

Auditor's Opinion

October 22, 2002

The Honorable Mark R. Warner
Governor of Virginia

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

The Board of Visitors
University of Virginia

We have audited the accompanying statement of net assets, statement of revenues, expenses and changes in net assets, and the statement of cash flows of the University of Virginia, a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2002, which collectively comprise the University's basic financial statements. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

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

As described in the notes to the financial statements, the University has implemented a new financial reporting model as required by the

provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis— for State and Local Governments*, and Statement No. 35, *Basic Financial Statements— and Management's Discussion and Analysis— for Public Colleges and Universities* as of June 30, 2002.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2002, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis presented on pages 44 through 49 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University's basic financial statements referred to above. Other information in this *President's Report* is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the University. This other information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on this other information.



AUDITOR OF PUBLIC ACCOUNTS