

**VIRGINIA COMMONWEALTH UNIVERSITY
RICHMOND, VIRGINIA**

**REPORT ON AUDIT
FOR THE YEAR ENDED
JUNE 30, 1999**

***AUDITOR OF
PUBLIC
ACCOUNTS***



COMMONWEALTH OF VIRGINIA

AUDIT SUMMARY

Our audit of **Virginia Commonwealth University** for the year ended June 30, 1999, found:

- the financial statements are presented fairly, in accordance with generally accepted accounting principles;
- internal control matters that we consider reportable conditions; however, we do not consider any of these material weaknesses; and,
- no instances of noncompliance that are required to be reported.

- TABLE OF CONTENTS -

	<u>Pages</u>
AUDIT SUMMARY	
INDEPENDENT AUDITOR'S REPORT:	
Report on Financial Statements	1-2
Independent Auditor's Report On Compliance and On Internal Control Over Financial Reporting	2-3
INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS:	4
FINANCIAL STATEMENTS:	
Balance Sheet	6-7
Statement of Changes in Fund Balances	8-9
Statement of Current Funds Revenues, Expenditures, and Other Changes	10
NOTES TO FINANCIAL STATEMENTS	12-25
SUPPLEMENTARY INFORMATION:	
Schedule of Auxiliary Enterprises - Revenue, Expenditures, and Changes in Fund Balances	28-29
UNIVERSITY OFFICIALS	31

The Honorable James S. Gilmore, III
Governor of Virginia

The Honorable Richard J. Holland
Chairman, Joint Legislative Audit
and Review Commission

Board of Visitors
Virginia Commonwealth University

We have audited the accounts and records of **Virginia Commonwealth University** as of and for the year ended June 30, 1999, 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 Virginia Commonwealth University as of June 30, 1999, 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 University'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 Virginia Commonwealth University as of June 30, 1999, 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 - Revenue, Expenditures, and Changes in Fund Balances" 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 Virginia Commonwealth University as of and for the year ended June 30, 1999, 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 University'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 University'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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the University's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions, entitled "Improve Fixed Asset Maintenance and Inventory Process" and "Improve Cash Receipting Procedures" are described in the section titled "Internal Control Findings and Recommendations."

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. 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. However, we believe that none of the reportable conditions described above is a material weakness.

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, 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.

EXIT CONFERENCE

We discussed this report with management at an exit conference held on January 5, 2000.

AUDITOR OF PUBLIC ACCOUNTS

November 19, 1999, except for Note 10, as to which the date is January 19, 2000.

PBB:jld
jld:131

INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

Improve Fixed Asset Maintenance and Inventory Process

In August 1998, the University implemented a new fixed asset system and gave departments the responsibility to record directly in the system the disposal of assets, changes in the location of assets, and the condition of assets. During our review, we found three departments did not properly use the system. One department relied on Financial Reporting to enter fixed asset data. Another department reported 50 typewriters in the system it could not locate. Finally, a department continued to reflect a damaged microscope at its original value of \$150,000.

Financial Reporting has developed a formal training program on the new fixed asset system and has provided training to many departments. Financial Reporting also conducts periodic audits to determine if departments are properly maintaining fixed assets. We recommend that Financial Reporting continue to provide training and conduct periodic audits, focusing on departments that are identified as having problems. Further, we recommend that all departmental personnel responsible for fixed assets attend the fixed asset training program and become knowledgeable about the University's fixed asset procedures and requirements. We also recommend that each department conduct an inventory to ensure that it properly reflects all fixed assets in the system.

Improve Cash Receipting Procedures

The Housing Department did not record all cash receipts in the logbook, record them in numerical sequence, or make deposits timely. The University's internal audit section has previously cited the Department for cash receipting problems.

Treasury Services offers quarterly training sessions on cash collection point procedures. Further, Treasury Services formally contacts management personnel at the departments identified as having cash receipting problems. We recommend that Treasury Services continue to provide training, requiring attendance of department personnel having cash receipting problems. Further, we recommend that Treasury Services require written responses from departments having problems, detailing how the department is going to address the its cash receipting problems.

FINANCIAL STATEMENTS

VIRGINIA COMMONWEALTH UNIVERSITY
BALANCE SHEET
As of June 30, 1999
With Comparative Figures for June 30, 1998

ASSETS	Current Funds		Loan Funds	Endowment and Similar Funds
	Unrestricted	Restricted		
Cash (Note 2)	\$ 29,254,529	\$ 7,767,045	\$ 652,778	\$ -
Investments (Note 2)	45,154,479	-	-	29,946,175
Receivables (Note 3)	14,210,115	8,837,004	22,263,998	-
Inventories	283,583	-	-	-
Prepaid expenses and other assets	1,957,117	257	-	-
Appropriations receivable	10,274,879	252,879	-	-
Due from other funds	1,590,001	6,549,018	180,972	-
Investment in plant (Note 3)	-	-	-	-
Deferred bond issue costs	-	-	-	-
Total assets	\$ 102,724,703	\$ 23,406,203	\$ 23,097,748	\$ 29,946,175
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenditures	\$ 28,480,276	\$ 6,166,576	\$ -	\$ -
Accrued compensated absences	18,980,651	-	-	-
Deposits and deferred revenue	7,676,852	-	-	-
Due to other funds	10,957,997	1,590,001	-	-
Notes payable	-	-	-	-
Long term debt (Note 4)	4,275,780	-	-	-
Deposits held in custody for others	-	-	-	-
Total liabilities	70,371,556	7,756,577	-	-
Fund balances:				
Unrestricted current funds	32,353,147	-	-	-
Restricted current funds	-	15,649,626	-	-
Loan Funds, U.S. Government grants	-	-	19,275,893	-
Loan funds, University-restricted	-	-	3,821,855	-
Endowment funds	-	-	-	2,970,847
Quasi-endowment funds-unrestricted	-	-	-	26,975,328
Unexpended plant funds	-	-	-	-
Retirement of indebtedness	-	-	-	-
Net investment in plant	-	-	-	-
Total fund balances	32,353,147	15,649,626	23,097,748	29,946,175
Total liabilities and fund balances	\$ 102,724,703	\$ 23,406,203	\$ 23,097,748	\$ 29,946,175

