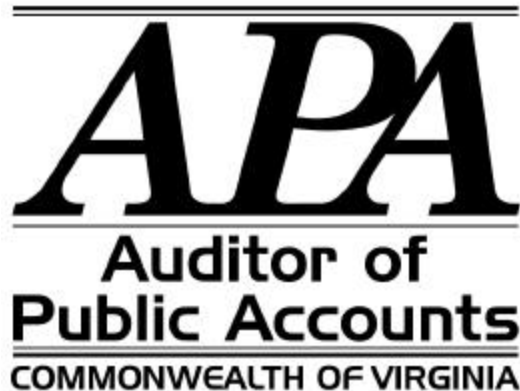


**VIRGINIA COMMONWEALTH UNIVERSITY
RICHMOND, VIRGINIA**

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



AUDIT SUMMARY

Our audit of Virginia Commonwealth University for the year ended June 30, 2000, 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;
- no instances of noncompliance that are required to be reported; and,
- the University has not taken adequate corrective action with respect to the previously reported finding entitled "Improve Fixed Asset Maintenance and Inventory Process." Adequate corrective action was taken with respect to audit findings reported in the prior year that are not repeated in this report.

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December 11, 2000

The Honorable James S. Gilmore, III
Governor of Virginia

The Honorable Vincent F. Callahan, Jr.
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, 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 Virginia Commonwealth University as of June 30, 2000, and the related statements of changes in fund balances and current funds revenues, expenditures, and other changes for the year then ended. The financial statements are the responsibility of Virginia Commonwealth University 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, 2000, and the changes in fund balances

and current funds revenues, expenditures, and other changes for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The 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, 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 Virginia Commonwealth 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 Virginia Commonwealth 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 Virginia Commonwealth University's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions 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.

Status of Prior Findings

The University has not taken adequate corrective action with respect to the previously reported finding “Improve Fixed Asset Maintenance and Inventory Process.” Accordingly, we included this finding in the section entitled “Internal Control Findings and Recommendations.” The University has taken adequate corrective action with respect to audit findings reported in the prior year that are not repeated in this report.

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.

EXIT CONFERENCE

We discussed this report with management at an exit conference held on January 10, 2001.

AUDITOR OF PUBLIC ACCOUNTS

PBB:aom
aom:131

INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

Terminate Inactive Employees From Payroll System

In our review of a list of employees with no pay activity for over 90 days from the Human Resource System, we noted 296 employees listed. Of those listed, 108 were in two departments and two had no activity since 1997. Although the Division of Human Resources maintains and distributes a list of employees with no recent payroll activity, the University does not have a written policy requiring the removal of inactive employees from the Human Resource System. These two departments had exceptions that allowed them to keep temporary employees on the system to meet staffing requirements; however, no one makes a determination on how long to allow the exception.

Inactive employees maintained on the active payroll system may result in improper payments. Further, failure to remove inactive employees from the system increases the risk of improper security access. The University should develop written policies and procedures that require specific actions for terminated and inactive employees. These policies should define how long an employee may remain in the active status without payroll activity, and define departmental responsibilities.

Improve Fixed Asset Management and Inventory Process

In August 1998, the University implemented a new fixed asset system and gave departments the responsibility for asset disposals, location changes, and the condition of items over \$5,000. During our review, we found two departments did not properly manage their fixed assets. One department has not conducted an inventory in over two years. Further, the departments could not locate 4 of 15 assets recorded in the system.

Financial Reporting has a formal training program on the fixed asset system, provides training to many departments, and conducts periodic audits to determine if departments are properly managing fixed assets. We recommend that Financial Reporting continue to provide training and conduct periodic audits, focusing on departments that have problems maintaining the information. For those departments having ongoing problems, management should consider implementing restrictions on these departments.

Enhance Information Security Program

The University should fill the currently vacant Information Security Officer (ISO) position and have this individual formally address the university's information resources security needs. Specific responsibilities should include:

- Perform or guide a formal, comprehensive risk assessment of network and departmental systems. The ISO should monitor and periodically update these risk assessments.
- Develop and manage a central repository to maintain critical and non-critical information system documents such as the University disaster recovery plan, system risk assessments, and University systems policies, standards and guidelines.

- Oversee the approval of policies to manage information flow from outside the University through the University's Internet firewall server to the administrative computer systems. The ISO should ensure that policy-making considers the evaluation of user authentication mechanisms and defines the access authorization process.

