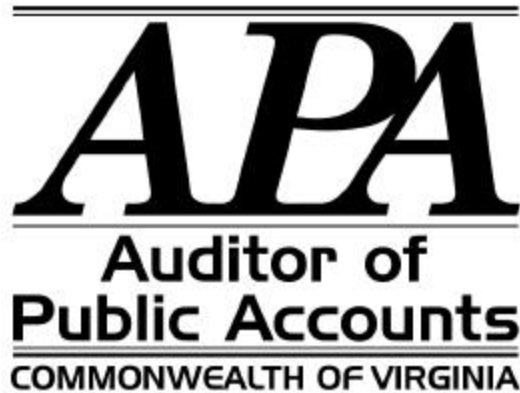


**OLD DOMINION UNIVERSITY
NORFOLK, VIRGINIA**

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



AUDIT SUMMARY

Our audit of Old Dominion University for the year ended June 30, 2000, found:

- the accompanying financial statements present fairly, in all material respects, the University's financial position 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;
- internal control matters that we consider to be reportable conditions; however, we do not consider any of them to be material weaknesses; and
- no instances of noncompliance with applicable laws and regulations that are required to be reported.

We recommend that the University should:

- evaluate staffing levels in the Office of Finance and ensure that all staff receive proper training;
- improve controls over terminated employees; and
- enforce time and effort reporting procedures.

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UNIVERSITY OFFICIALS

May 1, 2001

The Honorable James S. Gilmore, III
Governor of Virginia

The Honorable Vincent F. Callahan, Jr.
Chairman, Joint Legislative Audit
and Review Commission

The Board of Visitors
Old Dominion University

We have audited the accounts and records of **Old Dominion University** as of and for the year ended June 30, 2000, and submit herewith our complete reports on financial statements and on compliance and internal control over financial reporting.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the balance sheet of Old Dominion 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. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on the 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 Old Dominion 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 performed for the purpose of forming an opinion on the financial statements of Old Dominion University taken as a whole. The accompanying "Schedule of Auxiliary Enterprises Revenues and Expenditures" is presented for the purpose of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, such information is fairly presented in all material respects, in relation to the financial statements taken as a whole.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements of Old Dominion 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 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 are described in the section titled "Internal Control and Compliance 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 are material weaknesses.

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 June 15, 2001.

AUDITOR OF PUBLIC ACCOUNTS

GML:kva

kva: 60

INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS

Evaluate Staffing Levels and Cross-Training

An important responsibility of University management includes providing accurate and timely financial information to Board members, legislators, and others for decision-making purposes. Prior to audit adjustments, the University's financial statements for the fiscal year ended June 30, 2000, did not accurately reflect its financial position and operations. We identified ten material audit adjustments, ranging from \$150,000 to \$9.3 million, necessary to correct the University's annual financial statements. We believe the loss of key personnel within the Office of Finance contributed to these misstatements in the financial statements.

The University's Office of Finance experienced turnover in key positions related to financial reporting, including the Vice President of Finance and Administration, the University Controller, and a financial reporting manager. Several other positions within the office also remain vacant. The University relies on a small number of personnel with less experience to perform critical reporting functions.

Implementation of the new accounting and financial reporting model effective for fiscal year 2002 will require major changes in the University's method of financial reporting. Compliance with these standards will require extensive knowledge of University operations and familiarity with the new standards' reporting requirements.

The University needs to evaluate the risk to operations with the Office of Finance's current staffing levels. The loss of any remaining employees within this office could severely disrupt the ability to produce accurate and timely financial reports. Management should review and document the duties and responsibilities of individuals involved with the reporting process. Employees must receive proper training and cross training, particularly with the new financial reporting model effective next year. The Board of Visitors and management cannot properly assess the needs of the institution without accurate and timely financial information.

Improve Controls over Terminated Employees

University departments are not following established procedures for removing terminated employees from the payroll. Procedures require individual departments to submit employee termination information to the Human Resources Department. Human Resources notifies the Payroll Department with a "Banner Change Form" to begin the termination process. Five of the 17 terminated employees tested did not have a letter of resignation or other documentation from departments indicating separation from the University. Four employees did not have a Banner Change Form for Payroll to begin the termination process.

University reconciliation and audit procedures identified three employees inappropriately receiving paychecks up to six months subsequent to their termination date. The following of established procedures would have prevented these overpayments from occurring. The University has not recovered \$6,640 of these overpayments.

University departments must submit required documents notifying Human Resources of employee terminations. Human Resources must then notify Payroll with a Banner Change Form for immediate processing of employee terminations. Compliance with established termination procedures will prevent improper payments to individuals no longer employed by the University. These procedures will also minimize

the risk of improper access to systems, records, and assets by providing proper support for changes made to employees' status. The University should also recover the overpayments currently outstanding.

Improve Time and Effort Reporting

The University did not complete time and effort reports for employees funded by federal grants. Federal OMB Circular A-21, "Cost Principles for Educational Institutions," requires the completion of time and effort reports for all employees rendering services under federal grants.