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

Plant Funds	Agency Funds	Total 1999	Total 1998
\$ 21,674,099	\$ 1,570	\$ 59,350,021	\$ 41,754,893
6,664,018	-	81,764,672	76,772,144
-	44,007	45,355,124	48,728,906
-	-	283,583	319,199
-	22	1,957,396	2,742,230
3,871,441	-	14,399,199	12,891,043
3,168,816	1,059,191	12,547,998	9,034,013
551,144,888	-	551,144,888	529,445,327
1,021,748	-	1,021,748	897,702
<u>\$ 587,545,010</u>	<u>\$ 1,104,790</u>	<u>\$ 767,824,629</u>	<u>\$ 722,585,457</u>

\$ 5,382,980	\$ 185,100	\$ 40,214,932	\$ 37,629,281
-	-	18,980,651	21,239,041
-	-	7,676,852	11,024,667
-	-	12,547,998	9,034,013
593,065	-	593,065	460,819
134,822,487	-	139,098,267	131,876,753
-	919,690	919,690	998,956
<u>140,798,532</u>	<u>1,104,790</u>	<u>220,031,455</u>	<u>212,263,530</u>

-	-	32,353,147	29,380,782
-	-	15,649,626	12,165,192
-	-	19,275,893	19,042,358
-	-	3,821,855	3,751,824
-	-	2,970,847	2,625,701
-	-	26,975,328	27,775,501
25,239,996	-	25,239,996	13,935,716
(785,599)	-	(785,599)	(681,904)
<u>422,292,081</u>	<u>-</u>	<u>422,292,081</u>	<u>402,326,757</u>
<u>446,746,478</u>	<u>-</u>	<u>547,793,174</u>	<u>510,321,927</u>
<u>\$ 587,545,010</u>	<u>\$ 1,104,790</u>	<u>\$ 767,824,629</u>	<u>\$ 722,585,457</u>

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 1999

	Current Funds		Loan Funds	Endowment and Similar	Unexpended
	Unrestricted	Restricted		Funds	
Revenues and other additions:					
Unrestricted current funds revenue	\$ 371,510,639	\$ -	\$ -	\$ -	\$ -
State appropriations-restricted	-	9,608,476	-	-	27,572,807
Federal grants and contracts-restricted	-	166,585,081	485,638	-	-
State grants and contracts-restricted	-	11,765,951	-	-	-
Local grants and contracts-restricted	-	994,139	-	-	-
Private gifts, grants and contracts-restricted	-	18,307,709	-	522,173	2,466,385
Investment income-restricted	-	614,257	23,248	-	127,763
Interest on loans receivable	-	-	495,974	-	-
Retirement of indebtedness	-	-	-	-	-
Expended for plant facilities (including \$15,323,596 charged to current funds)	-	-	-	-	-
Other	-	6,485,993	37,249	1,259,229	213,052
Total revenues and other additions	371,510,639	214,361,606	1,042,109	1,781,402	30,380,007
Expenditures and other deductions:					
Educational and general expenditures	277,776,819	196,358,715	-	-	-
Auxiliary enterprise expenditures	34,566,402	-	-	-	-
Hospitals expenditures	45,373,816	-	-	-	-
Indirect costs recovered	-	15,100,418	-	-	-
Loan cancellations and write-offs	-	-	677,194	-	-
Administrative and collection costs	-	-	52,178	-	-
Expended for plant facilities (including \$3,577,420 not capitalized)	-	-	-	-	20,202,419
Retirement of indebtedness	-	-	-	-	-
Interest on indebtedness	-	-	-	-	-
Disposal of plant facilities	-	-	-	-	-
Other uses	-	-	108,381	-	-
Total expenditures and other deductions	357,717,037	211,459,133	837,753	-	20,202,419
Transfers among funds - additions (deductions):					
Mandatory:					
Debt service	(10,471,505)	-	-	-	(778,298)
Federal student financial aid	(513,345)	414,729	98,616	-	-
Nonmandatory	163,613	167,232	594	(2,236,429)	1,904,990
Total transfers among funds	(10,821,237)	581,961	99,210	(2,236,429)	1,126,692
Net increase (decrease) for the year	2,972,365	3,484,434	303,566	(455,027)	11,304,280
Fund balances at beginning of year	29,380,782	12,165,192	22,794,182	30,401,202	13,935,716
Fund balances at end of year	<u>\$ 32,353,147</u>	<u>\$ 15,649,626</u>	<u>\$ 23,097,748</u>	<u>\$ 29,946,175</u>	<u>\$ 25,239,996</u>

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

Plant Funds Retirement of Indebtedness	Investment in Plant
\$ -	\$ -
3,072,823	-
-	-
-	-
740,290	-
141,663	-
-	-
-	8,327,191
-	31,948,595
-	2,792
<u>3,954,776</u>	<u>40,278,578</u>
-	-
-	-
-	-
-	-
-	-
-	-
8,327,191	-
6,981,083	-
-	20,313,254
-	-
<u>15,308,274</u>	<u>20,313,254</u>
11,249,803	-
-	-
-	-
<u>11,249,803</u>	-
(103,695)	19,965,324
<u>(681,904)</u>	<u>402,326,757</u>
<u>\$ (785,599)</u>	<u>\$ 422,292,081</u>

Statement of Current Funds Revenues, Expenditures and Other Changes
For the Fiscal Year Ended June 30, 1999
With Comparative Figures for June 30, 1998

