

**MOUNTAIN EMPIRE COMMUNITY COLLEGE**

**REPORT ON REVIEW  
FOR THE YEAR ENDED  
JUNE 30, 2008**

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**Auditor of  
Public Accounts**

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**COMMONWEALTH OF VIRGINIA**



# Commonwealth of Virginia

**Walter J. Kucharski, Auditor**

**Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218**

February 6, 2009

Dr. Terrance Suarez, President  
Mountain Empire Community College  
3441 Mountain Empire Road  
Big Stone Gap, VA 24219

Dear Dr. Terrance Suarez:

We have reviewed the accompanying Statement of Net Assets of **Mountain Empire Community College** as of June 30, 2008, and the related Statement of Revenues, Expenses, and Changes in Net Assets for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the individual community college.

A review consists principally of inquiries of college personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, 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 generally accepted accounting principles.

Mountain Empire 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 under the Statewide Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133. As a major program, the Auditor of Public Accounts audits Federal Student Financial Aid at Virginia's state-supported colleges and universities generally on a triennial cyclic basis. The Auditor of Public Accounts audited Mountain Empire Community College's Federal Student Aid programs in fiscal years 2003 and 2006 and did not report any material compliance issues. Copies of our audits of the system wide 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.

Sincerely,

Walter J. Kucharski  
Auditor of Public Accounts

Enclosure  
DBC/clj

MOUNTAIN EMPIRE COMMUNITY COLLEGE  
STATEMENT OF NET ASSETS  
As of June 30, 2008

	Community College	Component Unit Mountain Empire Community College Education Foundation
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,239,799	\$ 14,655
Short term investments	21,969	-
Accounts receivable	82,207	-
Pledges receivable	-	5,200
Due from Commonwealth	41,205	-
Due from system office	975,105	-
Prepaid expenses	-	1,271
Inventories	476,791	-
Total current assets	<u>4,837,076</u>	<u>21,126</u>
Noncurrent assets:		
Restricted cash and cash equivalents	(7,171)	-
Endowment cash and cash equivalents	-	35,643
Endowment investments	-	10,102,970
Other long-term investments	-	500
Investments in real estate	-	65,000
Pledges receivable	-	4,802
Due from Commonwealth	7,171	-
Non-depreciable capital assets, net	5,306,067	-
Depreciable capital assets, net	10,899,679	-
Total noncurrent assets	<u>16,205,746</u>	<u>10,208,915</u>
Total assets	<u>21,042,822</u>	<u>10,230,041</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts and retainage payable	1,018,526	15,825
Accrued payroll expense	689,053	-
Deferred revenue	168,334	-
Long-term liabilities-current portion	725,763	-
Due to Commonwealth	4,000	-
Deposits	93,955	-
Total current liabilities	<u>2,699,631</u>	<u>15,825</u>
Noncurrent liabilities:		
Long-term liabilities	272,021	-
Total liabilities	<u>2,971,652</u>	<u>15,825</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	16,205,746	-
Restricted for:		
Nonexpendable	-	3,862,691
Expendable	(48,000)	1,329,155
Unrestricted	1,913,424	5,022,370
Total net assets	<u>\$ 18,071,170</u>	<u>\$ 10,214,216</u>

See Auditor of Public Accounts' Review Report

MOUNTAIN EMPIRE COMMUNITY COLLEGE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
For the Year Ended June 30, 2008

		Component Unit
	Community College	Mountain Empire Community College Education Foundation
Operating revenue:		
Tuition and fees (net of scholarship allowance of \$2,781,504)	\$ 1,949,581	\$ -
Federal grants and contracts	2,399,883	-
State and local grants	369,888	-
Nongovernmental grants	683,514	402,200
Auxiliary enterprises (net of scholarship allowance of \$797,526)	704,446	-
Gifts and contributions	-	116,465
Endowment income	-	142,235
Other operating revenues	<u>41,427</u>	<u>497</u>
Total operating revenue	<u>6,148,739</u>	<u>661,397</u>
Operating expenses:		
Instruction	8,626,193	-
Public service	197,555	-
Academic support	2,664,766	507,376
Student services	1,463,697	-
Institutional support	2,431,595	218,416
Operation and maintenance	1,532,703	2,478
Scholarships and fellowships	2,100,829	-
Auxiliary enterprises	1,216,279	-
Fundraising	<u>-</u>	<u>32,581</u>
Total operating expenses	<u>20,233,617</u>	<u>760,851</u>
Operating loss	<u>(14,084,878)</u>	<u>(99,454)</u>
Nonoperating revenues (expenses)		
State appropriations	13,260,333	-
Local appropriations	104,157	-
Grants and gifts	4,055,698	-
Investment income	108,272	638,372
Other nonoperating revenue (expense)	<u>(390,529)</u>	<u>-</u>
Net nonoperating revenue	<u>17,137,931</u>	<u>638,372</u>
Income before other revenues, expenses, gains , and losses	3,053,053	538,918
Capital appropriations-state	7,399	-
Capital appropriations-local	3,377	-
Capital gifts, grants and contracts	3,766	-
Additions to permanent and term endowments	<u>-</u>	<u>401,913</u>
Increase in net assets	3,067,595	940,831
Net Assets - beginning of year	<u>15,003,575</u>	<u>9,273,385</u>
Net Assets - end of year	<u>\$ 18,071,170</u>	<u>\$ 10,214,216</u>

See Auditor of Public Accounts' Review Report