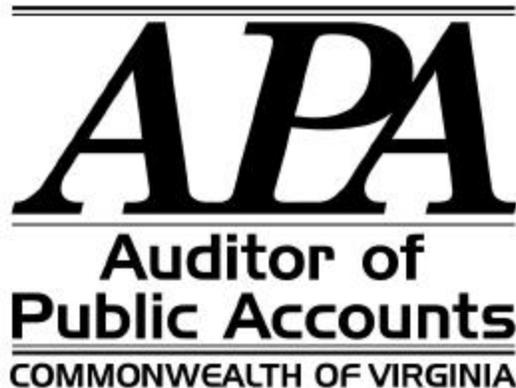


**MARY WASHINGTON COLLEGE
FREDERICKSBURG, VIRGINIA**

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



AUDIT SUMMARY

Our audit of Mary Washington College for the year ended June 30, 2000, found:

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

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COLLEGE OFFICIALS



Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

May 1, 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
Mary Washington College

We have audited the accounts and records of **Mary Washington 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 Mary Washington College as of June 30, 2000, and the related statements of changes in fund balances and current fund revenues, expenditures, and other changes for the year then ended. The 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 Mary Washington College as of June 30, 2000, and the changes in fund balances and current fund 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 accompanying 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 Mary Washington College as of and for the year ended June 30, 2000, we considered internal controls 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 over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses.

Status of Prior Findings

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

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

AUDITOR OF PUBLIC ACCOUNTS

MSM:kva
kva:44

MARY WASHINGTON COLLEGE
BALANCE SHEET
As of June 30, 2000

	Current Funds			Endowment and Similar Funds
	Unrestricted	Restricted	Loan Funds	
Assets				
Cash and investments (Note 3)	\$ 6,758,970	\$ 3,005,985	\$ 447,660	\$ 17,458,934
Appropriations available	1,942	537	-	-
Interest receivable	10,562	212	25	1,963
Accounts and loans receivable (Net of allowance for doubtful accounts of \$195,458 for accounts and \$58,382 for loans)	365,461	-	718,922	-
Discount on bonds payable	-	-	-	-
Due from other funds (Note 4)	106,950	-	-	-
Due from the Commonwealth	19,054	-	-	-
Inventories (Note 1F)	551,451	40,916	-	-
Land	-	-	-	-
Improvements other than buildings	-	-	-	-
Buildings	-	-	-	-
Equipment	-	-	-	-
Library books	-	-	-	-
Construction in progress	-	-	-	-
Other assets	-	-	1,293	-
Total assets	\$ 7,814,390	\$ 3,047,650	\$ 1,167,900	\$ 17,460,897
Liabilities and Fund Balances				
Accounts payable	\$ 2,079,917	\$ 69,548	\$ 1,000	\$ -
Salaries payable	3,037,944	23,793	-	-
Retainage payable (Note 6)	-	-	-	-
Deposits pending distribution	406,652	-	-	-
Installment purchases (Note 6)	-	-	-	-
Advance from the Treasurer of Virginia	22,000	-	-	-
Due to other funds (Note 4)	76,225	74,948	-	-
Deferred revenue	1,436,190	-	-	-
Bond payable (Note 5)	-	-	-	-
Notes payable (Note 6)	-	-	-	-
Capital lease obligation (Note 6)	-	-	-	-
Accrued liability for compensated absences	790,783	19,510	-	-
Obligations under securities lending program (Note 3)	110,352	-	-	-
Other liabilities	283,343	-	-	-
Total liabilities	8,243,406	187,799	1,000	-
Fund balances:				
Unrestricted (Note 2)	(429,016)	-	-	-
Restricted	-	2,859,851	331,684	-
U.S. government grant refundable	-	-	641,089	-
University funds - Restricted	-	-	194,127	-
Endowment	-	-	-	16,229,143
Quasi-endowment - Restricted	-	-	-	1,231,754
Unexpended	-	-	-	-
Retirement of indebtedness	-	-	-	-
Net investment in plant	-	-	-	-
Total fund balances (deficits)	(429,016)	2,859,851	1,166,900	17,460,897
Total liabilities and fund balances	\$ 7,814,390	\$ 3,047,650	\$ 1,167,900	\$ 17,460,897