	1999			1998
	Unrestricted	Restricted	Total	Total
Revenues:				
Educational and general:				
Student tuition and fees	\$ 91,810,307	\$ -	\$ 91,810,307	\$ 90,894,246
State appropriations	146,885,601	9,413,694	156,299,295	140,610,300
Federal grants and contracts	13,166,840	153,426,648	166,593,488	160,197,642
State grants and contracts	135,093	11,719,417	11,854,510	10,323,643
Local grants and contracts	4,873	851,683	856,556	440,624
Private gifts, grants, and contracts	1,793,612	17,496,420	19,290,032	23,057,284
Income from trusts	251,132	692,118	943,250	1,000,484
Sales and services of educational departments	6,722,401	-	6,722,401	5,676,782
Other sources	25,189,637	2,344,006	27,533,643	19,235,975
Total educational and general	285,959,496	195,943,986	481,903,482	451,436,980
Auxiliary enterprises	38,908,397	-	38,908,397	38,681,564
Hospital services	46,642,746	-	46,642,746	38,329,945
Total revenues	371,510,639	195,943,986	567,454,625	528,448,489
Expenditures and mandatory transfers:				
Educational and general:				
Instruction	153,098,720	22,480,461	175,579,181	157,259,766
Research	10,772,779	59,086,654	69,859,433	70,384,964
Public service	3,365,956	1,187,062	4,553,018	4,352,421
Academic support	41,635,730	1,661,427	43,297,157	41,428,067
Student services	7,312,855	268,323	7,581,178	6,825,375
Institutional support	27,756,852	641,955	28,398,807	31,914,379
Operation and maintenance of plant	27,306,860	15,780	27,322,640	24,557,069
Scholarships and fellowships	6,527,067	111,017,053	117,544,120	115,938,579
Educational and general expenditures	277,776,819	196,358,715	474,135,534	452,660,620
Mandatory transfers for:				
Debt service	3,804,149	-	3,804,149	2,662,155
Federal student financial aid	513,345	(414,729)	98,616	96,475
Total educational and general	282,094,313	195,943,986	478,038,299	455,419,250
Auxiliary enterprises:				
Operating expenditures	34,566,402	-	34,566,402	30,133,098
Mandatory transfers for debt service	6,667,356	-	6,667,356	6,089,332
Total auxiliary enterprises	41,233,758	-	41,233,758	36,222,430
Hospitals services:				
Operating expenditures	45,373,816	-	45,373,816	42,940,049
Total expenditures and mandatory transfers:	368,701,887	195,943,986	564,645,873	534,581,729
Other transfers and additions:				
Excess of restricted receipts over transfers to revenues	-	3,317,202	3,317,202	1,814,341
Nonmandatory transfers	163,613	167,232	330,845	116,464
Net increase (decrease) in fund balances	\$ 2,972,365	\$ 3,484,434	\$ 6,456,799	\$ (4,202,435)

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

NOTES TO FINANCIAL STATEMENTS

VIRGINIA COMMONWEALTH UNIVERSITY

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As one of only three Carnegie Research-1 Universities in Virginia, Virginia Commonwealth University plays a significant role in providing a college-trained workforce, high quality health care, and cultural enrichment for the Richmond area and the Commonwealth. More than 23,000 undergraduate, graduate, and professional students pursue 141 degree programs on VCU's two campuses: the Academic Campus, situated in the historic Fan District, and the Medical College of Virginia Campus, located two miles east in the commercial and governmental district of downtown Richmond. VCU's one college and ten schools include a new School of Engineering, one of the largest art schools in the country, as well as the South's oldest school of social work. The MCV Campus includes MCV Hospitals, one of the most comprehensive teaching hospitals in the country.

The financial statements of the University are prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants' industry audit guide, *Audits of Colleges and Universities*. Since the University is a component unit of the Commonwealth of Virginia, it is included in the Comprehensive Annual Financial Report of the Commonwealth.

A. Reporting Entity

The accompanying financial statements include the accounts of all organizational units of Virginia Commonwealth University and the Virginia Commonwealth University Intellectual Property Foundation, a component unit, which is blended (consolidated) with University operations. The assets of affiliated organizations, which are separately incorporated and managed by their own Boards, are not included in these statements. The VCU Foundation, VCU Real Estate Foundation, Virginia Commonwealth University Alumni Association, Virginia Biotechnology Research Park Authority, Virginia Commonwealth University School of Engineering Foundation, Medical College of Virginia Hospitals Authority, Medical College of Virginia Foundation, Medical College of Virginia Alumni Association of VCU, MCV Physicians, and M.C.V./V.C.U. Dental Faculty Practice Association are described in Note 6.

B. Basis of Accounting

The financial statements of the University have been prepared on the accrual basis 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 and 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 that may be used for the activities or objectives specified. Separate accounts are maintained for each fund. Funds having similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated for specific purposes by action of the Board of Visitors. Externally restricted funds may be utilized only in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds, of which the governing board retains full control to 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 associated with the above restricted or unrestricted funds are accounted for in the fund that owned such assets. Ordinary income derived from investments, receivables, and the like, is accounted for in current unrestricted funds, except for income derived from investment of endowment funds, which is accounted for in the fund to which it is restricted, or if unrestricted, as revenue in the unrestricted current funds.

Unrestricted revenue is accounted for in the unrestricted current fund. Restricted gifts, grants, appropriations, 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.

D. Investments

Investments are reported at market, if purchased, or fair market value at the date of receipt, if received as a gift.

E. Inventories

Inventories are valued at the lower of cost (generally determined on the first-in, first-out method) or market.

F. Accrued Compensated Absences

On January 1, 1999, the University implemented the Commonwealth of Virginia’s “Virginia Sickness and Disability Program” (VSDP). Full-time classified, part-time classified, and faculty employed on or after this date who are also active members of the Virginia Retirement System (VRS) are covered under this program. The plan provides for sick leave, family and personal leave, short-term disability benefits and long-term disability benefits. Full-time classified, part-time classified, and faculty employed prior to January 1, 1999 who are active members of VRS were offered three options. Eligible employees elected to participate in VSDP under one of two options or remain under the traditional sick leave program in which classified employees and twelve month faculty earn 5 hours of leave each pay period regardless of the length of state service and nine month faculty accrue 48 hours per semester. One VSDP option permitted eligible employees to convert accumulated sick leave

balances to short-term disability credits. The other allowed for the conversion of sick leave balances to VRS service credit. The University was not required to currently fund the cost of conversion to VRS service credit. Enrollment in the VSDP is irrevocable, and no additional enrollments are planned. Under VSDP, unused VSDP sick leave and family and personal leave balances do not carry forward from one year to the next, and employees are not paid for unused balances upon termination. The converted short-term disability credits of classified employees are payable upon termination in accordance with the Commonwealth of Virginia's sick leave payout policy discussed below. Faculty who converted sick leave balances to short-term disability credits are not compensated for these balances at termination.

