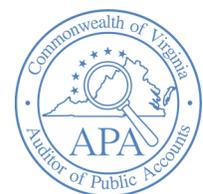




NEW RIVER COMMUNITY COLLEGE

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
Richmond, Virginia 23218

March 8, 2017

Charlie White
Interim President, New River Community College

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

New River 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 New River Community College's Federal Student Aid programs in fiscal years 2011 and 2014 and performed follow up procedures in fiscal year 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
New River Community College
Statement of Net Position
As of June 30, 2016

	<u>Community College</u>	<u>Component Unit New River Community College Educational Foundation</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 8,319,159	\$ 8,324
Short term investments	-	4,702,195
Accounts receivable, net	85,505	-
Due from Commonwealth	243,996	-
Due from system office	10,635	-
Prepaid expenses	905,092	-
Inventories	8,386	-
Notes receivable, net	-	25,936
Total Current Assets	<u>9,572,773</u>	<u>4,736,455</u>
Noncurrent Assets		
Restricted cash and cash equivalents	61,648	-
Endowment cash and cash equivalents	-	156,629
Endowment investments	-	6,029,239
Accounts receivable, net	-	5,216
Non-depreciable capital assets, net	890,979	1,087,017
Depreciable capital assets, net	<u>15,434,611</u>	<u>364,561</u>
Total Noncurrent Assets	<u>16,387,238</u>	<u>7,642,662</u>
Total Assets	<u>25,960,011</u>	<u>12,379,117</u>
Deferred Outflows of Resources	<u>1,033,727</u>	-
Total Assets and Deferred Outflows of Resources	<u>26,993,738</u>	<u>12,379,117</u>
Liabilities		
Current Liabilities		
Accounts and retainage payable	942,098	5,201
Accrued payroll expense	1,170,062	-
Unearned revenue	979,288	-
Long-term liabilities-current portion	370,228	-
Securities lending obligation	<u>2</u>	-
Total Current Liabilities	<u>3,461,678</u>	<u>5,201</u>
Noncurrent Liabilities		
Unearned revenue	203,209	-
Long-term liabilities	445,490	-
Pension obligations	<u>10,935,000</u>	-
Total Noncurrent Liabilities	<u>11,583,699</u>	-
Total Liabilities	<u>15,045,377</u>	<u>5,201</u>
Deferred Inflows of Resources	<u>979,000</u>	-
Total Liabilities and Deferred Inflows of Resources	<u>16,024,377</u>	<u>5,201</u>
Net Position		
Net investment in capital assets	16,325,590	1,451,578
Restricted for:		
Nonexpendable	-	5,155,949
Expendable	-	1,055,870
Unrestricted	<u>(5,356,229)</u>	<u>4,710,519</u>
Total Net Position	<u>\$ 10,969,361</u>	<u>\$ 12,373,916</u>

See Independent Accountant's Review Report

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

	Community College	Component Unit New River Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of \$2,897,051)	\$ 10,207,540	\$ -
Federal grants and contracts	988,819	-
State and local grants	144,535	-
Nongovernmental grants	39,504	-
Sales/services of education department	31,557	-
Auxiliary enterprises (net of scholarship allowance of \$9,633)	350,244	-
Endowment income	-	(86,295)
Other operating revenues	272,246	25,278
Total Operating Revenue	<u>12,034,445</u>	<u>(61,017)</u>
Expenses		
Operating Expenses		
Instruction	13,979,638	-
Public service	139,505	-
Academic support	2,589,521	-
Student services	1,428,546	-
Institutional support	3,711,108	199,531
Operation and maintenance	2,221,541	-
Scholarships and fellowships	3,679,693	338,387
Auxiliary enterprises	28,626	-
Total Operating Expenses	<u>27,778,178</u>	<u>537,918</u>
Operating Income (Loss)	<u>(15,743,733)</u>	<u>(598,935)</u>
Nonoperating Revenues(Expenses)		
State appropriations	10,022,301	-
Local appropriations	77,799	-
Grants and gifts	5,608,824	-
Investment income	76,048	(535)
Other nonoperating revenue (expense)	(53,316)	-
Net Nonoperating Revenue	<u>15,731,656</u>	<u>(535)</u>
Income before other revenues, expenses gains (losses)	<u>(12,077)</u>	<u>(599,470)</u>
Capital gifts, grants and contracts	1,530	-
Additions to permanent and term endowments	-	749,694
Increase (Decrease) in Net Position	<u>(10,547)</u>	<u>150,224</u>
Net Position		
Net Position beginning of year, as restated	<u>10,979,908</u>	<u>12,223,692</u>
Net Position end of year	<u>\$ 10,969,361</u>	<u>\$ 12,373,916</u>

See Independent Accountant's Review Report