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

Unexpended	Plant Funds		Agency Funds	Total (Memorandum Only)
	Retirement of Indebtedness	Investment in Plant		
\$ (60,285)	\$ -	\$ -	\$ 101,960	\$ 27,713,224
7,514,065	-	-	-	7,516,544
-	-	-	-	12,762
-	-	-	-	1,084,383
-	26,818	-	-	26,818
-	-	-	76,225	183,175
-	-	-	-	19,054
-	-	-	-	592,367
-	-	473,112	-	473,112
-	-	13,556,544	-	13,556,544
-	-	48,632,571	-	48,632,571
-	-	8,917,741	-	8,917,741
-	-	8,446,304	-	8,446,304
-	-	26,851,576	-	26,851,576
-	-	-	-	1,293
<u>\$ 7,453,780</u>	<u>\$ 26,818</u>	<u>\$ 106,877,848</u>	<u>\$ 178,185</u>	<u>144,027,468</u>

\$ 391,240	\$ -	\$ -	\$ 49,224	\$ 2,590,929
-	-	-	-	3,061,737
180,549	-	-	-	180,549
-	-	-	96,959	503,611
-	-	3,146,136	-	3,146,136
-	-	-	-	22,000
-	-	-	32,002	183,175
-	-	-	-	1,436,190
-	-	9,595,356	-	9,595,356
-	-	2,460,000	-	2,460,000
-	-	794,024	-	794,024
-	-	-	-	810,293
-	-	-	-	110,352
-	-	-	-	283,343
571,789	-	15,995,516	178,185	25,177,695
-	-	-	-	(429,016)
-	-	-	-	3,191,535
-	-	-	-	641,089
-	-	-	-	194,127
-	-	-	-	16,229,143
-	-	-	-	1,231,754
6,881,991	-	-	-	6,881,991
-	26,818	-	-	26,818
-	-	90,882,332	-	90,882,332
<u>6,881,991</u>	<u>26,818</u>	<u>90,882,332</u>	<u>-</u>	<u>118,849,773</u>
<u>\$ 7,453,780</u>	<u>\$ 26,818</u>	<u>\$ 106,877,848</u>	<u>\$ 178,185</u>	<u>144,027,468</u>

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

	Current Funds			Endowment and Similar Funds
	Unrestricted	Restricted	Loan Funds	
Revenues and other additions:				
Unrestricted current funds revenues	\$ 51,583,480	\$ -	\$ -	\$ -
Federal grants and contracts-restricted	-	1,167,429	6,212	-
State appropriations	-	852,681	-	-
State grants and contracts-restricted	-	311,227	-	-
Local grants and contracts-restricted	-	10,375	-	-
Private gifts, grants and contracts	-	193,792	-	677,558
Investment income	-	324,585	28,161	596,542
Endowment income	-	614,999	-	-
Interest on loans receivable	-	-	17,580	-
Expended for plant facilities (including \$933,464 charged to current funds)	-	-	-	-
Retirement of indebtedness	-	-	-	-
Other sources	-	685,206	552	-
Total revenues and other additions	51,583,480	4,160,294	52,505	1,274,100
Expenditures and other deductions:				
Educational and general expenditures	33,097,368	3,463,193	-	-
Auxiliary enterprise expenditures	16,678,899	16,379	-	-
Independent operations expenditures	-	666,702	-	-
Indirect costs recovered	-	29,994	-	-
Loan cancellations and write-offs	-	-	14,808	-
Expended for Plant Facilities (including non-capitalized expenditures of \$258,452)	-	-	-	-
Retirement of plant facilities	-	-	-	-
Retirement of indebtedness	-	-	-	-
Interest on indebtedness	-	-	-	-
Payment - securities lending	5,451	-	-	-
Other	-	-	36,007	-
Total expenditures and other deductions	49,781,718	4,176,268	50,815	-
Transfers among funds--additions (deductions):				
Mandatory:				
Debt service and other	(2,450,939)	20,520	2,069	-
Nonmandatory:				
Debt service and other	(37,909)	39,350	-	(39,350)
Total transfers	(2,488,848)	59,870	2,069	(39,350)
Net increase (decrease) for the year	(687,086)	43,896	3,759	1,234,750
Fund balances, July 1, 1999	258,070	2,815,955	1,163,141	16,226,147
Fund balances, June 30, 2000	\$ (429,016)	\$ 2,859,851	\$ 1,166,900	\$ 17,460,897