Full-time and part-time twelve month faculty and classified employees earn annual leave based upon the number of years of continuous state service. Faculty may carry forward 288 hours of annual leave from one year to the next. Classified employees may carry over up to two years of unused annual leave balances. Upon termination, unused annual leave balances are paid in full.

Employees who are not subject to the overtime provisions of the Fair Labor Standards Act may be eligible to earn compensatory leave. Leave is earned on an hour-for-hour basis for having worked additional hours in a workweek, holidays, or scheduled days off. Compensatory leave may be used for paid time off and is payable upon termination. Accrued compensatory leave lapses within 12 months from the date it is earned and once lapsed may not be used or paid upon termination.

The University records a liability for all unused annual, non-VSDP sick, compensatory leave, and unused short-term disability credits as well as related fringe benefits. Annual and compensatory leave balances are paid in full upon termination. Non-VSDP sick leave and short-term disability credits are payable upon employment termination and are limited to 25 percent of the value accumulated or \$5,000, whichever is less, under the Commonwealth of Virginia's sick leave pay-out policy for employees with 5 or more years of service.

G. Due From/Due To Other Funds

For investment purposes, the University pools cash balances not held by the Treasurer of Virginia. All investments and the activity related to the invested balances, including the risk of loss and realization of gain, are recognized in Current Unrestricted Funds.

H. Plant Funds

Plant assets are stated at cost or, if donated, at fair market value on the date of acquisition. No provision for depreciation is made. Expenditures for construction in progress are capitalized as incurred and reflected in net investment in plant. Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose. Current funds used to finance plant assets are accounted for as expenditures for the normal replacement of movable equipment and library books; mandatory transfers for required provisions for debt service; and transfers of a nonmandatory nature for all other cases. Plant assets at the time of disposal revert to the Commonwealth of Virginia for disposition. Proceeds, if any, are returned to the University.

I. Hospital Services

The University provides facilities, graduate medical education, clinical support, administrative support, and medical care of indigent patients to hospitals. The revenues and expenditures necessary to provide the services are classified as hospital services.

2. CASH AND INVESTMENTS

Cash

All cash of the University is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.1-359 et seq. of the Code of Virginia or covered by federal depository insurance.

Investments

The University's non-state funds, other than Endowment and Quasi-Endowment funds, are managed by professional investment managers. The University's investment objective is to ensure the preservation of capital with sufficient liquidity to meet operating expenditure requirements. The investment policy of the University is established by the Board of Visitors and is monitored by the Finance, Investment and Property Committee of the Board. Investment managers may invest in the following types of investments: direct obligations of the United States, obligations unconditionally guaranteed by the United States, collateralized mortgage obligations, obligations of any agency or instrumentality of the United States, certificates of deposit and bank notes of domestic banks, collateralized repurchase agreements, banker's acceptances, commercial paper issued by domestic corporations, money market funds, corporate notes of domestic corporations, fully hedged debt obligations of sovereign governments and companies, obligations of the Commonwealth of Virginia, asset backed securities with AAA ratings, and negotiable certificates of deposit and negotiable bank notes of domestic banks. The allocation of assets at June 30, 1999, is 21 percent high-quality cash equivalents with maturities of less than one year and 79 percent high quality fixed income securities.

The University's investments at June 30, 1999, that are represented by specific identifiable investment securities are classified as to the level of risk assumed at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the University or its agents in the University's name. Category 2 includes uninsured and unregistered investments for which the securities are held in the broker's or dealer's trust department or safekeeping agent in the University's name. None of the University's investments meets this classification requirement. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or safekeeping agent but not in the University's name.

For management purposes, Endowment and Quasi-Endowment funds are held in the investment pools of the VCU Foundation, the VCU Real Estate Foundation, or the MCV Foundation. These funds remain the property of the University. The investment pools consist of cash equivalents, bonds, preferred and common stocks, and real estate. The University's equity in the investment pools is based on units or shares in the investment pools. Consequently, funds held by the foundations are not categorized as to the level of risk.

Due to the cyclical nature of tuition and fee collections, the University's investment in overnight repurchase agreements for which the underlying securities were held by the dealer fluctuates significantly during the year. As a result, the amounts that were in category 3 at those times were substantially higher than at year-end.

Categorization of investments for assets held at June 30, 1999:

	Category		Cost	Market Value
	1	3		
Investments:				
U.S. Government and U.S. Government Agency Securities	\$22,987,589	\$ -	\$22,987,589	\$22,566,057
Corporate notes	10,498,781	-	10,498,781	10,302,951
Commercial paper	1,769,097	-	1,769,097	1,773,612
Municipal bonds	202,068	-	202,068	200,307
Repurchase agreements	-	7,137,000	7,137,000	7,137,000
Subtotal	<u>\$35,457,535</u>	<u>\$7,137,000</u>	42,594,535	41,979,927
Mutual and Money Market Funds			8,354,346	8,354,346
Investments held by the Treasurer of Virginia:				
Securities Loans			364,194	364,194
Investments held by the VCU Intellectual Property Foundation			581,624	1,120,030
Investment Pools				
Investments held by VCU Foundation			17,893,926	23,775,476
Investments held by VCU Real Estate Foundation			1,000,000	1,000,000
Investments Held by the MCV Foundation			<u>2,837,316</u>	<u>5,170,699</u>
Total Investments			<u>\$73,625,941</u>	<u>\$81,764,672</u>

Categorization of investments for assets held at June 30, 1998:

	Category		Cost	Market Value
	1	3		
Investments:				
U.S. Government and U.S. Government Agency Securities	\$ 17,702,134	\$ -	\$ 17,702,134	\$ 17,886,226
Corporate notes	9,197,060	-	9,197,060	9,202,669
Commercial paper	1,391,935	-	1,391,935	1,391,935
Foreign bonds	1,047,691	-	1,047,691	999,248
Repurchase agreements	-	7,291,000	7,291,000	7,291,000
Subtotal	<u>\$ 29,338,820</u>	<u>\$ 7,291,000</u>	36,629,820	36,771,078

