UNIVERSITY OF MARY WASHINGTON

REPORT ON AUDIT

FOR THE YEAR ENDED

JUNE 30, 2007

APA
Auditor of Public Accounts
COMMONWEALTH OF VIRGINIA

AUDIT SUMMARY

Our audit of the University of Mary Washington for the year ended June 30, 2007, found:

- the financial statements are presented fairly, in all material respects, in accordance with generally accepted accounting principles;
- no internal control matters that we consider to be a material weakness;
- an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards; and
- the University has taken adequate corrective action with respect to audit findings reported in the prior year.

-TABLE OF CONTENTS-

COMPLIANCE FINDING AND RECOMMENDATION

Properly Complete Employment Eligibility Verification Forms

University of Mary Washington personnel are not properly completing Employment Eligibility Verification Forms (I-9) in accordance with guidance issued by the United States Citizenship and Immigration Services of the United States Department of Homeland Security. The guidance requires the employee complete, sign, and date the form on the first day of employment. Additionally, employers or designated representatives must complete, sign, and date the form within three business days of employment.

In our sample of 15 of these forms completed in fiscal year 2007, we found one or more errors on 10 of the forms as follows:

- 67 percent - Forms used were outdated.
- 47 percent - Employer did not properly complete Section 2, such as the issuing authority, document title, and expiration date fields.
- 40 percent - Employee did not properly complete Section 1, sign/date on or before the first day of employment.
- 33 percent - Employer did not properly complete Section 2, employer did not sign within 3 days of employment date.
- 7 percent - Employee did not properly complete Section 1, Social Security number and date of birth fields.
- 7 percent - Due to abbreviations used, verification document used could not be determined if it was permitted identification by the Department of Homeland Security.

We recommend that management review the process to complete the I-9 forms, train University staff on the requirements of completing I-9 forms, and develop procedures to continuously review all or a sample of I-9 forms for compliance with federal regulations. In addition, we recommended that University staff completing these forms refrain from using abbreviations so that forms are easily understood. Management should ensure that the most updated I-9 form issued by the Department of Homeland Security and the United States Citizenship and Immigration Services is used for verification purposes of employee eligibility. The federal government has increased its enforcement efforts requiring employers to ensure that all new employees are legally entitled to work in the United States. Their increased enforcement makes having a good process to complete I-9 forms in place more important.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(unaudited)

The University's Management Discussion and Analysis (MD&A) of its financial condition provides an overview of the financial activity, identifies changes in financial position, and assists the reader in focusing on significant financial issues. The basic statements of the University are the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows. The following analysis discusses elements from each of these statements and presents an overview of the University's activities. The MD&A provides summary level financial information and should be read in conjunction with the accompanying financial statements.

Enrollment and Admission Information

Applications received by the University remained steady for undergraduate and increased 145 percent for graduate applicants from fall 2005 to fall 2006. The increase in graduate applicants is attributed to increased advertisement of the Stafford campus graduate programs as well as the addition of new classes and programs. Demand remains strong in both the undergraduate and graduate programs. As in past years, the University was recognized for its academic excellence, campus beauty, and quality of student life by several national publications and college guides.

The University also continues to attract students to its on-campus residential facilities. The academic year began with housing well above its stated capacity.

Statistical Abstract by Academic Year based on Fall Census

	2003-2004		2004-2005		2005-2006		2006-2007	
Enrollment data (headcount):								
Undergraduate	4,220		4,134		4,085		4,183	
Graduate	572		602		649		679	
Total	4,792		4,736		4,734		4,862	
Undergraduate application data:								
Applications received	5,127		5,117		5,468		6,103	
Applications accepted	3,107	61%	3,261	64%	3,530	65%	4,484	73%
Students enrolled	1,158	37%	1,176	36%	1,238	35%	1,966	44%
Graduate application data:								
Applications received	152		159		91		223	
Applications accepted	144	95%	149	94%	67	74%	196	88%
Students enrolled	132	92%	133	89%	43	64%	137	70%
Tuition and fees:								
Tuition	$ 2,344		$ 2,544		$ 2,806		$ 3,072	
Fees	2,344		2,584		2,828		3,012	
Room and board	5,478		5,744		6,002		6,244	
Total	$10,166		$ 10,872		$ 11,636		$ 12,328	

Statement of Net Assets

The Statement of Net Assets presents the University's assets, liabilities, and net assets as of the end of the fiscal year. The purpose of the statement is to present the readers a fiscal snapshot as of June 30, 2007. Readers of the Statement of Net Assets are able to determine the assets available to continue the University's operations. They can also determine how much the University owes to vendors and employees or how much is held on behalf of others.

The University's net assets are one indicator of the University's financial health. Over time, increases and decreases in net assets are indicators of the improvement or erosion of the University's financial health when considered with non-financial facts such as enrollment levels and the condition of facilities.

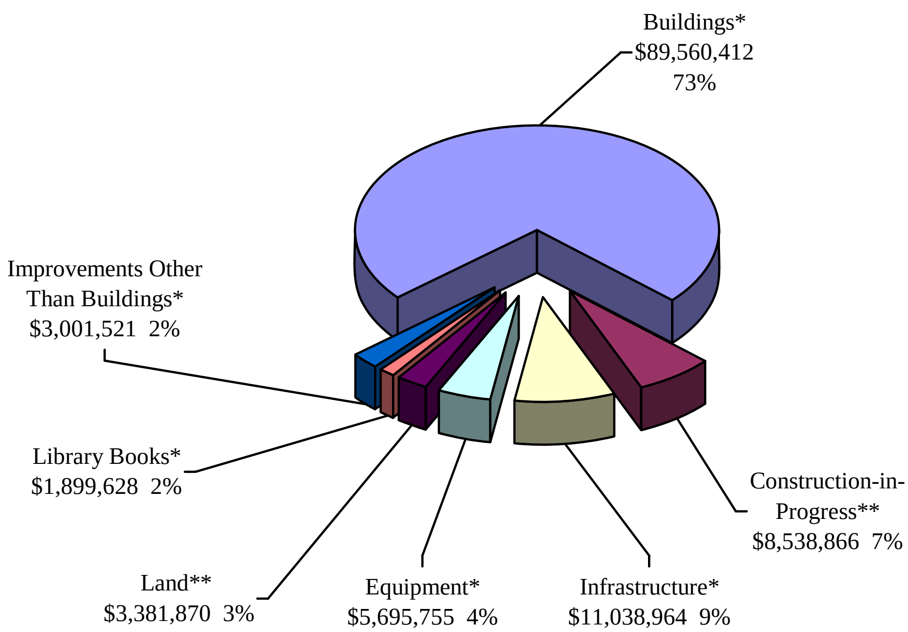
The following table reflects the condensed Statement of Net Assets for the University for fiscal years 2007 and 2006.

	2007	2006
Assets:		
Current assets	$ 15,903,710	$16,284,427
Non-current assets	14,473,065	11,991,127
Capital assets	123,117,016	112,297,383
Total assets	153,493,791	140,572,937
Liabilities:		
Current liabilities	12,963,143	13,264,309
Non-current liabilities	25,692,974	29,017,633
Total liabilities	38,656,117	42,281,942
Net assets:		
Invested in capital assets, net of related debt	97,348,246	87,326,901
Restricted	12,116,522	6,297,463
Unrestricted	5,372,906	4,666,631
Total net assets	$114,837,674	$98,290,995

Assets and liabilities are shown as current and non-current. Generally, non-current assets such as restricted investments are held for longer than one year. Appropriations available are used to construct capital assets.

The decrease in non-current liabilities relates to the normal payment of bonds and notes payable related to purchases for capital assets. In addition, one installment purchase was paid entirely while another was decreased by $1,000,000 due to the return of funds not used for the project. Depreciable capital assets increased with completion of several projects including the second building on the College of Graduate and Professional Studies campus and the Campanile/Bell Tower as well as the acquisition of property adjacent to the Fredericksburg campus. Capital assets are shown net of accumulated depreciation due to the implementation of GASB Statements 34 and 35. All depreciable assets are depreciated over their useful lives. The breakdown of capital assets is as follows:

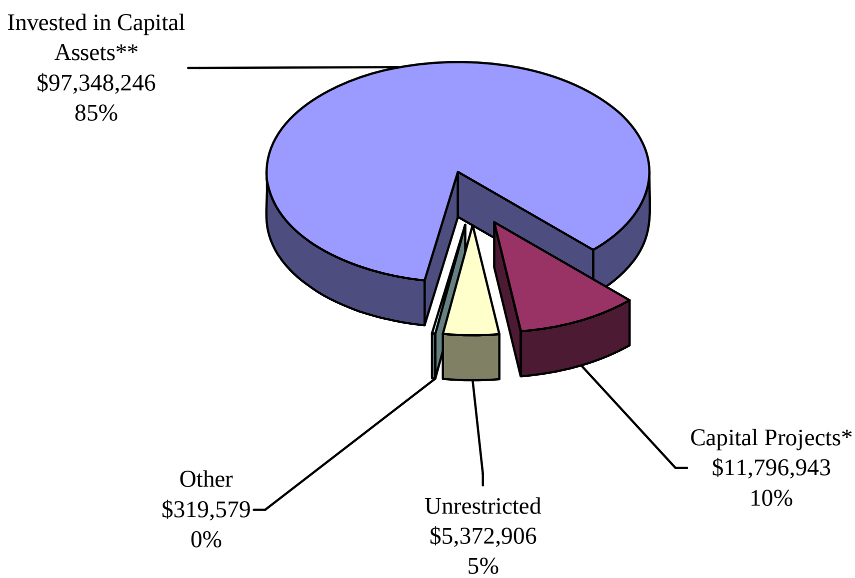
Capital Assets as of June 30, 2007



* Depreciable capital assets, net of accumulated depreciation
** Nondepreciable capital assets

