



# PIEDMONT VIRGINIA COMMUNITY COLLEGE

## REVIEW REPORT FOR THE YEAR ENDED JUNE 30, 2018

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  
Richmond, Virginia 23218

February 21, 2019

Dr. Frank Friedman  
President, Piedmont Virginia Community College

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

We have reviewed the accompanying financial statements of **Piedmont Virginia Community College**, which comprise the Statement of Net Position as of June 30, 2018, and the related Statements of Revenues, Expenses, and Changes in Net Position, and Cash Flows 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 Piedmont Virginia Community College Educational Foundation, a discretely presented component unit of Piedmont Virginia 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 issue 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 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 and other postemployment benefit-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.

### *Other Matters*

Piedmont Virginia 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 Piedmont Virginia Community College's Federal Student Aid programs in fiscal years 2013 and performed follow-up procedures in fiscal year 2014 and did not report any material compliance issues. An additional audit of financial aid is ongoing as part of the fiscal year 2018 System 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](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  
Piedmont Virginia Community College  
Statement of Net Position  
As of June 30, 2018**

	<b>Community College</b>	<b>Component Unit Piedmont Virginia Community College Educational Foundation</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 5,791,778	\$ 650,661
Accounts receivable, net	467,953	-
Pledges receivable	-	496,376
Due from system office	796	-
Interest receivable	-	211,779
Prepaid expenses	17,180	-
Inventories	10,000	-
Notes receivable, net	20,805	43,844
<b>Total Current Assets</b>	<u>6,308,512</u>	<u>1,402,660</u>
<b>Noncurrent Assets</b>		
Endowment cash and cash equivalents	-	868,968
Endowment investments	-	9,183,519
Other long-term investments	-	1,051,110
Pledges receivable	-	2,341,248
Notes receivable, net	51,095	367,491
Post employment benefit assets	434,000	-
Non-depreciable capital assets, net	2,889,152	-
Depreciable capital assets, net	19,729,710	-
<b>Total Noncurrent Assets</b>	<u>23,103,957</u>	<u>13,812,336</u>
<b>Total Assets</b>	<u>29,412,469</u>	<u>15,214,996</u>
<b>Deferred Outflows of Resources</b>	<u>2,103,572</u>	<u>-</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u><u>31,516,041</u></u>	<u><u>15,214,996</u></u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and retainage payable	368,514	28,850
Accrued payroll expense	1,583,661	149,750
Unearned revenue	1,535,426	-
Long-term liabilities-current portion	654,831	4,250
Securities lending obligation	6,007	-
Deposits	675,399	-
<b>Total Current Liabilities</b>	<u>4,823,838</u>	<u>182,850</u>
<b>Noncurrent Liabilities</b>		
Long-term liabilities	315,449	20,348
Due to federal government	77,529	-
Pension and post employment benefit obligations	16,879,348	-
<b>Total Noncurrent Liabilities</b>	<u>17,272,326</u>	<u>20,348</u>
<b>Total Liabilities</b>	<u>22,096,164</u>	<u>203,198</u>
<b>Deferred Inflows of Resources</b>	<u>1,821,162</u>	<u>-</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u><u>23,917,326</u></u>	<u><u>203,198</u></u>
<b>Net Position</b>		
Net investment in capital assets	22,618,862	-
Restricted for:		
Nonexpendable	-	4,530,112
Expendable	343,481	8,060,657
Unrestricted	(15,363,628)	2,421,029
<b>Total Net Position</b>	<u><u>\$ 7,598,715</u></u>	<u><u>\$ 15,011,798</u></u>

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**Virginia Community College System**  
**Piedmont Virginia Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2018**