The ISO should report to a senior information technology officer and have the support and backing of University management. Additional responsibilities should include assistance with the development of University-wide information security policies and periodic assessments of departmental compliance with appropriate information security requirements.

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FINANCIAL STATEMENTS

VIRGINIA COMMONWEALTH UNIVERSITY
BALANCE SHEET
As of June 30, 2000
With Comparative Figures for June 30, 1999

ASSETS	Current Funds		Loan Funds
	Unrestricted	Restricted	
Cash (Note 2)	\$ 37,039,908	\$ 7,815,184	\$ 1,421,787
Investments (Note 2)	33,722,179	-	-
Receivables (Note 3)	13,324,461	12,404,225	22,141,283
Inventories	204,541	-	-
Prepaid expenses and other assets	2,078,104	3,674	-
Appropriations receivable	13,030,087	12,134	-
Due from other funds	1,642,400	5,554,325	299,803
Investment in plant (Note 3)	-	-	-
Deferred bond issue costs	-	-	-
Total assets	\$ 101,041,680	\$ 25,789,542	\$ 23,862,873
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued expenditures	\$ 29,362,653	\$ 6,090,578	\$ 5,955
Accrued compensated absences	21,582,827	-	-
Deferred compensation (Note 4)	1,226,548	-	-
Deposits and deferred revenue	6,618,377	-	-
Due to other funds	9,452,369	1,642,400	-
Notes payable	-	-	-
Long term debt (Note 5)	3,986,039	-	-
Deposits held in custody for others	-	-	-
Total liabilities	72,228,813	7,732,978	5,955
Fund balances:			
Unrestricted current funds	28,812,867	-	-
Restricted current funds	-	18,056,564	-
Loan funds, U.S. Government grants	-	-	19,715,709
Loan funds, University-restricted	-	-	4,141,209
Endowment funds	-	-	-
Quasi-endowment funds-unrestricted	-	-	-
Unexpended plant funds (Note 6)	-	-	-
Retirement of indebtedness	-	-	-
Net investment in plant	-	-	-
Total fund balances	28,812,867	18,056,564	23,856,918
Total liabilities and fund balances	\$ 101,041,680	\$ 25,789,542	\$ 23,862,873

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

Endowment and Similar Funds	Plant Funds	Agency Funds	Total 2000	Total 1999
\$ -	\$ 15,141,500	\$ -	\$ 61,418,379	\$ 57,311,558
29,010,980	3,003,164	-	65,736,323	81,764,672
-	-	37,171	47,907,140	45,355,124
-	-	-	204,541	283,583
-	-	-	2,081,778	1,957,396
-	2,999,809	-	16,042,030	14,399,199
-	2,462,589	1,135,652	11,094,769	12,547,998
-	592,757,372	-	592,757,372	551,144,888
-	932,947	-	932,947	1,021,748
<u>\$ 29,010,980</u>	<u>\$ 617,297,381</u>	<u>\$ 1,172,823</u>	<u>\$ 798,175,279</u>	<u>\$ 765,786,166</u>
\$ -	\$ 4,737,182	\$ 156,583	\$ 40,352,951	\$ 40,214,932
-	-	-	21,582,827	18,980,651
-	-	-	1,226,548	-
-	-	-	6,618,377	7,676,852
-	-	-	11,094,769	12,547,998
-	621,311	-	621,311	593,065
-	127,122,515	-	131,108,554	139,098,267
-	-	1,016,240	1,016,240	919,690
-	132,481,008	1,172,823	213,621,577	220,031,455
-	-	-	28,812,867	32,353,147
-	-	-	18,056,564	15,649,626
-	-	-	19,715,709	19,275,893
-	-	-	4,141,209	3,821,855
3,043,435	-	-	3,043,435	2,970,847
25,967,545	-	-	25,967,545	26,975,328
-	17,486,441	-	17,486,441	23,201,533
-	(598,279)	-	(598,279)	(785,599)
-	467,928,211	-	467,928,211	422,292,081
29,010,980	484,816,373	-	584,553,702	545,754,711
<u>\$ 29,010,980</u>	<u>\$ 617,297,381</u>	<u>\$ 1,172,823</u>	<u>\$ 798,175,279</u>	<u>\$ 765,786,166</u>

