Healthcare programs include Phlebotomy Technician and Certified Clinical Medical Assistant (CCMA) offered with National Healthcareer Association (NHA) credentials. Additionally, the partnership has continued with the local hospital system (Centra) to offer Certified Nursing Assistant (CNA) with Virginia Board of Nursing credentials.

- Commercial Driver's License (CDL) programs operated on campus for the fourth year during Fiscal Year 2026, resulting in 52 CDL Class A credentialed students. CVCC worked with the third-party vendor, Ancora, with a fleet of four trucks to meet program demand for both full-time and part-time programs. A CDL Class B program is also being offered.

- Emergency Medical Technician (EMT), Advanced EMT (AEMT) and Paramedic programs were also held and offered valuable credentials from the National Registry of Emergency Medical Technicians (NREMT) and the Virginia Office of Emergency Medical Services. CVCC established a partnership with New River Community College (NRCC) and Virginia Western Community College (VWCC) to offer AEMT and Paramedic programs at those locations. NRCC enrolled students in the Paramedic program and held an AEMT class, while VWCC plans to offer classes next year. Two additional community colleges plan to join the consortium in Fiscal Year 2027.

- CVCC began offering FastForward NCCER skilled trades classes at the Virginia Department of Corrections for incarcerated individuals. NCCER Core and HVAC Levels 1-4 were offered, and the first cohort graduated this fiscal year.

CVCC provided training to employees of Amherst County, Bedford County, Campbell County and Lynchburg city governments. College representatives worked with local workforce and economic development organizations to promote programs and Corporate Learning and Development Services for employers. Several companies toured programs and met with students to discuss employment opportunities. The following employers enrolled students in FastForward programs to meet the needs of related technical instruction (RTI) for registered apprenticeship:

- A&L Electrical
- BWX Technologies
- Moore's Electric
- Anchor Electric
- Centra
- Georgia Pacific

- John Mettle Electric, LLC
- U.S. Pipe
- Southern Air

The following companies were served through Corporate Learning and Development Services:

- Glad Manufacturing
- Periodontal Health
- Sonny Merryman
- Blue Ridge Beverage
- Lynchburg Fire Department
- BWX Technologies
- Southern Air

Career Exploration Summer Camps were held for local middle and high school students. CVCC continued to support both the transition program and customized classes for special needs students related to training and career readiness.

2. Danville Community College (DCC) continues to drive regional economic growth and workforce readiness by delivering comprehensive noncredit training, specialized certification programs, and hands-on industry partnerships. Over the past year, DCC trained 182 students across critical high-demand sectors, equipping the local talent pool with essential industry-recognized credentials.

DCC provided rigorous training and professional certifications spanning healthcare, information technology, skilled trades, transportation, and human resources. These include:

- **Transportation & Logistics:** Commercial Driver's License (CDL) Class A
- **Information Technology:** CompTIA A+, CompTIA Network+, CompTIA Security+
- **Healthcare & Medical:** HMCA Clinical Medical Assistant (NHA), Certified Nurse Aide (CNA), Medication Aide, Emergency Medical Technician (VOEMS), Advanced Emergency Medical Technician
- **Trades & Industrial Maintenance:** Electrical Level 1, HVAC Tradesman License Renewal, Industrial Maintenance Electrical and Instrumentation (Levels 1 & 2)
- **Professional Development:** Senior Professional in Human Resources (SPHR)

DCC expanded its technical offerings with the launch of the Diesel Technician Training program. Graduates earn five distinct National Institute for Automotive Service Excellence (ASE) entry-level certifications, consisting of the following:

- Medium/Heavy Truck Brakes
- Medium/Heavy Truck Diesel Engines
- Medium/Heavy Truck Electrical/Electronic Systems
- Medium/Heavy Truck Inspection, Maintenance & Minor Repair
- Medium/Heavy Truck Suspension & Steering

Additionally, the NHA Patient Care Technician (PCT) credential was added to the FastForward program offerings.

Through short-term training, employer cohorts, customized programs, and signed apprenticeships, DCC directly served key business leaders across the region. Employer partners included the Virginia Department of Transportation (VDOT), First Piedmont, City of Danville, EPL America LLC, Hitachi Energy, Tyson Foods, Kickback Jack's, JTI, Rogers Heating & Cooling, KTL, CRB Electrical & Mechanical, Inc., Robert Woodall Chevrolet & GMC, and Danville Sheriff's Office. Workforce strategic partners included the City of Danville, VDOT, First Piedmont, Virginia Works, Adult Education, Southern Virginia Higher Education Center, and Hitachi Energy.

DCC has expanded work-based learning pathways by serving as an intermediary for the state apprenticeship program and revamping its regional internship structure. These efforts are reflected in the following key activities:

- **Workplace Integration:** DCC works directly with regional businesses to design and deploy customized apprenticeship and internship pipelines.
- **Active Agreements:** Formal apprenticeship agreements have been signed with key industry partners, including KTL and Rogers Heating & Cooling.