The University should enforce time and effort reporting procedures with respect to personal service costs as required by federal regulations. Failure to provide proper time and effort reports can result in questioned grant costs and loss of federal funds. Subsequent to our audit, the University has obtained the required time and effort reports from employees paid with federal funds during the audit period.

OLD DOMINION UNIVERSITY
BALANCE SHEET
As of June 30, 2000

	Current Funds		Loan Funds	Endowment and Similar Funds
	Unrestricted	Restricted		
Assets				
Cash (Note 4)	\$ 21,331,494	\$ 2,620,097	\$ 468,147	\$ -
Investments with the Treasurer of Virginia (Note 4)	1,718,192	-	-	-
Appropriations available	-	-	-	-
Investments (Note 4)	5,833,559	1,270,535	606,259	12,346,667
Accounts receivable (Note 5)	8,381,472	960,619	145,801	-
Notes receivable (Note 5)	-	-	3,543,104	-
Inventories	550,270	-	-	-
Due from other funds	210,979	-	-	-
Prepaid expenses	295,110	936	-	-
Land	-	-	-	-
Buildings	-	-	-	-
Improvements	-	-	-	-
Equipment	-	-	-	-
Library books	-	-	-	-
Construction in progress	-	-	-	-
Equity in Equipment Trust Fund	2,783,998	-	-	-
Total assets	\$ 41,105,074	\$ 4,852,187	\$ 4,763,311	\$ 12,346,667
Liabilities and Fund balances				
Cash Overdraft (Note 9)	-	-	-	963
Accounts payable and accrued liabilities	8,957,593	215,360	343	-
Obligations under Securities Lending Program	1,718,192	-	-	-
Accrued leave	4,734,341	91,342	-	-
Deferred revenue	6,095,877	-	-	-
Retainage payable (Note 10)	-	-	-	-
Bonds payable (Note 6)	-	-	-	-
Leases payable (Note 6)	-	-	-	-
Due to other funds	-	369,909	597	-
Deposits pending distribution	181,622	-	-	-
Funds held in custody for others	-	-	-	-
Fund balances:				
Unrestricted current funds	19,417,449	-	-	-
Restricted current funds	-	4,175,576	-	-
Loan funds, U.S. Government grants	-	-	3,872,947	-
Loan funds, University - Restricted	-	-	889,424	-
Endowment - Restricted	-	-	-	7,507,737
Quasi-endowment - Restricted	-	-	-	4,306,707
Quasi-endowment - Unrestricted	-	-	-	531,260
Unexpended plant funds	-	-	-	-
Renewals and replacements	-	-	-	-
Net investment in plant	-	-	-	-
Total liabilities and fund balances	\$ 41,105,074	\$ 4,852,187	\$ 4,763,311	\$ 12,346,667

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

Plant Funds						
Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant	Agency Funds	Total (Memorandum Only)	
\$ -	\$ 1,248,200	\$ -	\$ -	\$ 104,803	\$ 25,772,741	
3,588,952	-	-	-	-	5,307,144	
11,179,448	-	-	-	-	11,179,448	
144,080	937,899	-	-	135,722	21,274,721	
-	-	-	-	2,993	9,490,885	
-	-	-	-	-	3,543,104	
-	-	-	-	-	550,270	
870	-	160,553	-	-	372,402	
-	-	-	-	-	296,046	
-	-	-	16,923,021	-	16,923,021	
-	-	-	144,642,522	-	144,642,522	
-	-	-	7,860,426	-	7,860,426	
-	-	-	42,738,217	-	42,738,217	
-	-	-	31,035,425	-	31,035,425	
-	-	-	64,578,980	-	64,578,980	
-	-	-	-	-	2,783,998	
\$ 14,913,350	\$ 2,186,099	\$ 160,553	\$ 307,778,591	\$ 243,518	\$ 388,349,350	

283,815	-	-	-	-	\$ 284,778	
615,857	-	160,553	-	726	9,950,432	
-	-	-	-	-	1,718,192	
-	-	-	-	-	4,825,683	
-	-	-	-	-	6,095,877	
85,672	-	-	-	-	85,672	
1,087,126	-	-	40,086,358	-	41,173,484	
-	-	-	3,768,866	-	3,768,866	
-	-	-	-	1,896	372,402	
-	-	-	-	-	181,622	
-	-	-	-	240,896	240,896	
-	-	-	-	-	19,417,449	
-	-	-	-	-	4,175,576	
-	-	-	-	-	3,872,947	
-	-	-	-	-	889,424	
-	-	-	-	-	7,507,737	
-	-	-	-	-	4,306,707	
-	-	-	-	-	531,260	
12,840,880	-	-	-	-	12,840,880	
-	2,186,099	-	-	-	2,186,099	
-	-	-	263,923,367	-	263,923,367	
\$ 14,913,350	\$ 2,186,099	\$ 160,553	\$ 307,778,591	\$ 243,518	\$ 388,349,350	

