

**THE COLLEGE OF WILLIAM AND MARY
WILLIAMSBURG, VIRGINIA**

**REPORT ON AUDIT
FOR THE YEAR ENDED
JUNE 30, 2002**



AUDIT SUMMARY

Our audit of The College of William and Mary for the year ended June 30, 2002 found:

- the financial statements are presented fairly, in all material respects;
- internal control matters that we consider to be reportable conditions; however, we do not consider any of these to be material weaknesses;
- no instances of noncompliance that are required to be reported; and
- corrective action of prior audit findings.

STATUS REPORT ON SYSTEM DEVELOPMENT PROJECT

In January 2002, the College began Project MAST, an effort to implement the SCT Banner Student Information System. To date, the College has made significant progress towards meeting its implementation goal of September 2003. By maintaining a well defined, current, and accurate project plan, the College has completed scheduled milestones and remained within its budgetary boundaries. Contingent upon the availability of funds, the College plans to implement the Banner Finance and Human Resources systems between 2004 and 2005.

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January 17, 2003

The Honorable Mark R. Warner
Governor of Virginia

The Honorable Kevin G. Miller
Chairman, Joint Legislative Audit
and Review Commission

Board of Visitors
The College of William and Mary

We have audited the accounts and records of **The College of William and Mary**, as of and for the year ended June 30, 2002, and submit herewith our complete reports on financial statements and compliance and internal control over financial reporting.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying basic financial statements of The College of William and Mary, a component unit of the Commonwealth of Virginia, as of and for the year then ended June 30, 2002, as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College as of June 30, 2002, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, the College has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities* as of June 30, 2002.

The Management's Discussion and Analysis on pages 7 through 12 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of The College of William and Mary. The Schedule of Auxiliary Enterprises Revenues and Expenditures is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The Schedule of Auxiliary Enterprises Revenues and Expenditures has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements of The College of William and Mary as of and for the year ended June 30, 2002, we considered internal controls over financial reporting and tested compliance with certain provisions of laws, regulations, contracts, and grants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion(s) on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the College's ability to record, process, summarize, and report financial data

consistent with the assertions of management in the financial statements. Reportable conditions are described in the section titled “Internal Control Findings and Recommendations.”

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

Status of Prior Findings

The College has taken adequate corrective action with respect to audit findings reported in the prior year.

The “Independent Auditor’s Report on Compliance and on Internal Control Over Financial Reporting” is intended solely for the information and use of the Governor and General Assembly of Virginia, Board of Visitors, and management, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

EXIT CONFERENCE

We discussed this report with management at an exit conference held on February 3, 2003.

AUDITOR OF PUBLIC ACCOUNTS

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INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

Strengthen Enforcing Travel Expense Regulations

The College should strengthen its enforcement and review procedures over travel expenses. A test of travel expense reimbursements and related travel costs found the following.

- In two of the thirteen travel claims reviewed, the College paid lodging which exceeded the per diem rate and did not have prior approval for the higher rate. Additionally, the College reimbursed an employee for the use of alternative lodging (i.e. a condominium) without the benefit of a cost analysis and agency head approval. State travel policy requires that prior to the commencement of travel, an employee perform a cost benefit analysis and obtain agency head approval when using alternative lodging.
- The College reimbursed an employee for personal items included on a receipt submitted as incidental expenses.
- The College reimbursed employees for meal expenses without proper documentation when the traveler paid for other individuals' meals. Travelers submitted credit card receipts in summary, without listing who attended the meal. Travel regulations allow for the reimbursement of actual business meal expenses up to the applicable per diem rate or actual cost if the travel claim list the names and number of people in attendance at the meal.

The College needs to strengthen its enforcement and review procedures of travel reimbursement and to start this process, the College may find it helpful to reinforce with the travel approvers and reviewers what are the travel regulations, and how to ensure compliance with them when approving or reviewing travel expenses.

Evaluating Potential Component Units

Recent changes in generally accepted accounting principles have affected both the presentation of information in the College's financial statements, and how the College reports several related affiliated organizations. The process for determining the most appropriate method of reporting each entity requires financial statement preparers to review and determine the relationship of the entity to the College using GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. In addition, the College will need to coordinate with these organizations the timing and receipt of their audit reports for inclusion in the College's financial statements.

While the College's entire fiscal staff have significantly contributed to improving the timing and completion of the audit, they still face the challenge of addressing and including the affiliated organizations. The challenges will require the staff to understand how the organization operates as well as how they report their financial transactions.

Strengthen Procedures for Recording Agency Commitments

The College needs to improve its method of accumulating and reporting contract commitments, retainage and lease payments and liabilities. While the College only prepares this information annually for the financial report, most of the information comes from information that individuals retain during the year. The

College's fiscal staff needs to meet with the individuals that keep the information during the year so that they understand what information is necessary to accurately report contract commitments, retainage, and lease payments and liabilities. Having everyone understand what is necessary for financial statement process will increase accuracy and reduce the time needed to prepare and review this information.

MANAGEMENT'S DISCUSSION AND ANALYSIS

New Accounting Standards

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, which established new financial reporting requirements. In November 1999, GASB issued Statement 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities – an Amendment of GASB 34*, which applies the new reporting standards to public institutions. The College of William and Mary's fiscal year 2002 financial statements reflect the new reporting requirements of GASB Statement 35.

The new reporting standards significantly change the appearance and nature of the College's financial statements. The major changes include (1) the financial statements are presented on an entity-wide basis consolidating the various funds groups evident in our previous statements; (2) depreciation expense is now recognized whereas previously it was not; (3) expenses rather than expenditures are reported; and (4) the statements are preceded by this Management Discussion and Analysis (MD&A).

The three basic financial statements have also been revised by GASB. The new statements are the Statement of Net Assets replacing the balance sheet; the Statement of Revenues, Expenses, and Changes in Net Assets generally replacing the Statement of Changes in Fund Balances and the Statement of Cash Flows. Each of these statements will be summarized and further discussed in this section.

Reporting Entity

The financial statements of the College of William and Mary include the financial operations of the main campus as well as those of the Virginia Institute of Marine Science and Richard Bland College, hereafter jointly referred to as "the College." All three entities are agencies of the Commonwealth of Virginia reporting to the Board of Visitors of the College of William and Mary. Additionally, these statements include the activities of the Omohundro Institute of Early American History and Culture (OIEAHC), sponsored jointly by the College of William and Mary and the Colonial Williamsburg Foundation, as a blended component unit of the College. These statements do not include the financial activity of any affiliated foundations or similar not-for-profit organizations providing support to the College. These organizations are identified and described in the footnotes to the financial statements.

Statement of Net Assets

The Statement of Net Assets provides a snapshot of the College's financial position, specifically the assets, liabilities, and resulting net assets as of June 30, 2002. Within Net Assets, three major categories are presented. Net assets invested in capital assets, net of debt presents the College's equity in property, plant, and equipment. Restricted net assets presents College assets whose use is described by the donor or providing entity. Restricted net assets are further presented in the categories of expendable and non-expendable. Expendable assets may be fully consumed for the specified purpose while non-expendable assets require preservation of the corpus with any investment earning being available to the College as per the donor's restrictions. Unrestricted net assets are available to support the mission of the College as determined by management.

<u>Assets:</u>	
Current	\$ 40,386,470
Capital, net of accumulated depreciation	278,383,664
Other non-current	<u>54,075,508</u>
Total assets	<u>372,845,642</u>
<u>Liabilities:</u>	
Current	39,282,208
Non-current	<u>50,590,591</u>
Total liabilities	<u>89,872,799</u>
<u>Net Assets:</u>	
Invested in capital assets, net of related debt	230,169,415
Restricted	47,542,679
Unrestricted	<u>5,260,749</u>
Total net assets	<u>\$282,972,843</u>

Note: Since the College implemented GASB Statement No. 34 during fiscal year 2002, prior year information is not available.

Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets presents the College results from operations for the fiscal year. Revenues of the College are now presented in two distinct categories: operating and non-operating. Operating revenues include tuition and fees, grants and contracts, and the sales of auxiliary enterprises. Non-operating revenues include state appropriations, gifts, and investment income and appear after the results from operations.

