

**NORFOLK STATE UNIVERSITY  
NORFOLK, VIRGINIA**

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



## **AUDIT SUMMARY**

Our audit of Norfolk State 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 these to be material weaknesses; and
- an instance of noncompliance with applicable laws and regulations required to be reported.

### **Student Automated System Implementation**

The University completed an accelerated implementation of its new student information system, but did not have time to properly assess, communicate, and correct deficiencies in the system's operational performance before processing live data. Selected users did not have adequate training and did not understand their responsibilities with the new system. The University also encountered data conversion and interfacing problems between this new client server system and the existing mainframe general ledger system.

These factors contributed to several important issues contained in this report. These issues include inefficient manual processes and a lack of detailed knowledge about some of the new system's functionality. Management did not identify and use several features of the new system to provide information that would reduce these inefficient manual processes. We identified the following problems related to the new student system:

- The University allowed students to re-enroll for classes without clearing their debts from previous semesters. Also, students with no prior debts officially registered for classes without meeting established payment requirements. University policy prohibits these practices.
- The University reported an increase in student accounts receivable from \$1.3 million in 1999 to \$3.5 million in 2000. Management did not analyze the causes for this increase until auditors requested this information eight months subsequent to year 2000 closing. Sound management practices include analyzing account balances to determine reasons for significant changes. Student accounts receivable reported on the university's system have increased to \$4.7 million as of June 30, 2001.
- The new student system decentralized the registration process and allowed departments to register students and process class changes. Management did not completely develop and distribute adequate procedures to ensure all departmental personnel involved in registration understand the process. This lack of knowledge caused many errors in the registration process and greatly increased the workload of the Student Accounts and Financial Aid Offices in determining the student's account balance.

- The General Accounting department did not properly reconcile the main local bank account. Approximately 250 reconciling items, some up to 24 months old, remained unresolved 12 months after year-end. Many of the reconciling items resulted from responsible persons not understanding how the cash receipts module's automated interface with the general ledger system worked.

Although this audit examined the financial statements for the year ended June 30, 2000, we continued to examine and test internal control and other processes through the end of our work in July 2001. The comments contained in the "Internal Control and Compliance Findings and Recommendations" section of this report reflect issues that University management must address as of the date of this audit report.

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July 24, 2001

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  
Norfolk State University

We have audited the accounts and records of **Norfolk State 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 Norfolk State University, a component unit of the Commonwealth of Virginia, 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 the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Norfolk State 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 accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying "Schedule of Operations – Auxiliary Enterprises" 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 Norfolk State 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 auditing standards generally accepted in the United States of America 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 an instance of noncompliance that is required to be reported under Government Auditing Standards. The instance of noncompliance, entitled "Develop Time and Effort Reporting", is described in the section titled "Internal Control and Compliance Findings and Recommendations."

### 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 is a material weakness.

### Status of Prior Findings

The University has not taken adequate corrective action with respect to previously reported findings “Follow System Back-up Procedures” and “Enforce Policies and Procedures for the Small Purchase Charge Card.” Accordingly, we included these findings in the section entitled “Internal Control and Compliance 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 September 10, 2001.

AUDITOR OF PUBLIC ACCOUNTS

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## INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS

### INTRODUCTION

The University completed implementation of its new student information system (Colleague) in the fall of 1999. Individual system modules include admissions, registration, financial aid, accounts receivable, cash receipts, and residence life. In order to meet Year 2000 readiness, the University implemented this system over an eight-month period. This left little time for testing the system and training employees. As a result, the University could not properly assess, communicate, and correct deficiencies in the system's operational performance before processing live data. Selected users did not obtain the necessary awareness and understanding of their responsibilities relative to the new system. The University also encountered data conversion and interfacing problems between this new client-server system and the existing mainframe general ledger system.

These factors contributed to several important issues contained in this report. Identifying these issues and working toward solutions extended the audit time on this engagement and delayed issuance of our report. These issues include inefficient manual processes and a lack of detailed knowledge about some of the new system's functionality. Management has begun to address many of these issues since implementation of the new system. The University has worked with the system's vendor to create and enhance system functions that satisfy user requirements and resolve problems within the system. Ongoing problem identification and resolution should eliminate inefficient manual processes and will provide users of the system with sufficient knowledge to understand their responsibilities and perform their duties.

As management identifies the necessary processes to effectively operate in this new computing environment, they must document in the form of policies and procedures essential information for user reference. We will continue to monitor the University's progress in developing these policies and procedures. The following comments under the headings "Accounts Receivable" and "Cash Receipts" identify problems related to the new student system.

Although this audit examined the financial statements for the year ended June 30, 2000, we continued to examine and test internal control and other processes through the end of our work in July 2001. The comments in this management letter reflect issues that University management must address as of the date of this report.

