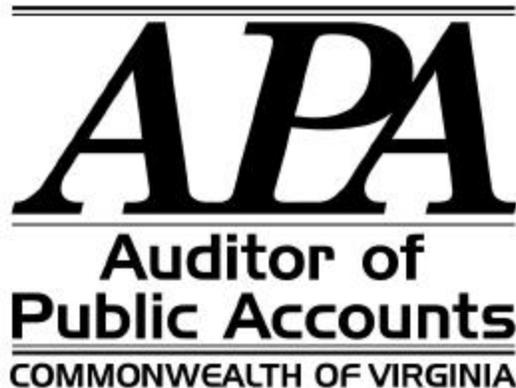


**LONGWOOD COLLEGE  
FARMVILLE, VIRGINIA**

**REPORT ON AUDIT  
FOR THE YEAR ENDED  
JUNE 30, 2000**



## **AUDIT SUMMARY**

Our audit of Longwood College for the year ended June 30, 2000, found the following:

- the financial statements are presented fairly, in all material respects;
- no internal control matters that we consider to be material weaknesses; and
- no material instances of noncompliance required to be reported under Government Auditing Standards.

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May 18, 2001

The Honorable James S. Gilmore, III  
Governor of Virginia

The Honorable Vincent F. Callahan, Jr.  
Chairman, Joint Legislative Audit  
and Review Commission

The Board of Visitors  
Longwood College

We have audited the accounts and records of Longwood College as of and for the year ended June 30, 2000, 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 balance sheet of Longwood College as of June 30, 2000, and the related statements of changes in fund balances and current funds revenues, expenditures, and other changes for the year then ended. 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 generally accepted auditing standards 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 Longwood College as of June 30, 2000, and the changes in fund balances and current funds revenues, expenditures, and other changes for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The Schedule of Auxiliary Enterprises - Revenues and Expenditures is presented for the purpose of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, such information is fairly presented in all material respects in relation to the 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 Longwood College as of and for the year ended June 30, 2000, we considered internal control over financial reporting and tested compliance with certain provisions of laws, regulations, contracts, and grants in accordance with generally accepted auditing standards 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 on the financial statements and not to provide assurance on the internal control over financial reporting. 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. A material weakness is a reportable 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. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

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, Board of Visitors, audit committee, and management and is not intended 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.

AUDITOR OF PUBLIC ACCOUNTS

MSM:whb  
whb:44

## **FINANCIAL STATEMENTS**

LONGWOOD COLLEGE  
BALANCE SHEET  
As of June 30, 2000

	Current Funds		Loan
	Unrestricted	Restricted	Funds
Assets			
Cash and cash equivalents (Note 4)	\$ 4,681,780	\$ 391,791	\$ 113,571
Cash held with trustee (Note 4)	-	-	-
Investments held with the Treasurer of Virginia (Note 4)	-	-	-
Appropriations available	30,516	9,450	-
Student accounts receivable (net of allowance for doubtful account of \$6,876)	213,405	-	-
Notes receivable (net of allowance for doubtful notes of \$269,022)	-	37,671	940,723
Collateral held for security lending (Note 4)	161,765	-	-
Due from the Federal Government	-	80,713	-
Due from other funds	100,198	-	4,037
Land	-	-	-
Improvements other than buildings	-	-	-
Buildings	-	-	-
Equipment	-	-	-
Library books	-	-	-
Construction in progress	-	-	-
<b>Total assets</b>	<b>\$ 5,187,664</b>	<b>\$ 519,625</b>	<b>\$ 1,058,331</b>
Liabilities and Fund Balances			
Accounts payable and accrued expenditures	\$ 2,328,544	\$ 95,611	\$ -
Deposits pending distribution	265,545	-	-
Due to the Commonwealth of Virginia-Petty cash advance	35,000	-	-
Due to other funds	644,706	104,235	-
Payable for collateral held for security lending (Note 4)	161,765	-	-
Deferred revenue	1,867,437	-	-
Accrued interest payable (Note 5)	-	-	-
Bonds payable (Note 6)	-	-	-
Capital lease obligations (Note 8)	-	-	-
Notes payable (Note 9)	-	-	-
Retainage payable (Note 12)	-	-	-
Accrued compensated absences	1,641,270	37,015	-
Fund balances:			
Current Funds - Unrestricted (Note 2)	(1,756,603)	-	-
Current funds -Restricted	-	282,764	-
Loan funds - U.S. Government grants refundable	-	-	966,941
Loan funds - College funds - Restricted	-	-	91,390
Unexpended plant funds	-	-	-
Net investment in plant	-	-	-
<b>Total liabilities and fund balances</b>	<b>\$ 5,187,664</b>	<b>\$ 519,625</b>	<b>\$ 1,058,331</b>

The accompanying notes to financial statements are an integral part of this statement.

