



WILLIAM & MARY

CHARTERED 1693

COMMITTEE ON FINANCIAL AFFAIRS

Board of Visitors

November 16, 2018

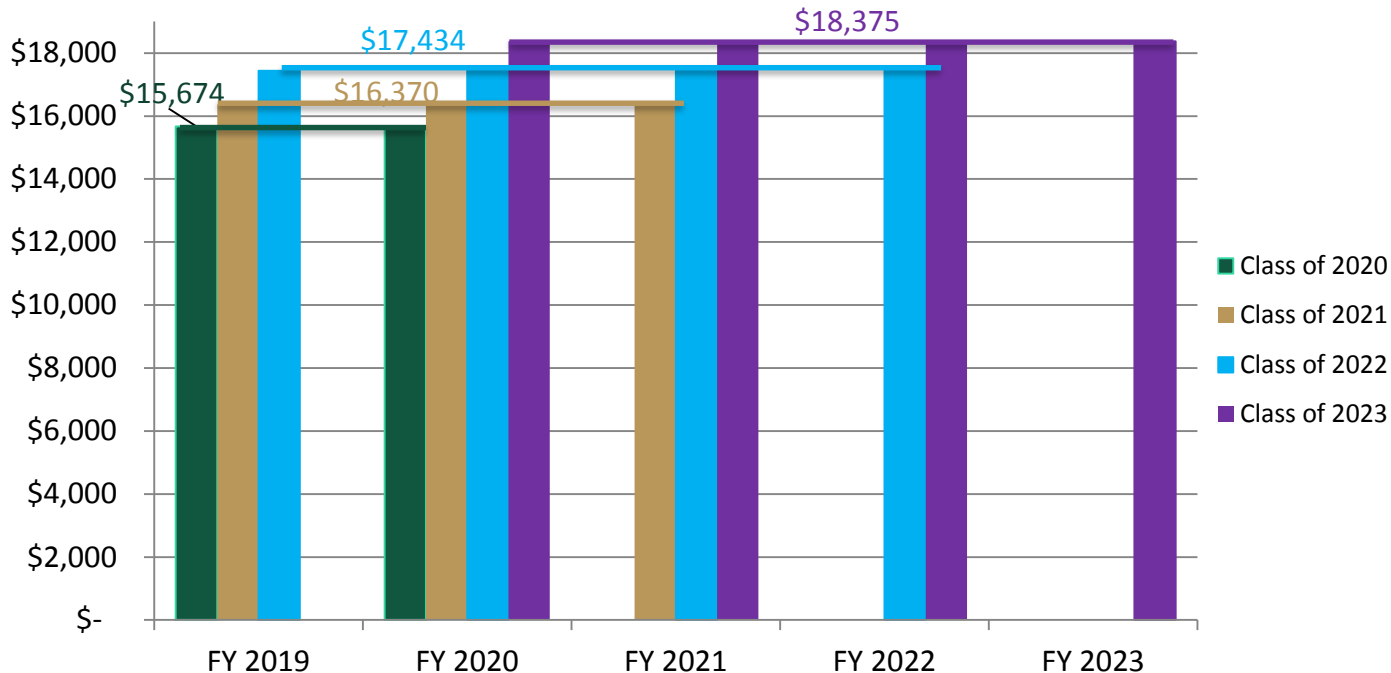
AGENDA

- Action Items
 - In-State, Undergraduate Tuition for FY20
 - Receipt of the Unaudited FY18 Consolidated Financial Statements
 - Receipt of the FY18 Financial Report for the Intercollegiate Athletic Department
 - Interim Use of Funds and Establishment of the Russell and Jeanne Baker Quasi-Endowment

IN-STATE, UNDERGRADUATE TUITION GUARANTEE MAINTAINED FOR FY20

- Consistent with the affordability principles adopted under the William & Mary Promise, Resolution 14:
 - Maintains the tuition guarantee for all continuing in-state, undergraduate students
 - Includes a 5.4% increase in tuition for incoming in-state, undergraduate students (Fall 2019), bringing tuition to \$18,375.
 - Consistent with BOV-approved Six-Year Plan adopted in September 2018, the proposed increase is the equivalent on an annual 1.31% annual increase over the four-year period.
- November action allows early decision applicants to plan for tuition costs
- All other tuition and fees for the 2019-20 academic year will be set by the BOV in April 2019 as part of the budget adoption process.