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

Plant Funds			
Unexpended	Retirement of Indebtedness	Investment in Plant	Total
\$ -	\$ -	\$ -	\$ 51,583,480
-	-	-	1,173,641
9,105,712	281,584	-	10,239,977
-	-	-	311,227
-	-	-	10,375
-	-	-	871,350
-	-	-	949,288
-	-	-	614,999
-	-	-	17,580
-	-	5,674,772	5,674,772
-	-	1,835,390	1,835,390
-	-	-	685,758
9,105,712	281,584	7,510,162	73,967,837
-	-	-	36,560,561
-	-	-	16,695,278
-	-	-	666,702
-	-	-	29,994
-	-	-	14,808
4,999,760			4,999,760
-		157,500	157,500
-	1,835,390	-	1,835,390
-	876,607	-	876,607
-	-	-	5,451
-	-	-	36,007
4,999,760	2,711,997	157,500	61,878,058
-	2,428,350	-	-
37,909	-	-	-
37,909	2,428,350	-	-
4,143,861	(2,063)	7,352,662	12,089,779
2,738,130	28,881	83,529,670	106,759,994
\$ 6,881,991	\$ 26,818	\$ 90,882,332	\$ 118,849,773

MARY WASHINGTON COLLEGE
STATEMENT OF CURRENT FUND REVENUES, EXPENDITURES AND OTHER CHANGES
For the Year Ended June 30, 2000

	Unrestricted	Restricted	Total
Revenue:			
Student tuition and fees	\$ 14,982,808	\$ -	\$ 14,982,808
Federal government grants and contracts	30,048	1,167,429	1,197,477
State appropriations (Note 7)	17,220,493	852,681	18,073,174
State government grants and contracts	-	311,227	311,227
Local grants and contracts	-	10,375	10,375
Private gifts, grants and contracts	-	193,792	193,792
Endowment income	-	614,999	614,999
Sales and services of educational department	66,454	-	66,454
Sales and services of auxiliary enterprises	18,361,691	-	18,361,691
Sales and services of independent operations	-	602,251	602,251
Investment income	303,900	324,585	628,485
Proceeds - securities lending	5,703	-	5,703
Other sources	612,383	78,409	690,792
Total current revenues	51,583,480	4,155,748	55,739,228
Expenditures and Mandatory transfers:			
Educational and general:			
Instruction	17,307,963	109,180	17,417,143
Research	351,579	271,154	622,733
Public service	165,982	399,327	565,309
Academic support	3,487,959	224,146	3,712,105
Student service	2,987,602	20,130	3,007,732
Institutional support	4,706,302	-	4,706,302
Operation and maintenance of plant	4,067,871	-	4,067,871
Scholarships and fellowships	22,110	2,469,250	2,491,360
Total educational and general expenditures	33,097,368	3,493,187	36,590,555
Mandatory transfer for debt service and other	438,913	(20,520)	418,393
Total educational and general expenditures and mandatory transfers	33,536,281	3,472,667	37,008,948
Auxiliary Enterprises:			
Operating expenditures	16,678,899	16,379	16,695,278
Payments - securities lending	5,451	-	5,451
Mandatory transfer for debt service and other	2,012,026	-	2,012,026
Total auxiliary enterprise expenditures and mandatory transfers	18,696,376	16,379	18,712,755
Independent operations:			
Operating expenditures	-	666,702	666,702
Total expenditures, mandatory and other transfers	52,232,657	4,155,748	56,388,405
Other additions (deductions):			
Excess of restricted receipts over transfers to revenue	-	4,546	4,546
Nonmandatory transfers	(37,909)	39,350	1,441
Net increase (decrease) in fund balances	\$ (687,086)	\$ 43,896	\$ (643,190)

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

MARY WASHINGTON COLLEGE

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

A. Reporting Entity

The accompanying financial statements include the accounts of all organizational units of Mary Washington College, including the operations of the Gari Melchers Memorial and the James Monroe Law Office Memorial Library. 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 have been prepared in accordance with generally accepted accounting principles for colleges and universities and on the accrual basis of accounting, except for depreciation expense relating to capitalized fixed assets, which is 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. To the extent that current funds are used to finance plant assets, the amounts so expended are accounted for as: (1) expenditures, in the case of normal replacement of moveable equipment and library books, (2) mandatory transfers in the case of required expenditures for debt amortization and interest, and (3) transfers of a non-mandatory nature for all other cases. Plant assets, at the time of disposal, revert to the Commonwealth for disposition.