Net assets are divided into three major categories. The first category, invested in capital assets, net of related debt, shows the University's equity in property, infrastructure, and equipment owned by the University. The second category, restricted, is divided between expendable and nonexpendable net assets. Expendable restricted resources are available to spend for the purposes determined by the donor or entity that has placed the restriction on the use of the assets. The third category, unrestricted, shows the net assets available to the University for any lawful purpose. The net assets as of June 30, 2007, are as follows:

Net Assets as of June 30, 2007



Other includes: Research* $15,020 (4.7%): Scholarships and Fellowships* $380 (0.1%): Departmental Uses* $73,244 (22.9%); and Loans* $230,935 (72.3%)

* Restricted, expendable
** Net of related debt

Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets presents the changes in total net assets based on activity. Its purpose is to show the University's operating and non-operating revenues recognized and expenses incurred, as well as any other revenues, expenses, gains, and losses. Operating revenues are received for providing goods and services to the students and other customers of the University. Operating expenses are those expenses incurred to acquire or produce the goods and services. Non-operating revenue is revenue received where no goods or services are provided. An example of non-operating revenues is state appropriations, since the state legislature does not directly receive commensurate goods and services in return for those revenues.

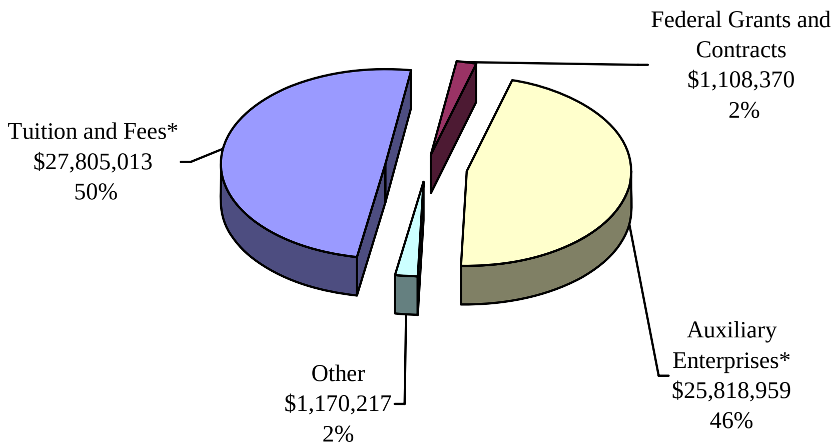
Operating revenues primarily include tuition and fees and auxiliary enterprises. Tuition and fees increased due to increases in enrollment and tuition and fee charges. Auxiliary revenues increased $808,099 due to the increase in room and board participation and rates. General Fund appropriations increased $4,473,945 in fiscal year 2007.

The following table reflects the condensed Statement of Revenues, Expenses and Changes in Net Assets for the University for fiscal years 2007 and 2006.

	2007	2006
Operating revenues	$55,902,559	$54,231,879
Operating expenses	78,731,853	71,277,760
Operating loss	(22,829,294)	(17,045,881)
Net non-operating revenues	22,743,994	18,172,815
Income before other revenues, expenses, gains, or losses	(85,300)	1,126,934
Net other revenues	19,839,812	19,643,968
Increase in net assets	$19,754,512	$20,770,902

The operating revenues and expenses for the year ended June 30, 2007 are as follows:

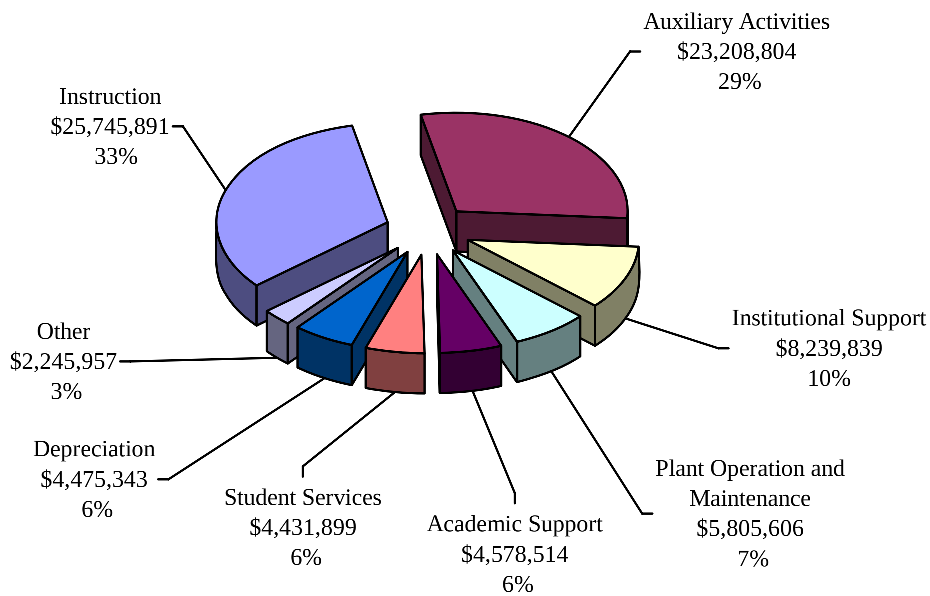
Operating Revenues for the Year Ended June 30, 2007



Other includes: Other Operating Revenues $777,337 (66%); State Grants and Contracts $29,710 (3%); and Nongovernmental Grants and Contracts $363,170 (31%).

* Net of scholarship allowances

Operating Expenses for the Year Ended June 30, 2007



Other includes: Research $417,229 (18.6%); Public Service $242,103 (10.8%); Student Aid $562,759 (25.1%); Museum and Cultural Services $748,539 (33.3%) and Historic Attraction Management $275,327 (12.2%).

Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the University's cash activity during the year. Operating cash flows show the net cash used for operating activities. The major sources of cash are student tuition and fees, auxiliary enterprises, and grants and contracts. The major uses of cash are employee compensation, fringe benefits, and payments for services and supplies.

The next section of the statement shows cash flows from non-capital financing activities and includes the state appropriations for the University's educational and general programs and financial aid. The cash flows from capital financing shows cash used for acquisition and construction of capital and related items. The final section of the statement reconciles the net cash used by operations activities to the operating loss reflected on the Statement of Revenues, Expenses, and Changes in Net Assets.

The following table reflects the condensed Statement of Cash Flows for the University for fiscal years 2007 and 2006.

	2007	2006
Cash provided/(used) by:		
Operating activities	$(18,111,713)	$(13,449,796)
Non-capital financing activities	22,423,549	19,310,323
Capital and related financing activities	(377,918)	(8,529,345)
Investing activities	1,168,168	1,048,414
Increase/(decrease) in cash	5,102,086	(1,620,404)
Cash, beginning of year	20,813,638	22,434,042
Cash, end of year	$ 25,915,724	$ 20,813,638

Capital Assets and Long Term Debt

During fiscal year 2007, no new long-term debt was issued by the University or by the Commonwealth on the University's behalf. Existing installment purchase obligations in the amount of $1,551,418 were paid off in advance during fiscal year 2007.

During fiscal year 2007, the following capital projects were completed:

- Campanile/Bell Tower
- College of Graduate and Professional Studies Building #2
- Eagle One Card Infrastructure and Hardware Update
- Energy Project
- Seacobeck Dining Hall Renovation

The following capital projects are still in progress:

- Convocation Center
- Dodd Auditorium Renovation
- FRED Bus Shelter
- Gari Melchers Home Caretakers House Restoration
- Gari Melchers Home HVAC Renovation
- Gari Melchers Home Roof Replacement
- George Washington Hall Mold Remediation
- James Monroe Museum and Law Library Renovation
- Lee Hall Renovation
- Melchers Hall HVAC Renovation
- Monroe Hall Renovations

In addition, during fiscal year 2007, the University purchased a house with land across the street from the Fredericksburg campus for $1,009,338. The University plans to convert it into faculty office space.