Plant Funds				
Unexpended	Retirement of Indebtedness	Investment in Plant	Agency	Total (Memorandum Only)
\$ (14,183)	\$ -	\$ -	\$ 306,027	\$ 5,478,986
229,786	-	-	-	229,786
440,375	-	-	-	440,375
10,847,696	-	-	-	10,887,662
-	-	-	-	213,405
-	-	-	-	978,394
-	-	-	-	161,765
-	-	-	-	80,713
-	644,706	-	-	748,941
-	-	4,378,526	-	4,378,526
-	-	1,550,062	-	1,550,062
-	-	77,553,110	-	77,553,110
-	-	14,533,633	-	14,533,633
-	-	10,625,028	-	10,625,028
-	-	4,228,902	-	4,228,902
<u>\$ 11,503,674</u>	<u>\$ 644,706</u>	<u>\$ 112,869,261</u>	<u>\$ 306,027</u>	<u>\$ 132,089,288</u>

\$ 134,344	\$ -	\$ -	\$ -	\$ 2,558,499
-	-	-	306,027	571,572
-	-	-	-	35,000
-	-	-	-	748,941
-	-	-	-	161,765
-	-	-	-	1,867,437
-	644,706	-	-	644,706
166,866	-	15,770,611	-	15,937,477
199,880	-	2,599,049	-	2,798,929
-	-	1,028,938	-	1,028,938
84,084	-	-	-	84,084
-	-	-	-	1,678,285
-	-	-	-	(1,756,603)
-	-	-	-	282,764
-	-	-	-	966,941
-	-	-	-	91,390
10,918,500	-	-	-	10,918,500
-	-	93,470,663	-	93,470,663
<u>\$ 11,503,674</u>	<u>\$ 644,706</u>	<u>\$ 112,869,261</u>	<u>\$ 306,027</u>	<u>\$ 132,089,288</u>

LONGWOOD COLLEGE  
STATEMENT OF CHANGES IN FUND BALANCE  
For the Year Ended June 30, 2000

	Current Funds		Loan Funds
	Unrestricted	Restricted	
<b>Revenues and other additions:</b>			
Unrestricted current funds revenues	\$ 46,993,931	\$ -	\$ -
Tuition and fees - restricted	-	-	-
Federal grants and contracts - restricted	-	2,393,497	10,447
State appropriations - restricted	-	2,063,594	-
State grants and contracts - restricted	-	609,838	-
Local gifts, grants, and contracts - restricted	-	63,801	-
Private gifts, grants and contracts - restricted	-	1,549,923	-
Investment income	-	-	-
Interest on loans receivable	-	-	25,700
U.S. Government advances	-	-	49,197
Expended for plant facilities (including \$1,156,127 expended from current funds)	-	-	-
Retirement of indebtedness	-	-	-
Other revenues	-	23,821	68,041
<b>Total revenues and other additions</b>	<b>46,993,931</b>	<b>6,704,474</b>	<b>153,385</b>
<b>Expenditures and other deductions:</b>			
Educational and general expenditures	27,905,261	6,520,523	-
Auxiliary enterprise expenditures	16,195,372	243,737	-
Reversion to the General Fund of the Commonwealth (Note 13)	-	476	-
Loan write-offs	-	-	11,133
Administration and collection costs	-	-	9,628
Expended for plant facilities (Including non-capitalized expenditures of \$174,320)	-	-	-
Retirement of indebtedness	-	-	-
Interest on indebtedness	-	-	-
Disposal of plant assets	-	-	-
<b>Total expenditures and other deductions</b>	<b>44,100,633</b>	<b>6,764,736</b>	<b>20,761</b>
<b>Transfers among funds - additions (deductions)</b>			
<b>Mandatory:</b>			
Debt service	(2,374,595)	-	-
Renewals and replacements	(165,220)	-	-
<b>Nonmandatory</b>	<b>(86,809)</b>	<b>86,809</b>	<b>-</b>
<b>Total transfers among funds</b>	<b>(2,626,624)</b>	<b>86,809</b>	<b>-</b>
<b>Net increase for the year</b>	<b>266,674</b>	<b>26,547</b>	<b>132,624</b>
<b>Fund balances (deficit) at beginning of year</b>	<b>(2,023,277)</b>	<b>256,217</b>	<b>925,707</b>
<b>Fund balances (deficit) at end of year</b>	<b>\$ (1,756,603)</b>	<b>\$ 282,764</b>	<b>\$ 1,058,331</b>