Operating revenues:	
Student tuition and fees, net of scholarship allowances of \$9,740,306	\$ 48,019,572
Federal grants and contracts	24,768,276
State, local, and nongovernmental grants and contracts	6,551,897
Sales and services of educational departments	21,036
Auxiliary enterprises, net of scholarship allowances of \$4,673,194 (Note 13)	43,041,464
Other operating revenues	<u>4,542,168</u>
Total operating revenues	<u>126,944,413</u>
Operating expenses:	
Instruction	68,195,707
Research	36,002,442
Public service	19,750

Academic support	16,621,093
Student services	5,621,100
Institutional support	16,881,468
Operation and maintenance of plant	9,554,339
Student aid	7,479,259
Auxiliary enterprises (Note 13)	43,462,198
Depreciation	10,466,989
Other operating expenses	<u>712,811</u>
Total operating expenses	<u>215,017,156</u>
Operating profit or (loss)	<u>(88,072,743)</u>
Net non-operating revenues and expenses	<u>82,493,252</u>
Income before other revenues, expenses, gains or losses	(5,579,491)
Other revenues, gains or losses	<u>7,713,284</u>
Increase in net assets	2,133,793
Net assets – beginning of year	<u>280,839,050</u>
Net assets – end of year	<u><u>\$282,972,843</u></u>

Note: Since the College implemented GASB Statement No. 34 during fiscal year 2002, prior year information is not available.

Within the operating revenues of the College, all major revenue components reflected slight increases for the year. Tuition and fee revenues increased as a result of an increase in tuition for both in-state and out-of-state students. In the area of grants and contracts, the College received significant new federal awards for the acquisition of scientific and academic equipment. State grant and contract revenue increases were attributable to overall increases in awards and activity. Non-operating revenues decreased slightly, overall, attributable to the reversion of state appropriations stemming from statewide mandatory budget reductions and decreased investments earnings.

Overall, the College's financial position remains strong. In response to substantial reductions in state-support for the College's budget, management responded with a balanced program of cost reductions, reprogramming of revenues, and selective increases in tuition and fees. These actions will preserve the academic integrity of the College as the foundation to all aspects of our operations and, therefore, our fiscal integrity.

Statement of Cash Flows

The Statement of Cash Flows provides detailed information about the College's sources and uses of cash during the fiscal year. Cash flow information is presented in four distinct categories: operations, non-capital financing, capital financing, and investing activities. This statement aids in the assessment of the College's ability to generate cash to meet current and future obligations.

Cash flows from operating activities	(\$75,260,454)
Cash flows from non-capital financing activities	86,168,989
Cash flows from capital financing activities	(15,260,495)
Cash flows from investing activities	<u>1,359,670</u>
Net change in cash	<u>(\$ 2,992,290)</u>

Cash flow from operations reflects the sources and uses of cash to support the comprehensive mission of the College. The primary sources of operating cash are tuition and fees (\$51.7 million) and auxiliary enterprise receipts (\$47.6 million). The primary uses of cash are payments to employees (\$127 million) representing salaries, wages and fringe benefits, and payments to vendors (\$64.1 million).

Cash flow from non-capital financing reflects non-operating sources and uses of cash. The primary sources of non-capital financing are state appropriations (\$73.2 million) followed by gifts (\$14.5 million). The excess cash from non-capital financing is used to support cash requirements of operations.

Cash flow from capital financing activities reflects the activities associated with the acquisition and construction of capital assets including related debt payments. The primary sources of cash include bond proceeds (\$9.7 million), state appropriations (\$6.3 million), grants and gifts (\$4.5 million), and student fees (\$1.5 million). The two uses of cash are capital construction (\$28.4 million) and debt payments (\$8.9 million).

Capital Asset and Debt Administration

The College of William and Mary

In fiscal year 2002, the College began classes in the Keck Environmental Field Laboratory, completed the Marshall-Wythe Law School North Wing Addition, and made renovations to the Sir Christopher Wren Building and the Facilities Management Building. Fire alarm upgrades were completed in several academic buildings during FY 2002, as well as William and Mary Hall.

Portions of other major projects were completed during the fiscal year. For the Dormitory Renovations Phase III and IV projects, Barrett Hall Phase 2, Old Dominion Phase 1, and Camm Hall (of the Bryan Complex) were completed.

Phase 2 of Old Dominion Hall, as well as the Dawson Dormitory are underway for summer 2002. The first floor of Brown Hall Dormitory will be handicapped accessible by August 2002. Designs for Phase III of the Bryan Complex and Phase I of Chandler Hall renovations will be progressing during summer 2002 as well.

Several projects are underway as of June 30th. Work on the Swem Library Renovation and Expansion Project continues with the new addition being occupied and the main building renovation commencing. The Landrum Forced Main Project began in late spring 2002 as one of two final sub-projects within the Underground Utilities Project. The construction contract for the first phase of the Heating and Cooling Upgrades to New Campus has been awarded and construction is underway for summer 2002. Campus upgrades for handicapped access began in late spring as well and will be complete by August 2002.

Planning is underway for the Landrum Pump Station Upgrade, the New Campus Heating and Cooling project phases 2 and 3, William and Mary Hall Arena Handicapped Accessible Seating, and Millington Hall Renovation and Expansion.

Initial design studies have been completed for the Parking Deck, the Lake Matoaka Amphitheater, and the new Campus Dormitory. Schematic design is underway for Zable Stadium Renovation and Enhancement.

During the year, the College repaid \$2.5 million in existing capital construction debt while issuing an additional \$4.9 million in bonds for the Dormitory Renovation Phase IV project.

The Virginia Institute of Marine Science

No major projects were completed in fiscal year 2002. The Handicapped Access project is essentially complete, but is waiting for the remaining charges to be paid and the account closed out. Executive Order 74 froze the renovation and expansion of Byrd Hall last year. The Byrd Hall project budget was reduced from \$4,216,000 to \$585,000. The Byrd Hall Renovation and Expansion project is closed. The new budget reflects the outstanding commitments of the renovation and expansion project plus an additional \$160,000 appropriation for maintenance repairs to keep the building usable. These maintenance repairs are currently underway. The Gloucester Point bulkhead replacement is under construction and is approximately 85 percent complete.

VIMS received a federal grant to construct an education and research laboratory for the Chesapeake Bay Estuarine Research Reserve in Virginia program on the VIMS campus. The architect has been hired and the project is in the schematic design phase.

The information and technology infrastructure project was frozen last year by Executive Order 74, remained frozen this year, and was closed out. The frozen funds were reverted to the State.

The Brooke and Davis Halls replacement project was expanded to include the construction of a new 43,000 square foot seawater laboratory and was renamed the "Marine Research Building Complex." The majority of the project is in the revised preliminary design phase.

The remaining appropriations are for property acquisitions on the Gloucester Point campus, Wachapreague campus, and Virginia Estuarine & Coastal Research Reserve. VIMS is currently in the process of purchasing #2 Riverview Avenue for its Wachapreague campus, and Dragon Run and the Catlett Islands for the Virginia Estuarine & Coastal Research Reserve. The general fund portion of the Masterplan properties acquisition, which was frozen last year by Executive Order 74, is being restored through a VCBA bond.

Economic Outlook

The College's economic outlook is tied to various factors including the ability to recruit students, their status as a public institution within the Commonwealth of Virginia's higher education system, and their ability to raise revenue through grants, contracts activity, and private fund raising.

The College's ability to recruit, admit, and retain top-caliber students is excellent, even as they compete against the most select public and private institutions in the country. The number of undergraduate applications to the College continues to increase as do the credentials of their admitted students including SAT scores, the number of students within the top 10 percent of their graduating class, and the number of students designated by the College as Monroe Scholars based on their scholastic achievement. These statistics, coupled with the College's academic reputation and projected increases in the number of high school graduates, suggest a strong continuing student demand for the future.

As a public institution, the College receives significant financial support from the Commonwealth of Virginia in the form of operating and capital construction appropriations. As such, the College is directly impacted by changes in the State's financial outlook. Due to a continuing shortfall in state revenue collections, all state agencies, including institutions of higher education, suffered a three percent reduction in state general fund support for fiscal year 2001-02. The Commonwealth's 2002-04 budget as approved by the 2002 General Assembly required further cuts in institutional operating budgets with direct cuts to the College's operating budget totaling \$6.3 million for FY 2002-03, increasing to \$8.3 million for FY 2003-04. Additional mid-year reductions in state support totaled \$4.7 million, increasing to \$5.6 million in FY 2003-04. In addressing these budget reductions, the College developed a set of guiding principles designed to protect the excellence, character, and financial integrity of the College. Balancing increases in tuition and offsetting student financial aid with targeted budget reductions, the College continues to protect its core academic programs' quality and integrity. Long-term planning continues to ensure that the College not only protects its core programs but also invests strategically for the future.

Capital construction funding for the College is expected to be significant based on various bond funded initiatives passed by the 2002 General Assembly. Through a combination of Virginia College Building Authority and state supported general obligation bonds, the College will invest approximately \$90 million in its academic facilities. This state funding will be supplemented by additional College and private investment in other academic and student support facilities.