Additional Items of Note

The University once again met all of the Management Standards for the Institutions of Higher Education in Virginia. These standards include:

- An unqualified opinion on the financial statements from the Auditor of Public Accounts (APA)
- No significant audit deficiencies are attested to by the APA
- Compliance with the financial reporting standards endorsed by the State Comptroller
- Attainment of the accounts receivable standards
- Attainment of the accounts payable standards

Page Left Intentionally Blank

FINANCIAL STATEMENTS

UNIVERSITY OF MARY WASHINGTON
STATEMENT OF NET ASSETS
As of June 30, 2007

	University	Real Estate Foundation	University Foundation
ASSETS			
Current assets:			
Cash and cash equivalents (Note 2)	$ 12,396,079	$ 733,745	$ 1,170,634
Securities lending cash and cash equivalents (Note 2)	76,616	-	-
Accounts receivable, net of allowance for doubtful accounts of $149,224 (Note 3)	901,094	-	146,995
Pledges receivable, current portion (Note 3)	-	-	628,232
Due from the Commonwealth	1,851,511	-	-
Due from the University (Note 11)	-	230,601	166,449
Inventories	678,410	-	-
Prepaid items	-	-	101,079
Other assets	-	237,991	221,256
Total current assets	15,903,710	1,202,337	2,434,645
Noncurrent assets:			
Restricted cash and cash equivalents (Note 2)	13,519,645	-	-
Restricted investments (Note 2)	-	-	35,346,976
Other restricted assets	651,587	-	-
Pledges receivable, noncurrent portion (Note 3)	-	-	5,305,953
Securities lending investments (Note 2)	301,833	-	-
Other long-term investments (Note 2)	-	938,932	2,390,878
Nondepreciable capital assets (Note 4)	11,920,736	9,885,000	585,516
Capital assets, net of accumulated depreciation (Note 4)	111,196,280	9,986,859	573,445
Total noncurrent assets	137,590,081	20,810,791	44,202,768
Total assets	153,493,791	22,013,128	46,637,413

UNIVERSITY OF MARY WASHINGTON
STATEMENT OF NET ASSETS
As of June 30, 2007

	University	Real Estate Foundation	University Foundation
LIABILITIES			
Current liabilities:			
Accounts payable (Note 5)	7,479,062	637	97,779
Deferred revenue	1,580,397	-	53,720
Deposits held in trust	493,238	-	-
Obligations under Securities Lending Program (Note 2)	378,449	-	-
Amounts due to the Commonwealth	11,864	-	-
Amounts due to Foundations (Note 11)	397,050	-	-
Short term debt (Note 7)	-	-	30,000
Notes payable	-	2,100,000	-
Other liabilities	-	169,152	-
Long-term liabilities - current portion (Notes 6 and 7)	2,623,083	285,000	108,547
Total current liabilities	12,963,143	2,554,789	290,046
Noncurrent liabilities:			
Long-term liabilities - noncurrent portion (Notes 6 and 7)	25,117,508	10,001,741	561,735
Perkins loan	575,466	-	-
Total noncurrent liabilities	25,692,974	10,001,741	561,735
Total liabilities	38,656,117	12,556,530	851,781
NET ASSETS			
Invested in capital assets, net of related debt	97,348,246	7,485,118	1,158,961
Restricted for:			
Nonexpendable:			
Permanently restricted	-	-	23,591,390
Expendable:			
Capital projects	11,796,943	-	-
Loans	230,935	-	-
Departmental uses	73,244	-	-
Research	15,020	-	-
Scholarships and fellowships	380	-	-
Temporarily restricted	-	-	17,439,771
Unrestricted	5,372,906	1,971,480	3,595,510
Total net assets	$ 114,837,674	$ 9,456,598	$ 45,785,632

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

Page Left Intentionally Blank

UNIVERSITY OF MARY WASHINGTON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2007

	University	Real Estate Foundation	University Foundation
Operating revenues:			
Student tuition and fees, net of scholarship allowances of $2,522,069	$ 27,805,013	$ -	$ -
Federal grants and contracts	1,108,370	-	-
State grants and contracts	29,710	-	-
Nongovernmental grants and contracts	363,170	-	-
Auxiliary enterprises, net of scholarship allowances of $537,956	25,818,959	-	-
Foundation operations	-	1,511,167	2,771,043
Other	777,337	-	-
Total operating revenues	55,902,559	1,511,167	2,771,043
Operating expenses:			
Instruction	25,745,891	-	-
Research	417,229	-	-
Public service	242,103	-	-
Academic support	4,578,514	-	-
Student services	4,431,899	-	-
Institutional support	8,239,839	-	-
Operation and maintenance of plant	5,805,606	-	-
Depreciation	4,475,343	331,260	55,651
Student aid	562,759	-	-
Museum and cultural services	748,539	-	-
Historic attraction management	275,327	-	-
Auxiliary activities	23,208,804	-	-
Foundation operations	-	517,999	4,645,111
Total operating expenses	78,731,853	849,259	4,700,762
Operating gain/(loss)	(22,829,294)	661,908	(1,929,719)
Nonoperating revenues/(expenses):			
State appropriations (Note 9)	23,092,224	-	-
Investment income	975,212	86,824	5,748,755
Gain/(loss) on disposal of capital assets	(40,383)	-	10,220
Interest on capital asset related debt	(1,283,059)	(565,561)	(6,223)
Net nonoperating revenues/(expenses)	22,743,994	(478,737)	5,752,752
Income/(loss) before other revenues, expenses, gains, or losses	(85,300)	183,171	3,823,033
Capital appropriations	18,260,800	-	-
Capital gifts	1,579,012	535,000	127,017
Additions to permanent endowments	-	-	2,331,949
Net other revenues, expenses, gains, or losses	19,839,812	535,000	2,458,966
Increase in net assets	19,754,512	718,171	6,281,999
Net assets - beginning of year, as restated (Note 17)	95,083,162	8,738,427	39,503,633
Net assets - end of year	$ 114,837,674	$ 9,456,598	$ 45,785,632

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

UNIVERSITY OF MARY WASHINGTON
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2007

	University
Cash flows from operating activities:	
Student tuition and fees	$ 30,268,171
Grants and contracts	1,137,984
Auxiliary enterprises	26,390,355
Other receipts	1,058,491
Payments to employees	(37,231,657)
Payments for fringe benefits	(9,748,521)
Payments for services and supplies	(23,368,534)
Payments for utilities	(1,590,329)
Payments for scholarships and fellowships	(3,060,025)
Payments for noncapitalized plant and equipment	(1,998,562)
Loans issued to students	(162,382)
Collection of loans from students	193,296
Net cash used by operating activities	(18,111,713)
Cash flows from noncapital financing activities:	
State appropriations	23,092,224
Payment of state treasury loan	(708,689)
Agency receipts and payments (net)	40,014
Net cash provided by noncapital financing activities	22,423,549
Cash flows from capital financing activities:	
Capital appropriations	18,117,190
Capital gifts	1,277,278
Purchase of capital assets	(15,085,834)
Principal paid on capital debt, leases, and installments	(3,355,410)
Interest paid on capital debt, leases, and installments	(1,331,142)
Net cash used by capital financing activities	(377,918)
Cash flows from investing activities:	
Sale/purchase of investments (net)	255,372
Interest on investments	912,796
Net cash provided by investing activities	1,168,168
Net increase in cash	5,102,086
Cash - beginning of the year	20,813,638
Cash - end of the year	$ 25,915,724

UNIVERSITY OF MARY WASHINGTON
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2007

	University
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	$ (22,829,294)
Adjustments to reconcile net loss to net cash used by operating activities:	
Depreciation expense	4,475,343
Changes in assets and liabilities:	
Accounts receivable	(115,473)
Inventories	(51,559)
Due from Commonwealth, operating portion	(63,238)
Other assets	19,036
Accounts payable	206,118
Deferred revenue	71,224
Deposits held in trust	(10,890)
Due to Foundations	46,634
Due to Commonwealth	10,308
Accrued leave liability	130,078
Net cash used by operating activities	$ (18,111,713)
Noncash investing, noncapital financing, and capital and related financing transactions:	
Gift of capital assets	$ 301,734

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

Page Left Intentionally Blank

NOTES TO FINANCIAL STATEMENTS

UNIVERSITY OF MARY WASHINGTON

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The University of Mary Washington is a comprehensive university that is part of the Commonwealth of Virginia's statewide system of public higher education. The University's Board of Visitors, appointed by the Governor, is responsible for overseeing governance of the University. A separate report is prepared for the Commonwealth of Virginia, which includes all agencies, higher education institutions, boards, commissions, and authorities over which the Commonwealth exercises or has the ability to exercise oversight authority. As such, the University is a component unit of the Commonwealth of Virginia and is included in the Comprehensive Annual Financial Report of the Commonwealth.

The University also benefits from a number of organizations that exist mainly to support the various purposes and activities of the University. In accordance with Governmental Accounting Standards Board (GASB) Statement 39, *Determining Whether Certain Organizations Are Component Units,* the University is discretely presenting the financial position of the University of Mary Washington Real Estate Foundation (Real Estate Foundation) and the University of Mary Washington Foundation (University Foundation). The Real Estate Foundation is a non-profit organization incorporated under the laws of the Commonwealth of Virginia on December 20, 1989. Its purpose is to hold real estate for the University and to operate any corresponding rental operations. The University Foundation is also a non-profit organization incorporated under the laws of the Commonwealth of Virginia on February 8, 1975. It was formed to seek, receive, hold, invest, administer, and distribute funds and property of all kinds, exclusively in furtherance of the educational activities and objectives of the University. Both the Real Estate Foundation and the University Foundation issue their own audited financial statements in addition to being included in the statements of the University.

In addition, the University benefits from the University of Mary Washington Alumni Association. In accordance with GASB Statement 39 addressed above, the financial position and results of its operations are not discretely presented in conjunction with the University's financial statements. Summary information related to the University of Mary Washington Alumni Association is presented in Note 10. Audited financial statements are also issued by the Alumni Association.

All three organizations are separate legal entities from the University and the University exercises no control over them. Complete financial statements for the foundations and the Alumni Association can be obtained from the respective entity, 1119 Hanover Street, Fredericksburg, Virginia 22401-5412.