The accompanying notes to financial statements are an integral part of this statement.

Plant Funds		
Unexpended	Retirement of Indebtedness	Investment in Plant
\$ -	\$ -	\$ -
-	-	-
-	-	-
11,201,372	-	-
-	-	-
-	-	-
106,067	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	1,638,604
-	-	1,667,700
100,000	-	-
11,407,439	-	3,306,304
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
656,797	-	-
-	1,667,700	-
-	706,895	-
-	-	432,578
656,797	2,374,595	432,578
-	2,374,595	-
165,220	-	-
-	-	-
165,220	2,374,595	-
10,915,862	-	2,873,726
2,638	-	90,596,937
\$ 10,918,500	\$ -	\$ 93,470,663

LONGWOOD COLLEGE  
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES  
For the Year Ended June 30, 2000

	Unrestricted	Restricted	Total
<b>Revenues:</b>			
Student tuition and fees	\$ 9,103,834	\$ -	\$ 9,103,834
Federal grants and contracts	-	2,507,309	2,507,309
State appropriations (Note 10)	18,356,767	1,810,076	20,166,843
State grants and contracts	-	907,489	907,489
Local grants and contracts	-	41,651	41,651
Private gifts, grants, and contracts	-	1,477,949	1,477,949
Sales and services of educational activities	35,789	-	35,789
Sales and services of auxiliary enterprises	19,125,926	-	19,125,926
Other sources	371,615	19,785	391,400
<b>Total revenues</b>	<b>46,993,931</b>	<b>6,764,259</b>	<b>53,758,190</b>
<b>Expenditures and mandatory transfers:</b>			
<b>Educational and general:</b>			
Instruction	13,176,279	114,821	13,291,100
Research	538	154,259	154,797
Public service	474,737	1,167,087	1,641,824
Academic support	4,246,006	355,965	4,601,971
Student services	1,861,383	75,961	1,937,344
Institutional support	5,324,377	439,641	5,764,018
Operation and maintenance of plant	2,624,018	199,330	2,823,348
Scholarships and fellowships	197,923	4,013,458	4,211,381
<b>Total educational and general expenditures</b>	<b>27,905,261</b>	<b>6,520,522</b>	<b>34,425,783</b>
<b>Mandatory transfers:</b>			
Debt service	472,630	-	472,630
<b>Total educational and general</b>	<b>28,377,891</b>	<b>6,520,522</b>	<b>34,898,413</b>
<b>Auxiliary enterprises:</b>			
Operating expenditures	16,195,372	243,737	16,439,109
<b>Mandatory transfers:</b>			
Debt service	1,901,965	-	1,901,965
Renewals and replacements	165,220	-	165,220
<b>Total auxiliary enterprises</b>	<b>18,262,557</b>	<b>243,737</b>	<b>18,506,294</b>
<b>Total expenditures and mandatory transfers</b>	<b>46,640,448</b>	<b>6,764,259</b>	<b>53,404,707</b>
<b>Other transfers and additions (deductions):</b>			
Deficiency of restricted receipts under transfers to revenue	-	(59,786)	(59,786)
Reversion to the General Fund of the Commonwealth	-	(476)	(476)
Nonmandatory transfers	(86,809)	86,809	-
<b>Net increase in fund balances</b>	<b>\$ 266,674</b>	<b>\$ 26,547</b>	<b>\$ 293,221</b>

The accompanying notes to financial statements are an integral part of this statement.