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2000

	Current Funds		Loan Funds	Endowment and Similar Funds
	Unrestricted	Restricted		
Revenues and other additions:				
Unrestricted current funds revenue	\$ 373,012,295	\$ -	\$ -	\$ -
State appropriations-restricted	-	10,446,724	-	-
Federal grants and contracts-restricted	-	169,654,076	261,250	-
State grants and contracts-restricted	-	10,957,393	-	-
Local grants and contracts-restricted	-	1,238,710	-	-
Private gifts, grants and contracts-restricted	-	20,365,237	-	61,149
Investment income-restricted	-	734,139	18,127	-
Interest on loans receivable	-	-	500,381	-
Retirement of indebtedness	-	-	-	-
Expended for plant facilities (including \$17,620,463 charged to current funds)	-	-	-	-
Other	-	6,481,873	99,416	510,339
Total revenues and other additions	373,012,295	219,878,152	879,174	571,488
Expenditures and other deductions:				
Educational and general expenditures	290,866,213	200,640,970	-	-
Auxiliary enterprise expenditures	38,427,793	-	-	-
Hospitals expenditures	39,068,543	-	-	-
Indirect costs recovered	-	15,704,678	-	-
Loan cancellations and write-offs	-	-	62,234	-
Administrative and collection costs	-	-	4,001	-
Expended for plant facilities (including \$3,353,301 not capitalized)	-	-	-	-
Retirement of indebtedness	-	-	-	-
Interest on indebtedness	-	-	-	-
Disposal of plant facilities	-	-	-	-
Other uses	-	-	113,735	-
Total expenditures and other deductions	368,362,549	216,345,648	179,970	-
Transfers among funds - additions (deductions):				
Mandatory:				
Debt service	(10,311,249)	-	-	-
Federal student financial aid	(303,402)	243,436	59,966	-
Nonmandatory	2,424,625	(1,369,002)	-	(1,506,683)
Total transfers among funds	(8,190,026)	(1,125,566)	59,966	(1,506,683)
Net increase/(decrease) for the year	(3,540,280)	2,406,938	759,170	(935,195)
Fund balances at beginning of year	32,353,147	15,649,626	23,097,748	29,946,175
Fund balances at end of year	\$ 28,812,867	\$ 18,056,564	\$ 23,856,918	\$ 29,010,980

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

Unexpended	Plant Funds Retirement of Indebtedness	Investment in Plant
\$ -	\$ -	\$ -
12,521,124	3,061,208	-
-	-	-
-	-	-
2,966,440	2,155,475	-
117,085	323,976	-
-	-	-
-	-	8,837,880
-	-	38,448,899
2,649,921	-	-
18,254,570	5,540,659	47,286,779
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
24,181,737	-	-
-	8,837,880	-
-	7,065,693	-
-	-	1,650,649
-	-	-
24,181,737	15,903,573	1,650,649
(66,232)	10,377,481	-
-	-	-
278,307	172,753	-
212,075	10,550,234	-
(5,715,092)	187,320	45,636,130
23,201,533	(785,599)	422,292,081
\$ 17,486,441	\$ (598,279)	\$ 467,928,211

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES
For the Fiscal Year Ended June 30, 2000
With Comparative Figures for June 30, 1999