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 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 the purposes established by the source of such fund and are in contrast with unrestricted funds over which the governing body retains full control and use in achieving any of its institutional purposes.

All gains and losses arising from the sale, collection, or other disposition of investments and other non-cash assets are accounted for in the fund which owned such assets. Ordinary income derived from investments, receivables, and the like are accounted for in the fund owning such assets, except for income derived from investments of endowment and similar funds. In these funds, income is accounted for in the fund to which it is restricted or if unrestricted, as revenues in unrestricted current funds.

All unrestricted revenue is accounted for in the unrestricted current fund. Restricted gifts, grants, appropriations, endowment income and other restricted resources are accounted for in the appropriate restricted funds. Restricted current 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 purpose indicated by the donor or grantor whereas unrestricted funds are available for current operations at the discretion of the institution.

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

Endowment and Similar Funds – Endowment and similar funds generally include endowment Funds and quasi-endowment funds.

Endowment Funds are funds which donors or other outside agencies have stipulated, as a condition of the gift, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income which may either be expended or added to principal.

Quasi-Endowment Funds are funds, which the Board of Visitors has determined are to be returned and invested. Since these funds are internally designated rather than externally restricted, the Board has the right to decide at any time to expend the principal.

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

Agency Funds – Agency funds reflect funds held in trust by the College.

The various funds are presented separately in the financial statements.

D. Investments

Mutual fund investments are stated at market value. Investments received by gift are recorded at market value at the date of donation.

E. Net Investment in Plant

Physical plant and equipment are stated at cost at the date of acquisition or fair market value at the date of donation in the case of gifts, unless otherwise noted. Depreciation on physical plant and equipment is not recorded.

F. Inventories

Inventories include merchandise for resale in the College's Bookstore (\$374,669), inventories held at James Monroe Museum (\$16,059) and the Gari Melchers Memorial (\$24,857), and supplies on hand in the Central Storeroom (\$176,782) at June 30, 2000. Inventories are calculated on a modified cost basis or cost basis.

G. Deferred Revenue

Deferred revenue represents revenues collected, but not earned as of June 30, 2000. The majority of this amount is reported in the Current Unrestricted Fund and is composed of deposits on tuition for the following fiscal year.

H. Collections

The Gari Melchers Memorial of Mary Washington College 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. Historical cost data for both of these collections is not available; accordingly, no balances are reported in the accompanying financial statements. These collections were appraised in 1982 and 1989 for approximately \$2,300,000 and \$1,747,236, respectively.

The Mary Washington College 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 College, but have not been appraised and total market value of the entire collection is unknown.

I. Accrued Compensation

The amount of leave earned, but not taken by non-faculty salaried employees is recorded as a liability. The amount reflects as of June 30, 2000, all unused vacation leave, sabbatical leave, and the amount payable upon termination under the Commonwealth of Virginia's sick leave pay out policy. The applicable share of employer-related taxes payable on the eventual termination payment is also included.

J. Total Columns

Total columns on the financial statements captioned “TotalMemorandum 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 \$429,016. The deficit is attributable to an increase in salaries payable.

3. CASH AND INVESTMENTS

A. Cash

Cash totaling \$2,927,418 is maintained by the Treasurer of Virginia pursuant to Section 2.1-177 et. seq. Code of Virginia, who is responsible for the collection, disbursement, custody, and investment of state funds. Bank deposits held by the College totaled \$794,452 and were collateralized in accordance with the Virginia Securities for Public Deposits Act, Section 2.1-359, et. seq. Code of Virginia, or covered by Federal depository insurance.

B. Investments

Investments include those held by the Treasurer of Virginia and mutual money market funds. Investments of this type are not categorized as to risk. The College reports investments at market value in the financial statements.