## **NOTES TO FINANCIAL STATEMENTS**

LONGWOOD COLLEGE

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Longwood College have been prepared in accordance with generally accepted accounting principles for colleges and universities. The significant accounting policies followed by the College are as follows:

A. Reporting Entity

Longwood College is a state-assisted, coeducational, comprehensive college offering programs leading to the bachelor's and master's degrees. Longwood offers courses both on the main campus and at educational sites in other locations. The College is oriented to liberal arts and to professional and pre-professional programs.

A separate report is prepared for the Commonwealth of Virginia, which includes all agencies, boards, commissions, and authorities over which the Commonwealth exercises or has the ability to exercise oversight authority. The College is a component unit of the Commonwealth of Virginia and is included in the general purpose financial statements of the Commonwealth.

B. Basis of Accounting

The financial statements of Longwood College have been prepared on the accrual basis of accounting in accordance with the American Institute of Certified Public Accountants audit guide, Audits of Colleges and Universities, except for depreciation expenses relating to capitalized fixed assets, which are not recorded.

The Statement of Current Funds Revenues, Expenditures, and Other Changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

C. Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources, the accounts are maintained in accordance with the principles of "fund accounting." Resources are classified for accounting and reporting purposes into funds, which may be used for activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics

have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes by action of the Board of Visitors. Externally restricted funds may only be utilized in accordance with purposes established by the source of such funds, and are in contrast with unrestricted funds over which the governing board retains full control and use in achieving any of its institutional purposes.

Unrestricted revenue is accounted for in the Current Unrestricted Fund. Restricted gifts, grants, appropriations, and other restricted resources are accounted for in the appropriate restricted funds. Current Restricted Funds are reported as revenues and expenditures when expended for current operating purposes.

A summary of fund group definitions is as follows:

Current Funds - Current fund balances are separated into those, which are restricted by donors and those, which are unrestricted. Restricted funds may only be expended for the purposes indicated by the donor or grantor whereas unrestricted funds are available for current operations at the discretion of the College.

Loan Funds - Loan funds represent funds, which are limited by the terms of their donors or by action of the Board of Visitors for the purpose of making loans to students.

Plant Funds - Plant funds are divided into three groups: Unexpended, Retirement of Indebtedness, and Net Investment in Plant. Unexpended plant funds represent funds, which were specified by external sources or designated by the Board of Visitors, for the acquisition, construction, renovation, and replacement of physical properties. The Retirement of Indebtedness fund includes resources held for the retirement of both principal and interest on debt and sinking funds established under bond indentures. Net Investment in Plant represents the capitalized value of physical property owned by the College, less associated long-term debt.

Agency Funds - Agency funds represent funds held in trust by the college as custodian or fiscal agent for others.

D. Net Investment in Plant

Buildings and equipment are stated at appraised value or actual cost where determinable. Land is stated at cost. Construction is capitalized as expended and reflected in Net Investment in Plant. Expenditures for renewals and replacements are capitalized only to the extent that such expenditures represent long-term improvements to properties. Current fund expenditures for equipment are capitalized when the unit acquisition cost is \$5,000 or greater and the estimated useful life is two years or more. Library acquisitions are capitalized

using published average prices for library acquisitions. The accompanying financial statements include no provision for depreciation of plant assets.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of movable equipment and library books, (2) mandatory transfers, in the case of required provisions for debt amortization and interest, and equipment renewal and replacement, and (3) transfers of a non-mandatory nature for all other cases. Plant assets, at the time of disposal, revert to the Commonwealth of Virginia for disposition. Proceeds, if any, may be returned to the College.

E. Investments

Investments are recorded at fair market value. Short-term investments with original maturities of three months or less are classified as cash equivalents in the financial statements. Investments with original maturities greater than three months are classified as investments on the financial statements.

F. Deferred Revenue

Deferred revenue represents revenues collected but not earned as of June 30, 2000. This is primarily composed of revenue for student tuition received in advance of the semester. If a program is conducted over a fiscal year end, deferred revenue is recorded for all revenue related to programs predominately conducted in the next fiscal year.