OLD DOMINION UNIVERSITY
STATEMENT OF CHANGES IN FUND BALANCES
For the Year Ended June 30, 2000

	Current Funds		Loan	Endowment and
	Unrestricted	Restricted	Funds	Similar Funds
Revenues and other additions:				
Unrestricted current funds revenues	\$ 169,382,944	\$ -	\$ -	\$ -
State appropriations	-	7,174,488	-	-
Federal grants and contracts	-	53,429,836	74,517	-
State grants and contracts	-	585,490	-	-
Private gifts, grants, and contracts	-	6,824,517	-	2,189
Investment income	-	532,714	120,973	-
Interest on loans receivable	-	-	102,857	-
Expended for plant facilities (Including \$7,031,252 charged to current funds)	-	-	-	-
Retirement of indebtedness	-	-	-	-
Other sources	-	1,518,747	74,414	-
Total revenues and other additions	169,382,944	70,065,792	372,761	2,189
Expenditures and other deductions:				
Educational and general expenditures	141,046,965	68,949,136	-	-
Auxiliary enterprises expenditures	19,477,627	1,629,321	-	-
Indirect cost recovered	-	43,484	-	-
Loan cancellations, assignments, and write-offs	-	-	23,290	-
Expended for plant facilities (Including \$2,119,041 not capitalized)	-	-	-	-
Retirement of indebtedness	-	-	-	-
Interest on indebtedness	-	-	-	-
Disposal of plant assets	-	-	-	-
Reversion to the General Fund of the Commonwealth	-	-	-	-
Refunded to grantors	-	-	349,095	-
Unrealized loss on investments	-	-	-	94,549
Total expenditures and other deductions	160,524,592	70,621,941	372,385	94,549
Transfers among funds - additions/(deductions):				
Mandatory:				
Debt service	(5,342,028)	-	-	-
Allocation of work study	(106,334)	106,334	-	-
Nonmandatory - (to)/from other funds	(13,413,683)	2,280,369	(120,973)	(489,650)
Total transfers among funds	(18,862,045)	2,386,703	(120,973)	(489,650)
Net increase (decrease) for the year	(10,003,693)	1,830,554	(120,597)	(582,010)
Fund balances at beginning of year as restated (Note 3)	29,421,142	2,345,022	4,882,968	12,927,714
Fund balances at end of year	\$ 19,417,449	\$ 4,175,576	\$ 4,762,371	\$ 12,345,704

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

Plant Funds			
Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant
\$ -	\$ -	\$ -	\$ -
11,463,366	-	1,576,467	-
-	-	-	-
-	-	-	-
200,000	-	-	-
260,286	42,586	-	-
-	-	-	-
-	-	-	18,037,307
-	-	-	4,734,881
94,711	-	16,337	-
12,018,363	42,586	1,592,804	22,772,188
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
13,123,197	1,899	-	-
-	-	4,734,881	-
-	-	2,183,614	-
-	-	-	94,459
46,814	-	-	-
2,428	-	-	-
-	-	-	-
13,172,439	1,899	6,918,495	94,459
-	-	5,342,028	-
-	-	-	-
11,559,124	201,150	(16,337)	-
11,559,124	201,150	5,325,691	-
10,405,048	241,837	-	22,677,729
2,435,832	1,944,262	-	241,245,638
\$ 12,840,880	\$ 2,186,099	\$ -	\$ 263,923,367

OLD DOMINION UNIVERSITY
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES
For the Year Ended June 30, 2000

	Unrestricted	Restricted	Total
Revenues:			
Tuition and fees	\$ 54,011,833	\$ -	\$ 54,011,833
State appropriations (Note 9)	81,477,930	6,922,718	88,400,648
Federal grants and contracts	39,642	53,133,110	53,172,752
State grants and contracts	3,842	1,109,259	1,113,101
Private gifts, grants, and contracts	52,520	9,307,036	9,359,556
Sales and services of auxiliary enterprises	31,916,929	-	31,916,929
Proceeds from Securities Lending Program	65,446	-	65,446
Other sources	1,814,802	-	1,814,802
Total current revenues	169,382,944	70,472,123	239,855,067
Expenditures and mandatory transfers:			
Educational and general:			
Instruction	74,984,695	2,670,525	77,655,220
Research	500,138	2,043,734	2,543,872
Public service	439,907	501,967	941,874
Academic support	27,858,702	550,342	28,409,044
Student services	6,348,493	681,799	7,030,292
Institutional support	17,626,419	1,037,456	18,663,875
Operation and maintenance of plant	9,797,828	-	9,797,828
Scholarships and fellowships	3,490,783	61,463,313	64,954,096
Educational and general expenditures	141,046,965	68,949,136	209,996,101
Mandatory transfers:			
Debt service	229,875	-	229,875
Loan fund matching grant	-	-	-
Allocation of work study	106,334	(106,334)	-
Total educational and general	141,383,174	68,842,802	210,225,976
Auxiliary enterprises:			
Operating expenditures	19,415,370	1,629,321	21,044,691
Payments for Securities Lending Program	62,257	-	62,257
Mandatory transfers for debt service	5,112,153	-	5,112,153
Total auxiliary enterprises	24,589,780	1,629,321	26,219,101
Total expenditures and mandatory transfers	165,972,954	70,472,123	236,445,077
Other transfers and additions/(deductions):			
Deficiency of restricted receipts over transfers to revenue	-	(449,815)	(449,815)
Refunded to grantors	-	-	-
Nonmandatory transfers to other funds	(13,413,683)	2,280,369	(11,133,314)
Net increase (decrease) in fund balances	\$ (10,003,693)	\$ 1,830,554	\$ (8,173,139)