Mutual and Money Market Funds	7,841,725	7,841,725
Investments held by the Treasurer of Virginia:		
Securities Loans	689,923	689,923
Investments held by the VCU Intellectual Property Foundation	432,261	1,068,216
Investment Pools		
Investments held by VCU Foundation	20,544,307	25,000,385
Investments held by VCU Real Estate Foundation	1,000,000	1,000,000
Investments Held by the MCV Foundation	2,361,143	4,400,817
		<hr/>
Total Investments	\$ 69,499,179	\$ 76,772,144
		<hr/> <hr/>

3. BALANCE SHEET DETAIL

	1999	1998
	<hr/>	<hr/>
Accounts receivable:		
Unrestricted current funds:		
Student and other receivables, less allowance of \$2,390,074 in 1999 and \$1,775,343 in 1998	\$ 6,278,999	\$ 9,555,378
Commonwealth of Virginia	3,377,551	3,758,623
Medical College of Virginia Hospitals Authority	4,553,565	4,553,565
		<hr/>
Total unrestricted current funds	14,210,115	17,867,566
Restricted current funds:		
Grants and contracts, less allowance of \$200,000 in 1999 and \$945,000 in 1998	8,837,004	8,531,777
Loan funds:		
Student notes receivables, less allowance of \$3,348,316 in 1999 and \$2,756,621 in 1998	22,263,998	22,268,651
Agency funds	44,007	60,912
		<hr/>
Total receivables	\$ 45,355,124	\$ 48,728,906
		<hr/> <hr/>
Investment in plant:		
Land	\$ 18,529,048	\$ 16,945,366
Land improvements	9,463,606	5,991,374
Buildings	247,702,711	185,194,192
Equipment	110,740,692	116,118,077
Library books	59,559,964	56,974,542
Construction in progress	41,664,409	98,022,528
Leasehold Interests:		
Steam plant	18,451,735	18,383,757
School of Engineering building	38,484,655	25,102,619
Biotechnology Research Park	6,548,068	6,548,068
Equity in equipment trust fund	-	164,804
		<hr/>
Total investment in plant	\$551,144,888	\$529,445,327
		<hr/> <hr/>

4. LONG TERM DEBT

Long-term debt of the University consists of the following at June 30:

	1 9 9 9	1 9 9 8
Bonds payable:		
4.25% to 5.75% General Revenue Pledge Bonds, Series 1995, 1996, and 1998 payable through 2021	\$ 54,870,000	\$ 55,925,000
3% to 8% Commonwealth of Virginia Revenue Bonds payable through 2017	38,331,733	41,463,383
Total bonds payable	<u>93,201,733</u>	<u>97,388,383</u>
Notes payable:		
Virginia College Building Authority with interest rates of 3.15% to 5%	12,900,000	-
Capital Leases:		
Virginia College Building Authority with imputed interest rates of 7.26% to 8.39%	8,063,541	10,559,707
Virginia Public Building Authority with imputed interest rates of 2.25% to 5.85%	15,707,860	16,362,528
Virginia Biotechnology Research Park Authority with imputed interest financing of 9.5%	6,207,610	6,356,467
Total capital lease obligations	<u>29,979,011</u>	<u>33,278,702</u>
Installment Purchases:		
Obligations under installment purchase contracts with interest rates of 4.43% to 6.88%	3,017,523	1,209,668
Total long-term debt	<u>\$139,098,267</u>	<u>\$131,876,753</u>

Long-term debt matures as follows:

Fiscal Year	Revenue Bonds	Notes Payable	Capital Leases	Installment Purchases	Total
2000	\$ 5,039,817	\$ 435,000	\$ 3,165,934	\$ 420,310	\$ 9,061,061
2001	5,283,960	450,000	3,469,151	393,960	9,597,071
2002	5,020,253	465,000	3,172,611	367,058	9,024,922
2003	4,752,675	480,000	1,980,002	415,852	7,628,529
2004	5,054,389	495,000	1,079,361	436,104	7,064,854
Later Years	<u>68,050,639</u>	<u>10,575,000</u>	<u>17,111,952</u>	<u>984,239</u>	<u>96,721,830</u>
Total	<u>\$93,201,733</u>	<u>\$12,900,000</u>	<u>\$29,979,011</u>	<u>\$3,017,523</u>	<u>\$139,098,267</u>

Commonwealth Revenue Bonds

The Commonwealth of Virginia issues bonds for agencies and institutions of the Commonwealth. The University has received a portion of the proceeds to fund capital construction. The University recognizes a liability associated with its share of the bonds and remits principal and interest payments related to this liability to the Treasurer of Virginia. Of the total Commonwealth of Virginia Revenue Bonds, outstanding bonds payable in the amount of \$4,275,780, which will be repaid by the Authority as described in Note 6, are classified as a liability in Current Unrestricted Funds.

Virginia College Building Authority

The Virginia College Building Authority (VCBA) issues Educational Facilities Revenue Bonds (Public Higher Education Financing Program, Series 1998A.) As a participating institution in this program, the University issued a note payable to the VCBA. This note, along with the notes of other institutions, is held by the VCBA as security for the Educational Facilities Revenue Bonds. For accounting purposes, the financing arrangement is considered to represent a note payable.

The University participates in the Higher Education Equipment Trust Fund of the VCBA, an agency of the Commonwealth of Virginia. The Higher Education Equipment Trust Fund provides funds to public colleges and universities for equipment acquisition. Prior to the current year, funds were provided in the form of a lease. During the current fiscal year, the VCBA financed this program with State provided funds, which will not require repayment. However, debt obligations are outstanding for prior fiscal years. For accounting purposes, the financing arrangement for the outstanding debt is considered to represent a capital lease.

Virginia Public Building Authority

The University participates in a financing arrangement with the Virginia Public Building Authority for the construction of a steam plant adjacent to the MCV campus. The University considers this financing arrangement to be a capital lease.

Defeasance of Debt

In prior fiscal years, a portion of the Commonwealth of Virginia Revenue Bonds, of which the University has a share, has been defeased. Details relating to the prior years' defeasances are reported in the Comprehensive Annual Financial Report of the Commonwealth.