G. Compensated Absences

Compensated absences reflected in the accompanying financial statements represent the amount of vacation, sick, and compensatory leave earned but not taken by the College's employees as of June 30, 2000. The amount represents all earned vacation, compensatory, and sick leave and related payroll taxes expected to be paid under the Commonwealth of Virginia's leave pay-out policy upon employment termination.

H. Total Columns

Total columns on the financial statements captioned "Total-Memorandum Only" indicate that they are presented only to facilitate financial analysis. Data in these columns do not represent financial position, results of operation, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. DEFICIT FUND BALANCE

The Current Unrestricted Fund ended fiscal year 2000 with a deficit fund balance of \$1,756,603. The deficit is attributable to accounts payable and accrued compensated absences.

3. AFFILIATED ORGANIZATION

The financial statements do not include the assets, liabilities, and fund balances of the Longwood College Foundation, Inc. The Foundation was organized for fund-raising activities that benefit the College or specific departments. The following is a condensed summary of the financial position of the Foundation at June 30, 2000:

Assets	<u>\$ 32,301,074</u>
Liabilities and net assets:	
Liabilities	\$ 1,227,470
Net assets	<u>31,073,604</u>
Total liabilities and net assets	<u>\$ 32,301,074</u>

The revenues and expenditures of the Foundation for fiscal year 2000 were \$8,056,305 and \$1,803,099, respectively.

4. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents represent cash with the Treasurer of Virginia, cash on hand, and cash deposits including certificates of deposit and temporary investments with original maturities of three months or less. All state funds of the College are held by the Treasurer of Virginia pursuant to Section 2.1-177, et seq., Code of Virginia (1950), as amended, who is responsible for the collection, disbursement, custody, and investment of state funds. At June 30, 2000, the carrying amount of cash with the Treasurer was \$4,258,241.

Cash deposits held by the College are maintained in accounts that are covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.1-359 of the Code of Virginia. At June 30, 2000, the carrying amount of cash with local banks was \$20,626, and the bank balance of cash was \$108,360. The College also maintained \$20,000 in American Express Travelers Cheques and \$35,000 in petty cash. The College's cash and cash equivalents include \$1,145,119 in overnight Repurchase Agreements that are fully backed by the U.S. Government and Agency Securities and classified as a Category 1 credit risk.

The College maintains cash with the Treasurer in the State Treasurer's General Account. The State Treasurer's General Account participated in security lending transactions during fiscal year 2000. The securities on loan are not reported as investments on the College's financial statements but are reported as Cash with the Treasurer of Virginia. The State Treasurer has used this cash to purchase investments that have been loaned out under the Securities Lending Program. Loaned securities, for which the collateral is reported on the balance sheet, are non-categorized as to custodial credit risk. In addition, the College's share of cash collateral as re-invested at June 30, 2000, was \$161,765. Cash re-investments were made up of agency discount notes, commercial paper, and repurchase agreements collateralized by Government securities. These are considered to be Risk

Category 2. The details of the General Account Securities Lending Program are included in the Commonwealth's Comprehensive Annual Financial Report.

The College's investments, including cash equivalents, are categorized to give an indication of the level of credit risk assumed by the College. Credit risk is the risk that the College may not be able to obtain possession of its investment or collateral at maturity. Investments, including cash equivalents are categorized as described below to give an indication of the level of credit risk assumed by the College at June 30, 2000:

- Category 1 - Insured or registered securities or securities held by the College or its agent in the College's name.
- Category 2 - Uninsured or unregistered, with securities held by the counterparty's trust department or agent in the College's name.
- Category 3 - Uninsured or unregistered with securities held by the counterparty, or by its trust department or agent, but not in the College's name.
- Non-categorized - Money market or equity in pooled investments.

#### Cash Held with Trustee

The College had installment purchase proceeds invested by Crestar Securities Corporation in the U.S. Government Money Fund. This U.S. Government Money Fund is fully backed by the U.S. Government and Agency Securities and is classified as a Category 1 credit risk. At June 30, 2000, the cash held with trustee balance was \$229,786.