3. Paul D. Camp Community College (PDCC) enrolled a total of 504 students in FastForward programs and focused on workforce training programs leading to employment and employee development during Fiscal Year 2026. An overview is provided below.

- In October 2025, PDCC officially opened Phase One of its new Workforce Trades and Innovation Center, marking a significant investment in workforce development and career and technical education in the region. The state-of-the-art facility is designed to expand access to Maritime and Skilled Trades programs that prepare students with the practical skills, technical knowledge, and hands-on experience needed to succeed in high-demand occupations. By strengthening the connection between education and industry needs, the center will help address regional workforce shortages, support local employers in identifying and developing qualified talent, and create additional pathways to employment and career advancement. This initiative reflects the PDCC's continued commitment to supporting economic growth, strengthening the regional workforce, and preparing students for emerging opportunities in critical industries.

- In Fiscal Year 2026, the Marine Welder pre-hire program, in partnership with Virginia Ship Repair Association and Newport News Shipbuilding, located at the Workforce Trades and Innovation Center, enrolled a total of 68 students with a 98.5 percent completion and credential rate.

- The Outside Machinist pre-hire program, which was held at the Workforce Trades and Innovation Center, was offered in partnership with the Virginia Ship Repair Association

and Newport News Shipbuilding. In Fiscal Year 2026, 41 students were served with 95 percent completion and credential rates.

- The Fast-Track Healthcare program offers two training pathways, each providing three industry-recognized certifications: Clinical Medical Assistant, Phlebotomy, and EKG Technician; or Patient Care Technician, Phlebotomy, and EKG Technician. This hybrid program includes small-group, in-person sessions for hands-on laboratory training at the newly renovated Health Professions building in Franklin. The program enrolled a total of 80 students with a completion rate of 87.5 percent.

- The Truck Driver Training program, including Commercial Driver's License (CDL) Class A and Class B, offers 2 classes per month on weekdays and weekends at the Suffolk campus. In Fiscal Year 2026, 88 CDL A and 21 CDL B students were served, with 88 percent of CDL A and 89 percent of CDL B students successfully completing the class.

- Backflow Prevention Certification served 18 students with a 100 percent completion rate.

- The National Center for Construction Education and Research (NCCER) Core and Industrial Maintenance Electrical and Instrumentation (Levels 2-4) programs continued to be offered in the fall and spring terms of Fiscal Year 2026. In the NCCER program, 25 students were enrolled with 96 percent completion and credential rates.

- Contracted training is offered to local employers meeting their needs for Forklift Operators, Logistics and Warehousing, CDL Class A and Class B, and National Retail Federation (NRF) Customer Service and Sales Certification. These include the development of soft skills modules for employers and students.

- Companies that contracted with PDCC for customized training include Portsmouth Public Schools, Workforce Innovation and Opportunity Act (WIOA) Out of School Youth Program, City of Franklin, City of Suffolk, AMADAS Industries, McGowan Group, Ross and Sons, VDOT, Zero Point Inc., and Deerfield Correctional Center.

- Additional employer partners include Virginia Ship Repair Association, Newport News Shipbuilding, and Day & Zimmerman.

4. Virginia Peninsula Community College (VPCC) continued to expand regional workforce training capacity and deliver strong outcomes in Fiscal Year 2026. VPCC recorded 1,145 FastForward enrollments across maritime, skilled trades, healthcare, information technology, transportation, manufacturing, and other high-demand workforce programs. These efforts remained closely aligned with regional employer demand and state workforce priorities.

VPCC is a founding member of the Community College Workforce Cooperative (CCWC), along with Tidewater Community College and Paul D. Camp Community College. The CCWC was established to address large-scale workforce needs across Hampton Roads, with particular emphasis on the shipbuilding and ship repair industries. VPCC also plays a central role in the Hampton Roads Maritime Training System (HRMTS), working with the Hampton Roads Workforce Council, Virginia Ship Repair Association, Newport News Shipbuilding, partner colleges, and other maritime employers to strengthen recruitment, training, credential attainment, and employment pathways.

The following is a summary of workforce training programs and activities for Fiscal Year 2026.

- **Hampton Roads Maritime Training System and Marine Trades Training:** The Hampton Roads Maritime Training System (HRMTS) provides a coordinated regional approach to developing talent for the shipbuilding and ship repair industries. A cornerstone of this system is the Marine Trades Training Program (MTT), delivered by partner community colleges since 2017. The program has enrolled more than 4,500 participants and provides accelerated pathways into high-demand maritime occupations. In Fiscal Year 2026, VPCC's MTT activity generated 405 FastForward enrollments, representing approximately 35 percent of the college's total FastForward activity. There were 116 enrollments in Marine Electrical Level 1, 109 in Marine Trades Welding Level 1, and 180 in Marine Trades Welding Level 3. Completion rates were 100 percent, 100 percent, and 95.56 percent, respectively. Credential outcomes were also strong, with 102 credentials earned in Marine Electrical Level 1, 108 in Marine Trades Welding Level 1, and 154 in Marine Trades Welding Level 3.