	2000			1999
	Unrestricted	Restricted	Total	Total
Revenues:				
Educational and general:				
Student tuition and fees	\$ 87,693,307	\$ -	\$ 87,693,307	\$ 91,810,307
State appropriations	163,806,828	10,687,469	174,494,297	156,299,295
Federal grants and contracts	13,665,657	155,032,912	168,698,569	166,593,488
State grants and contracts	210,075	11,279,840	11,489,915	11,854,510
Local grants and contracts	59,023	1,246,910	1,305,933	856,556
Private gifts, grants, and contracts	1,769,935	20,160,335	21,930,270	19,290,032
Income from trusts	533,590	576,775	1,110,365	943,250
Sales and services of educational departments	6,042,870	-	6,042,870	6,722,401
Other sources	14,687,744	1,413,293	16,101,037	27,533,643
Total educational and general	288,469,029	200,397,534	488,866,563	481,903,482
Auxiliary enterprises:	44,436,698	-	44,436,698	38,908,397
Hospital services	40,106,568	-	40,106,568	46,642,746
Total revenues	373,012,295	200,397,534	573,409,829	567,454,625
Expenditures and mandatory transfers:				
Educational and general:				
Instruction	162,101,641	22,722,066	184,823,707	175,579,181
Research	11,736,648	64,021,247	75,757,895	69,859,433
Public service	2,999,252	1,157,158	4,156,410	4,553,018
Academic support	43,467,002	1,100,341	44,567,343	43,297,157
Student services	7,825,064	322,185	8,147,249	7,581,178
Institutional support	28,642,474	871,467	29,513,941	28,398,807
Operation and maintenance of plant	27,891,260	107,432	27,998,692	27,322,640
Scholarships and fellowships	6,202,872	110,339,074	116,541,946	117,544,120
Educational and general expenditures	290,866,213	200,640,970	491,507,183	474,135,534
Mandatory transfers for:				
Debt service	2,391,707	-	2,391,707	3,804,149
Federal student financial aid	303,402	(243,436)	59,966	98,616
Total educational and general	293,561,322	200,397,534	493,958,856	478,038,299
Auxiliary enterprises:				
Operating expenditures	38,427,793	-	38,427,793	34,566,402
Mandatory transfers for debt service	7,330,663	-	7,330,663	6,667,356
Total auxiliary enterprises	45,758,456	-	45,758,456	41,233,758
Hospitals services:				
Operating expenditures	39,068,543	-	39,068,543	45,373,816
Mandatory transfers for debt service	588,879	-	588,879	-
Total hospitals services	39,657,422	-	39,657,422	45,373,816
Total expenditures and mandatory transfers	378,977,200	200,397,534	579,374,734	564,645,873
Other transfers and additions/(deductions):				
Excess/(deficiency) of restricted receipts over transfers to revenues	-	3,775,940	3,775,940	3,317,202
Nonmandatory transfers from (to)	2,424,625	(1,369,002)	1,055,623	330,845
Net increase/(decrease) in fund balances	\$ (3,540,280)	\$ 2,406,938	\$ (1,133,342)	\$ 6,456,799

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, 2000

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 23,400 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 the 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 supports the MCV Hospitals, one of the most comprehensive academic health centers 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 affiliated organizations are listed below and are described in Notes 8 and 12:

Medical College of Virginia Hospitals Authority	Medical College of Virginia Alumni Association of VCU
Medical College of Virginia Foundation	Virginia Commonwealth University Alumni Association
VCU Foundation	MCV Physicians
VCU Real Estate Foundation	M.C.V./V.C.U. Dental Faculty Practice Association
Virginia Commonwealth University School of Engineering Foundation	Virginia Biotechnology Research Park Authority

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 fair value (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 carryover 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 and 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. Net 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 its Finance, Investment and Property Committee. 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, 2000, is 22 percent high-quality cash equivalents with maturities of less than one year and 78 percent high quality fixed income securities.

The University's investments at June 30, 2000 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.

Investments are reported at fair value (market). Categorization of investments at June 30, 2000 is as follows:

	Category		Fair Value	Cost
	1	3		
Investments:				
U.S. Government and U.S. Government				
Agency Securities	\$ 13,100,369	\$ -	\$ 13,100,369	\$ 13,237,669
Corporate notes	10,388,840	-	10,388,840	10,583,092
Commercial paper	1,174,633	-	1,174,633	1,168,627
Municipal bonds	514,308	-	514,308	518,856
Repurchase agreements	-	5,561,000	5,561,000	5,561,000
Subtotal	<u>\$ 25,178,150</u>	<u>\$ 5,561,000</u>	30,739,150	31,069,244
Mutual and Money Market Funds			4,013,831	4,013,831
Investments held by the Treasurer of Virginia:				
Securities Loans			409,657	409,657
Investments held by the VCU Intellectual Property				
Foundation			1,562,703	290,673
Investment Pools:				
Investments held by the VCU Foundation			22,752,778	18,752,874
Investments held by the VCU Real Estate Foundation			1,000,000	1,000,000
Investments held by the MCV Foundation			5,258,204	2,837,316
Total Investments			<u>\$ 65,736,323</u>	<u>\$ 58,373,595</u>

Investments are reported at fair value. Categorization of investments at June 30, 1999 is as follows:

	Category		Fair Value	Cost
	1	3		
Investments:				
U.S. Government and U.S. Government				
Agency Securities	\$ 22,566,057	\$ -	\$ 22,566,057	\$ 22,987,589
Corporate notes	10,302,951	-	10,302,951	10,498,781
Commercial paper	1,773,612	-	1,773,612	1,769,097
Foreign bonds	200,307	-	200,307	202,068
Repurchase agreements	-	7,137,000	7,137,000	7,137,000
Subtotal	<u>\$ 34,842,927</u>	<u>\$ 7,137,000</u>	41,979,927	42,594,535
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			1,120,030	581,624

Investment Pools:

Investments held by the VCU Foundation	23,775,476	17,893,926
Investments held by the VCU Real Estate Foundation	1,000,000	1,000,000
Investments held by the MCV Foundation	5,170,699	2,837,316
	<hr/>	<hr/>
Total Investments	\$ 81,764,672	\$73,625,941
	<hr/>	<hr/>

3. BALANCE SHEET DETAIL

Accounts Receivable	2000	1999
Unrestricted current funds:		
Student and other receivables, less allowance of \$1,801,008 in 2000 and \$2,390,074 in 1999	\$ 4,025,727	\$ 6,556,784
Commonwealth of Virginia	5,312,695	3,377,551
Medical College of Virginia Hospitals Authority	3,986,039	4,275,780
	<hr/>	<hr/>
Total unrestricted current funds	13,324,461	14,210,115
Restricted current funds:		
Grants and contracts, less allowance of \$200,000 in 2000 and \$200,000 in 1999	12,404,225	8,837,004
Loan funds:		
Student notes receivables, less allowance of \$3,312,097 in 2000 and \$3,348,316 in 1999	22,141,283	22,263,998
Agency funds	37,171	44,007
	<hr/>	<hr/>
Total receivables	\$ 47,907,140	\$ 45,355,124
	<hr/>	<hr/>
Investment in Plant		
Land	\$ 19,223,048	\$ 18,529,048
Land improvements	9,479,613	9,463,606
Buildings	265,200,004	247,702,711
Equipment	118,267,906	108,779,641
Library books	65,684,330	61,521,015
Construction in progress	52,174,676	41,664,409
Leasehold interests:		
Steam Plant	18,566,310	18,451,735
School of Engineering Building	38,484,655	38,484,655
Biotechnology Research Park	5,676,830	6,548,068
	<hr/>	<hr/>
Total investment in plant	\$ 592,757,372	\$ 551,144,888
	<hr/>	<hr/>

4. VIRGINIA COMMONWEALTH UNIVERSITY EARLY RETIREMENT PLAN FOR FACULTY

During the current year, the University established the Virginia Commonwealth University Early Retirement Plan for Faculty (Plan). The purpose of the Plan is to provide a financial early retirement incentive for certain tenured faculty that will facilitate the release of tenured faculty resources for budget reallocation or reduction in accordance with the University Strategic Plan goals, changes in enrollment, and other University needs. Tenure is a permanent appointment granted to associate professors and professors, which continues until the faculty member leaves the University, is dismissed for cause, or is terminated due to a financial crisis.

The Plan provides an annuity for five years from the date of his or her retirement equal to 20 percent of the average University salary of faculty members eligible to participate in the Plan, not to exceed 30 percent of the participant's base annual salary from University resources at the time the agreement was signed. In addition, the University provides a health care benefit supplement until the participant becomes Medicare eligible (currently age 65), if the participant retires, or up to 18 months of COBRA benefits, if the participant does not retire.

As of June 30, 2000, 13 faculty members elected to enroll in the Plan. During fiscal year 2000, total payments under this plan were \$11,032. The future Plan payment schedule follows:

Fiscal Year	Plan Obligations
2001	\$ 239,528
2002	253,426
2003	244,520
2004	236,018
2005	224,449
Later Years	<u>28,607</u>
Total	<u>\$ 1,226,548</u>

5. LONG TERM DEBT

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

	2000	1999
Bonds Payable:		
4.25% to 5.75% General Revenue Pledge Bonds, Series 1995, 1996 and 1998 payable through 2021	\$ 53,095,000	\$ 54,870,000
3% to 8% Commonwealth of Virginia Revenue Bonds payable through 2017	<u>35,066,915</u>	<u>38,331,733</u>
Total bonds payable	<u>88,161,915</u>	<u>93,201,733</u>
Notes Payable:		
Virginia College Building Authority with interest rates of 3.15% to 6%	<u>13,640,000</u>	<u>12,900,000</u>

Capital Leases:

Virginia College Building Authority with imputed interest rates of 7.26% to 8.39%	5,748,022	8,063,541
Virginia Public Building Authority with imputed interest rates of 2.25% to 5.85%	15,021,078	15,707,860
Biotechnology Research Park with imputed interest financing of 9.5%	<u>5,242,073</u>	<u>6,207,610</u>
Total capital leases	<u>26,011,173</u>	<u>29,979,011</u>

Installment Purchases:

Obligations under installment purchase contracts with interest rates from 4.43% to 6.88%	<u>3,295,466</u>	<u>3,017,523</u>
Total long-term debt	<u>\$131,108,554</u>	<u>\$139,098,267</u>

Long-term debt matures as follows:

Fiscal Year	Revenue Bonds	Notes Payable	Capital Leases	Installment Purchases	Total
2001	\$ 5,283,960	\$ 480,000	\$ 3,445,286	\$ 489,280	\$ 9,698,526
2002	5,020,253	500,000	3,146,378	459,138	9,125,769
2003	4,752,675	520,000	1,951,166	521,712	7,745,553
2004	5,054,389	535,000	1,047,662	547,919	7,184,970
2005	4,254,832	560,000	1,113,090	565,554	6,493,476
Later Years	<u>63,795,806</u>	<u>11,045,000</u>	<u>15,307,591</u>	<u>711,863</u>	<u>90,860,260</u>
Total	<u>\$ 88,161,915</u>	<u>\$13,640,000</u>	<u>\$ 26,011,173</u>	<u>\$ 3,295,466</u>	<u>\$131,108,554</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 \$3,986,039, which will be repaid by the Authority as described in Note 8, 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). 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.

6. RESTATEMENT OF PLANT FUND BALANCES

The beginning fund balances for Unexpended Plant Funds has been restated to reflect an adjustment for the amount reported from 21st Century bond proceeds for the construction of the Fine Arts building. The effects of the restatement are as follows:

Originally Reported - June 30, 1999	\$25,239,996
Adjustment	<u>(2,038,463)</u>
Restated – June 30, 1999	<u>\$23,201,533</u>

7. 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.

The University's payroll costs, excluding accrued payroll, for employees covered by the VRS for the years ended June 30, 2000 and 1999, respectively, were \$121,252,257 and \$118,440,954. The University's total payroll costs for the years then ended were \$251,064,789 and \$240,166,384.

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 total VRS contributions were \$13,374,124 and \$12,499,399 for the years ended June 30, 2000, and 1999, respectively, which included the 5 percent employee contribution assumed by the employer. These contributions represent 11.3 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, 2000. 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 \$8,875,535 and \$8,536,837 in fiscal years 2000 and 1999, respectively. Contributions to other retirement plans were calculated using the base salary \$85,341,712 in fiscal year 2000, and \$82,084,971 in fiscal year 1999.

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.

During fiscal year 2000, the University implemented the Deferred Compensation Program (DCP) employer Cash Match Plan. The Cash Match Plan gives eligible DCP participants, employees with at 12 consecutive months of salaried state service and who are making continuous deferrals of at least \$10 per pay period to a 403(b) retirement plan, a maximum of \$10 per pay period in matching Deferred Compensation savings. Legislation enacted in fiscal year 2001 increases the cash match to a \$20 maximum effective July 1, 2000.

8. RELATED PARTIES

The financial statements do not include the assets, liabilities, or fund balances of affiliated organizations, whose financial statements are separately audited. All of these organizations are separately incorporated entities managed by their own Boards. 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. The Foundation transferred to the University \$7,717,424 in 2000 and \$6,349,716 in fiscal year 1999.

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 \$3,924,865 in 2000 and \$3,658,200 (including \$1,516,385 for capital projects) in 1999 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 \$675,295 in 2000 and \$92,513 in 1999 from the foundation and has an operating lease liability of \$2,016,386.

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 \$636,865 in 2000 (including \$442,706 for capital projects) and \$198,058 in 1999.

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, 2000 and 1999.