C. Securities Lending Transactions

Investments held by the Treasurer of Virginia represent the Department’s allocated share of securities 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 Financial Report.

4. INTERFUND RECEIVABLES AND PAYABLES

For financial reporting purposes, current amounts due from and due to the same fund are offset and the net amounts are shown in the respective fund balance sheet. At the end of each fiscal year, the amount of interfund receivables is equal to the amount of interfund payables. The amounts

of interfund receivables and payables were \$183,175 and consisted of the following interfund amounts:

	Amounts Due to <u>Other Funds</u>	Amounts Due From <u>Other Funds</u>
Current unrestricted funds	\$ 76,225	\$106,950
Current restricted funds	74,948	-
Agency funds	<u>32,002</u>	<u>76,225</u>
Total	<u>\$183,175</u>	<u>\$183,175</u>

5. LONG TERM DEBT

A. Bonds Payable

Mary Washington College Bonds are issued pursuant to Section 9 of Article X of the Constitution of Virginia. Section 9(C) bonds are backed by the full faith, credit, and taxing power of the Commonwealth and are issued to finance capital projects which, when completed, still generate revenue to repay the debt. Section 9(D) debt is not backed by the full faith, credit, and taxing power of the Commonwealth. This debt is payable from revenues of specific revenue-producing capital projects, such as dormitories and dining halls.

Annual debt service requirements to maturity for long term debt is as follows:

Section 9(C) Higher Education Bonds

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 893,223	\$ 454,325	\$ 1,347,548
2002	748,044	414,006	1,162,050
2003	781,206	380,013	1,161,219
2004	816,046	343,147	1,159,193
2005	858,957	303,705	1,162,662
2006+	<u>5,497,880</u>	<u>1,072,445</u>	<u>6,570,325</u>
Total	<u>\$9,595,356</u>	<u>\$2,967,641</u>	<u>\$12,562,997</u>

Details of Bonds Payable

General Revenue Bonds, Series 1993R, issued \$2,169,713 to refund a portion of Student Activity Center Bond, Series 1986A, the balance payable in annual installments from \$5,600 to \$254,445 with interest of 3.5% to 4.75% payable semiannually, the final installment of \$254,445 due June 1, 2006

Outstanding
Balance at
June 30, 2000

\$ 1,373,949

Higher Education Bonds, Series 1993R, issued \$1,998,496 to refund a portion of Dormitory Bonds, Series 1990B, the balance payable in annual installments from \$403 to \$251,391 with interest of 3.5% to 5.0% payable semi-annually, the final installment of \$251,391 due June 1, 2010	1,906,065
Higher Education Bonds, Series 1993R, issued \$721,685, to refund a portion of Dormitory Bonds, Series 1989, the balance payable in annual installments from \$3,620 to \$187,789 with interest due of 3.5% to 4.5%, the final installment of \$187,789 due on June 1, 2001	187,789
Higher Education Bonds, Series 1992C, issued \$3,305,000 with a discount of \$26,766, net proceeds of \$3,278,234 to finance construction of a 148-bed dormitory, the balance payable in annual installments from \$120,000 to \$160,000 with interest of 5% to 6% payable semiannually, the final installment of \$160,000 due June 1, 2004	590,000
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 \$12,885 to \$262,822 with interest of 3.5% to 4.7% payable semiannually, the final installment of \$262,822 due June 1, 2013	2,051,300
Higher Education Bonds, Series 1993B, issued \$4,340,000 with a discount of \$39,196, net proceeds of \$4,300,804 to finance construction of telecommunications campus-wide, the balance payable in annual installments from \$150,000 to \$340,000 with interest of 3.5% to 5% payable semiannually, the final installment of \$340,000 due June 1, 2013	3,340,000
Higher Education Bonds, Series 1996R, issued \$301,848 to refund a portion of Dormitory Bonds, Series 1990B, the balance payable in annual installments from \$2,018 to \$146,254 with interest of 4.75% payable semiannually, the final installment due June 1, 2001	146,254
Total	<u>\$9,595,356</u>

B. Changes in Bonds Payable

During the year ended June 30, 2000, the following changes occurred in bonds payable:

Balance <u>July 1, 1999</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2000</u>
\$10,456,063	\$ -	\$860,707	\$9,595,356

C. Prior Debt Defeasance

In prior years, certain outstanding bonds have been defeased by placing assets in irrevocable trusts with escrow agents. Accordingly, these assets and the liability for the

deceased bonds are not reflected in the accompanying financial statements. As of June 30, 2000, \$1,980,000 of the deceased bonds remains outstanding.