B. Basis of Presentation

The University's accounting policies conform with generally accepted accounting principles as prescribed by GASB, including all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The financial statements have been prepared in accordance with GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and GASB Statement 35, *Basic Financial Statements and Management's Discussion and Analysis of Public College and Universities*.

The Foundations included are private non-profit organizations that do not report under the guidelines of the GASB, instead following the guidance of FASB, including FASB Statement 117, *Financial Reporting for Not-for-Profit Organizations.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the foundations' financial information in the University's financial reporting entity for these differences. Information as to the significant accounting policies of the foundations can be obtained from their respective audited financial statements.

C. Basis of Accounting

The University's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. All significant intra-agency transactions have been eliminated.

D. Investments

In accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, purchased investments, interest-bearing temporary investments classified with cash, and investments received as gifts are recorded at fair value. All investment income, including changes in the fair market value of investments (unrealized gains and losses), is reported as non-operating revenue in the Statement of Revenues, Expenses, and Changes in Net Assets.

E. Capital Assets

Capital assets include land, buildings and other improvements, library materials, equipment, and infrastructure assets such as sidewalks, parking lots, steam tunnels, and electrical and computer network cabling systems. Capital assets are generally defined by the University as assets with an initial cost of $5,000 or more and an estimated useful life in excess of two years. Library materials are valued using average prices for library acquisitions. Assets are recorded at actual cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Expenses for major capital assets and improvements are capitalized (construction-in-progress) as projects are constructed. Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose. The costs of normal maintenance and repairs that do not add to an asset's value or materially extend its useful life are not capitalized. Certain maintenance and replacement reserves have been established to fund costs relating to residences and other auxiliary activities.

Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expense categories. Useful lives by asset categories are listed below:

Buildings	50 years
Other improvements	15 or 30 years
Infrastructure	15-50 years
Equipment	5-15 years
Library materials	10 years

F. Inventories

Inventories are valued at the lower of cost (generally determined on the average cost method) or market. Inventories consist primarily of merchandise for resale in the University's Bookstore, the James Monroe Law Office Museum and Memorial Library, and the Gari Melchers Memorial, as well as expendable supplies held for consumption in the University's Central Storeroom.

G. Collections

The Gari Melchers Memorial maintains a collection of paintings, drawings, and etchings by Gari Melchers. A smaller collection of art works by other artists is also maintained. The James Monroe Law Office Museum and Memorial Library also maintains a collection of jewelry, furniture, documents, books, antiques, and portraits. These collections were appraised in 1982 and 2001 for approximately $2,300,000 and $2,842,000 respectively.

In addition, the University Gallery maintains collections of paintings and drawings by several artists including Alfred Levitt, Phyllis Ridderhof Martin, and Margaret Sutton. All collections have been donated to the University, but have not been appraised and total market value of the entire collection is unknown.

The items in all three collections are held for public exhibition, education, or research in furtherance of public service rather than financial gain; are protected, kept unencumbered, cared for, and preserved; and are subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for the collection. Since these conditions exist and historical cost data for the collections are not available; in accordance with GASB Statement 34, no balances are reported in the accompanying financial statements.

H. Non-current Cash and Investments

Cash and investments that are externally restricted for the Federal Department of Education Perkins Loan program and for the purchase or construction of capital and other non-current assets are classified as non-current assets in the Statement of Net Assets.

I. Deferred Revenue

Deferred revenue primarily includes amounts received for tuition and fees and certain auxiliary activities (resident housing deposits) prior to the end of the fiscal year, but related to the period after June 30, 2007.

J. Accrued Compensated Absences

The amount of leave earned, but not taken by non-faculty salaried employees is recorded as a liability on the Statement of Net Assets. The amount reflects, as of June 30, 2007, all unused vacation leave, sabbatical leave, and the amount payable upon termination under the Commonwealth of Virginia's sick leave payout policy. The applicable share of employer related taxes payable on the eventual termination payment is also included.

K. Federal Financial Assistance Programs

The University participates in federally-funded Pell Grants, Supplemental Educational Opportunity Grants, Federal Work-Study, and Perkins Loans programs. Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, the Office of Management and Budget Revised Circular A-133, *Audit of States, Local Governments and Non-Profit Organizations*, and the Compliance Supplement.

L. Net Assets

GASB Statement 34 requires that the Statement of Net Assets report the difference between assets and liabilities as net assets, not fund balances. Net assets are classified as Invested in capital assets, net of related debt; Restricted; and Unrestricted. Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and is reduced by outstanding debt that is attributable to the acquisition, construction, or improvement of those assets. Net assets are reported as "restricted" when constraints on the net asset use are either externally imposed by creditors, grantors, or contributors or imposed by law. Unrestricted net assets consist of net assets that do not meet either definition above.

M. Revenue and Expense Classifications

Operating revenues include activities that have the characteristics of exchange transactions, such as: (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises, net of scholarship allowances; and (3) federal, state, and nongovernmental grants and contracts.

Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts, and other revenue sources that are defined as non-operating revenues by GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement 34, such as state appropriations and investment and interest income.

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

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to evaluate the expenses and apply resources on a case-by-case basis.

N. Scholarship Discounts and Allowances

Student tuition and fees revenue and certain other revenues from students are reported net of scholarship discounts and allowances in the Statements of Revenue, Expenses, and Changes in Net Assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the student's behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that such revenues are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

O. Discounts, Premiums, and Debt Issuance Costs

Bonds payable on the Statements of Net Assets are reported net of related discounts and premiums, which are expensed over the life of the debt. Similarly debt issuance costs are reported as a non-current asset that is amortized over the life of the debt on a straight-line basis.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

For reporting periods beginning after June 15, 2004, GASB Statement 40, *Deposit and Investment Risk Disclosures* became effective. This is an amendment of GASB Statement 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*. The statement modifies disclosure requirements related to both deposit risks and investment risks.

With respect to deposit risks, there are custodial credit risk and foreign currency risk. With respect to investments, there are credit risk (both custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk. These risks are defined as follows:

Custodial Credit Risk – The risk that in the event of the failure of a depository financial institution or the counterparty to an investment transaction, the University will not be able to recover deposits or the value of investments that are in the possession of an outside party. The University does not have a policy limiting the ratings type of investment choices. Additional information is included below.

Foreign Currency Risk – The risk that changes in exchange rates will adversely affect the fair value of an deposit or investment. The University has no foreign currency risk policy, nor does it have any foreign deposits or investments at June 30, 2007.

Concentration of Credit Risk – The risk of loss attributed to the magnitude of a government's investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from disclosure. The

University does not have a policy limiting the amount that can be invested in any one issuer. Additional information is included below.

Interest Rate Risk – The risk that changes in interest rates will adversely affect the fair value of an investment. The University does not have a policy limiting investment maturities as a means of managing interest rate risk. Additional information is included below.

A. Cash and Cash Equivalents

In accordance with the GASB Statement 9, *Reporting Cash Flows*, definition of cash and cash equivalents, cash represents cash with the Treasurer of the Commonwealth, cash on hand at the University, and cash deposits at financial institutions including certificates of deposits and any temporary investments with original maturities of three months or less (such as money market funds).

Pursuant to Section 2.1-177, et seq., Code of Virginia, all state funds of the University are maintained by the Treasurer of Virginia, who is responsible for the collection, disbursement, custody, and investment of state funds. Some cash deposits held by the University are maintained in accounts that are either FDIC insured or collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400, et seq., Code of Virginia. Other cash deposits are uncollateralized and thus subject to the custodial credit risk defined above. FDIC insured deposits are in the amount of $200,000; deposits collateralized in accordance with the Virginia Security for Public Deposits Act are in the amount of $10,818,171; deposits uncollateralized are in the amount of $355,345.

B. Investments

The Board of Visitors establishes the University's investment policy. Investments fall into two groups: short-term and long-term. Short-term investments have an original maturity of over 90 days, but less than or equal to one year. Long-term investments have an original maturity greater than one year. The University's cash and cash equivalents, short-term investments, and long-term investments are as follows:

	Market Value As of June 30, 2007	Credit Rating	Investment Maturity
Cash and cash equivalents:			
Cash with the Treasurer	$13,948,366		
Deposits with financial institutions	11,018,172		
Collateral held for securities lending	76,616		< 3 months
Money market deposits with broker/dealer	355,345	Moodys AAA	< 3 months
State non-arbitrage program (SNAP)	593,841	S&P AAAm	< 3 months
Total	$25,992,340		
Short-term Investments			
Collateral held for securities lending	$ 301,833		<1 year

C. Securities Lending Transactions

Collateral held for securities lending and the securities lending transactions reported on the financial statements represent the University's allocated share of cash received for securities lending transactions held in the General Account of the Commonwealth. Information related to the credit risk of these investments and securities lending transactions held in the General Account is available on a statewide level in the Commonwealth of Virginia's *Comprehensive Annual Financial Report*.

D. University of Mary Washington Real Estate Foundation Investments

Financial instruments, which potentially subject the Real Estate Foundation to concentration of credit risk, consist principally of temporary cash investments and certificates of deposit (CDs). The Real Estate Foundation places its temporary cash investments and CDs with high credit quality financial institutions. At June 30, 2007, the Real Estate Foundation had deposits of $55,180 in excess of the Federal Deposit Insurance Corporation limit.