#### Investments

The College invested bond proceeds in the State Non-Arbitrage Program (SNAP) and the Local Government Investment Pool (LGIP). These proceeds held by the Treasurer of Virginia are invested in money market funds and do not need to be categorized as to risk, in accordance with GASB 3. At June 30, 2000, the carrying amount of the investments was \$440,375 in the SNAP program.

#### 5. ACCRUED INTEREST PAYABLE

Accrued interest payable at June 30, 2000, in the amount of \$644,706, includes \$582,146 in amortized discount on the 1989 issue of zero coupon bonds. The total unamortized bond discount at June 30, 2000, was \$190,091 and annual payments began in June 1995. The remaining \$62,560 represents the accrued interest on the General Obligation Bonds for the month of June 2000.

#### 6. LONG-TERM INDEBTEDNESS

Longwood College bonds are issued pursuant to Section 9 of Article X of the Constitution of Virginia. All bonds of the College are Section 9(c) bonds. These bonds 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.

Bonds payable at June 30, 2000 consist of the following:

	<u>Interest Rates</u>	<u>Maturity</u>	<u>Amount</u>
General Obligation Revenue Bonds:			
Dormitory:			
French, Series 1992	5.50 – 5.60%	2002	\$ 124,103
Cunningham, Series 1993-A	4.60 – 4.90%	2004	70,483
Cunningham, Series 1993-B	4.20 – 4.50%	2003	183,259
Air Conditioning Repairs, Series 1989-A	6.67%	2004	46,159
Housing Repairs, Series 1989-A	6.67%	2004	136,630
Bathroom Repairs, Series 1993-B	4.25 – 5.00%	2010	280,416
New Student Housing, Series 1992	5.30 – 5.50%	2003	650,000
Housing Repairs, Series 1996	4.75%	2001	20,173
Student Housing, Series 1998-R	3.80 – 5.00%	2012	2,893,556
Student Housing, Series 1999	4.05 – 5.58%	2019	2,695,000
Dining Hall:			
Series 1996	4.45 – 5.65%	2016	4,935,000
Series 1999	4.05 – 5.58%	2019	2,880,000
Lancer Physical Education Building:			
Series 1993-B	4.25%	2001	62,596
Telecommunications:			
Series 1989-A	6.67%	2004	553,905
Parking Facility	6.67%	2004	<u>406,197</u>
Total bonds payable			<u>\$15,937,477</u>

A summary of future principal requirements of long-term debt as of June 30, 2000 follows:

<u>Year ending June 30,</u>	<u>Total</u>
2001	\$ 1,146,824
2002	1,126,756
2003	1,099,828
2004	1,138,800
2005	767,771
Later years	<u>10,847,589</u>
Total principal requirements	16,127,568
Less discount	<u>(190,091)</u>
Total	<u>\$ 15,937,477</u>

7. DEFEASANCE OF DEBT

During fiscal year 1998, the Commonwealth defeased certain 1992 Series Higher Education Institution Bonds with 1998 Refunding Bonds. At June 30, 2000, \$2,785,000 of the defeased bonds are outstanding.

During fiscal year 1997, the Commonwealth defeased certain 1990 Series B General Obligation Bonds with 1996 Series Refunding Bonds. At June 30, 2000, \$20,000 of the defeased bonds are outstanding.

During fiscal year 1994, the Commonwealth defeased certain 1989 Series and 1990 Series Higher Education Institution Bonds with 1993B Series, Article X, Section 9(c) Refunding Bonds. At June 30, 2000, \$513,455 of the defeased bonds are outstanding.

8. LEASE COMMITMENTS

The College is committed under various capital lease and operating lease agreements. Book value of equipment capitalized under lease agreements from the Higher Education Equipment Trust Fund totals \$3,379,342. Rent expense under operating lease agreements amounted to \$477,196. A summary of future obligations under lease agreements as of June 30, 2000 follows:

Year ending June 30,	Operating Lease Obligations	Equipment Trust Fund Obligations	Capital Lease Obligations
2001	\$ 120,742	\$ 170,668	\$ 578,322
2002	24,120	141,938	568,253
2003	5,605	63,499	528,524
2004	-	-	510,270
Later years	-	-	604,088
Total obligations and gross minimum lease payments	<u>\$ 150,467</u>	376,105	2,789,457
Less:			
Amount of interest		<u>(27,156)</u>	<u>(339,477)</u>
Present value of minimum lease payments		<u>\$ 348,949</u>	<u>\$ 2,449,980</u>

9. NOTES PAYABLE

The College received an interest-free treasury loan to cover construction expenses for the College's housing sprinkler project in the amount of \$1,028,938. The total principal is to be repaid by June 30, 2006, as a lump-sum payment.

