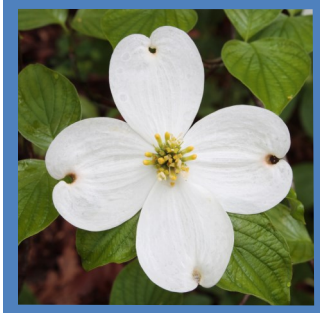

LORD FAIRFAX COMMUNITY COLLEGE

REVIEW REPORT FOR THE YEAR ENDED JUNE 30, 2016

Auditor of Public Accounts
Martha S. Mavredes, CPA
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Commonwealth of Virginia

Auditor of Public Accounts

Martha S. Mavredes, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

February 28, 2017

Cheryl Thompson-Stacy
President, Lord Fairfax Community College

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

We have reviewed the accompanying Statement of Net Position of **Lord Fairfax 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 (SSARSs) promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We have not reviewed the financial statements of Lord Fairfax Community College Educational Foundation (the Foundation), a discretely presented component unit of Lord Fairfax 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.

SSARSs 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

Lord Fairfax 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 Lord Fairfax Community College's Federal Student Aid programs in fiscal year 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/clj

Virginia Community College System
Lord Fairfax Community College
Statement of Net Position
As of June 30, 2016

	Community College	Component Unit Lord Fairfax Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents	$ 5,582,797	$ 1,300,578
Accounts receivable, net	1,243,080	-
Pledges receivable	-	311,585
Due from Commonwealth	365,703	-
Due from system office	35,421	-
Prepaid expenses	-	118,644
Inventories	3,500	-
Total Current Assets	7,230,501	1,730,807
Noncurrent Assets		
Restricted cash and cash equivalents	(125,417)	-
Endowment cash and cash equivalents	-	1,834,575
Endowment investments	-	6,860,450
Pledges receivable	-	95,409
Due from Commonwealth	1,940,448	-
Non-depreciable capital assets, net	15,145,251	529,650
Depreciable capital assets, net	27,869,597	9,277,445
Total Noncurrent Assets	44,829,879	18,597,529
Total Assets	52,060,380	20,328,336
Deferred Outflows of Resources	2,163,634	-
Total Assets and Deferred Outflows of Resources	54,224,014	20,328,336
Liabilities		
Current Liabilities		
Accounts and retainage payable	2,192,994	34,449
Accrued payroll expense	1,920,439	-
Unearned revenue	910,833	350,000
Long-term liabilities-current portion	495,508	199,816
Securities lending obligation	990	-
Deposits	118,602	-
Total Current Liabilities	5,639,366	584,265
Noncurrent Liabilities		
Long-term liabilities	258,486	7,949,657
Pension obligations	16,277,000	-
Total Noncurrent Liabilities	16,535,486	7,949,657
Total Liabilities	22,174,852	8,533,922
Deferred Inflows of Resources	1,167,000	-
Total Liabilities and Deferred Inflows of Resources	23,341,852	8,533,922
Net Position		
Net investment in capital assets	43,014,848	1,776,266
Restricted for:		
Nonexpendable	-	4,641,030
Expendable	151,813	5,659,044
Unrestricted	(12,284,499)	(281,926)
Total Net Position	$ 30,882,162	$ 11,794,414

See Independent Accountant's Review Report

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

	Community College	Component Unit Lord Fairfax Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of $4,072,567)	$ 14,838,599	$ -
Federal grants and contracts	2,618,959	-
State and local grants	81,264	-
Nongovernmental grants	606,204	-
Auxiliary enterprises (net of scholarship allowance of $13,464)	357,838	-
Gifts and contributions	-	89,743
Endowment income	-	(129,198)
Other operating revenues	602,828	1,158,950
Total Operating Revenue	19,105,692	1,119,495
Expenses		
Operating Expenses		
Instruction	19,327,175	297,726
Public service	1,903,043	-
Academic support	3,294,726	-
Student services	3,033,543	-
Institutional support	5,836,922	349,981
Operation and maintenance	3,214,513	116
Scholarships and fellowships	3,334,293	270,603
Auxiliary enterprises	169,110	-
Fundraising	-	254,514
Other expenses	-	261,418
Total Operating Expenses	40,113,325	1,434,358
Operating Income (Loss)	(21,007,633)	(314,863)
Nonoperating Revenues(Expenses)		
State appropriations	13,225,745	-
Local appropriations	308,283	-
Grants and gifts	5,862,598	-
Investment income	8,272	-
Other nonoperating revenue (expense)	100,082	-
Net Nonoperating Revenue	19,504,980	-
Income before other revenues, expenses gains (losses)	(1,502,653)	(314,863)
Capital appropriations-state	7,444,168	-
Capital gifts, grants and contracts	11,999	-
Additions to permanent and term endowments	-	387,693
Increase (Decrease) in Net Position	5,953,514	72,830
Net Position		
Net Position beginning of year	24,928,648	11,721,584
Net Position end of year	$ 30,882,162	$ 11,794,414

See Independent Accountant's Review Report