E. University of Mary Washington Foundation Investments

Financial instruments that potentially subject the University Foundation to concentration of credit risk consist of cash and cash equivalents, receivables, and investments. The University Foundation places its temporary cash investments with high credit quality financial institutions. At June 30, 2007, the University Foundation had cash deposits of $1,093,647 in excess of the Federal Deposit Insurance Corporation limit. Investments consist primarily of mutual funds and managed partnerships that are not heavily concentrated in any one company or industry. The University Foundation monitors its receivables to minimize credit risk.

Investments are reported at fair market values. The market value of investments as of June 30, 2007 is as follows:

	Market Value
Cash	$ 2,491,937
Bond Mutual Funds	4,916,692
Stocks	3,867,294
Stock Mutual Funds	17,684,225
Partnerships	8,777,706
Total	$37,737,854

The University Foundation has investments and future investment commitments in partnerships that are subject to capital calls and mandatory lock periods. The following is a schedule of commitments and lock in periods.

	Dollars Committed	Dollars Called to Date	Market Value	Lock in Period
Private Advisors Distresssed Opportunities	$1,250,000	$1,250,000	$1,731,921	12/31/2008
TIFF ARP II - Series I	1,000,000	1,000,000	1,348,130	12/31/2008
TIFF ARP II - Series I	1,000,000	1,000,000	1,587,139	12/31/2009
TIFF Secondary Partners I	1,000,000	582,015	818,800	11/6/2015
TIFF Partners V - United States	500,000	310,000	346,686	12/31/2015
TIFF Partners V - International	500,000	145,000	146,084	12/31/2015
Property investment Advisors PH IV	500,000	288,313	293,476	12/31/2017
Private Advisors Small Company Buyout	2,000,000	-	-	6/30/2024

The University Foundation has beneficial interest in various split-interest agreements. The contribution portion of an agreement is recognized as revenue when the University Foundation has the unconditional right to receive benefits under the agreement and is measured at the expected future payments to be received. Any assets received under a trust agreement are recorded at fair value. Any liabilities to third-party beneficiaries are recorded at the present value of the expected payments. All present value calculations are made using federal discount rates and life expectancy tables. During the term of the agreement, any changes in actuarial assumptions are recognized as “changes in split-interest agreements.”

The University Foundation is the remainder beneficiary and trustee of twenty nine charitable gift annuities and three charitable remainder trusts, dated 1987 to 2007. The discount rates range from 3.8 percent to 10.6 percent and are generally paid quarterly. Total annuity payments for the year ended June 30, 2007 were $87,548.

3. ACCOUNTS AND PLEDGES RECEIVABLE

Accounts receivable consisted of the following at June 30, 2007:

Student tuition and fees	$ 801,454
Auxiliary enterprises	193,073
Other activities	55,791
Total	1,050,318
Less: Allowance for doubtful accounts	(149,224)
Net accounts receivable	$ 901,094

The University Foundation had unconditional pledges receivable consisting of the following at June 30, 2007:

Pledges due within one year	$ 628,232
Pledges due in two to five years	5,735,018
Pledges due after five years	1,000
Total	6,364,250
Less: Discounts to net present value (using a discount rate of 5 percent)	(430,065)
Net pledges receivable	$5,934,185

The University Foundation loan receivable consists of $100,000 previously loaned to a related party, a former key employee of the University. The loan bears interest at 5 percent per annum and principal is payable in $25,000 annual installments plus accrued interest beginning February 2007. The first payment was relieved by a designated donation received in the current year and accrued interest as of June 30, 2007, totaling $12,500 was written off by the Foundation.

4. CAPITAL ASSETS

A summary of changes in the various capital asset categories for the University for the year ending June 30, 2007, is presented as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Non-depreciable capital assets:				
Land	$ 2,774,083	$ 607,787	$ -	$ 3,381,870
Construction in progress	21,145,312	13,856,610	(26,463,056)	8,538,866
Total nondepreciable capital assets	23,919,395	14,464,397	(26,463,056)	11,920,736
Depreciable capital assets:				
Buildings	109,261,702	20,590,929	-	129,852,631
Equipment	13,008,494	1,586,598	(899,450)	13,695,642
Infrastructure	26,717,784	3,586,776	-	30,304,560
Improvements other than buildings	3,320,340	1,339,710	-	4,660,050
Library books	10,433,671	282,214	(42,833)	10,673,052
Total depreciable capital assets at historical cost	162,741,991	27,386,227	(942,283)	189,185,935
Less accumulated depreciation for:				
Buildings	38,514,635	1,777,584	-	40,292,219
Equipment	7,357,004	1,501,949	(859,066)	7,999,887
Infrastructure	18,568,206	697,390	-	19,265,596
Improvements other than buildings	1,543,597	114,932	-	1,658,529
Library books	8,432,769	383,488	(42,833)	8,773,424
Total accumulated depreciation	74,416,211	4,475,343	(901,899)	77,989,655
Depreciable capital assets, net	88,325,780	22,910,884	(40,384)	111,196,280
Total capital assets, net	$112,245,175	$37,375,281	$(26,503,440)	$123,117,016

A summary of changes in the various capital asset categories for the Real Estate Foundation for the year ending June 30, 2007, is presented as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Non-depreciable capital assets:				
Land	$ 9,100,000	$ 785,000	$ -	$ 9,885,000
Depreciable capital assets:				
Buildings	8,284,775	1,862,210	-	10,146,985
Equipment (furniture and fixtures)	477,065	-	-	477,065
Improvements other than buildings	962,103	-	-	962,103
Total depreciable capital assets at historical cost	9,723,943	1,862,210	-	11,586,153
Less accumulated depreciation for:				
Buildings	940,666	207,119	-	1,147,785
Equipment	156,705	48,930	-	205,635
Improvements other than buildings	181,733	64,141	-	245,874
Total accumulated depreciation	1,279,104	320,190	-	1,599,294
Depreciable capital assets, net	8,444,839	1,542,020	-	9,986,859
Total capital assets, net	$17,544,839	$2,327,020	$ -	$19,871,859

The Real Estate Foundation owns two parcels of real estate that were donated with restricted deeds. The deeds restrict the use of the land by requiring it to be used by an accredited institution of higher learning. The combined donated value of the two parcels is $8,600,000.

A summary of changes in the various capital asset categories for the University Foundation for the year ending June 30, 2007, is presented as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Non-depreciable capital assets:				
Land	$ 467,500	$ 80,000	$(259,500)	$ 288,000
Construction in progress	-	87,266	-	87,266
Artwork	210,250	-	-	210,250
Total nondepreciable capital assets	677,750	167,266	(259,500)	585,516
Depreciable capital assets:				
Buildings	371,208	200,000	-	571,208
Equipment	114,738	10,200	(38,690)	86,248
Total depreciable capital assets at historical cost	485,946	210,200	(38,690)	657,456
Less accumulated depreciation for:				
Buildings	-	40,950	-	40,950
Equipment	97,759	14,701	(69,399)	43,061
Total accumulated depreciation	97,759	55,651	(69,399)	84,011
Depreciable capital assets, net	388,187	154,549	30,709	573,445
Total capital assets, net	$1,065,937	$321,815	$(228,791)	$1,158,961

5. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following at June 30, 2007:

Vendors and supplies accounts payable	$3,802,069
Employee salaries, wages, and fringe benefits payable	3,340,683
Retainage payable on construction contracts	318,420
Other accounts payable	17,890
Total accounts payable	$7,479,062

6. NON-CURRENT LIABILITIES

The University's non-current liabilities consist of long-term debt (further described in Note 7), and accrued compensated absences. A summary of changes in non-current liabilities for the year ending June 30, 2007, is presented as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Long-term debt:					
Bonds payable	$10,941,497	$ -	$ (923,756)	$10,017,741	$ 964,275
Notes payable	14,005,139	-	(573,297)	13,431,842	603,297
Installment purchases	4,819,468	-	(1,906,440)	2,913,028	172,712
Total long-term debt	29,766,104	-	(3,403,493)	26,362,611	1,740,284
Other non-current liabilities:					
Accrued compensated absences	1,247,902	767,847	(637,769)	1,377,980	882,799
Total long-term liabilities	$31,014,006	$ 767,847	$(4,041,262)	$27,740,591	$2,623,083

7. LONG TERM DEBT

A. Bonds Payable

Section 9(c) bonds are general obligation bonds issued by the Commonwealth of Virginia on behalf of the University, which are secured by the net revenues of the completed project and the full faith, credit, and taxing power of the Commonwealth of Virginia. A summary of all bonds payable as of June 30, 2007, is presented as follows:

Details of Bonds Payable	Outstanding Balance
Higher Education Bonds, Series 1998R, issued $2,094,152 to refund a portion of the 148 bed dormitory bond, Series 1992C, the balance to finance construction of new parking lots and athletic fields, the balance payable in annual installments from $14,835 to $262,822 with interest of 3.5 percent to 4.7 percent payable semiannually, the final installment of $262,822 due June 1, 2013.	$1,411,889
Higher Education Bonds, Series 2001A, issued $1,925,000 to renovate dormitories, the balance payable in annual installments from $65,000 to $145,000 with interest of 4 percent to 5 percent payable semiannually, the final installment of $145,000 due June 1, 2021.	480,000
Higher Education Bonds, Series 2002R, issued $2,646,766 to refund a portion of the telecommunications bond, Series 1993B, the balance payable in annual installments from $114,232 to $340,000 with interest of 2.5 percent to 5.0 percent payable semiannually, the final installment of $340,000 due June 1, 2013.	1,850,797

