



# VIRGINIA HIGHLANDS COMMUNITY COLLEGE

## REVIEW REPORT FOR THE YEAR ENDED JUNE 30, 2016

Auditor of Public Accounts  
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# Commonwealth of Virginia

*Auditor of Public Accounts*

Martha S. Mavredes, CPA  
Auditor of Public Accounts

P.O. Box 1295  
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February 28, 2017

Gene Couch  
President, Virginia Highlands Community College

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

We have reviewed the accompanying Statement of Net Position of **Virginia Highlands 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 Virginia Highlands Community College Educational Foundation (the Foundation), a discretely presented component unit of Virginia Highlands 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*

Virginia Highlands Community College is one of 23 community colleges that comprise the Virginia Community College System, 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 Virginia Highlands Community College's Federal Student Aid programs in fiscal years 2012 and 2015 and performed follow up procedures in fiscal year 2016 and did not report any material compliance issues. 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](http://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/clj

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

	<b>Community College</b>	<b>Component Unit Virginia Highlands Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,168,412	\$ 488,063
Short term investments	521,906	-
Accounts receivable, net	296,426	217,342
Pledges receivable	-	20,234
Due from Commonwealth	135,371	-
Due from system office	48,495	-
Prepaid expenses	476,006	-
Notes receivable, net	-	1,550
<b>Total Current Assets</b>	<b>3,646,616</b>	<b>727,189</b>
<b>Noncurrent Assets</b>		
Endowment cash and cash equivalents	-	5,665
Endowment investments	-	1,061,700
Non-depreciable capital assets, net	511,350	53,250
Depreciable capital assets, net	7,480,718	64,089
<b>Total Noncurrent Assets</b>	<b>7,992,068</b>	<b>1,184,704</b>
<b>Total Assets</b>	<b>11,638,684</b>	<b>1,911,893</b>
<b>Deferred Outflows of Resources</b>	<b>692,628</b>	<b>-</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>12,331,312</b>	<b>1,911,893</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable	625,468	207,342
Accrued payroll expense	885,619	-
Unearned revenue	182,711	-
Long-term liabilities-current portion	617,602	-
Deposits	33,533	-
<b>Total Current Liabilities</b>	<b>2,344,933</b>	<b>207,342</b>
<b>Noncurrent Liabilities</b>		
Unearned revenue	57,535	-
Long-term liabilities	260,286	-
Pension obligations	8,221,000	-
<b>Total Noncurrent Liabilities</b>	<b>8,538,821</b>	<b>-</b>
<b>Total Liabilities</b>	<b>10,883,754</b>	<b>207,342</b>
<b>Deferred Inflows of Resources</b>	<b>1,652,000</b>	<b>-</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>12,535,754</b>	<b>207,342</b>
<b>Net Position</b>		
Net investment in capital assets	7,992,068	117,339
Restricted for:		
Nonexpendable	-	449,040
Expendable	-	1,074,261
Unrestricted	(8,196,510)	63,911
<b>Total Net Position</b>	<b>\$ (204,442)</b>	<b>\$ 1,704,551</b>

See Independent Accountant's Review Report

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

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

See Independent Accountant's Review Report