FY 2001-02 revenue from private giving and grants and contracts continues to increase with private giving (new gifts, grants, and pledges) totaling \$36.9 million and grant and contract expenditures totaling \$30.9 million, both new highs for the College.

FINANCIAL STATEMENTS

THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA
STATEMENT OF NET ASSETS
As of June 30, 2002

ASSETS	
Current assets:	
Cash and cash equivalents (Note 3)	\$ 30,688,577
Investments (Note 3)	2,297,208
Receivables (Net of allowance for doubtful accounts of \$40,567) (Note 5)	6,703,929
Inventories	417,223
Other assets	279,533
Total current assets	<u>40,386,470</u>
Non-current assets:	
Restricted cash and cash equivalents	16,107,092
Restricted investments (Note 3)	37,737,041
Appropriations available	231,375
Capital assets, net of accumulated depreciation of \$204,808,405 (Note 6)	278,383,664
Total non-current assets	<u>332,459,172</u>
Total assets	<u>372,845,642</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses (Note 7)	\$ 19,651,097
Retainage payable (Note 8)	317,858
Other liabilities (Note 9)	3,769,323
Deferred revenue	5,922,919
Advance from the Treasurer of Virginia (Note 11)	1,240,000
Long-term obligations-current (Note 12)	8,381,011
Total current liabilities	<u>39,282,208</u>
Non-current liabilities:	
Retainage payable (Note 8)	914,363
Deposits held in custody for others	4,839,431
Long-term obligations (Note 12)	44,836,797
Total non-current liabilities	<u>50,590,591</u>
Total liabilities	<u>89,872,799</u>
NET ASSETS	
Invested in capital assets, net of related debt	230,169,415
Restricted for:	
Unexpendable:	
Scholarships and fellowships	429,984
Departmental uses	27,322,451
Expendable:	
Scholarships and fellowships	3,554,244
Research	237,076
Debt service	539,967
Loans	387,834
Capital projects	12,454,520
Departmental uses	2,616,603
Unrestricted	5,260,749
Total net assets	<u>\$ 282,972,843</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
As of June 30, 2002

Operating revenues:	
Student tuition and fees, net of scholarship allowances of \$9,740,306	\$ 48,019,572
Federal grants and contracts	24,768,276
State grants and contracts	2,502,871
Local grants and contracts	199,513
Nongovernmental grants and contracts	3,849,513
Sales and services of educational departments	21,036
Auxiliary enterprises, net of scholarship allowances of \$4,673,194 (Note 13)	43,041,464
Other operating revenues	4,542,168
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Total operating revenues	126,944,413
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Operating expenses:	
Instruction	68,195,707
Research	36,002,442
Public service	19,750
Academic support	16,621,093
Student services	5,621,100
Institutional support	16,881,468
Operation and maintenance of plant	9,554,339
Student aid	7,479,259
Auxiliary enterprises (Note 13)	43,462,198
Depreciation	10,466,989
Other operating expenses	712,811
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Total operating expenses	215,017,156
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Operating loss	(88,072,743)
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Non-operating revenues (expenses)	
State appropriations (Note 14)	73,207,694
Gifts	16,083,131
Net investment expense	(1,130,516)
Interest on capital asset related debt	(2,417,917)
Other non-operating revenue	361,303
Other non-operating expense	(3,610,443)
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Net non-operating revenues	82,493,252
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Loss before other revenues, expenses, gains, or losses	(5,579,491)
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Capital appropriations	7,582,875
Capital grants and contributions	6,020,284
Write-down of capital asset	(5,889,875)
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Net other revenues	7,713,284
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Increase in net assets	2,133,793
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Net assets - beginning of year as restated (Note 2)	280,839,050
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Net assets - end of year	\$ 282,972,843
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The accompanying Notes to Financial Statements are an integral part of this statement.

THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2002

Cash flows from operating activities:	
Tuition and fees	\$ 51,716,976
Scholarships	(16,857,432)
Research grants and contracts	32,365,629
Auxiliary enterprise charges	47,567,512
Payments to suppliers	(64,160,412)
Payments to employees	(126,993,412)
Loans issued to students and employees	(563,930)
Collection of loans to students	605,471
Other receipts	3,428,501
Other expenses	(677,736)
Maintenance expenses	(1,712,657)
Sales of educational departments	21,036
Net cash used by operating activities	(75,260,454)
Cash flows from noncapital financing activities:	
State appropriations	73,207,694
Gifts	14,540,809
Stafford loan receipts	19,519,730
Stafford loan disbursements	(19,519,730)
Plus loan receipts	3,770,719
Plus loan disbursements	(3,770,719)
Agency receipts	3,962,838
Agency payments	(3,174,425)
Other non-operating revenue	1,506,791
Other non-operating expenses	(3,874,718)
Net cash provided by non-capital financing activities	86,168,989
Cash flows from capital financing activities:	
Proceeds from issuance of capital debt	1,640,000
Capital appropriations	6,393,816
Grants and gifts for capital	4,522,745
Student fees for capital purchases	1,497,539
Capital income	8,050,111
Capital expenditures	(28,480,080)
Principal paid on capital-related debt	(6,426,619)
Interest paid on capital-related debt	(2,458,007)
Net cash used by capital and related financing activities	(15,260,495)
Cash flows from investing activities:	
Investment income	3,497,861
Investment expense	(2,138,191)
Net cash provided by investing activities	1,359,670
Net decrease in cash	(2,992,290)
Balances - beginning of the year	49,787,959
Balances - end of the year	46,795,669
Net change in cash	\$ (2,992,290)

THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2002

Reconciliation of net operating expenses to net cash used by operating activities:

Net operating loss	\$ (88,072,743)
Adjustments to reconcile net operating expenses to cash used by operating activities:	
Depreciation expense	10,466,989
Changes in assets and liabilities:	
Receivables, net	297,146
Other assets	(51,688)
Inventories	(40,506)
Accounts payable	1,018,602
Advances from Treasurer of Virginia	300,000
Other liabilities	5,222
Deferred revenue	660,508
Long-term obligations	156,016
Net cash used in operating activities	<u>\$ (75,260,454)</u>

Non-cash investing, non-capital financing, and capital and related financing transactions:

Write-down of capital asset	\$ 5,889,875
Donated equipment	\$ 418,013

The accompanying Notes to Financial Statements are an integral part of this statement.

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NOTES TO FINANCIAL STATEMENTS

THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The College of William and Mary, which includes the Williamsburg campus, the York River campus (Virginia Institute of Marine Science), and Richard Bland College are a part of the Commonwealth of Virginia's statewide system of public higher education. The College's Board of Visitors is appointed by the Governor and is responsible for overseeing governance of the College. The College is a component unit of the Commonwealth of Virginia and is included in the basic financial statements of the Commonwealth.

The accompanying financial statements present all funds for which the College's Board of Visitors is financially accountable including the Omohundro Institute of Early American History and Culture (OIEAHC), a blended component unit. Related foundations and similar non-profit corporations for which the College is not financially accountable are not part of the accompanying financial statements. These entities are not included because they are separately incorporated and the College exercises no control over them. These affiliated organizations are described in Note 18.

The Omohundro Institute of Early American History and Culture (OIEAHC), sponsored by the College of William and Mary and The Colonial Williamsburg Foundation, is organized exclusively for educational purposes. Its Executive Board, subject to its sponsors, determines matters of policy and has responsibility for financial and general management as well as resource development. The Executive Board consists of six members: the chief education officer of the Colonial Williamsburg Foundation, the chief academic officer of the College of William and Mary, the chairperson of the Institute Council, and three who are elected by OIEAHC's Executive Board. Prior to the beginning of each fiscal year, the sponsors determine the nature and extent of their responsibility for the financial support of the OIEAHC in the upcoming year.

Separate financial statements for the OIEAHC may be obtained by writing the Treasurer, Omohundro Institute of Early American History and Culture, P. O. Box 220, Williamsburg, Virginia 23187-0220.

B. Basis of Presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), including all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board (APB) opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Pursuant to the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and Statement No. 35, *Basic Financial Statements - and Management’s Discussion and Analysis - for Public Colleges and Universities*, effective for the College’s year ended June 30, 2002, the College now follows Statement 34 requirements for “reporting by special-purpose governments engaged only in business-type activities.” The change in financial statement presentation provides a comprehensive entity-wide look at the College’s financial activities and replaces the fund-group perspective previously required.