Higher Education Bonds, Series 2003R, issued $1,460,829 to refund a portion of the Series 1993R bonds which refunded a portion of the Series 1990B residence hall bond, the balance payable in annual installments from $183,098 to $235,186 with interest of 2.5 percent to 5.0 percent payable semiannually, the final installment of $235,186 due June 1, 2010.	707,681
Higher Education Bonds, Series 2004R, issued $1,036,316 to refund a portion of the Series 2001A bonds for renovation of dormitories, the balance payable in annual installments from $1,835 to $125,264 with interest of 2 percent to 5 percent payable semiannually, the final installment of $125,153 due June 1, 2025.	1,006,161
Higher Education Bonds, Series 2005A, issues $4,730,000 to renovate dining facilities, the balance payable in annual installments from $155,000 to $350,000 with interest of 3.5 percent to 5 percent payable semi-annually, the final installment of $350,000 due June 1, 2025.	4,561,213
Total bonds payable	$10,017,741

Annual debt service requirements to maturity for bonds payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2008	$ 964,275	$ 464,118	$ 1,428,393
2009	999,265	420,129	1,419,394
2010	1,041,080	378,263	1,419,343
2011	838,861	330,542	1,169,403
2012	872,841	291,735	1,164,576
2013-2017	2,292,843	979,411	3,272,254
2018-2022	1,965,042	515,215	2,480,257
2023-2025	1,043,534	96,750	1,140,284
Total	$10,017,741	$3,476,163	$13,493,904

B. Notes Payable

The University participates in the Public Higher Education Financing Program (Pooled Bond Program) created by the Virginia General Assembly in 1996. Through the Pooled Bond Program, the Virginia College Building Authority (VCBA) issued 9(d) bonds and uses the proceeds to purchase debt obligations (notes) of the University and various other institutions of higher education. The University's general revenue secures these notes. A summary of all notes payable as of June 30, 2007, is presented as follows:

Details of Notes Payable	Outstanding Balance
VCBA Bonds, Series 1997A, issued $1,515,000 to finance construction of the Jepson Science Building, the balance payable in annual installments from $65,000 to $115,000 with interest of 3.75 percent to 5 percent payable semiannually, the final installment of $115,000 due September 1, 2017.	$260,000
VCBA Bonds, Series 1999A, issued $1,045,000 to finance replacement of the tennis courts, the balance payable in annual installments from $40,000 to $50,000 with interest of 4.5 percent to 6 percent payable semiannually, the final installment of $50,000 due September 1, 2009.	140,000
VCBA Bonds, Series 2000A, issued $4,690,000 to finance construction of a fitness center, the balance payable in annual installments from $170,000 to $370,000 with interest of 4.25 percent to 5.75 percent payable semiannually, the final installment of $370,000 due September 1, 2020.	2,410,000
VCBA Bonds, Series 2002A, issued $2,335,000 to finance construction of an Indoor Tennis Facility, the balance payable in annual installments from $60,000 to $180,000 with interest of 3.00 percent to 5.25 percent payable semiannually, the final installment of $180,000 due September 1, 2022.	2,145,868
VCBABonds, Series 2004R, issued $725,000 to partially refund the Series 1997A bonds to finance construction of Jepson Science Building, the balance payable in annual installments from $65,000 to $115,000 with interest of 3 percent to 5 percent payable semiannually, the final installment of $115,000 due September 1, 2017.	735,714
VCBA Bonds, Series 2004R, issued $695,000 to partially refund the Series 1999A bonds for replacement of the Tennis Courts, the balance payable in annual installments from $45,000 to $80,000 with interest of 3 percent to 5 percent payable semiannually, the final installment of $80,000 due September 1, 2019.	651,563
VCBA Bonds, Series 2004R, issued $1,385,000 to partially refund the Series 2000A bonds to finance construction of a Fitness Center, the balance payable in annual installments from $180,000 to $370,000 with interest of 3 percent to 5 percent payable semiannually, the final installment of $370,000 due September 1, 2020.	1,344,412
VCBA Bonds, Series 2004A, issued $5,665,000 to finance Construction of a Parking Deck, the balance payable in annual installments from $185,000 to $425,000 with interest of 3.00 percent to 5.00 percent payable semiannually, the final installment of $425,000 due September 1, 2026.	5,744,285
Total notes payable	$13,431,842

Annual debt service requirements to maturity for notes payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2008	$ 603,297	$ 626,822	$ 1,230,119
2009	628,297	600,188	1,228,485
2010	658,297	571,000	1,229,297
2011	683,297	540,050	1,223,347
2012	718,297	506,350	1,224,647
2013-2017	4,106,485	1,955,919	6,062,404
2018-2022	4,212,499	885,994	5,098,493
2023-2026	1,821,373	159,694	1,981,067
Total	$13,431,842	$5,846,017	$ 19,277,859

C. Installment Purchases

The University has entered into various installment purchase contracts to finance the acquisition of computer and telecommunications equipment. The purchase agreements continue for another thirteen years with interest rates from 2.99 percent to 4.31 percent. A summary of the remaining installment purchases payable debt as of June 30, 2007, is presented as follows:

Year Ending June 30,	Principal	Interest	Total
2008	$ 172,712	$131,144	$ 303,856
2009	188,722	116,165	304,887
2010	196,943	107,944	304,887
2011	205,523	99,364	304,887
2012	214,477	90,411	304,888
2013-2017	1,220,948	303,488	1,524,436
2018-2020	713,703	46,902	760,605
Total	$2,913,028	$895,418	$3,808,446

D. Prior Year Defeasance of Debt

In prior years, the University and the Commonwealth of Virginia, on behalf of the University, issued bonds and the proceeds were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on other debt. The bonds representing that debt are, therefore, considered defeased. Accordingly, the trust account's assets and the liabilities for the defeased bonds are not included in the University's financial statements. On June 30, 2007, $1,025,000 of the bonds and $2,765,000 of the notes considered defeased remained outstanding.

E. University of Mary Washington Foundation Line of Credit

The University Foundation has a revolving line of credit up to $2.2 million bearing interest monthly at the London Interbank Offered Rate (LIBOR) plus .8 percent (6.12 percent at June 30, 2007). The line of credit is collateralized by the full faith and credit of the University Foundation and written pledges from the Alumni Executive Center donors. The line also assesses fees on the undrawn balance at a rate of .10 percent per annum, paid quarterly in arrears. The maturity date of the line of credit is four years from the date of closing, February 23, 2004; however, the University Foundation is permitted to prepay the line at any time without penalty. At June 30, 2007, $30,000 was outstanding on this line of credit.

Under the line of credit agreement, the University Foundation must maintain certain financial covenants and ratios, including a working capital ratio. As of June 30, 2007, management of the University Foundation believes it was in compliance with the covenants.

F. University of Mary Washington Real Estate Foundation Loan Payable

In February 2007, the Real Estate Foundation purchased a building adjacent to the University campus to be operated and managed by the University as part of its faculty offices. The acquisition was financed by a short term bank loan in the amount of $2,100,000 to be repaid with all accrued interest by November 28, 2007. The bank note accrues interest at the London Interbank Offered Rate (LIBOR) plus 0.5 percent (5.82 percent at June 30, 2007) as is secured by assignments of rents from the University. Interest totaling $41,758 had accrued at June 30, 2007.

G. University of Mary Washington Real Estate Foundation Bonds Payable

During the fiscal year ended June 30, 2004, the Real Estate Foundation obtained $11,140,000 in tax exempt financing through an Industrial Development Housing Facility Revenue Bond (Bonds) with the City of Fredericksburg, Virginia. The Series 2003 Bonds consist of $5,555,000 in serial bonds with staggered maturities through April 1, 2020, $2,170,000 in term bonds due April 1, 2024, and $3,415,000 in term bonds due April 1, 2029. The Real Estate Foundation used the proceeds to refinance the costs of acquisition and renovation of property which will be operated and managed by the University as part of its student housing system. The loan agreement is collateralized by a deed of trust to the trustee, SunTrust Bank.

The bond indenture and related agreements provide for the payment of principal and interest to a bond sinking fund semi-annually. For the term bonds due April 1, 2024, and April 1, 2029, interest is payable at a rate of 5.20 percent and 5.35 percent, respectively. For the $5,555,000 serial bond issue, interest is payable at the rates ranging from 2.1 percent to 5.25 percent depending on maturity dates.

At June 30, 2007, the carrying value of the bonds payable is shown net of unamortized original issue discount of $88,259. Amortization of the discount is reported as interest expense.

The Bond agreement requires the Real Estate Foundation to meet a long-term debt coverage ratio of not less than 1.20. As of June 30, 2007, the Real Estate Foundation met the required ratio.