Assets:	2000	1999
Cash and investments	\$ 236,658,630	\$ 222,693,758
Other assets	30,868,596	32,142,693
Total assets	<u>\$ 267,527,226</u>	<u>\$ 254,836,451</u>

Liabilities and fund balances:		
Accounts and loans payable	\$ 10,760,435	\$ 10,932,541
Net assets	256,766,791	243,903,910
	<hr/>	
Total liabilities and fund balances	\$ 267,527,226	\$ 254,836,451
	<hr/> <hr/>	
Revenues and other fund additions	\$ 38,737,541	\$ 51,453,947
	<hr/> <hr/>	
Expenditures and other fund deductions	\$ 25,874,660	\$ 20,847,324
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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 \$1,309,419 and \$8,357,983 in 2000 and \$2,731,977 and \$16,519,096 in 1999.

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 \$200,839 in 2000 and \$191,387 in 1999, 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 \$115,882 in 2000 and \$110,868 in 1999, 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 5. In addition, the University is committed to a 20 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. The University has an operating lease liability of \$27,099.

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 \$40,923,189 from the Authority including \$2,808,597 for facility rental. The University refunded \$2,900,000 to the Authority, which represents an overpayment of indigent care received from MCV Physicians. The University paid the Authority \$3,318,336 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 \$3,986,039 at June 30, 2000.

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.

9. 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 \$22,024,482 and \$21,065,490 at June 30, 2000, and 1999, respectively, was held in trust by others. These assets are not included in the University's balance sheet.

10. COMMITMENTS

The University is party to various construction commitments. At June 30, 2000, and 1999, the remaining commitments total \$34,155,661 and \$26,059,441, 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, 2000, and 1999, was \$1,927,688 and \$2,093,865, 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, 2000, the following total future minimum rental payments due under the above leases.

<u>Fiscal Year</u>	<u>Operating Lease Agreements</u>
2001	\$ 1,674,982
2002	853,787
2003	851,287
2004	430,990
2005	240,626
Later Years	<u>721,878</u>
Total future minimum rental payments	<u>\$ 4,773,550</u>

11. 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.

12. SUBSEQUENT EVENT

Effective July 1, 2000, in conjunction with legislation enacted by the Commonwealth of Virginia, the Medical College of Virginia Hospitals Authority's name was changed to the Virginia Commonwealth University Health System Authority. Concurrent with the legislation, MCV Physicians and the Virginia Commonwealth University Health System Authority will be component units of the University effective July 1, 2000. Financial statements issued subsequent to June 30, 2000 will include the assets, liabilities and net assets of the Authority and MCV Physicians. Listed below is the pertinent financial data for these entities at June 30, 2000.

	Medical College Of Virginia Hospitals Authority	MCV Physicians
Assets:		
Cash and investments	\$ 27,479,502	\$ 23,008,607
Other assets	<u>466,991,002</u>	<u>36,531,443</u>
Total assets	<u>\$ 494,470,504</u>	<u>\$ 59,540,050</u>

Liabilities and fund balances:		
Liabilities	\$ 139,989,793	\$ 21,116,589
Fund balances/Net Assets	354,480,711	38,423,461
	<hr/>	
Total liabilities and fund balances	\$ 494,470,504	\$ 59,540,050
	<hr/>	
Revenues and other fund additions	\$ 500,213,405	\$ 132,742,062
	<hr/>	
Expenditures and other fund deductions	\$ 498,267,020	\$ 132,486,706
	<hr/>	

13. 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 at the end of the biennium, as specifically provided by the General Assembly, unless the University meets management standards.

The following is a summary of state appropriations received by the University for the year ended June 30, 2000.

Academic Division:		
Original legislative appropriation (Chapter 935)		\$ 160,340,805
HEETF Transfer In		<u>3,470,987</u>
Total adjusted Academic Division		<u>\$ 163,806,828</u>

14. 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.

SUPPLEMENTARY INFORMATION

VIRGINIA COMMONWEALTH UNIVERSITY
Schedule of Auxiliary Enterprises -Revenue,
Expenditures, and Changes in Fund Balances
For The Year Ended June 30, 2000

