



GERMANNA COMMUNITY COLLEGE

REVIEW REPORT FOR THE YEAR ENDED JUNE 30, 2016

Auditor of Public Accounts
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February 28, 2017

David A. Sam
President, Germanna Community College

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

Germanna 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 Germanna 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.

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
Germanna Community College
Statement of Net Position
As of June 30, 2016**

		<u>Component Unit</u>
	<u>Community</u>	<u>Germanna</u>
	<u>College</u>	<u>Community College</u>
		<u>Educational</u>
		<u>Foundation</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 7,069,044	\$ 507,451
Accounts receivable, net	361,292	15,982
Pledges receivable	-	250,000
Due from Commonwealth	406,184	-
Due from system office	1,406	-
Prepaid expenses	362,864	4,500
Inventories	12,000	-
Notes receivable, net	-	2,759
Total Current Assets	<u>8,212,790</u>	<u>780,692</u>
Noncurrent Assets		
Restricted cash and cash equivalents	1,544,417	-
Endowment cash and cash equivalents	18,373	-
Endowment investments	-	2,704,949
Other long-term investments	1,127,983	2,036,865
Investments in real estate	-	1,085,228
Pledges receivable	-	680,813
Notes receivable, net	-	11,196
Non-depreciable capital assets, net	3,010,575	-
Depreciable capital assets, net	46,113,943	-
Total Noncurrent Assets	<u>51,815,291</u>	<u>6,519,051</u>
Total Assets	<u>60,028,081</u>	<u>7,299,743</u>
Deferred Outflows of Resources	<u>2,442,602</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>62,470,683</u>	<u>7,299,743</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable	1,456,906	3,083
Accrued payroll expense	2,043,598	-
Unearned revenue	2,097,551	-
Long-term liabilities-current portion	783,467	154,578
Securities lending obligation	122	-
Deposits	229,035	-
Total Current Liabilities	<u>6,610,679</u>	<u>157,661</u>
Noncurrent Liabilities		
Long-term liabilities	5,665,480	516,762
Pension obligations	16,498,000	-
Total Noncurrent Liabilities	<u>22,163,480</u>	<u>516,762</u>
Total Liabilities	<u>28,774,159</u>	<u>674,423</u>
Deferred Inflows of Resources	<u>1,179,000</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>29,953,159</u>	<u>674,423</u>
Net Position		
Net investment in capital assets	43,504,548	-
Restricted for:		
Nonexpendable	4,000	2,206,489
Expendable	1,371,018	4,081,420
Unrestricted	(12,362,042)	337,411
Total Net Position	<u>\$ 32,517,524</u>	<u>\$ 6,625,320</u>

See Independent Accountant's Review Report

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

		Component Unit
	Community College	Germanna Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$5,301,971)	\$ 14,020,024	\$ -
Federal grants and contracts	854,508	-
State and local grants	70,115	-
Nongovernmental grants	808,013	-
Auxiliary enterprises (net of scholarship allowance of \$17,662)	1,015,381	-
Gifts and contributions	-	1,276,561
Endowment income	-	(44,346)
Other operating revenues	696,440	536,473
Total Operating Revenue	<u>17,464,481</u>	<u>1,768,688</u>
Expenses		
Operating Expenses		
Instruction	15,312,035	-
Public service	1,091,473	-
Academic support	6,006,570	123,349
Student services	4,331,460	-
Institutional support	5,494,438	207,559
Operation and maintenance	4,059,776	-
Scholarships and fellowships	3,503,668	249,633
Auxiliary enterprises	347,595	-
Fundraising	-	57,041
Other expenses	-	31,456
Total Operating Expenses	<u>40,147,015</u>	<u>669,038</u>
Operating Income (Loss)	<u>(22,682,534)</u>	<u>1,099,650</u>
Nonoperating Revenues(Expenses)		
State appropriations	13,938,269	-
Local appropriations	112,208	-
Grants and gifts	6,866,333	-
Investment income	2,884	(577)
Interest on capital asset related debt	(193,270)	-
Other nonoperating revenue (expense)	91,779	-
Net Nonoperating Revenue	<u>20,818,203</u>	<u>(577)</u>
Income before other revenues, expenses gains (losses)	<u>(1,864,331)</u>	<u>1,099,073</u>
Capital appropriations-state	(98)	-
Capital appropriations-local	259,737	-
Capital gifts, grants and contracts	122,258	-
Additions to permanent and term endowments	-	12,088
Increase (Decrease) in Net Position	<u>(1,482,434)</u>	<u>1,111,161</u>
Net Position		
Net Position beginning of year	<u>33,999,958</u>	<u>5,514,159</u>
Net Position end of year	<u>\$ 32,517,524</u>	<u>\$ 6,625,320</u>

See Independent Accountant's Review Report