10. STATE APPROPRIATIONS - CURRENT UNRESTRICTED FUNDS

The College 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 a biennium. For years ending at the middle of a biennium, unexpended appropriations that have not been approved for reappropriation in the next year by the Governor become part of the General Fund of the Commonwealth and are no longer available to Longwood College for disbursements.

During the year ended June 30, 2000, the following changes were made to the College's original appropriation, including supplemental appropriations received in accordance with the 1999 Virginia Acts of Assembly, Chapter 935.

Original appropriation	\$ 18,122,067
Equipment trust lease payment	33,495
Employer Health Insurance Premium	125,657
Salary Adjustment	342,825
Reduction due to retirement savings	(107,678)
Reduction due to group life savings	(73,614)
Reduction due to premium savings	(95,012)
Deferred Compensation Match	<u>9,027</u>
Adjusted appropriation	<u>\$ 18,356,767</u>

11. PENSION PLAN AND OTHER POST RETIREMENT BENEFITS

Employees of the College are employees of the Commonwealth of Virginia. The employees participate in a defined benefit retirement plan administered by the Virginia Retirement System (VRS). The VRS also administers life insurance and health related plans for retired employees. Information relating to these plans is available at the statewide level in the Commonwealth's Comprehensive Annual Financial Report (CAFR). The Commonwealth of Virginia, not the College, has the overall responsibility for contributions to the plan.

Certain faculty and administrative staff participate in a defined contribution plan administered by five different providers rather than the VRS. The five providers are TIAA/CREF, VALIC, Fidelity Investments, Great West Life, and T. Rowe Price insurance companies. These are fixed-contribution programs where the retirement benefits received are based upon the employer's 10.4 percent contribution, plus interest and dividends. Individual contracts under the plans provide full and immediate vesting of all contributions. Total pension costs under these plans were approximately \$696,919 for the year ended June 30, 2000. Contributions to these providers were calculated using the base salary amount of approximately \$6,657,772.

12. RETAINAGE ON CONTRACTS

At June 30, 2000, the College held \$84,084 as retainage on various construction contracts for work, which had been performed. The retainage will be remitted to the various contractors upon satisfactory completion of construction projects.

13. REVERSIONS - CURRENT FUNDS

As of June 30, 2000, the College reverted to the General Fund of the Commonwealth \$476, which represents the unused portion of the following state funded programs.

Pre - college awareness	\$ 192
Diversity Days	163
Recruitment and retention	<u>121</u>
Total current restricted	<u>\$ 476</u>

14. 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 plan is administered by the Department of Personnel and Training and the risk management insurance plans are administered by the Department of General Services, Division of Risk Management. Risk management insurance includes worker's compensation, 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.

15. CONTINGENCIES

Longwood College receives assistance from non-State grantor agencies in the form of grants. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements, including the expenditure of resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. All disallowances as a result of these audits become a liability of Longwood College. As of June 30, 2000, Longwood College estimates that no material liabilities will result from such audits.

16. SUBSEQUENT EVENT

On April 24, 2001, a fire destroyed the Rotunda, East Ruffner and West Ruffner buildings. The Grainger building also suffered extensive damage. Dormitory rooms in French and South Tabb

Halls suffered very minimal damage due to smoke. Dormitory rooms in South Ruffner and Main Tabb suffered water and smoke damage, which varies based on the distance from West Ruffner. The Commonwealth of Virginia Property Risk Management Plan covers the loss of and damage to these buildings.