C. Basis of Accounting

The financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting, including depreciation expense related to capitalized fixed assets. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of the timing of related cash flows. All significant intra-agency transactions have been eliminated.

D. Cash and Cash Equivalents

In accordance with the GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, definition, cash and cash equivalents consist of cash on hand, money market funds, and temporary highly liquid investments with an original maturity of three months or less.

E. Investments

Investments are recorded at cost or fair market value, if purchased, or fair market value at the date of receipt, if received as a gift, and reported in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. (See Note 3.)

Realized and unrealized gains and losses are reported in investment income as nonoperating revenue in the Statement of Revenues, Expenses, and Changes in Net Assets.

F. Receivables

Receivables consist of tuition and fee charges to students and auxiliary enterprises’ sales and services. Receivables also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to grants and contracts. Receivables are recorded net of estimated uncollectible amounts.

G. Inventories

Inventories at the Williamsburg and York River (Virginia Institute of Marine Science) campuses are reported using the consumption method, and valued at average cost. Richard Bland College contracted with Follett Higher Education Group to manage its bookstore operations. The contract included the sale of the existing bookstore inventory.

H. Capital Assets

Capital assets are recorded at historical cost or fair market value at the date of acquisition. Construction expenses for capital assets and improvements are capitalized when expended. The College's capitalization policy on equipment includes all items with an estimated useful life of two years or more. The Williamsburg and York River campuses capitalize all items with a unit price greater than or equal to \$2,000 and Richard Bland College capitalizes all items with a unit price greater than or equal to \$5,000. Library materials for the academic or research library are capitalized as a collection and are valued at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets as follows:

Buildings	40-50 years
Infrastructure	10-50 years
Equipment	2-30 years
Library books	10 years

Collections of works of art and historical treasures are capitalized at cost or fair value at the date of donation. These collections, which include rare books, are considered inexhaustible and therefore are not depreciated.

I. Deferred Revenue

Deferred revenue represents revenue collected but not earned as of June 30, 2002. This is primarily comprised of revenue for student tuition accrued in advance of the semester, amounts received from grant and contract sponsors that have not yet been earned and advance ticket sales for athletic events.

J. Compensated Absences

Employees' compensated absences are accrued when earned. The liability and expense incurred are recorded at year-end as accrued compensated absences in the Statement of Net Assets, and as a component of compensation and benefit expense in the Statement of Revenues, Expenses, and Changes in Net Assets.

K. Noncurrent Liabilities

Noncurrent liabilities include principal amounts of bonds payable, notes payable, installment purchase agreements, and capital lease obligations with contractual maturities greater than one year as well as estimated amounts for accrued compensated absences that will not be paid within the next fiscal year.

L. Net Assets

GASB Statement No. 34 requires that the Statement of Net Assets report the difference between assets and liabilities as net assets rather than fund balance. Accordingly, the Colleges' net assets are classified as follows:

Invested in capital assets, net of related debt – consist of total investment in capital assets, net of accumulated depreciation and outstanding debt obligations.

Restricted net assets - nonexpendable – include endowments and similar type assets whose use is limited by donors or other outside sources and as a condition of the gift, the principal is to be maintained in perpetuity.

Restricted net assets - expendable – represent funds that have been received for specific purposes and the College is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external parties.

Unrestricted net assets – represent resources derived from student tuition and fees, state appropriations, unrestricted gifts, interest income, and sales and services of educational departments and auxiliary enterprises.

M. Scholarship Allowances

Student tuition and fee revenues and certain other revenues from charges to students is reported net of scholarship allowances in the Statement of Revenues, Expenses, and Changes in Net Assets. Scholarship allowances are the difference between the actual charge for goods and services provided by the College and the amount that is paid by students and/or third parties on the students' behalf. Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). The alternative method is a simple proportionality algorithm that computes scholarship discounts and allowances on a college-wide basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid. Student financial assistance grants and other federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Assets. To the extent that revenues from these programs are used to satisfy tuition, fees, and other charges, the College has recorded a scholarship allowance.

N. Federal Financial Assistance Programs

The College participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants (SEOG), Federal Work Study, Perkins Loans, and Federal Family Education Loan Program (FFELP), which includes Stafford Loans and Parent Loans for Undergraduate Students (PLUS). Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Revised Circular A-133, *Audit of States, Local Governments and Non-Profit Organizations*, and the Compliance Supplement.

O. Classification of Revenues and Expenses

The College presents its revenues and expenses as operating or non-operating based on the following criteria:

Operating revenues – include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, net of scholarship allowances, (3) most federal, state and local grants and contracts, and (4) interest on student loans.

Non-operating revenues – include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, and GASB Statement No. 34, such as State appropriations and investment income.

Non-operating expenses – include interest on debt related to the purchase of capital assets and losses on the disposal of capital assets. All other expenses are classified as operating expenses.

2. ACCOUNTING CHANGES AND RESTATEMENT OF NET ASSETS

Effective July 1, 2001, the College implemented GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – For Colleges and Universities*. The financial statement presentation required by these Statements is a single-column enterprise activity rather than the fund-group perspective previously reported. Significant accounting changes in order to comply with the new requirements include adopting depreciation on capital assets, reporting revenues net of discounts and allowances, eliminating inter-fund activities, classifying activities as operating or non-operating and classifying assets and liabilities as current or non-current.

In addition, the College implemented GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. Changes in existing disclosures include more detailed information on debt service requirements, obligations under leases, and short-term debt.

Net Asset Restatement

Fund Balances as previously reported June 30, 2001	\$400,841,541
Implementation of GASB 34/35	
Accumulated depreciation on capital assets	(195,978,461)
Works of art and historical treasurer	65,306,219
Reclassify Perkins Federal Loan Program and Student Loan Interest	(2,530,870)
Reclassify contract advances	(2,668,646)
Record component unit-OIEAHC	663,766
Capital assets, equipment	(2,415,690)
Library books	2,338,925
Infrastructure	14,738,483
Buildings	540,296
Other improvements	<u>3,487</u>
Net Asset Balance at July 1, 2001	<u>\$280,839,050</u>

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

Cash held by the Treasurer of Virginia is maintained pursuant to Section 2.2-1800, et. seq., Code of Virginia (1950), as amended, who is responsible for the collection, disbursement, custody and investment of State funds. Richard Bland College has received a petty cash advance in the amount of \$3,000 from the Treasurer of Virginia, which is included in "Cash and Cash Equivalents."

The carrying amount of cash not held by the Treasurer of Virginia is \$3,454,537. The carrying amount consists of bank balances reported at June 30, 2002, in the amount of \$10,247,902 adjusted for reconciling items, petty cash items and change funds. The Colleges have elected to have these amounts collateralized in accordance with the Virginia Securities for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia (1950), and the cash is, therefore, considered insured or collateralized and reportable as Category 1 as defined by Governmental Accounting Standards Board Statement No. 3.

Investments

In accordance with Governmental Accounting Standards Board Statement No. 31, certain investments have been reported at fair market value.

In accordance with the Board of Visitors' Resolution 6(R), November 16, 2001, and Resolution 13, April 24, 1998, investments can be made in the following instruments: cash, U.S. Treasury and Federal agency obligations, commercial bank certificates of deposit, commercial paper, bankers' acceptances, corporate notes and debentures, money market funds, convertible securities and equities. Investments at June 30, 2002, are categorized below by credit risk.

The three categories of risk are:

Category 1 – Insured or registered securities or securities held by the Colleges or their agents in the name of the respective College.

Category 2 – Uninsured or unregistered, with securities held by the counterparties' trust departments or agents in the name of the respective College.

Category 3 – Uninsured and unregistered, with securities held by the counterparties, or by their trust departments or agents, but not in the institutions' name. (This includes the portion of the carrying amount of any repurchase agreement that exceeds the market value of the underlying securities).

	Category <u>1</u>	Reported <u>Amount</u>	Fair <u>Value</u>
U.S. Treasury and agency securities	\$ 5,949,476	\$ 5,949,476	\$ 5,949,476
Common & preferred stocks	24,258,312	24,258,312	24,310,327
Corporate bonds	6,828,507	6,828,507	6,828,507
Commercial paper	<u>170,000</u>	<u>170,000</u>	<u>170,000</u>
	<u>\$37,206,295</u>	37,206,295	37,258,310

Mutual and money market funds	11,032,153	11,032,153
State non-arbitrage program investments (SNAP)	1,839,133	1,839,133
Securities lending transactions	670,563	670,563
Bank of New York	830	830
Stone Mountain half-dollars	<u>14</u>	<u>280</u>
Total investments	<u>\$50,748,988</u>	<u>\$50,801,269</u>

Securities Lending Transactions

Securities lending transactions represent the Colleges' allocated share of securities received for securities lending transactions held in the General Account of the Commonwealth. Loaned securities, for which the collateral is reported on the Statement of Net Assets, are non-categorized as to credit risk. Details of the General Account securities lending program are included in the Commonwealth's Annual Financial Report.