6. COMMITMENTS

A. Notes Payable

Educational Facilities Revenue Bonds through the Virginia College Building Authority, Series 1997A, issued \$1,515,000 to finance construction of Jepson Science Building, the balance payable in annual installments from \$50,000 to \$115,000 with interest of 3.75% to 5%, payable semiannually, the final installment of \$115,000 due September 1, 2017 \$ 1,415,000

Virginia College Building Authority Bonds, series 1999A, issued \$1,045,000 to finance replacement of the tennis courts, the balance payable in annual installments from \$25,000 to \$85,000 with interest of 4.5% to 6.0%, payable semiannually, the final installment of \$85,000 due September 1, 2019 \$ 1,045,000

Total \$ 2,460,000

B. Capital Leases

The College is committed under three five-year capital leases through the Equipment Trust Fund expiring in various years through 2003. Book value of equipment capitalized under all lease agreements totals \$3,949,818. A summary of future obligations under lease agreements as of June 30, 2000, follows:

Year Ending <u>June 30,</u>	Capital Lease <u>Obligations</u>
2001	\$365,574
2002	332,631
2001	<u>161,331</u>
Total minimum lease payments	859,536
Less amount representing interest	<u>(65,512)</u>
Present value of net minimum lease payments	<u>\$794,024</u>

The interest rates on capitalized leases vary from 3.5 percent to 9.5 percent as quoted by the vendor at the time the leases originated and/or the prevailing prime rate in the month of acquisition.

C. Installment Purchases

Mary Washington College has entered into various installment purchase contracts to finance the acquisition of computer and telecommunications equipment. The length of the purchase agreements ranges from three to five years and the interest rate from 4.3 percent to 4.6 percent. Principal and interest payments of these commitments for fiscal years subsequent to June 30, 2000, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 679,285	\$203,579	\$ 882,864
2002	728,551	154,314	882,865
2003	539,101	105,651	644,752
2004	578,475	66,277	644,752
2005+	<u>620,724</u>	<u>24,027</u>	<u>644,751</u>
Total	<u>\$3,146,136</u>	<u>\$553,848</u>	<u>\$3,699,984</u>

D. Construction

As of June 30, 2000, the College was committed to construction projects with outstanding commitments of \$3,214,573.

E. Retainage Payable

At June 30, 2000, \$180,549 was held by the College 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.

7. CONTINGENT LIABILITIES

Included in the financial statements are revenues and expenditures related to federal grants received by the College. The majority of these grants are for student financial aid awards, which have been audited through June 30, 2000. No questioned costs are noted. Other grant revenues and expenditures are subject to audit and retroactive adjustments by the granting federal agency or its appointed agents.

8. APPROPRIATIONS

The College receives state appropriations from the General Fund of the Commonwealth. The Appropriations Act specifies that 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 becomes part of the General Fund of the Commonwealth and are, therefore, no longer available for disbursements.

During the year ended June 30, 2000, the College received the following supplemental appropriations in accordance with the Appropriation Act of 1999, Chapter 935, Acts of Assembly.

	<u>Unrestricted</u>	<u>Restricted</u>
Original legislative appropriation	\$17,222,881	\$ 852,681
Supplemental appropriation	170,456	-
Appropriation reduction for ETF	<u>(172,844)</u>	<u>-</u>
Adjusted appropriations	<u>\$17,220,493</u>	<u>\$ 852,681</u>

9. PENSION PLAN AND OTHER RETIREMENT BENEFITS

Employees of Mary Washington College are employees of the Commonwealth. The employees participate in a defined benefit pension plan administered by the Virginia Retirement System (VRS). Information relating to this plan is available at the statewide level only in the Commonwealth of Virginia's Comprehensive Annual Financial Report (CAFR). The Commonwealth, not Mary Washington College, has over all responsibility for contributions to this 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 \$717,625 for the year ended June 30, 2000. Contributions to these providers were calculated using the base salary amount of approximately \$6,900,250.