The Bond agreement also requires a Series Repair and Replacement Reserve Account for each Series of Bonds that has the requirement. The Repair and Replacement Reserve Requirement for the Series 2003 Bonds was $350,000 upon the issuance of the Bonds. Thereafter, the Real Estate Foundation is to deposit into this account each fiscal year an amount equal to the product of $200 times number of beds in the project. Deposits for 2007 totaled $71,000. By submitting a requisition to the Trustee, the Real Estate Foundation may request withdrawals from this fund at any time and there is no minimum balance.

Sinking fund payments for the bonds, including principal and interest, for future fiscal years ending June 30 are as follows:

Year Ending June 30,	Principal	Interest	Total
2008	$ 285,000	$ 509,577	$ 794,577
2009	295,000	500,458	795,458
2010	305,000	490,280	795,280
2011	320,000	478,843	798,843
2012	330,000	466,042	796,042
2013-2017	1,890,000	2,177,663	4,067,663
2018-2022	2,395,000	1,591,994	3,986,994
2023-2027	3,080,000	902,900	3,982,900
2028-2029	1,386,741	39,304	1,426,045
Total	$10,286,741	$7,157,061	$17,443,802

8. EXPENSES BY NATURAL CLASSIFICATIONS

The following table shows a classification of expenses both by function as listed in the Statement of Revenues, Expenses, and Changes in Net Assets and by natural classification, which is the basis for amounts shown in the Statement of Cash Flows.

	Salaries and Wages	Fringe Benefits	Services and Supplies	Utilities	Plant and Equipment	Depreciation	Total
Instruction	$20,064,376	$4,208,973	$1,178,369	$ 346	$ 293,827	$ -	$25,745,891
Research	207,256	23,462	185,232	-	1,279	-	417,229
Public service	140,505	27,052	74,538	-	8	-	242,103
Academic support	2,758,014	702,053	702,886	-	415,561	-	4,578,514
Student services	2,256,554	589,111	1,563,064	-	23,170	-	4,431,899
Institutional support	4,130,465	1,533,094	1,808,491	12,008	755,781	-	8,239,839
Operation and maintenance of plant	1,193,812	1,068,191	1,824,466	1,540,076	179,061	-	5,805,606
Depreciation	-	-	-	-	-	4,475,343	4,475,343
Student aid	342,286	101,504	116,087	-	2,882	-	562,759
Museum and cultural services	442,532	98,693	177,333	27,624	2,357	-	748,539
Historic attraction management	153,232	30,891	67,752	5,362	18,090	-	275,327
Auxiliary activities	7,239,652	2,002,311	13,655,382	4,913	306,546	-	23,208,804
Total	$38,928,684	$10,385,335	$21,353,600	$1,590,329	$1,998,562	$4,475,343	$78,731,853

9. STATE APPROPRIATIONS

The University receives state appropriations from the General Fund of the Commonwealth. The Appropriation Act specifies that such unexpended appropriations shall revert, as specifically provided by the General Assembly, at the end of the biennium. For years ending at the middle of a biennium, unexpended appropriations that have not been approved for re-appropriation in the next year by the Governor become part of the General Fund of the Commonwealth and are, therefore, no longer available to the University for disbursements.

The following is a summary of state appropriations received by the University including all supplemental appropriations and reversions:

Original legislative appropriation per Chapter 3:	
Educational and general programs	$21,709,672
Student financial assistance	1,184,395
Museum and cultural services	339,471
Historic attraction management	205,494
Supplemental adjustments:	
Shift in July 3, 2006 pay date to June 30, 2006	(714,804)
Health insurance and VSDP rate increases	209,472
Equipment Trust Fund debt transfers	(152,528)
Faculty and staff salary increases	125,338
Retiree benefit and group life rate reductions	78,026
Eminent Scholars funding	56,333
Employee group life increases	37,573
Virtual Library of Virginia (VIVA) allocation	13,465
Miscellaneous supplemental adjustments	317
State appropriation revenue, adjusted	$23,092,224

10. AFFILIATED FOUNDATION

The financial statements do not include the assets, liabilities, and net assets of the University of Mary Washington Alumni Association. The purpose of this organization is to promote the welfare and support the mission of the University and to encourage an enduring relationship with the University by deepening alumni and student loyalty. This organization is a separately incorporated entity and the related financial statements are examined by other auditors. The following condensed summary is based solely upon the reports of other auditors at and for the year ended June 30, 2007.

Assets:	
Cash and investments	$173,572
Other assets	9,099
Total assets	$182,671
Liabilities and net assets:	
Liabilities	$ 18,539
Net assets	164,132
Total liabilities and net assets	$182,671

The revenues and expenditures of the Alumni Association, determined as if in consolidation with the University were $216,988 and $212,577, respectively, for the year ended June 30, 2007.

11. RELATED PARTY TRANSACTIONS

A. Between The University of Mary Washington and the University of Mary Washington Real Estate Foundation

Pursuant to the Industrial Revenue Bond issue, the Real Estate Foundation has entered into a support and management agreement with the University. The support agreement requires preferential treatment in that the University must assign all of its students in need of housing first to the project, until at least 95 percent of the units in the project have been assigned. The management agreement appoints the University as the property facilities manager, and requires the University to establish annual operating budgets that facilitate the Real Estate Foundation's compliance with the financial covenants of the bond financing agreement. Under the agreement, a Project Revenue Fund is established at the University to collect revenues and pay expenses of operating, maintaining, and insuring the facility. These net project revenues are held by the University on the Real Estate Foundation's behalf and are to be used for debt service payments and required reserve funding. The balance of this Project Revenue Fund held by the University at June 30, 2007 was $230,601.

The support agreement remains in effect for as long as the Series 2003 Bonds are outstanding. The term of the management agreement extends to June 30, 2030. The management agreement may be terminated by either party after June 30, 2009 with certain restrictions. A termination of the management agreement shall in no way terminate the support agreement or affect the University's obligations under the support agreement.

B. Between the University of Mary Washington and the University of Mary Washington Foundation

The University Foundation has agreements with the University to reimburse it for vendor invoices paid in connection with the Chappell Bell Tower. This agreement states initial limits on reimbursement amounts. The University Foundation's total commitment is $1,500,000 towards the cost of the project. At June 30, 2007, the University Foundation had advanced $1,500,000 and the University had incurred expenses totaling $1,339,710. The $160,290 unspent by the University is included in Due from the University.

The University Foundation also provides financial support to the University. At June 30, 2007, the University Foundation had advanced funds of $6,159 for advanced student wages to the University. For the year ended June 30, 2007, the University paid the University Foundation $56,200 for program services provided by the University Foundation.

C. Between the University of Mary Washington Foundation and the University of Mary Washington Alumni Association

The University Foundation has an agreement to give the Alumni Association annually 20 percent of unrestricted alumni gifts, with a minimum of $50,000 each year. For the year ended 2007, the University Foundation gave the Alumni Association $184,407. The Alumni Association directs all royalty revenue to the University Foundation for scholarships. Under these arrangements, the University Foundation had a net receivable from the Alumni Association of $18,539 at June 30, 2007, included in other assets of the University Foundation and Due to the Foundation of the Alumni Association.

D. Between the University of Mary Washington Foundation and other related parties

The University Foundation has a consultant agreement with a related party, the former President of the University, who is to provide consulting services in the areas of fundraising and charitable giving, strategic planning, and legislative relations. The agreement began on July 1, 2007, and will continue until June 30, 2009, or until such earlier time as the consultant and the University Foundation may agree in writing. The terms of the agreement call for an annual fee of $172,500 to be paid in quarterly installments to the consultant. The parties may mutually agree to renew the agreement for one additional two-year term at a daily rate of $2,000, with the former President performing services on an "on-call" basis. The first quarterly installment of $43,125 under this agreement was prepaid at June 30, 2007.

The University Foundation also has an agreement with a related party, the former President of the University. The terms of the agreement state that the University Foundation shall pay the individual's estate $5,100 per month, should he decease within 180 months of his retirement. The commitment declines each month and ceases in its entirety at June 30, 2021. Payments under this agreement are funded by the death benefit of a life insurance policy on the former President, of which the University Foundation is the beneficiary.

12. COMMITMENTS

At June 30, 2007, the University was a party to construction and other contracts with outstanding commitments of $9,324,590. In addition, $984,440 was held by the University as retainage on ongoing projects for which work had been performed. The retainage will be remitted to the contractors upon satisfactory completion of the project.

The University was committed to an operating lease for office space for the Warsaw office of the Rappahannock Small Business Development Center run by the University. The lease was a three year term ending June 30, 2007. The University has entered into a new lease for three years beginning in July 2007. Rental expense was $4,740 for the year ended June 30, 2007.

The University is committed to two operating leases for office space for administrative offices of the University. The first lease is a five year lease beginning in September 2006. Rental expense was $165,703 for the year ended June 30, 2007. The second lease is a two year lease beginning in May 2007. Rental expense was $28,418 for the year ended June 30, 2007.

The University has, as of June 30, 2007, the following future minimum rental payments due under the above leases:

Year Ending June 30,	Operating Lease Obligation
2008	$ 366,178
2009	479,850
2010	195,670
2011	190,693
2012	31,782
Total	$1,264,173

The University Foundation leases two vehicles under non-cancellable operating leases expiring in 2011 with minimum future rental payments totaling $11,039 per year for three years. Expense for 2007 under operating leases totaled $2,760.

The Real Estate Foundation had outstanding commitments for architectural and engineering services for amounts not to exceed $30,000.