- **Newport News Trades Center:** VPCC partnered with the Newport News Economic Development Authority to develop the Newport News Trades Center, which opened in March 2026. The facility expands regional training capacity for both maritime and construction occupations and currently supports Welding, Marine Electrical, and the newly added Structural Fitting program, along with Electrical, Facilities Maintenance, HVAC, and Plumbing. The center represents a significant expansion of VPCC's ability to respond directly to workforce needs in Southeast Newport News and the broader Hampton Roads maritime and construction sectors. In April 2026, the center was also selected as the site for a gubernatorial workforce development bill-signing ceremony, further highlighting its role as a regional workforce asset and its alignment with statewide workforce priorities.

- **Welding:** Beyond MTT, VPCC delivered welding training aligned with American Welding Society credentials in Shielded Metal Arc Welding (SMAW), Flux Core Arc Welding (FCAW), Gas Metal Arc Welding (GMAW), Gas Tungsten Arc Welding (GTAW), and Certified Welder. These programs accounted for 201 additional FastForward enrollments in Fiscal Year 2026. An American Welding Society (AWS) Accredited Testing Facility also supports credential testing for students and industry partners.

- **Peninsula Workforce Development Center:** VPCC continued to strengthen the Peninsula Workforce Development Center (PWDC) as a regional workforce training and partnership hub. Improvements included expansion of the welding lab to 34 welding booths, increasing instructional capacity, as well as relocation of Allied Health instruction into improved instructional space. The center also hosted secondary-school outreach and Allied Health information sessions, and it continued to support employer-facing and workforce-partner services.

- **Allied Health:** Allied Health remained a significant component of VPCC's FastForward portfolio, with 243 enrollments across the Certified Billing and Coding Specialist, Certified Medical Administrative Assistant, Certified Nurse Aide (CNA), Clinical Medical Assistant, EKG Technician, and Phlebotomy Technician programs. During Fiscal Year 2026, there were 31 enrollments in Billing and Coding, 37 in Medical Administrative Assistant, 30 in CNA, 34 in Clinical Medical Assistant, 39 in EKG Technician, and 72 in Phlebotomy. These programs support healthcare workforce needs across the Virginia Peninsula and are offered at VPCC locations serving both the lower and upper Peninsula.

- **Building and Construction Trades:** VPCC continued to deliver high-demand construction-trades training in areas including Carpentry, Electrical, Facilities Maintenance, HVAC, and related craft skills. Training is offered across the Hampton Campus, the Toano Trades Center, and the Newport News Trades Center, providing multiple access points for students and employers throughout the service region.

- **Customized Training and Employer Services:** VPCC continued to provide customized training for regional businesses and organizations, with offerings that included leadership development, communication strategies, career skill development, technical training, and other employer-responsive programs. Fiscal Year 2026 customized-training partners included Analytical Mechanics Associates, Inc. and Ball Metal Beverage Container Corporation. These activities complement open enrollment workforce programs by allowing employers to address incumbent worker skill needs and organizational workforce priorities.

- **Regional Workforce Partnerships:** VPCC continued its support of the Virginia Career Works Center located at the Peninsula Workforce Development Center, representing a partnership among state and local workforce agencies that share staff and facility costs and provide career-search and employment services for jobseekers. VPCC supports a position (equivalent to 50 percent of a full-time position) dedicated to center operations. A local branch of the Small Business Development Center also operates from the PWDC, creating additional opportunities for engagement with employers, entrepreneurs, students, and faculty.

- **Fiscal Year 2027 Planned Expansion:** VPCC plans to continue expanding high-demand workforce programming, including the reinvigoration and expansion of CNC machining and the addition of a Heavy Equipment Operator program. The machining initiative will consolidate and strengthen CNC training capacity at the Hampton location and has received strong indicated support from local employers, including Craft Machine, Advex Corporation, and Newport News Shipbuilding, reflecting regional demand for skilled machining talent. The Heavy Equipment Operator program will add a new skilled trades pathway supported by simulator-based instruction and has also received strong indicated support from employers, including George Nice & Sons and Henderson, Inc. Together, these planned additions are intended to expand training capacity and respond directly to employer demand in manufacturing, construction, and related industries.

Collectively, Marine Trades Training, non-MTT welding, and Allied Health accounted for 849 FastForward enrollments in Fiscal Year 2026—approximately 74 percent of all VPCC FastForward activity. These concentrations reflect VPCC's continued focus on sectors with significant regional workforce demand, particularly maritime, skilled trades, and healthcare. Specialized Workforce Center funding, combined with local, regional, employer, and grant investments, continues to support VPCC's ability to expand training capacity, maintain industry-aligned programs, strengthen workforce partnerships, and prepare individuals for employment and career advancement.