CONTINUING IN-STATE UNDERGRADUATES WILL SEE NO INCREASE IN TUITION



ACCEPT FY18 UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

- Through Resolution 15, the Board receives the FY18 unaudited consolidated financial statements for the university and its component units.
 - **“The University”** includes William & Mary (W&M), Virginia Institute of Marine Science (VIMS), and Richard Bland College (RBC) since all three entities are governed by the BOV.
 - **“Component Units”** include:

1) College of William and Mary Foundation	6) VIMS Foundation
2) Marshall-Wythe School of Law Foundation	7) RBC Foundation
3) Alumni Association	8) Real Estate Foundation
4) Athletic Educational Foundation (“Tribe Club”)	9) Intellectual Property Foundation
5) School of Business Foundation	
- Final approval of the FY18 financial statements occurs once they have been audited.

STATEMENTS ARE PREPARED IN ACCORDANCE WITH COMMONWEALTH REQUIREMENTS

- Prepared under the accrual basis of accounting
 - Revenue recognized when earned rather than received
 - Expenditures recognized when incurred rather than paid
- Consolidation of:
 - W&M and VIMS financial operations, unaudited and attested to by W&M management
 - RBC financial operations, unaudited and attested to by RBC management
 - Financial statements from each of the 9 component units
- Rolled up in the Commonwealth's Comprehensive Annual Financial Report (CAFR)
- Subject to audit by the Auditor of Public Accounts

TOTAL NET POSITION OF UNIVERSITY AND COMPONENT UNITS INCREASED \$93.4 MILLION

(\$ in millions)

	FY18		FY17		% Change	
	University	Component Units	University	Component Units	University	Component Units
Total Assets	\$1,104.4	\$1043.3	\$1,078.1	\$967.0	2.4%	7.9%
Deferred Outflows	28.0	--	32.3	--	(13.3%)	--
Liabilities	519.0	66.1	530.7	65.8	(2.2%)	0.5%
Deferred Inflows	20.9	--	4.6	--	354.3%	--
Total Net Position	\$ 592.5	\$977.2	\$575.1	\$901.2	3.0%	8.4%

- Total assets increased by \$26.3 million primarily as a result of ongoing construction for capital projects.
- The increases and decreases in deferred outflows, liabilities, and deferred inflows were due to pension obligations and the implementation of GASB 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.
- The combined impact resulted in an increase in total net position for the University of \$17.4 million or 3.0% over prior year.

TOTAL REVENUE DECLINED DUE TO OPERATING ADJUSTMENTS, INVESTMENT RETURNS, AND CAPITAL FUNDING

(\$ in millions)

	FY18		FY17		% Change	
	University	Comp Units	University	Comp Units	University	Comp Units
Operating ^{1, 2}	\$317.9	\$42.5	\$329.8	\$52.2	(3.6%)	(18.6)%
Non-Operating (net) ^{3,4}	131.9	58.9	124.2	71.2	6.2%	(17.3%)
Other ^{5,6}	35.0	32.3	42.8	23.6	(18.2%)	36.9%
Total Revenue	\$484.8	\$133.7	\$496.8	\$147.0	(2.4%)	(9.0%)

¹ Operating revenues decreased by \$11.9 million for the University primarily due to a change in methodology related to the recording of third party tuition contracts, like those held by *Virginia 529* for the benefit of our students.

² Operating revenues for the Component Units decreased \$9.7 million due largely to a decreases in gifts and other revenue.

³ Non-operating revenues for the University increased by \$7.7 million due to an increase in state appropriations and gifts offset by a decrease in investment income.

⁴ Non-operating revenue for the Component Units decreased \$12.3 million due largely to investment returns.

⁵ Other revenues for the University decreased by \$7.8 million due to less for capital funding.

⁶ Growth in other revenues for the Component Units was due primarily to increases in additions to permanent endowments.