13. RETIREMENT PLANS

A. Virginia Retirement System

Employees of the University are employees of the Commonwealth of Virginia. Substantially all full-time classified salaried employees of the University participate in a defined benefit retirement plan administered by the Virginia Retirement System (VRS). VRS is an agent multiple-employer public employee retirement system 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 relating 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 University, has the overall responsibility for contributions to this plan. The CAFR provides disclosure of the Commonwealth's unfounded pension benefit obligation at June 30, 2007. The same report contains historical trend information showing VRS's progress in accumulating sufficient assets to pay benefits when due.

The University's expenses include the amount assessed by the Commonwealth for contributions to VRS, which totaled $2,017,172 for the year ended June 30, 2007. These contributions included the 10.74 percent employee contribution assumed by the employer. Contributions to VRS were calculated using the base salary amount of approximately $18,781,862. The University's total payroll was approximately $38,928,684 for the year ended June 30, 2007.

B. Optional Retirement Plans

Full-time faculty and certain administrative staff participate in a defined contribution plan administered by two different providers rather than the VRS. The two different providers are TIAA/CREF Insurance Companies and Fidelity Investments Tax-Exempt Services. This plan is a fixed-contribution program where the retirement benefits received are based upon the employer's (10.4 percent) contributions, plus interest and dividends.

Individual contracts issued under the plan provide for full and immediate vesting of both the University's and the employee's contributions. Total pension costs under this plan were approximately $1,410,303 for the year ended June 30, 2007. Contributions to the optional retirement plans were calculated using the base salary amount of approximately $13,560,606.

C. Deferred Compensation Plan

Employees of the University are employees of the Commonwealth of Virginia. State employees may participate in the Commonwealth's Deferred Compensation Plan. Participating employees can contribute to the plan each pay period with the Commonwealth matching up to $20 per pay period. The dollar amount match can change depending on the funding available in the Commonwealth's budget. The Deferred Compensation Plan is a qualified defined contribution plan under Section 401(a) of the Internal Revenue Code. The University's expense for contributions under the Deferred Compensation Plan was approximately $156,012 for the year ended June 30, 2007.

14. POST-EMPLOYMENT 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 state service and participate in the state's health plan. Information related to these plans is available at the statewide level in the Commonwealth's *Comprehensive Annual Financial Report*.

15. RISK MANAGEMENT AND EMPLOYEE HEALTH CARE PLANS

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. The University participates in insurance plans maintained by the Commonwealth of Virginia. The state employee health care and worker's 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 University 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's *Comprehensive Annual Financial Report*.

16. CONTINGENCIES

A. Grants and Contracts

The University has received grants for specific purposes that are subject to review and audit by the grantor agencies. Claims against these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditures of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the University.

In addition, the University is required to comply with the various federal regulations issued by the Office of Management and Budget. Failure to comply with certain requirements of these regulations may result in questions concerning the allowability of related direct and indirect charges pursuant to such agreements. As of June 30, 2007, the University estimates that no material liabilities will result from such audits or questions.

B. Litigation

The University was not named as a defendant in any lawsuits as of June 30, 2007.

17. BEGINNING NET ASSET ADJUSTMENT

The University converted to a new financial accounting system on July 1, 2004. It was determined that during conversion to the new system ten fixed assets were converted incorrectly. As a result, these items did not depreciate correctly resulting in a decrease to beginning net assets of $52,208.

In addition, during the year ended June 30, 2007, the Commonwealth's Department of Accounts changed the method in which the amounts due from the Commonwealth to the University for certain bond-funded capital projects is calculated. As such, the beginning net assets are shown recalculated as if the new method had been used during fiscal year 2006. Beginning net assets is decreased $3,155,625 as a result.

The following is a summary of the effects of these adjustments to beginning net assets.

Beginning net assets, unadjusted	$98,290,995
Less:	
Fixed asset conversion errors	(52,208)
Accounting method change	(3,155,625)
Beginning net assets, adjusted	$95,083,162

18. SUBSEQUENT EVENTS

On October 31, 2007, the Virginia College Building Authority (VCBA), through the Pooled Bond Program, issued 9(d) bonds and used the proceeds to purchase two debt obligations (notes) of the University. Proceeds of $4,895,000 from the first note will be used to finance construction and major renovation of student dormitories. Proceeds of $1,935,000 from the second notes will be used to finance improvements to the intramural athletic fields of the University. Both notes were issued with interest rates varying from 4.5 percent to 5.0 percent and mature in 2038.

During August 2007, the Real Estate Foundation obtained $2,500,000 in tax exempt financing through a bond pool issuance with the Industrial Development Authority of the County of Stafford and the City of Staunton, Virginia with an original issue discount of $25,185. Proceeds from the bond sale paid off the $2,100,000 short-term not payable and the related accrued interest. The remaining proceeds will be used to pay bond issuance costs and construction and renovation costs. Interest on the bonds is payable at 4.73 percent over a 30-year period. Bond issuance costs totaled $122,896, which will be amortized over the life of the bond using the straight-line method. The bonds are secured by a deed of trust and a support agreement with the University.

The University Foundation was awarded a $148,800 grant from the Department of Housing and Urban Development for the renovation of the Maury Center Project. The City of Fredericksburg will be managing the project.

Commonwealth of Virginia

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

Walter J. Kucharski, Auditor

April 8, 2008

The Honorable Timothy M. Kaine
Governor of Virginia

The Honorable Thomas K. Norment, Jr.
Chairman, Joint Legislative Audit
and Review Commission

Board of Visitors
University of Mary Washington

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the business-type activities and discretely presented component units of the **University of Mary Washington**, a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2007, which collectively comprise the University's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the component units of the University, which are discussed in Note 1. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates the amounts included for the component units of the University is based on the reports of the other auditors.

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. The financial statements of the component units of the University that were audited by other auditors upon whose reports we are relying were audited in accordance with auditing standards generally accepted in the United States of America, but not in accordance with Government Auditing Standards. 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 and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and discretely presented component units of the University as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages two through nine is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. 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.

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 an instance of noncompliance that is required to be reported under Government Auditing Standards. An instance of noncompliance entitled "Properly Complete Employment Eligibility Verification Forms" is described in the section titled "Compliance Finding and Recommendation."

The University's response to the finding identified in our audit is included in the section titled "University Response." We did not audit the University's response and, accordingly, we express no opinion on it.

Status of Prior Findings

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

Report Distribution and Exit Conference

The "Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters" is intended solely for the information and use of the Governor and General Assembly of Virginia, the 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.

We discussed this report with management at an exit conference held on April 10, 2008.

AUDITOR OF PUBLIC ACCOUNTS

KKH/wdh

April 10, 2008

Mr. Walter J Kucharski
Auditor of Public Accounts
Post Office Box 1295
Richmond, Virginia 23218

Subject: Management Response to the Audit Recommendation for Fiscal Year Ending June 30, 2007

Dear Mr. Kucharski:

I am pleased to send you University of Mary Washington's response to the internal control findings and recommendations identified during the audit of the fiscal year ended June 30, 2007. Excerpts from the findings and management's responses are as follows:

Properly Complete Employment Eligibility Verification Forms

University of Mary Washington personnel are not properly completing Employment Eligibility Verification Forms (I-9) in accordance with guidance issued by the US Citizenship and Immigration Services of the US Department of Homeland Security. We recommend that management review the process to complete the I-9 forms, train University staff on the requirements of completing I-9 forms, and develop procedures to continuously review all or a sample of I-9 forms for compliance with federal regulations. In addition, we recommend that University staff completing these forms refrain from using abbreviations so that forms are easily understood.

> Management's Response
>
> As recommended by the APA staff, the University has implemented a policy to audit I-9 files twice a year. On October 10, 2006, on-site training was provided by Debra J.C. Dowd, Esq. and Martha Laster, Department of Accounts Tax Specialist. In addition, semi-annual training will occur to ensure I-9 requirements are communicated and understood while additional policies, procedures, and training have been developed to be followed by any department wishing to employee student workers. We would also like to note that of the ten I-9s found to have errors, nine of them occurred before the training provided in October 2006.

If you have any questions or need additional information, please do not hesitate to contact me by phone at (540) 654-1020 or send an e-mail to rhurley@umw.edu. Thank you.

Sincerely,

Richard V. Hurley
Acting President and Vice President for Administration, Finance, and Legislative Affairs

1301 College Avenue
Fredericksburg, VA 22401-5300
www.umw.edu

Telephone: (540) 654-1301
Fax: (540) 654-1076
TTY: (540) 654-1104

UNIVERSITY OF MARY WASHINGTON

BOARD OF VISITORS
June 30, 2007

J. William Poole, Rector

Nanalou W. Sauder, Vice Rector

Daniel K. Steen, Secretary

Mona D. Albertine
Randall R. Eley
Elizabeth F. Foster
Benjamin W. Hernandez
Martha K. Leighty
Patricia B. Revere
Xavier R. Richardson
C. Maureen Stinger
Fred D. Thompson, Jr.

ADMINISTRATIVE OFFICERS

Richard Hurley, Acting President and Vice President for Administration, Finance, and Legislative Affairs and Chief Financial Officer

Richard R. Pearce, Associate Vice President for Business and Finance

Allyson P. Moerman, Assistant Vice President for Finance and Controller