		<b>Component Unit</b>
		<b>Piedmont Virginia Community College Educational Foundation</b>
<b>Revenues</b>	<b>Community College</b>	
<b>Operating Revenue</b>		
Tuition and fees (net of scholarship allowance of \$3,313,193)	\$ 12,956,244	\$ -
Federal grants and contracts	1,462,663	-
State and local grants	1,020,675	-
Nongovernmental grants	18,393	-
Sales/services of education department	7,310	-
Auxiliary enterprises (net of scholarship allowance of \$10,421)	152,989	-
Gifts and contributions	-	3,147,504
Endowment income	-	1,008,892
Other operating revenues	207,401	5,550
<b>Total Operating Revenue</b>	<u>15,825,675</u>	<u>4,161,946</u>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Instruction	15,548,188	-
Public service	3,076,700	-
Academic support	2,230,065	913,327
Student services	3,434,739	-
Institutional support	3,990,858	203,379
Operation and maintenance	1,974,334	-
Scholarships and fellowships	3,286,126	313,764
Auxiliary enterprises	59,418	-
Fundraising	-	158,995
<b>Total Operating Expenses</b>	<u>33,600,428</u>	<u>1,589,465</u>
<b>Operating Income (Loss)</b>	<u>(17,774,753)</u>	<u>2,572,481</u>
<b>Nonoperating Revenues(Expenses)</b>		
State appropriations	12,205,074	-
Local appropriations	64,378	-
Grants and gifts	4,521,916	-
Investment income	30,875	26,181
Other nonoperating revenue (expense)	(53,318)	-
<b>Net Nonoperating Revenue</b>	<u>16,768,925</u>	<u>26,181</u>
<b>Income before other revenues, expenses gains (losses)</b>	<u>(1,005,828)</u>	<u>2,598,662</u>
Capital appropriations-state	589,100	-
Capital appropriations-local	17,179	-
Capital gifts, grants and contracts	283,450	-
Additions to permanent and term endowments	-	143,839
<b>Increase (Decrease) in Net Position</b>	<u>(116,099)</u>	<u>2,742,501</u>
<b>Net Position</b>		
<b>Net Position beginning of year, as restated</b>	<u>7,714,814</u>	<u>12,269,297</u>
<b>Net Position end of year</b>	<u>\$ 7,598,715</u>	<u>\$ 15,011,798</u>

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**Virginia Community College System  
Piedmont Virginia Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2018**

	<b>Community College</b>
<b>Cash flows from operating activities:</b>	
Tuition and fees	\$ 12,847,581
Grants and contracts	2,604,281
Payments to suppliers and others	(5,287,124)
Payments for employee wages	(17,960,074)
Payments for employee fringes and pension benefits	(5,367,256)
Payment for scholarships	(3,340,782)
Payments for utilities	(311,525)
Sales and services of education department	7,310
Auxiliary	155,468
Loans issued to students	(23,395)
Loans collected from students	3,499
Other	<u>223,176</u>
<b>Net cash used by operating activities</b>	<u>(16,448,841)</u>
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	12,205,074
Local appropriations	64,378
Grants and gifts	4,521,916
Agency receipts	2,379,390
Agency disbursements	(2,182,561)
PLUS, Stafford and Direct Lending loan receipts	2,292,496
PLUS, Stafford and Direct Lending loan disbursements	(2,295,369)
Borrowings	225,000
Loan repayments	(150,000)
Other non-operating revenue(expense)	<u>(55,842)</u>
<b>Net cash provided (used) by non-capital financing activities</b>	<u>17,004,482</u>
<b>Cash flows from capital and related financing activities:</b>	
Capital appropriations-state	589,100
Capital appropriations-local	17,179
Capital grants and gifts	283,388
Purchase capital assets	(116,828)
Proceeds from sale of capital assets	<u>2,920</u>
<b>Net cash provided (used) by capital financing activities</b>	<u>775,759</u>
<b>Cash flows from investing activities:</b>	
Investment income	<u>30,812</u>
<b>Net cash provided (used) by investing activities</b>	<u>30,812</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	1,362,212
<b>Cash and cash equivalents, beginning of year</b>	<u>4,423,559</u>
<b>Cash and cash equivalents, End of Year</b>	<u><u>\$ 5,785,771</u></u>
<b>Reconciliation of operating income (loss) to net cash used in operating activities:</b>	
Operating income (loss)	(17,774,753)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	1,150,372
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(195,658)
Prepaid expenses and other	11,119
Post employment benefits asset	(79,000)
Accrued compensation and leave	(5,971)
Accounts payable and other	151,083
Unearned revenue	292,579
Deposits pending distribution	(116,370)
Pension liability	(1,617,000)
Post employment benefits liability	(261,934)
Deferred inflows of resources related to pensions and post employment benefits	1,462,162
Deferred outflows of resources related to pensions and post employment benefits	<u>534,530</u>
<b>Net cash used in operating activities</b>	<u><u>\$ (16,448,841)</u></u>
<b>Reconciliation of cash and cash equivalents:</b>	
Cash and cash equivalents per Statement of Net Position	5,791,778
Less: Securities Lending Cash Equivalents	<u>6,007</u>
<b>Cash and cash equivalents end of year</b>	<u><u>\$ 5,785,771</u></u>
<b>Noncash transactions</b>	
Donated fixed assets	\$ 62

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