TOTAL EXPENDITURES INCREASED SLIGHTLY OVERALL

(\$ in millions)

	FY18		FY17		% Change	
	University	Component Units	University	Component Units	University	Component Units
Instruction	\$137.1	\$8.4	\$125.4	\$7.1	9.3%	18.3%
Research/Public Service	56.5	1.5	54.7	1.4	3.3%	7.1%
Academic Support	37.9	3.2	35.8	5.9	5.9%	(45.8%)
Student Services	17.9	0.6	18.0	0.8	(0.6%)	(25.0%)
Institutional Support	46.3	14.6	47.1	17.8	(1.7%)	(18.0%)
Plant Operations	29.0	4.0	26.4	8.6	9.8%	(53.5%)
Student Aid*	17.7	12.1	32.7	9.7	(45.9%)	24.7%
Auxiliary Enterprises	89.2	7.7	84.6	7.1	5.4%	8.5%
Depreciation	35.0	0.9	32.3	0.9	8.4%	0.0%
Other	0.4	5.0	0.4	3.7	0.0%	35.1%
Total Expenditures	\$467.0	\$58.0	\$457.4	\$63.0	2.1%	(7.9%)

* Student aid is calculated net of scholarship allowances.

CONSOLIDATED FINANCIAL STATEMENTS - NEXT STEPS

- Auditor of Public Accounts expected to begin audit in early 2019.
- Anticipate bringing audited financial statements to Board in April 2019 for final approval.

ACCEPT FY18 UNAUDITED FINANCIAL REPORT OF INTERCOLLEGIATE ATHLETICS

- NCAA requires institutions to submit revenue and expense information annually online.
- Auditor of Public Accounts annually reviews statements to ensure that they meet NCAA Agreed-Upon Procedures Guidelines.

ATHLETICS REVENUE GREW 3.6% OVER PRIOR YEAR

Operating Revenues	FY18	FY17	% Change
Ticket sales	\$ 960,700	\$ 951,700	0.9%
Student fees	14,551,400	14,367,200	1.3%
Indirect institutional support	1,236,200	953,700	29.6%
Contributions	5,756,200	5,184,600	11.0%
NCAA Distributions*	1,264,500	1,860,100	(32.0%)
Royalties, licensing, advertising and sponsorships	1,059,000	904,700	17.1%
Endowment and investment income	3,137,700	2,714,300	15.6%
All Other	1,457,300	1,465,300	(0.5%)
Total Revenue**	\$29,423,000	\$28,401,600	3.6%

* Includes one-time NCAA payment of \$600,544, which was placed into a quasi-endowment per BOV action in September 2017.

** Figures may not add due to rounding.

OVERALL EXPENDITURES INCREASED 6.4% OVER PRIOR YEAR

Operating Expenditures	FY18	FY17	% Change
Athletic Student Aid	\$ 9,365,800	\$ 8,721,600	7.4%
Coaching Salaries & Benefits	5,293,800	4,850,600	9.1%
Staff Salaries & Benefits	4,765,600	4,429,500	7.6%
Team Travel	1,800,600	1,921,200	(6.3%)
Facility Debt Service, Leases & Rental Fees	1,442,400	1,363,500	5.8%
Direct Overhead & Administration Costs	1,451,800	1,487,300	(2.4%)
Sports Equipment, Uniforms & Supplies	1,124,800	845,000	33.1
Game Expenses	1,160,800	840,700	38.1%
All Other Expenses	2,900,400	3,080,300	(5.8%)
Total Expenses*	\$29,306,000	\$27,539,700	6.4%
Net Income**	\$117,000	\$861,800	

* Figures may not add due to rounding. ** Includes one-time NCAA payment of \$600,544 in FY17.

ACTION ITEMS

- Resolution 14 – *Maintain Four-Year Tuition Guarantee for In-State Undergraduate Students*
- Resolution 15 – *Receipt of the Consolidated Financial Report for FY18*
- Resolution 16 – *Receipt of the FY18 Financial Report of the Intercollegiate Athletic Department*
- Resolution 17 – *Interim Use of Funds and Establishment of the Russell and Jeanne Baker Quasi-Endowment*