4. DONOR RESTRICTED ENDOWMENTS

Investments of the College's endowment funds are pooled and consist primarily of gifts and bequests, the use of which is restricted by donor imposed limitations.

The Uniform Management of Institutional Funds Act, Code of Virginia Title 55, Chapter 15 sections 268.1-268.10, permits the spending policy adopted by the Board of Visitors to appropriate an amount of realized and unrealized endowment appreciation as the Board determines to be prudent. In determining the amount of appreciation to appropriate, the Board is required by the Act to consider such factors as long- and short-term needs of the institution, present and anticipated financial requirements, expected total return on investments, price level trends, and general economic conditions. The amount available for spending is determined by applying the payout percentage to the average market value of the investment portfolio for the three previous calendar year-ends. The payout percentage is reviewed and adjusted annually as deemed prudent.

The College, during fiscal year 2002, had a net appreciation of \$7,651,412 which is available to be spent and is reported in the Statement of Net Assets in the following categories: Restricted for Unexpendable Departmental Uses - \$4,592,250, Restricted for Expendable Scholarships and Fellowships - \$1,231,215, Restricted for Expendable Departmental Uses - \$124,905, and Unrestricted - \$1,703,042.

Investments of Endowment and Similar Funds

Marketable securities are reported at fair value in accordance with GASB Statement No. 31. GASB Statement No. 31 does not apply to those securities that are accounted for under the equity method. Those received by gift are recorded at fair value on the date of acquisition. Generally, assets of individual endowment funds are pooled on a market value basis. Each individual fund subscribes to or disposes of units on the basis of the market value per unit share at the beginning of the calendar quarter within which the transaction takes place. The distribution of income is based on the number of units owned by each fund. Realized gains and losses are not distributed to individual funds but are reflected in the Reserve for Securities Appreciation Fund. Valuation of investments are as follows:

College of William and Mary

	<u>June 30, 2002</u>		<u>June 30, 2001</u>	
	<u>Fair Value</u>	<u>Reported</u>	<u>Fair Value</u>	<u>Reported</u>
Equity investments	\$24,297,711	\$24,245,696	\$26,840,306	\$26,739,308
Bond investments	7,939,353	7,939,353	8,111,150	8,111,150
Cash equivalents/ money market	<u>228,679</u>	<u>228,679</u>	<u>622,356</u>	<u>622,356</u>
Total	<u>\$32,465,743</u>	<u>\$32,413,728</u>	<u>\$35,573,812</u>	<u>\$35,472,814</u>

Richard Bland College

	<u>June 30, 2002</u>		<u>June 30, 2001</u>	
	<u>Fair Value</u>	<u>Reported</u>	<u>Fair Value</u>	<u>Reported</u>
Cash equivalents/ money market	<u>\$377,780</u>	<u>\$377,780</u>	<u>\$395,891</u>	<u>\$395,891</u>
Total	<u>\$377,780</u>	<u>\$377,780</u>	<u>\$395,891</u>	<u>\$395,891</u>

5. RECEIVABLES

Receivables include transactions related to accounts and notes receivable and are shown net of allowance for doubtful accounts for the year ending June 30, 2002 as follows:

Student tuition and fees	\$ 300,949
Auxiliary enterprises	366,682
Federal, state and nongovernmental grants and contracts	2,194,070
Other activities	<u>3,882,795</u>
Gross receivables	6,744,496
Less: Allowance for doubtful accounts	<u>(40,567)</u>
Net receivables	<u>\$6,703,929</u>

6. CAPITAL ASSETS

A summary of changes in the various capital asset categories for the year ending June 30, 2002 consist of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Nondepreciable capital assets:				
Land	\$ 6,994,743	\$ -	\$ -	\$ 6,994,743
Inexhaustible artwork and historical treasures	65,306,219	1,345,469	-	66,651,688
Construction in progress	<u>41,394,398</u>	<u>20,300,157</u>	<u>16,950,485</u>	<u>44,744,070</u>
Total nondepreciable capital assets	<u>113,695,360</u>	<u>21,645,626</u>	<u>16,950,485</u>	<u>118,390,501</u>
Depreciable capital assets:				
Buildings	188,908,514	13,321,209	-	202,229,723
Infrastructure	19,354,795	-	-	19,354,795
Equipment	61,515,107	9,541,485	8,463,512	62,593,080
Other improvements	3,882,029	3,214	183,056	3,702,187
Library materials	<u>74,948,675</u>	<u>2,392,073</u>	<u>418,965</u>	<u>76,921,783</u>
Total depreciable capital assets	<u>348,609,120</u>	<u>25,257,981</u>	<u>9,065,533</u>	<u>364,801,568</u>
Less accumulated depreciation for:				
Buildings	79,968,701	4,543,425	-	84,512,126
Infrastructure	18,116,894	108,312	-	18,225,206
Equipment	31,428,502	3,752,816	1,282,890	33,898,428
Other improvements	3,676,679	29,375	7,056	3,698,998
Library materials	<u>62,787,685</u>	<u>2,033,061</u>	<u>347,099</u>	<u>64,473,647</u>
Total accumulated depreciation	<u>195,978,461</u>	<u>10,466,989</u>	<u>1,637,045</u>	<u>204,808,405</u>
Depreciable capital assets, net	<u>152,630,659</u>	<u>14,790,992</u>	<u>7,428,488</u>	<u>159,993,163</u>
Total capital assets, net	<u>\$266,326,019</u>	<u>\$36,436,618</u>	<u>\$24,378,973</u>	<u>\$278,383,664</u>

Capitalization of Library Books

The methods employed to value the general collections of the Earl Gregg Swem Library and the Marshall-Wythe Law Library, York River Library, and Richard Bland College are based on average cost determined by each library. The average cost of the Swem Library for purchases of books was \$45.61 and \$47.07 for fiscal years 2002 and 2001, respectively. The average cost of the law library purchases of books was \$121.07 and \$138.21 for fiscal years 2002 and 2001, respectively. Special collections maintained by each library are valued at historical cost or acquisition value. The average cost of library books purchased for the York River Campus was \$86.00 and \$71.71 for fiscal years 2002 and 2001, respectively. The average cost of library books purchased for Richard Bland College was \$29.00 and \$40.00 for fiscal years 2002 and 2001, respectively. The effects of the net change in the value of the collections of the libraries have been included as additions to current year operations. The changes reflected in the valuation are due to the recognition of depreciation in accordance with GASB Statements No. 34 and 35.

7. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following at June 30, 2002:

Current Liabilities:

Employee salaries, wages, and fringe benefits payable	\$11,691,440
Vendors and suppliers accounts payable	<u>7,959,657</u>
Total current liabilities – accounts payable and accrued liabilities	<u>\$19,651,097</u>

8. RETAINAGE PAYABLE

At June 30, 2002, \$1,232,221 was held as retainage on various construction contracts for work that had been performed. The retainage will be remitted to the various contractors upon satisfactory completion of the construction projects.

9. OTHER LIABILITIES

Other liabilities consisted of the following at June 30, 2002:

Perkins Loan Program contributions	\$2,533,174
Obligations under securities lending program	670,563
Deposits pending distribution	530,567
Rebate to the Internal Revenue Service	15,647
VIMS agency funds	<u>19,372</u>
Total other liabilities	<u>\$3,769,323</u>

10. COMMITMENTS

At June 30, 2002, outstanding construction commitments totaled approximately \$43,777,094 of which \$34,992,037 has been incurred.

Commitments also exist under various operating leases for buildings, equipment, and computer software. In general, the leases are for one to three year terms with renewal options on the buildings, equipment, and certain computer software for additional one-year terms. In most cases, these leases will be replaced by similar leases. In May of 1998, the College of William and Mary has also entered into one 20-year lease for space in the Applied Science Research Center Building at the Jefferson Center for Research and Technology in Newport News, Virginia. Rental expense for the fiscal year ending June 30, 2002, was \$3,433,029.