	Athletics	Food Services	Gyms	Larrick Student Center	Parking and Transportation	Residence Halls
Revenue:						
Student fees	\$ 6,840,776	\$ 3,962,682	\$ 2,056,500	\$ 190,669	\$ 1,865,718	\$ 6,921,499
Sales and services	1,939,885	1,231,913	238,154	-	5,532,062	298,558
Auxiliary interest earnings	-	81,215	-	-	-	9,268
Total revenue	8,780,661	5,275,810	2,294,654	190,669	7,397,780	7,229,325
Cost of sales						
	-	-	-	-	-	-
Net revenue	8,780,661	5,275,810	2,294,654	190,669	7,397,780	7,229,325
Expenditures:						
Personal services	2,343,368	128,280	977,541	115,222	1,153,769	2,335,977
Employee benefits	450,480	36,870	139,549	30,734	274,639	540,892
Contractual services	1,524,705	3,014,982	175,492	18,944	1,788,583	1,460,873
Supplies and materials	(47,304)	9,336	202,663	(1,358)	62,238	434,824
Equipment	114,863	177,331	69,087	2,958	57,756	473,140
Current charges and obligations	2,898,251	213,213	253,450	58,749	2,835,193	1,942,511
Miscellaneous	319,232	37,419	138,416	5,789	179,279	122,743
Operating expenses	7,603,595	3,617,431	1,956,198	231,038	6,351,457	7,310,960
Interdepartmental recoveries and charges	(80,981)	(75,000)	(720)	-	(163,927)	(12,501)
Net operating expenses	7,522,614	3,542,431	1,955,478	231,038	6,187,530	7,298,459
Excess (deficiency) of revenues over (under) operating expenses before transfers	1,258,047	1,733,379	339,176	(40,369)	1,210,250	(69,134)
Transfers:						
Mandatory	2,162,572	5,304	-	-	2,498,282	1,435,630
Nonmandatory	(1,728,516)	699,086	-	-	(668,968)	(198,881)
Net increase (decrease) for the year	823,991	1,028,989	339,176	(40,369)	(619,064)	(1,305,883)
Beginning fund balance	(604,521)	804,868	2,081,594	134,503	4,277,809	1,333,019
Ending fund balance	\$ 219,470	\$ 1,833,857	\$ 2,453,169	\$ 94,134	\$ 3,658,745	\$ 27,136

Stores and Shops	Student Commons	Student Health	Business Services Administration	Development Programs	Unassigned	Dental Instrument Management Programs	Steam Plant	Total
\$ -	\$ 2,085,277	\$ 2,289,537	\$ -	\$ 130,417	\$ 1,009,829	\$ -	\$ -	\$27,352,904
2,755,299	85,760	394,417	23,216	-	1,937,900	813,395	1,742,752	\$16,993,311
-	-	-	-	-	-	-	-	90,483
2,755,299	2,171,037	2,683,954	23,216	130,417	2,947,729	813,395	1,742,752	44,436,698
1,701,786	-	-	-	-	-	-	-	1,701,786
1,053,513	2,171,037	2,683,954	23,216	130,417	2,947,729	813,395	1,742,752	42,734,912
181,004	857,875	1,403,845	162,532	68,772	3,089	102,232	347,334	10,180,840
36,305	166,849	308,440	61,116	1,135	232	15,984	80,934	2,144,159
149,562	201,640	245,411	9,432	15,016	2,986,696	72,777	598,707	12,262,820
(97,368)	67,890	234,956	28,925	12,152	(70,488)	83,377	251,466	1,171,309
(592)	64,573	126,645	19,548	16,734	46,325	443,733	-	1,612,101
99,048	351,849	26,633	24,662	11,466	386,424	(5,099)	701,568	9,797,918
13,746	47,813	80,385	(706)	7,231	24,410	54,005	19	1,029,781
381,705	1,758,489	2,426,315	305,509	132,506	3,376,688	767,009	1,980,028	38,198,928
-	(99,563)	(11,125)	(332,115)	(59,280)	(637,709)	-	-	(1,472,921)
381,705	1,658,926	2,415,190	(26,606)	73,226	2,738,979	767,009	1,980,028	36,726,007
671,808	512,111	268,764	49,822	57,191	208,750	46,386	(237,276)	6,008,905
-	675,650	(446)	-	-	553,672	-	-	7,330,663
78,086	(204,977)	158,017	-	(6,826)	1,918,128	138,740	-	183,889
593,722	41,438	111,193	49,822	64,017	(2,263,049)	(92,354)	(237,276)	(1,505,647)
912,158	291,219	(7,352)	131,914	(101,607)	5,069,309	166,613	181,585	14,671,111
\$ 1,505,880	\$ 332,657	\$ 103,841	\$ 181,736	\$ (37,590)	\$ 2,806,260	\$ 74,259	\$ (55,691)	\$ 13,197,863

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Virginia Commonwealth University

Richmond, Virginia

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