5. RETIREMENT, PENSION PLANS, AND POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Substantially all full-time classified salaried, and certain full-time faculty employees of the University participate in the defined benefit retirement plan administered by the Virginia Retirement System (VRS). The VRS is an agent multiple-employer public employee retirement system (PERS) that acts as a common investment and administrative agency for the Commonwealth of Virginia and its political subdivisions.

The long-term disability benefit provided for by the “Virginia Sickness and Disability Program” (VSDP) is administered by VRS. Funding for this benefit has been incorporated into the VRS contribution shown below.

Information regarding types of employees covered, benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions as well as employer and employee obligations to contribute is established and disclosed in the Comprehensive Annual Financial Report of the Commonwealth of Virginia.

The University’s payroll costs, excluding accrued payroll, for employees covered by the VRS for the years ended June 30, 1999 and 1998, respectively, were \$118,440,954 and \$112,229,309. The University’s total payroll costs for the years then ended were \$240,166,384 and \$226,183,048.

The University’s total VRS contributions were \$12,499,399 and \$11,009,695 for the years ended June 30, 1999, and 1998, respectively, which included the 5 percent employee contribution assumed by the employer. These contributions represent 10.6 percent of covered payroll.

The VRS does not measure assets and pension benefit obligations separately for individual state institutions. The Comprehensive Annual Financial Report of the Commonwealth of Virginia provides disclosure of the Commonwealth’s unfunded pension benefit obligation at June 30, 1999. The same report contains historical trend information showing VRS’s progress in accumulating sufficient assets to pay benefits when due.

Full-time faculty and certain administrative staff are eligible to participate in other retirement plans. These are fixed-contribution programs where the retirement benefits received are based upon the employer, 5.4 percent, and employee, 5 percent, contributions (all of which are paid by the University) plus interest and dividends.

Individual contracts issued under the plans provide for full and immediate vesting of both the University’s and the employee contributions. Total pension costs under these plans were \$8,536,837 and \$7,719,750 in fiscal years 1999 and 1998, respectively. Contributions to other retirement plans were calculated using the base salary \$82,084,971 in fiscal year 1999, and \$74,228,365 in fiscal year 1998.

The state participates in the VRS administered statewide group life insurance program which provides post employment life insurance benefits to eligible retired and terminated employees. The state 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 health plan. Information related to these plans is available at the statewide level in the Comprehensive Annual Financial Report of the Commonwealth.

6. RELATED PARTIES

The financial statements do not include the assets, liabilities, or fund balances of affiliated organizations. All of these organizations are separately incorporated entities managed by their own Boards and audited by other independent certified public accounting firms. Each organization is described below.

Medical College of Virginia Foundation

The foundation is organized to aid, strengthen, and extend the work, services, and objectives of the Medical College of Virginia Hospitals Authority and the Health Sciences Campus of Virginia Commonwealth University. This is achieved through the receipt of contributions, investment and management of funds, and the disbursement of current funds and a portion of the total return on endowment. Foundation transfers and expenditures to support University programs were \$11,777,000 in 1999 including \$6,349,716 transferred to the University, and \$9,741,000 in fiscal year 1998.

VCU Foundation

The foundation functions solely to assist and support the University. In that capacity, the foundation holds and manages endowment funds for the University. The University received \$3,658,200 in 1999 (including \$1,516,385 for capital projects) and \$3,753,397 in 1998 from the foundation.

VCU Real Estate Foundation

The foundation functions solely to assist and support the University. The sole purpose of the foundation is to hold and manage real estate for the University. The University received \$92,513 in 1999 and \$185,500 in 1998 from the foundation and has an operating lease liability of \$3,232,320.

Virginia Commonwealth University School of Engineering Foundation

The foundation is organized exclusively for educational, scientific, and charitable purposes and to provide financial and other support to the University's School of Engineering. The University has issued \$26,895,000 of General Revenue Pledge Bonds for the purpose of constructing a School of Engineering Foundation building. The proceeds were advanced to the School of Engineering Foundation who, as owner of the property, constructed the building. The School of Engineering Foundation solicits contributions and remits funds to the University sufficient to retire the indebtedness, including interest. The funds received from the School of Engineering Foundation will be recorded as contributions received. For accounting purposes, the University records a leasehold interest in Net Investment in Plant equal to the funds advanced. The University received \$198,058 in 1999 and \$497,452 in 1998.

The following summarizes selected financial data, excluding data included in the University's financial statements, of the fund raising foundations which support the University, the Medical College of Virginia Foundation, the VCU Foundation, the VCU Real Estate Foundation and its controlled affiliate, and the Virginia Commonwealth University School of Engineering Foundation at June 30, 1999 and 1998.

	<u>1 9 9 9</u>	<u>1 9 9 8</u>
Assets:		
Cash and investments	\$222,693,758	\$189,651,121
Other assets	32,142,693	32,715,131
	<hr/>	<hr/>
Total assets	\$254,836,451	\$222,366,252
	<hr/> <hr/>	<hr/> <hr/>

Liabilities and funds balances:		
Accounts and loans payable	\$10,932,541	\$ 9,068,965
Fund balances	243,903,910	213,297,287
	<hr/>	<hr/>
Total liabilities and fund balance	\$254,836,451	\$222,366,252
	<hr/>	<hr/>
Revenues and other fund additions	\$51,453,947	\$ 54,023,012
	<hr/>	<hr/>
Expenditures and other fund deductions	\$20,847,324	\$ 15,870,824
	<hr/>	<hr/>

MCV Physicians

The primary purpose of MCV Physicians is to attract highly qualified physicians to serve on the faculty of the University and to encourage their practice at MCV Hospitals. The total earnings of faculty members are limited to an amount approved by the University. A portion of the clinical earnings is contributed to the University. MCV Physicians also provides funding to the University for other support expenses. Clinical earnings contributed and other support received were \$2,731,977 and \$16,519,096 in 1999 and \$2,934,665 and \$9,936,677 in 1998. During fiscal year 1999, the School of Medicine transferred \$7,165,150 in reserve funds previously held in MCV Physicians to the University.

Medical College of Virginia Alumni Association of VCU

The purpose of the Medical College of Virginia Alumni Association of VCU is to organize alumni activities for Virginia Commonwealth University. The University provided funding of \$191,387 in 1999 and \$184,023 in 1998, as the principal source of funding for the Association's operation.