As of June 30, 2002, the following total future minimum rental payments are due under the above leases:

<u>Year Ending June 30,</u>	<u>Amount</u>
2003	\$2,078,541
2004	1,394,803
2005	1,309,759
2006	287,116
2007	184,119
2008-2012	920,591
2013-2017	920,591
2018-2022	<u>165,748</u>
Total	<u>\$7,261,268</u>

11. ADVANCES FROM THE TREASURER OF VIRGINIA

Section 4-3.02 of the Appropriation Act describes the circumstances under which agencies and institutions may borrow funds from the State treasury, including prefunding for capital projects in anticipation of bond sale proceeds and operating funds in anticipation of federal revenues. Listed below are the advances from the Treasurer of Virginia at year-end.

	<u>Balance as of June 30, 2002</u>
Anticipation of federal revenues	\$1,000,000
Parking deck construction project, 9(d) bond anticipation	200,000
Dormitory renovation project, 9(c) bond anticipation	<u>40,000</u>
Total advances payable	<u>\$1,240,000</u>

12. LONG-TERM OBLIGATIONS

Bonds Payable

The College of William and Mary's bonds are issued pursuant to Section 9 of Article X of the Constitution of Virginia. Section 9(c) bonds are general obligation bonds issued by the Commonwealth of Virginia on behalf of the College and are backed by the full faith, credit, and taxing power of the Commonwealth and are issued to finance capital projects which, when completed, will generate revenue to repay the debt. Listed below are the bonds outstanding at year-end:

<u>Description</u>	<u>Interest Rates (%)</u>	<u>Maturity</u>	<u>Balance as of June 30, 2002</u>
Section 9(c) Bonds Payable:			
Dormitory, Series 1992D1	4.500 – 5.900	2006	\$ 275,000
Dormitory, Series 1993B1	3.500 – 5.000	2013	405,000
Dormitory, Series 1994A1	6.000 – 6.400	2006	40,000
Dormitory, Series 1994A2	6.000 – 6.400	2006	565,000
Dormitory, Series 1996A1	3.560 – 5.650	2016	1,320,000

Dormitory, Series 1996R5	4.750 – 5.125	2014	112,812
Dormitory, Series 1996R6	4.750 – 5.125	2015	1,681,780
Dormitory, Series 1997A2	3.790 – 5.400	2017	630,000
Dormitory, Series 1997A3	3.790 – 5.400	2017	2,825,000
Dormitory, Series 1998A1	4.470 – 4.930	2018	5,475,000
Dormitory, Series 1998R2	3.500 – 5.000	2013	679,804
Dormitory, Series 1998R3	3.500 – 5.000	2008	31,435
Dormitory, Series 1998R4	3.500 – 5.000	2008	346,029
Dormitory, Series 2001A1	3.500 – 5.000	2021	<u>4,715,000</u>
Total Renovation of Dormitories bonds			<u>19,101,860</u>
Graduate Housing, Series 1993A1	3.750 – 4.800	2003	25,000
Graduate Housing, Series 1993R8	3.500 – 5.000	2011	4,163,262
Graduate Housing, Series 1996R4	4.750 – 4.750	2003	<u>373,986</u>
Total Graduate Housing bonds			<u>4,562,248</u>
Randolph Residence, Series 1993R6	3.500 – 5.000	2009	1,067,260
Tyler Hall, Series 1993R1	3.750 – 5.200	2008	510,760
Telecommunication, Series 1993R5	3.500 – 4.600	2004	557,740
Telecommunication, Series 1993R7	3.550 – 4.625	2005	<u>113,579</u>
Total Telecommunication bonds			<u>671,319</u>
University Center, Series 1992C1	5.000 – 6.000	2004	985,000
University Center, Series 1993B2	3.500 – 5.000	2013	135,000
University Center, Series 1998R1	3.500 – 5.000	2013	<u>6,392,929</u>
Total University Center bonds			<u>7,512,929</u>
Underground Utility, Series 1995A1	3.500 – 5.600	2016	1,215,000
Underground Utility, Series 1997A1	3.790 – 5.400	2017	<u>1,665,000</u>
Total Underground Utility bonds			<u>2,880,000</u>
Total bonds payable			<u>\$36,306,376</u>

Notes Payable

Section 9(d) bonds, issued through the Virginia College Building Authority's Pooled Bond Program, are backed by pledges against the general revenues of the College and are issued to finance other capital projects. The principal and interest on bonds and notes are payable only from net income and specific auxiliary activities or from designated fee allocations.

In addition, the College entered into a seven-year commercial note with SunTrust Bank to partially finance the multi-year implementation of a new administrative and financial system,

described as an enterprise resource planning system. The annual debt service on this note is payable from a specific annual appropriation of funds from the Commonwealth and other discretionary funds of the College. Listed below are the notes outstanding at year-end.

<u>Description</u>	<u>Interest Rates (%)</u>	<u>Maturity</u>	<u>Outstanding Balance as of June 30, 2002</u>
Section 9(d) Bonds:			
William and Mary Hall, Series 1997A	3.750 – 5.000	2018	\$1,865,000
Marshall-Wythe Library, Series 1999A	5.000 – 6.000	2019	<u>1,765,000</u>
			3,630,000
Commercial Note:			
Enterprise Resource Planning System	5.820	2008	<u>6,311,700</u>
Total notes payable			<u>\$9,941,700</u>

Capital Leases

The College of William and Mary and Richard Bland College participate in the Higher Education Equipment Trust Fund (HEETF) of the Virginia College Building Authority (VCBA). Through 1998, for accounting purposes, this financing arrangement was considered to represent a capital lease. Assets acquired under this arrangement are institutional assets with related liabilities to the VCBA. In fiscal year 1999, changes were made to the HEETF program. Assets acquired under the new arrangement are owned immediately by the institution and no liability is recorded.

The transactions described here relate to the pre-1999 financing arrangement. No equity or prior year allocations remain unused for the College of William and Mary, Virginia Institute of Marine Science, or Richard Bland College. At June 30, 2002, the remaining liability to VCBA is \$345,111. Payments are due through 2003.

Installment Purchases

At June 30, 2002, installment purchases consist of the current and long-term portions of obligations resulting from various contracts used to finance the acquisition of equipment. The lengths of the purchase agreements range from two to five years, and the interest rate charges are from 3.41 percent to 5.65 percent.

<u>Description</u>	<u>Interest Rates (%)</u>	<u>Maturity</u>	<u>Outstanding Balance as of June 30, 2002</u>
Installment purchases payable	Various	2002-2007	\$185,960

Long-term Obligations

Long-term obligations consist of long-term debt (as described above), and other liabilities due or payable in more than one year. A summary of changes in long-term obligations for the year ending June 30, 2002, is presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Long-term debt:					
Bonds payable	\$33,823,619	\$4,875,000	\$2,392,243	\$36,306,376	\$2,516,595
Notes payable	10,931,000	-	989,300	9,941,700	1,045,368
Capital leases-HEETF	1,187,850	-	842,739	345,111	345,111
Installment purchases	<u>388,298</u>	<u>55,855</u>	<u>258,193</u>	<u>185,960</u>	<u>100,791</u>
Total long-term debt	46,330,767	4,930,855	4,482,475	46,779,147	4,007,865
Other liabilities:					
Compensated absences	<u>6,282,645</u>	<u>5,199,614</u>	<u>5,043,598</u>	<u>6,438,661</u>	<u>4,373,146</u>
Total long-term obligations:	<u>\$52,613,412</u>	<u>\$10,130,469</u>	<u>\$9,526,073</u>	<u>\$53,217,808</u>	<u>\$8,381,011</u>

Long-term debt matures as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 4,007,865	\$ 2,303,893
2004	3,764,483	2,101,412
2005	3,629,997	1,905,367
2006	3,755,064	1,720,225
2007	3,949,332	1,527,853
2008-2012	15,703,098	5,053,828
2013-2017	9,544,309	1,888,935
2018-2022	<u>2,425,000</u>	<u>244,850</u>
Total	<u>\$46,779,148</u>	<u>\$16,746,363</u>

Compensated Absences

In accordance with Financial Accounting Standards Board (FASB) Statement No. 43, a liability of \$6,438,661 for 2001-02 and \$6,282,645 for 2000-01 is recognized for vacation, sick, and compensatory leave earned but not taken as of June 30 of each year for its faculty, professional, and classified employees. The current liability, representing the portion of the liability that is estimated to become due within one year, is \$4,373,146 for 2001-02 and \$4,067,470 for 2000-01. Compensated absences liabilities become due upon the occurrence of relevant events such as resignations, retirements, and usage of leave balances. These occurrences and related dollar amounts cannot be known reliably in advance, so the portion of compensated absences due within one year must be estimated.