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

OLD DOMINION UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Old Dominion University have been prepared in accordance with generally accepted accounting principles for colleges and universities. The significant accounting policies followed by the University are as follows:

A. Reporting Entity

Old Dominion University is an institution of higher education and operates under policy guidelines established by the State Council of Higher Education in Virginia and is governed by a Board of Visitors.

A separate report is prepared for the Commonwealth of Virginia, which includes all agencies, boards, commissions, and authorities over which the Commonwealth exercises or has the ability to exercise oversight authority. The University is a component unit of the Commonwealth of Virginia and is included in the general purpose financial statements of the Commonwealth.

B. Basis of Accounting

The University utilizes the accrual basis of accounting in accordance with the American Institute of Certified Public Accountants' audit guide, Audits of Colleges and Universities. The accompanying financial statements include no provision for the depreciation of plant assets.

The Statement of Current Funds Revenues, Expenditures, and Other Changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

C. Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources, the accounts are maintained in accordance with the principles of "fund accounting." Resources are classified for accounting and reporting purposes into funds which may be used for activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes by action of the

Board of Visitors. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds, and are in contrast with unrestricted funds over which the governing board retains full control and use in achieving any of its institutional purposes, subject only to state laws and regulations governing such funds.

Unrestricted revenue is accounted for in the Current Unrestricted Fund. Restricted gifts, grants, appropriations, and other restricted resources are accounted for in the appropriate restricted funds. Current Restricted Funds are reported as revenues and expenditures when expended for current operating purposes.

A summary of fund group definitions is as follows:

Current Funds - Current fund balances are separated into those which are restricted by donors and those which are unrestricted. Restricted funds may only be expended for the purposes indicated by the donor or grantor whereas unrestricted funds are available for current operations at the discretion of the University.

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

Endowment and Similar Funds - Endowment and similar funds record the usage of income from moneys subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be utilized. The governing board has established quasi-endowment funds for the same purpose as endowment funds and any portion of quasi-endowment funds may be expended.

Plant Funds - Plant funds are divided into four groups: Unexpended Plant, Renewals and Replacements, Retirement of Indebtedness, and Investment in Plant. Unexpended Plant funds represent funds, which were specified by external sources or designated by the Board of Visitors for the acquisition and construction of physical properties. Renewal and Replacement funds represent funds for the renovation and replacement of physical properties. Retirement of Indebtedness funds represent resources held for the retirement of both principal and interest on debt and sinking funds established under bond indentures. Investment in Plant funds represent the capitalized value of physical property owned by the University, less associated long-term debt.

Agency Funds - Agency funds reflect funds held in custody for others by the University.

D. Investments

Investments that are purchased are recorded at fair value. Investments received by gift are carried at fair value at the date of acquisition.

E. Inventories

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

F. Interfund Obligations

Interfund obligations represent the temporary use of current funds pending reimbursement of expenditures among funds.

G. Investment in Plant

Plant assets are stated at cost, or if donated, at fair market value at the date of donation. No provision for depreciation is made. Plant fund expenditures for construction in progress are capitalized as incurred and reflected in Investment in Plant.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of moveable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt amortization and interest and equipment renewal and replacement, and (3) 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.

H. Accrued Leave

Accrued leave reflected in the accompanying financial statements represents the amount of annual, sick, and compensatory leave earned by employees of the University as of June 30, 2000. The amount represents all earned vacation, sick, and compensatory leave payable under the Commonwealth of Virginia's leave pay-out policy and the University's faculty administrators' leave pay-out policy upon employment termination. The applicable share of employer-related taxes payable on the eventual termination payments is also included.

I. Deferred Revenue

Deferred revenue represents moneys received, but not earned as of June 30, 2000. In the Current Unrestricted funds, deferred revenue represents student tuition and fees received in advance of the academic term.

J. Total Columns

Total columns on the financial statements are captioned, "Total - Memorandum Only," to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles, neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. AFFILIATED ORGANIZATIONS

The financial statements do not include the assets, liabilities, and fund balances of the Old Dominion Research Foundation, the Old Dominion Educational and Real Estate Foundation, and the Old Dominion Intercollegiate Foundation. The Educational and Real Estate and Intercollegiate Foundations have been audited for the year ended December 31, 1999, by independent certified public accountants. The Research Foundation has been audited for the year ended June 30, 2000, by independent certified public accountants.