## **SUPPLEMENTARY INFORMATION**

LONGWOOD COLLEGE  
SCHEDULE OF AUXILIARY ENTERPRISES - REVENUES AND EXPENDITURES  
For the Year Ended June 30, 2000

	Food Services	Bookstore	Residential Services	Parking and Transportation
<b>Revenues:</b>				
Student fees	\$ 4,405,243	\$ -	\$ 6,570,968	\$ 229,859
Sales and service	44,870	185,492	178,344	145,631
Income from security lending transactions (Note 1)	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<b>4,450,113</b>	<b>185,492</b>	<b>6,749,312</b>	<b>375,490</b>
<b>Expenditures:</b>				
Personal services	243,796	-	2,779,070	146,738
Contractual services	3,133,257	980	582,879	68,647
Supplies and materials	79,556	17	500,269	7,458
Transfer payments	35,129	-	20,931	49
Continuous charges	88,172	-	1,010,358	20,867
Equipment	56,431	-	299,775	206
Scholarships	386	-	275,350	425
Security lending expenditures (Note 1)	-	-	-	-
<b>Total expenditures</b>	<b>3,636,727</b>	<b>997</b>	<b>5,468,632</b>	<b>244,390</b>
Excess (deficiency) of revenues over (under) expenditures before transfers	813,386	184,495	1,280,680	131,100
<b>Mandatory transfers:</b>				
Debt service	(698,939)	-	(890,228)	(90,832)
Plant funds	-	-	-	-
Nonmandatory transfers	(22,406)	-	(46,365)	(101)
<b>Net increase (decrease) for the year</b>	<b>\$ 92,041</b>	<b>\$ 184,495</b>	<b>\$ 344,087</b>	<b>\$ 40,167</b>

Fund balance at beginning of year

Fund balance at end of year

Note 1 - Longwood College maintains cash with the Treasurer in the State Treasurer's General Account. The State Treasurer's General Account participated in security lending transactions during fiscal year 2000 culminating the reporting of the gross revenue and gross expenditures relating to these transactions being reported in the College's financial statements. See Note 4 (Cash and Cash Equivalents) of the College's financial statements for more information regarding the State Treasurer's General Account security lending transactions.

Telecom- munications	Student Health	Student Union	Recreation and Intramurals	Inter- collegiate Athletics	Other Auxiliary	Total
\$ 688,534	\$349,191	\$307,923	\$ 145,582	\$ 2,037,460	\$ 1,882,311	\$ 16,617,071
653,044	5,923	-	-	-	452,695	1,665,999
-	-	-	-	-	9,324	9,324
-	-	-	-	61,056	772,476	833,532
1,341,578	355,114	307,923	145,582	2,098,516	3,116,806	19,125,926
495,472	338,110	227,864	98,471	1,133,366	1,417,699	6,880,586
453,533	7,102	21,858	3,903	269,544	900,021	5,441,724
13,085	8,806	8,039	5,929	207,870	128,442	959,471
182	45	40	18	1,378	3,928	61,700
5,854	1,610	31,546	3,887	128,934	98,988	1,390,216
5,125	4,267	20,459	10,584	20,975	275,397	693,219
513	195	685	1,029	359,440	121,109	759,132
-	-	-	-	-	9,324	9,324
973,764	360,135	310,491	123,821	2,121,507	2,954,908	16,195,372
367,814	(5,021)	(2,568)	21,761	(22,991)	161,898	2,930,554
(83,704)	-	-	-	(72,218)	(66,044)	(1,901,965)
-	-	-	-	-	(165,220)	(165,220)
(768)	(161)	(4,844)	(2,526)	(685)	(138,483)	(216,339)
\$ 283,342	\$ (5,182)	\$ (7,412)	\$ 19,235	\$ (95,894)	\$ (207,849)	\$ 647,030
						224,951
						\$ 871,981

LONGWOOD COLLEGE  
Farmville, Virginia

BOARD OF VISITORS  
As of June 30, 2000

Ann G. Baise	James C. Hughes
Joanne S. Butler	Ada R. Michaels
Johanna B. Chase	Virginia A. Russell
Mark A. Crabtree	John J. Todd, Jr.
Susan M. Harwood	Alice C. Stallard

Sarah E. Terry

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Dr. Norman J. Bregman, Provost and Vice President for  
Academic Affairs

Mr. Richard W. Bratcher, Vice President for Information and Instructional  
Technology Services and Chief Information Officer

Ms. Barbara S. Burton, Vice President for Institutional Advancement

Ms. Phyllis L. Mable, Vice President for Student Affairs