10. RISK MANAGEMENT AND EMPLOYEE HEALTH CARE PLANS

The College 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 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 water-craft 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.

11. MARY WASHINGTON COLLEGE FOUNDATION, INCORPORATED

Assets of the Mary Washington Foundation, Incorporated, which is separately incorporated and managed by its own Board of Trustees, are not included in the statements. The following is a summarization of the financial position of the Foundation at June 30, 2000, taken from the Foundation's audited financial statements:

Assets	<u>\$8,443,346</u>
Liabilities	\$ 334,754
Fund balance	<u>8,108,592</u>
Total liabilities and fund balance	<u>\$8,443,346</u>

MARY WASHINGTON COLLEGE
SCHEDULE OF AUXILIARY ENTERPRISES - REVENUES AND EXPENSES
For the Year Ended June 30, 2000

	Dining Services	Telecomm- unications	Residence Halls	Health Center	Bookstore	Student Activities
Revenues:						
Sales and services	\$ 5,335,664	\$ 533,848	\$ 5,722,466	\$ 100,818	\$ 2,473,379	\$ 2,453
Student fees	-	698,481	223,514	12,535	-	522,819
Interest income	-	-	-	-	-	-
Miscellaneous	-	-	-	62	-	13,455
Proceeds - securities lending	-	-	-	-	-	-
Total revenue	5,335,664	1,232,329	5,945,980	113,415	2,473,379	538,727
Expenses of operation:						
Personal services	10,890	437,379	1,146,743	281,473	251,774	440,700
Fringe benefits	-	107,295	224,269	65,272	46,304	89,037
Contractual services	3,243,954	628,293	3,182,722	44,954	150,335	362,165
Supplies and materials	26,525	4,757	125,562	99,716	1,711,033	44,474
Equipment	2,481	77,871	68,672	3,941	755	34,773
Payments for securities lending	-	-	-	-	-	-
Total expenses of operations	3,283,850	1,255,595	4,747,968	495,356	2,160,201	971,149
Transfers:						
Mandatory transfers:						
Annual sinking fund	-	644,752	-	-	-	266,963
Net increase (decrease) in fund balance	\$ 2,051,814	\$ (668,018)	\$ 1,198,012	\$ (381,941)	\$ 313,178	\$ (699,385)

Fund balance at beginning of year

Fund balance at end of year

Note: Fund balances of individual enterprises are not maintained by the College.

"Other" includes: College Development, Capital project expenses advanced prior to bond funding, Parking Reserve, College Advancement, Publications, Design Services, Alumni Relations, Copy Services and Eagle One Card Expenses.

		Collegiate		
Brompton	Athletics	Other	Total	
\$ -	\$ 18,827	\$ 1,319,356	\$ 15,506,811	
39,395	1,236,675	(198,419)	2,535,000	
-	-	253,552	253,552	
-	200	52,611	66,328	
-	-	5,703	5,703	
39,395	1,255,702	1,432,803	18,367,394	
-	751,181	1,409,465	4,729,605	
-	164,479	337,071	1,033,727	
82,633	219,721	641,778	8,556,555	
17,499	89,512	36,977	2,156,055	
154	13,818	16,871	219,336	
-	-	5,451	5,451	
100,286	1,238,711	2,447,613	16,700,729	
-	13,802	1,086,509	2,012,026	
\$ (60,891)	\$ 3,189	\$ (2,101,319)	(345,361)	
			2,700,687	
			<u>\$ 2,355,326</u>	

MARY WASHINGTON COLLEGE
Fredericksburg, Virginia

BOARD OF VISITORS
As of June 30, 2000

Paul A. Dresser, Jr., Rector

Vincent A. DiBenedetto, III, Vice Rector

Abas M. Adenan, Secretary

Mona D. Albertine
Richard B. Cooper
Dori G. Eglevsky
Suellen G. Knowles

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Ruby Lee Norris
Fred D. Thompson, Jr.
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Jennifer H. Whyte

ADMINISTRATIVE OFFICERS

William M. Anderson, Jr., President

Richard Hurley, Executive Vice President and Chief Financial Officer

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