The following is a condensed summary of the audited financial conditions, which the Foundations have submitted to the University:

	Research Foundation at <u>June 30, 2000</u>	Educational and Real Estate Foundation at <u>December 31, 1999</u>	Intercollegiate Foundation at <u>December 31, 1999</u>
Assets	<u>\$ 13,504,996</u>	<u>\$ 98,117,835</u>	<u>\$ 4,749,310</u>
Liabilities	\$ 4,406,988	\$ 91,628,919	\$ 4,501,393
Fund balances	<u>9,098,008</u>	<u>6,488,916</u>	<u>247,917</u>
Total liabilities and fund balances	<u>\$ 13,504,996</u>	<u>\$ 98,117,835</u>	<u>\$ 4,749,310</u>

The aggregate revenues and expenditures of these organizations were \$29,374,285 and \$26,640,008, respectively, at June 30, 2000. The University had accounts receivable balances of \$13,273 and \$11,057 for the Educational and Real Estate Foundation and the Intercollegiate Foundation, respectively, at June 30, 2000.

3. RESTATEMENT OF BEGINNING FUND BALANCES

The beginning fund balance in the Unexpended Plant fund was adjusted to correct improper recording of appropriation revenue in the prior year for capital projects funded by the Commonwealth's General Fund. The beginning fund balance in the Investment in Plant fund was adjusted to properly report equipment inventory not capitalized in previous years.

	Unexpended <u>Plant Fund</u>	Investment in <u>Plant Fund</u>
Fund balances at June 30, 1999	\$ 3,934,280	\$ 237,902,929
Adjustment	<u>(1,498,448)</u>	<u>3,342,709</u>
Restated balance at July 1, 1999	<u>\$ 2,435,832</u>	<u>\$ 241,245,638</u>

4. CASH AND INVESTMENTS

All state funds of the University are held by the Treasurer of Virginia pursuant to Section 2.1-177, et seq., Code of Virginia, who is responsible for the collection, disbursement, custody, and investment of state funds. Each fund's equity in pooled state funds is reported as "Cash" on the accompanying balance sheet and is not categorized as to credit risk. Certain deposits are also held by the University. Deposits with banks and savings institutions are covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.1-359, et seq., Code of Virginia. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50 percent of excess deposits to a collateral pool in the name of the State Treasury Board. Savings institutions are required to collateralize 100 percent of deposits in excess of FDIC limits.

Statutes authorize the investment of funds held by the University in obligations of the Commonwealth, federal government, other states or political subdivisions thereof, Virginia political subdivisions, the International Bank for Reconstruction and Development, the Asian Development Bank, and the African Development Bank. In addition, the University may invest in prime quality commercial paper rated Prime 1 by Moody's Investment Service or A-1 by Standard and Poor's Incorporated, overnight term or open repurchase agreements, and money market funds comprised of investments, which are otherwise legal investments of the University.

The University's investments are categorized below to give an indication of the level of credit risk assumed by the University at June 30, 2000. Credit risk is the risk that the University may not be able to obtain possession of its investment instrument or collateral at maturity. Risk category 1 includes investments which are insured or registered or for which the securities are held by the University or its safekeeping agent in the University's name. Risk category 2 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or safekeeping agent in the University's name. Risk category 3 includes uninsured or 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. The composition and categorization of investments held by the University at June 30, 2000, follows:

<u>Temporary Investments</u>	<u>Fair Value</u>
Category 3:	
U.S. Government securities and	
U.S. Government agent securities	\$ 1,098,922
Common and preferred stock	795,772
Corporate bonds	<u>182,989</u>
Subtotal	2,077,683
Noncategorized:	
Money market	<u>5,578,588</u>
Total temporary investments	<u>\$ 7,656,271</u>

<u>Long-Term Investments</u>	<u>Fair Value</u>
Category 3:	
U.S. Government securities and	
U.S. Government agent securities	\$ 828,285
Common and preferred stock	4,879,190
Corporate bonds	<u>2,230,672</u>
Subtotal	7,938,147
Noncategorized:	
Money market	5,680,303
State non-arbitrage program investments	3,588,952
Securities lending	<u>1,718,192</u>
Total long-term investments	<u>18,925,594</u>
Total investments	<u><u>\$26,581,865</u></u>

Investments held by the Treasurer of Virginia in the Current Unrestricted fund represent the University's allocated share of securities received for securities lending transactions held in the General Account of the Commonwealth. Information related to the credit risk of these investments and securities lending transactions held in the General Account is available on a statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.