For faculty and professional employees, the liability reflects accumulated vacation leave balances up to a maximum of 30 days. For classified employees, the liability reflects earned vacation, sick, and compensatory leave as prescribed by the Commonwealth of Virginia's leave policies. Vacation leave is earned, along with maximum accumulated balances, based on years of service. Sick leave is earned based on years of service with an unlimited accumulated sick leave balance; however, under the traditional sick leave program, upon termination the liability is limited to the lesser of 25 percent of the employee's accumulated sick leave balance or \$5,000 for employees with a minimum of five years employment with the State. For full- time and part-time classified employees hired on or after January 1, 1999, sick leave and personal family leave is allotted at the beginning of each calendar year and is based on length of service and percentage of time worked under the Virginia Sickness and Disability Program (VSDP) with no liability for accumulated balances at termination. Compensatory leave is earned in accordance with the Federal Fair Labor Standards Act with the liability limited to the employees' actual balances earned within the last 12 months.

In accordance with GASB Statement No. 16, an additional liability amount, including the applicable FICA taxes, has been included for those employees with less than five years of service based on the probability that they will eventually become vested.

Prior Year Defeasance of Debt

During fiscal years 1993, 1994, and 1996, the College defeased certain General Obligation Revenue Bonds. The proceeds from these refunding bonds were deposited into irrevocable trusts with escrow agents to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the College's financial statements.

Current year payments and future obligations for the defeased bonds are as follows:

<u>Series</u>	<u>Retired in Fiscal 2002</u>	<u>Outstanding at June 30, 2002</u>
1988A	\$ 65,000	\$ 500,000
1989B	370,000	1,625,000
1990B	35,000	115,000
1991A	-	4,365,000
1992C	-	6,130,000
1992D	-	645,000
1994A	-	2,025,000
Total	<u>\$470,000</u>	<u>\$15,405,000</u>

Write-Down of Capital Assets

In accordance with Financial Accounting Standards Board (FASB) Statement No. 121, an impairment loss of \$5,889,875 is recognized for the termination of Project ARIA (Accurate Reliable Information Access) the Enterprise Resource Planning (ERP) software implementation utilizing SAP/R3 software. Upon termination of the project, the software had no other service potential for the College or market value. The amount capitalized as of June 30, 2001 was not recoverable and all uncompleted software was either disposed of or returned to the vendor.

The College is currently implementing Project MAST (Mastering Administrative Systems and Technologies), an integrated information system using Systems and Computer Technology's (SCT) Banner products for higher education. Implementation began with the Student Information System (SIS) module with Finance and Human Resource modules to follow.

13. AUXILIARY ACTIVITIES

Auxiliary operating revenues and expenses are distributed as shown in the following table for the year ending June 30, 2002. Additionally, the College used auxiliary revenues to pay debt service and capital improvements of \$4,611,975 and \$1,004,427, respectively. Those amounts are not included in the auxiliary operating expenses below.

Revenues:	
Room contracts (net of \$1,313,903 scholarship allowances)	\$12,101,417
Food service contracts (net of \$810,818 scholarship allowances)	7,467,872
Comprehensive fees (net of \$1,616,771 scholarship allowances)	14,890,930
Other student fees and sales and services (net of \$931,702 scholarship allowances)	<u>8,581,245</u>
Total auxiliary enterprises revenues	<u>\$43,041,464</u>
Expenses:	
Residential facilities	\$10,272,704
Dining operations	7,569,564
Athletics	9,577,435
Other auxiliary activities	<u>16,042,495</u>
Total auxiliary enterprises expenses	<u>\$43,462,198</u>

14. STATE APPROPRIATIONS

The following is a summary of state appropriations received by the College of William and Mary and Richard Bland College, including all supplemental appropriations and reversions.

Original appropriation - Appropriation Act	\$72,340,379
Commonwealth Technology Research fund	1,080,790
Financial assistance – Education and General Services	2,099,119
Supplemental appropriation:	
VIVA libraries	19,596
Applied Research Center Partnership	61,250
Deferred compensation	331,790
Reappropriation of FY01 unexpended appropriation	512,028
Salary regrade	269,092
Health insurance premium	<u>758,656</u>
	1,952,412

Appropriation reductions:		
Performance indemnity bond premium	2,578	
Deregulation of natural gas /electric power industries	69,108	
Automobile premium savings	30,757	
Retirement health insurance credit	264,575	
Higher education retirement contribution	1,366,621	
Governor's budget reduction	2,231,585	
Group life rate suspension	41,659	
Voluntary reduction	<u>230,000</u>	4,236,883
Reversions to the General Fund to the Commonwealth		<u>28,123</u>
Appropriations as adjusted		<u>\$73,207,694</u>

15. CONTRIBUTION TO PENSION PLAN

Employees of the Colleges are employees of the Commonwealth of Virginia. Substantially all full-time classified salaried employees of the College of William and Mary and Richard Bland College participate in the defined benefit retirement plan administered by the Virginia Retirement System (VRS). VRS is an agent multiple-employer public employee retirement system (PERS) that acts as a common investment and administrative agency for the Commonwealth of Virginia and its political subdivisions.

The VRS does not measure assets and pension benefit obligations separately for individual state institutions. Therefore, all information related to this plan is available at the statewide level only and can be found in the Commonwealth's Comprehensive Annual Financial Report (CAFR). The Commonwealth of Virginia, not the Colleges, has the overall responsibility for contributions to these plans.

The College of William and Mary and Richard Bland College's payroll costs for employees covered by VRS were \$53,413,589 and \$53,034,456 for the years ended June 30, 2002 and 2001, respectively. Total payroll costs were \$114,165,070 and \$110,966,656 for the years ended June 30, 2002 and 2001, respectively.

The College of William and Mary and Richard Bland College's total VRS contributions were \$3,869,661 and \$5,420,121 for the years ended June 30, 2002 and 2001 respectively, which included a five percent employee contribution assumed by the employer. These contributions represent approximately 9.24 percent of covered payroll for the period July 2001 to December 2001 and 5.00 percent for the period January 2002 to June 2002. In 2001, the contributions represented 10.22 percent of covered payroll.

Optional Retirement Plan

Full-time faculty and certain administrative staff may participate in a retirement annuity program through various optional retirement plans other than the VRS. This is a fixed-contribution program where the retirement benefits received are based upon the employer's contributions of approximately 10.4 percent, plus interest and dividends.

Individual contracts issued under the plan provide for full and immediate vesting of contributions of the College of William and Mary and Richard Bland College and their employees. Total pension costs under this plan were \$4,612,851 and \$4,307,878 for the years ended June 30, 2002 and 2001, respectively. Contributions to the optional retirement plans were calculated using the base salary amount of \$44,354,337 and \$41,421,909 for fiscal years 2002 and 2001. The College of William and Mary and Richard Bland College's total payrolls for fiscal years 2002 and 2001 were \$114,165,070 and \$110,966,656 respectively.

16. POST-RETIREMENT BENEFITS

The Commonwealth participates in the VRS-administered statewide group life insurance program, which provides post-employment life insurance benefits to eligible retired and terminated employees. The Commonwealth also provides health care credits against the monthly health insurance premiums of its retirees who have at least 15 years of service and participate in the state's health plan. Information related to these plans is available at the statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.

17. GIFTS

Gifts are not recorded until received. Gifts to college-related organizations whose funds are not administered by the Presidents or the Board of Visitors are not recorded in the financial statements.

18. AFFILIATED ORGANIZATIONS

The financial statements do not include the assets, liabilities, and the fund balances of the Athletic Educational Foundation of The College of William and Mary, Incorporated; The Endowment Association of The College of William and Mary in Virginia, Incorporated; The Society of the Alumni of The College of William and Mary in Virginia, Incorporated; The College of William and Mary, School of Business Administration Sponsors, Incorporated; The Marshall-Wythe School of Law Foundation, Incorporated; and The Richard Bland Foundation. The purpose of these organizations is to operate for the benefit of the Colleges. In exchange, the College provides varying levels of support to these organizations such as use of property and equipment, office supplies, accounting services, clerical staff, and data processing. College employees or committees may be responsible for awarding scholarships, soliciting donations, investing funds, and managing other day-to-day operations. Some of the organizations reimburse the College for an agreed upon portion of expenses.

These organizations were examined by other auditors, whose reports thereon have been furnished to the College. Amounts included for the organizations are based solely on the reports of the other auditors. Following is a condensed summary of the June 30, 2002, financial position of the above organizations. However, summary information as of June 30, 2002, was not available by the date of the audit report for the School of Business Administration Sponsors, Incorporated, thus the balance is for the year ended June 30, 2001.

The following is a condensed summary of the combined financial condition of those organizations.