Virginia Commonwealth University Alumni Association

The Association was formed for educational purposes to further the best interests of the University, its alumni, and students. The University provided funding of \$110,868 in 1999 and \$115,368 in 1998, as the principal source of funding for the Association's operation.

Virginia Biotechnology Research Park Authority

The primary purpose of the Virginia Biotechnology Research Park Authority is to expand knowledge pertaining to scientific and technological research and development among public and private entities and promote the economic and industrial development of the City of Richmond and the Commonwealth of Virginia. The University currently occupies 40,114 square feet of Biotech One under a capital lease as shown in Note 4. In addition, the University is committed to a twenty year Master Lease with the Authority, which guarantees monthly rent equal to the principal and interest necessary to amortize the outstanding debt associated with the construction of the facilities and any additional rent required. The maximum amount payable under this Lease for space not occupied by the University is \$543,235 annually during the first ten years of the Lease and \$1,278,200 annually for the remainder of the lease term.

Medical College of Virginia Hospitals Authority

The University provides graduate medical education, clinical support, administrative support and medical care of indigent patients to the Medical College of Virginia Hospitals Authority (Authority). The University also rents hospital facilities to the Authority on a long-term lease for \$1 per year and certain space in other facilities. The University received \$45,053,147 from the Authority including a \$3,000,000 gift to the School of Medicine and \$2,607,672 for facility rental. The University paid the Authority \$3,617,413 for maintenance services provided to University facilities, resident services and rent. The balance of the receivable recorded by the University for the retirement of a portion of the Commonwealth of Virginia Revenue Bonds attributable to the patient and visitors parking deck is \$4,553,565 at June 30, 1999.

M.C.V./V.C.U. Dental Faculty Practice Association

The Association was established to support the education, research, service and patient care mission of the School of Dentistry (School) of Virginia Commonwealth University. The Association promotes and coordinates the delivery of superior patient care at the School.

7. FUNDS HELD IN TRUST BY OTHERS

Under the provisions of the wills of certain benefactors, the University's portion of principal sums with market values of \$21,065,490 and \$18,384,807 at June 30, 1999, and 1998, respectively, was held in trust by others. These assets are not included in the University's balance sheet.

8. COMMITMENTS

The University is party to various construction commitments. At June 30, 1999, and 1998, the remaining commitments total \$26,059,441 and \$15,753,308, respectively.

The University also is committed under various operating leases (for buildings, computer equipment, business equipment, etc.). The University has renewal options on the leased assets for another similar term. In most cases, the University expects that, in the normal course of business, these leases will be replaced by similar leases. Rental expense for the fiscal years ended June 30, 1999, and 1998, was \$2,093,865 and \$2,505,865, respectively. In addition, the University reimburses the Commonwealth of Virginia \$138,089 annually for the use of space in a facility owned by the Commonwealth.

The University has, as of June 30, 1999, the following total future minimum rental payments due under the above leases.

<u>Fiscal Year</u>	<u>Operating Lease Agreements</u>
2000	\$1,813,002
2001	1,335,647
2002	998,340
2003	948,683
2004	411,888
Later years	<u>721,308</u>
Total future minimum rental payments	<u><u>\$6,228,868</u></u>

9. LITIGATION

The University has been named as a defendant in a number of lawsuits. The final outcome of any of these lawsuits cannot be determined at this time. However, management is of the opinion that any ultimate liability to which the University may be exposed will not have a material effect upon the University's financial position.

10. SUBSEQUENT EVENT

On January 11, 2000, the U. S. Department of Health & Human Services Office for Protection from Research Risks (OPRR) suspended the Virginia Commonwealth University Multiple Project Human Subjects Assurance (MPA) in accordance with Health and Human Services regulations 45 CFR 46.103. This action required the immediate suspension of all research involving human subjects, and suspended the enrollment of new subjects in all University research until the protocols have been re-reviewed by an OPRR approved Institutional Review Board (IRB). Research involving previously enrolled subjects may continue only when it can be shown to be in the best interest of the individual subjects. At this time, the University is unable to determine the financial impact of the suspension. The suspension of the MPA may result in the delay of receipt of funds. The ultimate outcome is dependent on the timing of the reinstatement of the MPA and review of the affected protocols.

The University has responded by establishing a Special Task Force that is responsible for overseeing the development and implementation of a corrective action plan to bring the University's practices into compliance with federal regulations. The corrective action plan will be submitted to the OPRR as soon as possible; however, the University is unable to determine when the MPA will be reinstated.

11. YEAR 2000

The University's highest year 2000 priorities are the critical administrative systems and central computing and networking resources that connect them to the University community. The projects to renovate or replace these critical systems have been completed. All other system renovations should be compliant by September 1999, when all comprehensive Year 2000 testing is scheduled for completion. At June 30, 1999, the University is committed to contracts totaling approximately \$90,000.

The mission critical systems at VCU are the Financial Records System, the Human Resources System, the Notis Library System, and the Student Information System. The University is subjecting its four mission critical systems as well as infrastructure systems such as steam plant and HVAC to the following stages of work to address Year 2000 issues:

- Assessment stage – Identifying the systems and components for which Year 2000 compliance work is needed.
- Renovation stage – Making changes to systems and equipment.
- Testing/validation stage – Validating and testing the changes that were made during the renovation stage.
- Implementation stage – Implementing the changes into the mission critical systems.

As of June 30, 1999, the University has completed all of these stages for all mission critical systems. A final series of tests designed to simulate January 2000 processing will be repeated in November 1999.

12. STATE APPROPRIATIONS – UNRESTRICTED FUNDS

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 the 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 for the year ended June 30, 1999.

Academic Division:	
Original legislative appropriation (Chapter 464)	\$ 141,279,918
Education and general appropriation	
Transfer in	916,058
HEETF Transfer In	<u>\$4,689,625</u>
Total adjusted Academic Division	<u>\$ 146,885,601</u>

13. SURETY BOND

The employees of the University were covered by a Faithful Performance Duty Bond administered by the Commonwealth of Virginia's Department of General Services, Division of Risk Management with liability limits of \$500,000 for each occurrence. Information relating to the Commonwealth's self-insurance plan is available at the statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.