5. DETAIL FOR BALANCE SHEET RECEIVABLE SUMMARY

Unrestricted Current Funds:

Accounts receivable, less allowance of \$420,690	<u>\$ 8,381,472</u>
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Restricted Current Funds:

Accounts receivable, less allowance of \$57,397	<u>\$ 960,619</u>
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Loan Funds:

Accounts receivable	<u>\$ 145,801</u>
Notes receivable, less allowance of \$277,400	<u>\$ 3,543,104</u>

Agency Funds:

Accounts receivable, less allowance of \$2,871	<u>\$ 2,993</u>
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6. LONG-TERM DEBT

A summary of changes in long-term indebtedness follows:

	Balance July 1, 1999	Additions	Retirements	Balance June 30, 2000
Bonds payable	\$ 40,981,069	\$ 3,335,000	\$ 3,142,585	\$ 41,173,484
Leases payable	<u>5,361,162</u>	<u>-</u>	<u>1,592,296</u>	<u>3,768,866</u>
Total	<u>\$ 46,342,231</u>	<u>\$ 3,335,000</u>	<u>\$ 4,734,881</u>	<u>\$ 44,942,350</u>

Long-term debt of the University at June 30, 2000, consists of the following:

Bonds Payable

Old Dominion University's bonds are issued pursuant to Section 9 of Article X of the Constitution of Virginia. Section 9(c) bonds are backed by the full faith, credit and taxing power of the Commonwealth and are issued to finance capital projects, which when completed, will generate revenue to repay the debt. Section 9(d) bonds are revenue bonds and are not backed by full faith, credit, or taxing power of the Commonwealth. These bonds are not General Obligation Bonds and are not deemed to constitute a legal liability of the Commonwealth. This debt is payable from general revenues or revenues of specific revenue-producing capital projects.

	<u>Interest Rates</u>	<u>Maturity</u>	<u>Balance at June 30, 2000</u>
<u>Higher Education Institutions 9(c) Bonds:</u>			
Powhatan Field Apartments, Refunding Bonds, Series 1993 B	3.50 - 4.25%	2001	\$ 245,570
Powhatan Field Apartments-Phase II Federal Bonds, Series 1983A	3.00%	2013	1,980,000
Powhatan Field Apartments-Phase II Refunding Bonds, Series 1992	5.00 - 5.60%	2002	100,283
Midrise Apartments Federal Bonds, Series 1983 B	3.00%	2013	1,900,000
Midrise Apartments, Refunding Bonds, Series 1992	5.00 - 5.70%	2003	1,446,076
Athletic Renovation, Refunding Bonds, Series 1993 B	3.50 - 4.50%	2003	1,010,740
Athletic Renovation, Refunding Bonds, Series 1993	3.75 - 4.90%	2004	402,759
Life Science Building Parking, Refunding Bonds, Series 1993 B	3.50 - 4.50%	2003	341,862
Life Science Building Parking, Refunding Bonds, Series 1993	3.75 - 4.90%	2004	135,931
Rogers Hall Renovation, Refunding Bonds, Series 1993 B	3.50 - 4.50%	2003	381,530
Rogers Hall Renovation, Refunding Bonds, Series 1993	3.75 - 4.90%	2004	151,034
Gresham Dormitory Renovation, Refunding Bonds, Series 1992	5.00 - 5.70%	2003	293,869
Smalls Hardware, Refunding Bonds, Series 1993	3.75 - 5.20%	2008	234,830
Athletic Facility-Phase I, Refunding Bonds, Series 1993 B	3.50 - 5.00%	2010	3,874,334
Athletic Facility-Phase I, Refunding Bonds, Series 1996	4.75%	2001	302,594
Multi-Level Parking, Refunding Bonds, Series 1993 B	3.50 - 5.00%	2010	3,048,335
Multi-Level Parking, Refunding Bonds, Series 1996	4.75%	2001	237,032
Webb Center Addition, Refunding Bonds, Series 1993 B	3.50 - 5.00%	2011	3,996,651
Webb Center Addition, Refunding Bonds, Series 1996	5.60 - 7.60%	2002	640,000
Webb Center Addition, Refunding Bonds, Series 1996	4.75%	2003	360,054

Higher Education Institutions 9(d) Bonds:

Virginia Beach Campus, Series 1997 A	3.75 - 5.00%	2018	9,810,000
Convocation Center, Series 1997 A	3.75 - 5.00%	2018	5,115,000
Convocation Center Parking Facility, Series 1997 A	3.75 - 5.00%	2018	1,830,000
Virginia Beach Campus Center, Series 1999 A	4.50 - 6.00%	2020	885,000
Convocation Center Project Fund, Series 1999 A	4.50 - 6.00%	2020	990,000
Parking Decks, Series 1999 A	4.50 - 6.00%	2020	<u>1,460,000</u>
Total bonds payable			<u>41,173,484</u>

Capital Leases Payable:

Virginia College Building Authority allocation from Equipment Trust Fund (Note 7)		<u>3,768,866</u>
Total long-term debt		<u>\$ 44,942,350</u>

Long-term debt matures as follows:

Year Ending <u>June 30,</u>	<u>Bonds</u>	<u>Capital Leases</u>	<u>Total</u>
2001	\$ 5,274,307	\$1,913,104	\$ 7,187,411
2002	5,017,046	1,517,841	6,534,887
2003	4,867,402	617,003	5,484,405
2004	4,349,969	-	4,349,969
2005	3,632,150	-	3,632,150
Later years	<u>33,757,423</u>	<u>-</u>	<u>33,757,423</u>
Total payments	56,898,297	4,047,948	60,946,245
Less interest	<u>(15,724,813)</u>	<u>(279,082)</u>	<u>(16,003,895)</u>
Net principal	<u>\$41,173,484</u>	<u>\$3,768,866</u>	<u>\$44,942,350</u>

7. HIGHER EDUCATION EQUIPMENT TRUST FUND

The University has entered into lease agreements under the Equipment Trust Fund (ETF) of the Virginia College Building Authority (VCBA). The lease agreements are payable over a five-year period with interest ranging from 4.10 percent to 6.00 percent for principal outstanding at June 30, 2000, totaling \$3,768,866. Under the terms of the leases, the University is authorized to purchase equipment from an approved list of equipment items in an amount not to exceed the principal amount of the lease. Payments for such purchases are to be reimbursed to the University or directly paid by the VCBA from the VCBA Equipment Trust Fund financed from proceeds of bonds issued by the VCBA for such purpose. The General Assembly has appropriated from the General Fund of the Commonwealth, an amount sufficient to repay principal and interest for the general fund portion of the lease payment and the University is required to pay the nongeneral fund portion of the lease payment.

At June 30, 2000, the University had purchased equipment totaling \$20,796,031, which is their total allocation from the VCBA.

8. COMMITMENTS

At June 30, 2000, the University was committed to construction contracts totaling \$12,353,460. Under those contracts, completed construction amounted to \$12,174,124 and uncompleted construction amounted to \$179,336 at June 30, 2000.

The University leases various types of equipment and real property under operating lease arrangements. Rental expense under operating leases was \$2,006,061 for the year ended June 30, 2000. Commitments for subsequent fiscal years are as follows:

Year Ending <u>June 30,</u>	Operating Lease <u>Obligations</u>
2001	\$ 1,001,140
2002	1,089,052
2003	995,471
2004	878,692
2005	748,800
Later years	<u>2,097,150</u>
Total	<u><u>\$6,810,305</u></u>

9. CASH OVERDRAFT

The cash overdraft in the Endowment and Similar Funds is due to the University's short-term investment of excess cash in bank. The cash overdraft in the Unexpended Plant Fund is due to cash drawdowns not yet requested from the Commonwealth at year-end. These funds are invested with the State Treasurer as of June 30, 2000.

10. RETAINAGE PAYABLE

At June 30, 2000, \$85,672 was held by the University as retainage on construction contracts for work which has been performed. Retainage represents contractual or agreed-upon amounts withheld from contractors pending satisfactory completion of the construction projects.

11. STATE APPROPRIATIONS – CURRENT UNRESTRICTED FUNDS

The Appropriation Act specifies that unexpended appropriations from the General Fund of the Commonwealth shall revert, except as specifically provided by the General Assembly, at the end of a biennium. For years ending at the middle of a biennium, unexpended appropriations that have not been approved for reappropriation in the next year by the Governor become part of the General Fund of the Commonwealth and are, therefore, no longer available to the University for disbursement.

During the fiscal year ended June 30, 2000, the following changes were made to the University's original appropriation, including supplemental appropriations received in accordance with the Appropriation Act of 1999, Chapter 935, Acts of Assembly:

Original Appropriation	\$81,263,720
Adjustments:	
Student financial assistance	1,636,000
HEETF additional appropriations	161,470
HEETF payment	(1,576,467)
Central Funds	58,412
Prior year General Fund rollover	5,838
Deferred Compensation Cash Match	15,808
VA Writing Project	8,625
General Funds	(23,225)
Act PT 3 transfer	<u>(72,251)</u>
Adjusted appropriations	<u>\$ 81,477,930</u>

12. RETIREMENT AND PENSION SYSTEMS

Substantially all full-time classified salaried employees of the University participate in the defined benefit retirement plan administered by the Virginia Retirement System (VRS). Information relating to this plan is available at the statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report (CAFR). The Commonwealth, not Old Dominion University, has overall responsibility for contributions to this plan.

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 employer contributions of 5.40 percent and employee contributions of five percent and interest and dividends. Individual contracts issued under the plans provide for full and immediate vesting of both University and employee contributions. Total pension costs under these plans were approximately \$3,009,214 for the year ended June 30, 2000. Contributions to other retirement plans were calculated using the base salary amount of approximately \$28,934,747.

13. POST-EMPLOYMENT BENEFITS

The Commonwealth participates in the VRS-administered statewide group life insurance program, which provides post-employment life insurance benefits to eligible retired and terminated employees. The Commonwealth also provides health care credits against the monthly health insurance premiums of its retirees who have at least 15 years of service and participated in the state health plan. Information related to these plans is available at the statewide level in the Commonwealth's Comprehensive Annual Financial Report (CAFR).

14. 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.

