



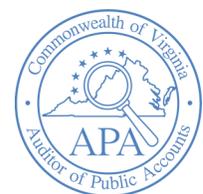
PATRICK HENRY COMMUNITY COLLEGE

REVIEW REPORT FOR THE YEAR ENDED JUNE 30, 2016

Auditor of Public Accounts
Martha S. Mavredes, CPA

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Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
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March 9, 2017

Angeline D. Godwin
President, Patrick Henry Community College

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

We have reviewed the accompanying Statement of Net Position of **Patrick Henry Community College** as of June 30, 2016, and the related Statement of Revenues, Expenses, and Changes in Net Position (financial statements) for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of College management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services (SSARs) promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We have not reviewed the financial statements of Patrick Henry Community College Foundation (the Foundation), a discretely presented component unit of Patrick Henry Community College, which is presented in a separate column in the accompanying financial statements. These statements were audited by other auditors whose report has been furnished to us, and our conclusion, insofar as it relates to the amounts included for the Foundation is based solely on the report of other auditors.

SSARs require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, and the report of other auditors, except for the issues noted in the Known Departures from Accounting Principles Generally Accepted in the United States of America paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Known Departures From Accounting Principles Generally Accepted in the United States of America

Accounting principles generally accepted in the United States of America require that the financial statements for business-type entities include a statement of cash flows and notes to the financial statements, which are considered part of the basic financial statements. The Virginia Community College System consolidates information from its 23 community colleges into the basic financial statements for the System; however, the System does not prepare note disclosures for each individual college. In addition, the System does not prepare for each college certain required supplementary information, such as management's discussion and analysis and pension-related schedules, which is required to be presented to supplement the basic financial statements. Required supplementary information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The effect of these departures from accounting principles generally accepted in the United States of America has not been determined. Although the statement of cash flows is considered part of the basic financial statements, it was not included in the scope of this review.

Other Matters

Patrick Henry Community College is one of 23 community colleges that comprise the Virginia Community College System (VCCS), which is a component unit of the Commonwealth of Virginia. Federal funds received by the Commonwealth of Virginia are audited at a statewide level by the Auditor of Public Accounts in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). As part of the statewide Single Audit of federal funds, the Auditor of Public Accounts audits Federal Student Financial Aid at Virginia's state-supported colleges and universities. The Auditor of Public Accounts audited Patrick Henry Community College's Federal Student Aid programs in fiscal years 2010 and 2013 and

performed follow up procedures on prior year findings in 2014 and 2015 and did not report any material compliance issues. An additional audit of financial aid is ongoing as part of the fiscal year 2016 VCCS financial statement audit. Copies of our audits of the financial statements of the Virginia Community College System along with copies of our statewide Single Audits may be found on our website at www.apa.virginia.gov.

This letter is intended solely for the information and use of the accreditation review board, and is not intended to be, and should not be used by anyone other than this specified party. However, this letter is a matter of public record and its distribution is not limited.

AUDITOR OF PUBLIC ACCOUNTS

EMS/alh

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

	<u>Community College</u>	<u>Component Unit Patrick Henry Community College Foundation</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,096,348	\$ 315,139
Short term investments	599,353	819,042
Accounts receivable, net	279,972	-
Pledges receivable	-	172,126
Due from Commonwealth	19,222	-
Due from system office	8,086	-
Prepaid expenses	52,747	-
Inventories	13,700	-
Notes receivable, net	22,981	-
Total Current Assets	<u>4,092,409</u>	<u>1,306,307</u>
Noncurrent Assets		
Restricted cash and cash equivalents	(240,197)	-
Endowment investments	-	8,436,665
Other long-term investments	-	6,551,937
Pledges receivable	-	137,731
Due from Commonwealth	270,249	-
Non-depreciable capital assets, net	1,204,507	111,906
Depreciable capital assets, net	20,510,637	1,480,638
Total Noncurrent Assets	<u>21,745,196</u>	<u>16,718,877</u>
Total Assets	<u>25,837,605</u>	<u>18,025,184</u>
Deferred Outflows of Resources	<u>1,180,227</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>27,017,832</u>	<u>18,025,184</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable	590,801	9,062
Accrued payroll expense	894,795	-
Unearned revenue	456,288	-
Long-term liabilities-current portion	269,999	-
Deposits	18,766	-
Total Current Liabilities	<u>2,230,649</u>	<u>9,062</u>
Noncurrent Liabilities		
Long-term liabilities	223,356	-
Pension obligations	12,023,000	-
Total Noncurrent Liabilities	<u>12,246,356</u>	<u>-</u>
Total Liabilities	<u>14,477,005</u>	<u>9,062</u>
Deferred Inflows of Resources	<u>2,491,000</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>16,968,005</u>	<u>9,062</u>
Net Position		
Net investment in capital assets	21,715,144	1,592,544
Restricted for:		
Nonexpendable	-	6,981,182
Expendable	-	2,424,046
Unrestricted	(11,665,317)	7,018,350
Total Net Position	<u>\$ 10,049,827</u>	<u>\$ 18,016,122</u>

See Independent Accountant's Review Report

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

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

See Independent Accountant's Review Report