Assets	<u>\$391,924,337</u>
Liabilities	\$ 21,165,817
Net assets	<u>370,758,520</u>
Total liabilities and net assets	<u>\$391,924,337</u>

The aggregate revenues and expenses of these organizations were \$39,947,093 and \$28,988,357, respectively, for the year ended June 30, 2002, and June 30, 2001 for the School of Business. The College and the above-named organizations are parties to the following transactions:

Athletic Educational Foundation of The College of William and Mary, Incorporated - The Foundation was established on May 6, 1948, as the William and Mary Educational Foundation to promote and further education at the College. In 1975, the title of the Foundation was changed to include the word "Athletic" to more accurately reflect the activity of the Foundation. The College received \$1,285,125 from the Foundation during the year ended June 30, 2002.

The Endowment Association of The College of William and Mary, Incorporated - The Endowment Association was established on February 15, 1939, to further the endeavors of the College. The Association is authorized to receive and administer gifts and bequests of all kinds. The Endowment Association makes cash available to the College within the Association's budgetary restrictions. For the year ended June 30, 2002, the Endowment Association transferred \$1,206,964 to the College.

The Society of the Alumni of The College of William and Mary, Incorporated - The Society of the Alumni was incorporated on February 21, 1923. The Society is organized to cultivate alumni relations in order to benefit the Foundation's fund-raising efforts. The College provides direct financial support to the Society. The College disbursed \$1,423,030 to the Society during the year ended June 30, 2002.

The College of William and Mary, School of Business Administration Sponsors, Incorporated - The School of Business Administration Sponsors was established on April 20, 1982, for the purpose of fostering closer ties between business education and the business community. The College received \$776,288 from the Sponsors during the year ended June 30, 2001. Of this amount, \$563,707 was for the College's share of tuition revenue from the Executive MBA Program.

The Marshall-Wythe School of Law Foundation, Incorporated - The Foundation was established for the purpose of soliciting and receiving gifts to endow the College's Marshall-Wythe School of Law.

Richard Bland College Foundation - The Foundation is organized as a fund-raising organization to support the College. The College received \$126,935 from the Foundation during the year ended June 30, 2002.

Other organizations affiliated with the College of William and Mary such as The Law School Association, Incorporated; The Masters of Business Administration (MBA) Association, Incorporated; The Friends of the Library of The College of William and Mary, Incorporated; and The Order of the White Jacket, Incorporated were founded primarily along fraternal lines with the intent to benefit the College in the area of the organizations' special interests.

The Richard Bland College Foundation, which is separately incorporated and managed by its own Board, was organized as a fund-raising activity to support the College. Gifts and grants to the College are received and managed by the Foundation. Income received from the Foundation is recorded as a gift when received.

19. CONTINGENCIES

A. Grants and Contracts

The College of William and Mary and Richard Bland College receive assistance from non-state grantor agencies in the form of grants and contracts. Entitlement to these resources is conditional upon compliance with the terms and conditions of the agreements, including the expenditure of resources for eligible purposes. Substantially all grants and contracts are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability. As of June 30, 2002, the Colleges estimate that no material liabilities will result from such audits.

B. Litigation

The College of William and Mary is currently involved in litigation, which could result in a judgment against the College. Per the Attorney General of the Commonwealth of Virginia, the litigation is a result of a tort claim alleging discrimination and equal protection. At the present time, it is not reasonably possible to estimate the outcome or liability to the College with respect to these proceedings. Total damages sought in this claim are approximately \$1,185,000.

20. RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft or, damage to, and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. The College participates in insurance plans maintained by the Commonwealth of Virginia. The state employee health care and workers' compensation plans are administered by the Department of Human Resource Management and the risk management insurance plans are administered by the Department of Treasury, Division of Risk Management. Risk management insurance includes property, general liability, medical malpractice, faithful performance of duty bond, automobile, and air and watercraft plans. The College pays premiums to each of these departments for its insurance coverage. Information relating to the Commonwealth's insurance plans is available at the statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.

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SUPPLEMENTARY INFORMATION

THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA AND RICHARD BLAND COLLEGE
SCHEDULE OF AUXILIARY ENTERPRISES REVENUES AND EXPENDITURES
For The Year Ended June 30, 2002

	Food Services	Residential Facilities	Stores and Shops	Student Health
Operating revenues:				
Student fees	\$ 8,273,490	\$ 13,415,320	\$ -	\$ 1,927,633
Sales and services	263,629	328,808	708,402	395,725
Other sources	-	332,189	7,289	-
Gross operating revenues	8,537,119	14,076,317	715,691	2,323,358
Cost of sales	-	-	-	-
Net operating revenues	8,537,119	14,076,317	715,691	2,323,358
Operating expenditures:				
Personal services	10,540	2,347,024	126,817	1,721,247
Contractual services	7,518,422	2,687,042	34,938	131,757
Current charges and obligations	798,870	4,637,666	568,139	165,815
Supplies and materials	54,410	339,939	27,824	193,386
Equipment	2,402	657,552	534	38,848
Property and improvements	-	-	-	-
Plant and improvements	-	121,144	-	-
Scholarships	250	582,892	35,250	511
Miscellaneous	-	-	13,790	-
Total operating expenditures	8,384,894	11,373,259	807,292	2,251,564
Excess (deficiency) of revenues over (under) operating expenditures	152,225	2,703,058	(91,601)	71,794
Nonoperating revenues: private gifts	-	-	-	-
Transfers (out) in:				
Mandatory:				
Debt service	-	(2,669,571)	-	-
Nonmandatory	-	(28,021)	-	-
Total transfers	-	(2,697,592)	-	-
Net increase (decrease) for the year	152,225	5,466	(91,601)	71,794
Fund balances (deficits) at beginning of year	3,605,214	914,375	(883,705)	901,665
Fund balances (deficits) at end of year	\$ 3,757,439	\$ 919,841	\$ (975,306)	\$ 973,459

Note: This schedule accounts for purchases of capital assets as expenses and does not include depreciation. Additionally, all revenues are recorded as charged including student charges and internal activities. Management uses this method of accounting to monitor individual enterprises and to set rates.

* Other includes the following: Ash Lawn, Auxiliary Enterprise Administration, Auxiliary Enterprise Licensing Royalties, Busch Tennis Courts, Campus Center, College Enterprises, Inc., Concerts, Conference Services, Elderhostel, Facilities Management, Facilities Planning, Faculty Housing, Fine Arts Museum, General Auxiliary Enterprise Fee, ID Office, JCC Decal Program, National Planning & Giving Institute, Plumeri House, Recreational Sports, Shakespeare Festival, Student Information Network, Student Recreation Center, Tennis Center, Underground Utility Fee, University Center, and William and Mary Hall.

Telecom- munications	Intercollegiate Athletics	Parking & Transportation	Extramural Programs	Other *	Total
\$ 1,192,908	\$ 5,804,423	\$ 336,030	\$ -	\$ 7,502,870	\$ 38,452,674
1,279,021	1,621,089	815,785	1,280,022	3,824,223	10,516,704
-	-	2,200	-	96,433	438,111
2,471,929	7,425,512	1,154,015	1,280,022	11,423,526	49,407,489
-	-	-	-	132,357	132,357
2,471,929	7,425,512	1,154,015	1,280,022	11,291,169	49,275,132
600,100	3,707,600	507,233	264,233	3,028,231	12,313,025
791,570	2,443,903	89,398	831,748	4,859,704	19,388,482
411,415	440,527	99,150	25,971	1,892,571	9,040,124
37,876	326,198	46,532	13,952	441,144	1,481,261
65,616	260,704	11,050	7,471	400,137	1,444,314
20	-	10,230	-	152	10,402
-	-	1,450	-	718,791	841,385
-	3,282,523	250	214,997	88,595	4,205,268
-	-	-	-	25,897	39,687
1,906,597	10,461,455	765,293	1,358,372	11,455,222	48,763,948
565,332	(3,035,943)	388,722	(78,350)	(164,053)	511,184
-	3,062,104	-	-	-	3,062,104
(332,050)	-	-	-	(1,610,354)	(4,611,975)
-	-	(12,069)	-	(1,004,337)	(1,044,427)
(332,050)	-	(12,069)	-	(2,614,691)	(5,656,402)
233,282	26,161	376,653	(78,350)	(2,778,744)	(2,083,114)
4,098	(459,715)	1,912,379	1,140,402	(3,099,665)	4,035,048
\$ 237,380	\$ (433,554)	\$ 2,289,032	\$ 1,062,052	\$ (5,878,409)	\$ 1,951,934

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THE COLLEGE OF WILLIAM AND MARY
Williamsburg, Virginia

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