15. CONTINGENCIES

The University receives assistance from grantor agencies in the form of grants and contracts for specific purposes that are subject to review and audit by the grantor agencies. Claims against those resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations. Any disallowance resulting from final settlement may become a liability of the University. As of June 30, 2000, the University estimates that no material liabilities will result from such settlements.

16. RISK MANAGEMENT

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. The University participates in insurance plans maintained by the Commonwealth of Virginia. The state employee health care plan is administered by the Department of Personnel and Training and the risk management insurance plans are administered by the Department of General Services, Division of Risk Management. Risk management insurance includes worker's compensation, property, general liability, medical malpractice, faithful performance of duty bond, automobile, and air and watercraft plans. The University pays premiums to each of these departments for its insurance coverage. Information relating to the Commonwealth's insurance plans is available at the statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.

OLD DOMINION UNIVERSITY
SCHEDULE OF AUXILIARY ENTERPRISES REVENUES AND EXPENDITURES
For the Year Ended June 30, 2000

	Residential Facilities	Dining Services	University Stores	Virginia Beach Development	Student Activities	Webb Center
Operating revenues:						
Student fees	\$ 5,925,595	\$ -	\$ -	\$ 358,344	\$ 1,655,624	\$ 2,325,421
Sales and services	1,362,378	338,628	-	-	135,489	191,252
Proceeds from Securities Lending Program	-	-	-	-	-	-
Investment Income	-	-	-	659,993	-	-
Rental and other income	-	-	444,675	-	-	-
Gross operating revenues	7,287,973	338,628	444,675	1,018,337	1,791,113	2,516,673
Cost of sales	-	-	-	-	-	-
Net operating revenues	7,287,973	338,628	444,675	1,018,337	1,791,113	2,516,673
Operating expenditures:						
Personal services	939,192	-	-	-	948,277	805,891
Contractual services	3,763,476	10,191	20,988	9,723	715,274	662,682
Equipment	413,529	1,842	-	7,354	25,952	65,970
Supplies and materials	258,264	-	7,088	-	135,245	152,229
Scholarships	-	-	-	-	-	-
Total operating expenditures	5,374,461	12,033	28,076	17,077	1,824,748	1,686,772
Excess (deficiency) of revenues over operating ex	1,913,512	326,595	416,599	1,001,260	(33,635)	829,901
Nonoperating revenue:						
Private gifts	-	-	-	-	-	-
Mandatory transfers:						
Debt service	(1,505,090)	-	-	(841,259)	(6,507)	(597,549)
Nonmandatory transfers (to)/from other funds	(275,388)	(100,000)	(449,853)	(2,777,222)	94,250	(165,550)
Total transfers	(1,780,478)	(100,000)	(449,853)	(3,618,481)	87,743	(763,099)
Net increase (decrease) in fund balances	133,034	226,595	(33,254)	(2,617,221)	54,108	66,802
Fund balances (deficit) at beginning of year	4,427,172	536,073	30,961	4,724,460	(199,187)	1,134,827
Fund balances (deficit) at end of year	\$ 4,560,206	\$ 762,668	\$ (2,293)	\$ 2,107,239	\$ (145,079)	\$ 1,201,629

**Other Auxiliaries include Monarch Copy Center, Health Services, Summer Activities, and International Programs.

Parking	East Side Development	Athletic Programs	Other Auxiliaries**	General Fee Reserve	Total
\$ -	\$ 3,867,240	\$ 8,306,390	\$ 1,277,642	\$ 1,732	\$ 23,717,988
2,349,728	-	898,749	1,196,213	-	6,472,437
-	-	-	-	65,446	65,446
-	621,836	-	-	-	1,281,829
-	-	-	-	-	444,675
2,349,728	4,489,076	9,205,139	2,473,855	67,178	31,982,375
-	-	14,337	-	-	14,337
2,349,728	4,489,076	9,190,802	2,473,855	67,178	31,968,038
413,903	-	3,669,475	1,205,900	-	7,982,638
921,022	-	2,250,134	1,131,304	70,780	9,555,574
14,389	-	201,622	95,585	-	826,243
26,401	-	386,999	132,609	-	1,098,835
-	-	1,629,321	-	-	1,629,321
1,375,715	-	8,137,551	2,565,398	70,780	21,092,611
974,013	4,489,076	1,053,251	(91,543)	(3,602)	10,875,427
-	-	350,132	-	-	350,132
(574,596)	(642,175)	(944,552)	(425)	-	(5,112,153)
(276,840)	(3,867,668)	(715,700)	(216,433)	(139,542)	(8,889,946)
(851,436)	(4,509,843)	(1,660,252)	(216,858)	(139,542)	(14,002,099)
122,577	(20,767)	(256,869)	(308,401)	(143,144)	(2,776,540)
3,632,449	13,016,341	2,133,116	524,550	78,069	30,038,831
\$ 3,755,026	\$ 12,995,574	\$ 1,876,247	\$ 216,149	\$ (65,075)	\$ 27,262,291

OLD DOMINION UNIVERSITY
Norfolk, Virginia

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