Page Left Intentionally Blank

SUPPLEMENTARY INFORMATION

VIRGINIA COMMONWEALTH UNIVERSITY
Schedule of Auxiliary Enterprises -Revenue
Expenditures and Changes in Fund Balance
For The Period Ended June 30, 1999

	Athletics	Food Services	Gyms	Larrick Student Center	Parking and Transportation	Residence Halls	Stores and Shops
Revenue:							
Student fees	\$ 843,857	\$ 3,536,105	\$ -	\$ -	\$ -	\$ 6,389,117	\$ -
University fee	5,232,102	211,803	2,066,868	235,639	1,603,792	-	-
Sales and services	-	1,232,616	291,364	-	4,936,336	193,498	2,438,455
Auxiliary interest earnings	-	-	-	-	-	-	-
Total revenue	6,075,959	4,980,524	2,358,232	235,639	6,540,128	6,582,615	2,438,455
Cost of sales	-	-	-	-	-	-	1,695,640
Net revenue	6,075,959	4,980,524	2,358,232	235,639	6,540,128	6,582,615	742,815
Expenditures:							
Personal services	2,133,297	117,714	825,044	110,104	1,215,664	2,179,971	164,837
Employee benefits	443,844	32,105	128,100	25,744	282,087	507,947	34,860
Contractual services	1,129,303	2,908,603	393,057	4,790	1,503,856	1,097,902	134,523
Supplies and materials	156,494	(19,568)	(278,416)	3,855	109,203	395,385	197,348
Equipment	92,358	136,755	521,665	1,579	280,451	367,883	5,975
Current charges and obligations	2,573,869	541,519	246,693	29,091	939,116	1,577,640	259,297
Miscellaneous	287,530	2,424	130,789	5,052	171,851	177,340	6,273
Operating expenses	6,816,696	3,719,551	1,966,932	180,216	4,502,228	6,304,069	803,114
Interdepartmental recoveries and charges	(57,237)	-	(152,578)	-	(301,487)	(16,232)	(194,867)
Net operating expenses	6,759,459	3,719,551	1,814,355	180,216	4,200,741	6,287,837	608,247
Excess (deficiency) of revenues over (under) operating expenses before transfers	(683,500)	1,260,973	543,878	55,423	2,339,387	294,778	134,568
Transfers:							
Mandatory	-	31,293	-	-	2,164,252	1,313,313	-
Nonmandatory	(233,393)	1,049,537	-	-	(429,704)	(151,318)	475,740
Net increase (decrease) for the year	(450,108)	180,143	543,878	55,423	604,839	(867,217)	(341,172)
Beginning fund balance	(154,410)	624,336	1,537,715	79,081	3,672,969	2,200,244	1,253,330
Ending fund balance	\$ (604,518)	\$ 804,479	\$ 2,081,593	\$ 134,504	\$ 4,277,808	\$ 1,333,027	\$ 912,158

Student Commons	Student Health	Business Services Administration	Development Programs	Unassigned	Dental Instrument Management Programs	Steam Plant	Total
\$ -	\$ 1,957,695	\$ -	\$ -	\$ 14,020,651	\$ -	\$ -	\$ 26,747,425
1,960,246	283,923	-	365,403	(11,959,776)	-	-	-
77,854	336,805	10,374	-	592,034	585,181	1,466,455	12,160,972
-	-	-	-	-	-	-	-
2,038,100	2,578,423	10,374	365,403	2,652,909	585,181	1,466,455	38,908,397
-	-	-	-	-	-	-	1,695,640
2,038,100	2,578,423	10,374	365,403	2,652,909	585,181	1,466,455	37,212,757
702,923	1,397,047	212,579	226,934	17,151	110,636	336,704	9,750,607
145,711	325,935	45,391	56,643	535	18,637	84,747	2,132,288
173,448	476,680	29,178	75,965	2,152,769	72,004	411,354	10,563,432
54,273	92,625	22,777	4,884	(304,947)	142,507	183,194	759,614
103,975	107,098	257,021	23,516	650,756	653,191	211	3,202,433
342,130	268,603	39,096	57,028	848,720	24,827	498,829	8,246,457
41,960	88,188	730	31,675	23,329	77,090	-	1,044,232
1,564,420	2,756,175	606,771	476,645	3,388,314	1,098,892	1,515,039	35,699,063
(66,202)	-	(318,809)	(70,287)	(1,650,604)	-	-	(2,828,301)
1,498,218	2,756,175	287,963	406,358	1,737,710	1,098,892	1,515,039	32,870,762
539,882	(177,752)	(277,589)	(40,955)	915,199	(513,712)	(48,584)	4,341,995
682,036	446	-	-	2,476,016	-	-	6,667,356
(208,314)	491	(500,000)	(3,247)	57,288	4,456	(247,107)	(185,572)
66,159	(178,689)	222,411	(37,708)	(1,618,105)	(518,167)	198,523	(2,139,790)
225,059	171,338	(90,108)	(63,899)	6,687,404	684,781	(16,939)	16,810,901
\$ 291,218	\$ (7,351)	\$ 132,303	\$ (101,607)	\$ 5,069,299	\$ 166,614	\$ 181,584	\$ 14,671,111

Page Left Intentionally Blank

VIRGINIA COMMONWEALTH UNIVERSITY

Richmond, Virginia

BOARD OF VISITORS

H. George White, Jr., Rector

Edward L. Flippen, Secretary

Yvonne E. R. Benner
William C. DeRusha
Timothy L. Gresham
Steven A. Markel
Angela Miles King
W. Baxter Perkinson, Jr.
Diane Linen Powell

Harold Y. Pyon
Robert E. Rigsby
Lindley T. Smith
Ted L. Smith
Clarence L. Townes, Jr.
Jay M. Weinberg
Percy Wootton

ADMINISTRATIVE OFFICERS

Eugene P. Trani, President

Dr. Roderick J. McDavis
Provost and Vice President for Academic Affairs

Paul W. Timmreck
Vice President for Administration

Hermes A. Kontos
Vice President for Health Sciences

Peter L. Wyeth
Vice President for Advancement

William L. Dewey
Vice President for Research and Graduate Studies

Donald C. J. Gehring
Vice President for External Relations