The scope and nature of these internal control and process issues delayed management's ability to respond to our requests for information and represent significant impediments to management's ability to obtain financial information. Further, if management does not address these issues in the short term, they may develop into material weaknesses in internal control.

### Accounts Receivable

We began our audit in January 2001 and found a significant increase in student accounts receivable during fiscal year 2000. Receivables increased from \$1.3 million in 1999 to \$3.5 million in 2000 (169 percent increase). Sound management practices include analyzing account balances to determine reasons for significant changes. University management had not analyzed the increase in student accounts receivable until auditors requested information concerning this increase eight months subsequent to year 2000 closing.

The University spent the next three months reviewing individual student records to determine validity and possible collection of these accounts. This review identified several causes for the increase in student

accounts receivable and provided information on validity of the accounts. More importantly, the University identified additional functions that effectively support the business process, and areas where business processes need revising. The following comments relate to the results of this review and other issues we noted concerning student accounts receivable.

#### Establish Rules within the Student Information System (SIS) and Follow Established Procedures Regarding the Registration Process

Management did not establish rules within SIS to identify students with unpaid balances during the registration process. Use of this function would help prevent students registering for classes without clearing their debts to the University. University policy states that students with a balance from previous semesters cannot re-enroll without either sufficient financial aid to cover the previous balance and the current balance, or a payment plan arrangement. Management should establish these rules to ensure compliance with this policy and assist in the collection of overdue accounts.

University policy also requires students with no prior balances to have sufficient tuition assistance, financial aid, other payment types, or a payment plan to officially register for classes. The University did not follow its established procedures regarding this policy, and allowed students to officially register without meeting these payment requirements. Failure to adhere to these policies and procedures has contributed to the University's large increase in student accounts receivable over the previous year. In addition, receivables for the year subsequent to our audit have increased to \$4.7 million at June 30, 2001.

Management must follow its policies and procedures regarding the registration process. Continuing to allow students to register and attend classes without established payment requirements will increase the risk of non-collection and eventually could result in cash flow problems at the University.

#### Develop Procedures to Ensure all Departments Understand the Registration Process

The University removed students from the registration system ("de-registered" the student) when the student withdrew from school or did not pay outstanding charges. We found the following issues during our review of this de-registration process.

- The Housing Office did not always reconcile information received from the Student Accounts Office concerning student withdrawals to the Residents Life module of SIS. As a result, invalid student housing and meal charges remained on SIS. Housing should review and adjust these charges to reflect an accurate student accounts receivable balance.
- The Registrar's Office did not always tell the Student Accounts Office or Financial Aid Office when students either withdrew from school or changed to part-time status. Without this information, Student Accounts cannot adjust the student's account balance. Financial Aid cannot properly adjust the student's aid applied to his account. Financial Aid also needs this information to determine refunds due back to financial aid programs. These situations occurred when the Registrar made retroactive changes to a student's account.
- The new SIS de-centralized the registration process at the University. Several departments including the Registrar now have capability to register students and process class adds and drops. The departments and the Registrar did not always process class adds and drops timely. Delays in processing often extended into the following semester. Further, the University did not keep the drop/add forms to support the change in class status. In several instances, the student notified the University of the change in class status late in the semester when the student received an inappropriate bill for charges. The delay in processing these changes increased the workload of

the Student Accounts and Financial Aid Offices in determining the student's account status. Further, we could not determine when the actual change in class status took place because the University did not keep the drop/add forms to support the change.

The University must train all departmental personnel that are part of the registration process. In addition, management should develop and distribute procedures to ensure that all departments have the necessary information to understand their roles in this process. Management must also use the automated features of SIS to provide this information whenever possible.

The University can greatly reduce the inefficient manual process of researching the appropriateness of these accounts by recording transactions affecting a student's account timely. We also recommend that departments keep actual drop/add slips available for support in determining adjustments to the student's account balance.

#### Obtain Automated Collection System

The new student information system does not include a collection module. Without this feature, the University must manually review delinquent accounts to determine collection status. This is an inefficient process that delays placing accounts with collection agencies and slows the process of identifying accounts for write-off. The University should consider purchasing a collection system that would automate this process and develop procedures addressing every available method to pursue the accounts.

#### Establish System Parameters to Properly Age Student Accounts Receivable

The Student Accounts Office did not understand how to enter collection due dates into the new SIS. Without these dates, the system cannot calculate an aging report used to monitor collections and determine an allowance for uncollectable accounts. The University also uses this information to determine which accounts to write-off as uncollectable. As a result, write-offs decreased significantly compared with previous years. The University should use the systems' capability to age its outstanding accounts and insert appropriate due dates into the system.

### Cash Receipts

#### Revise Procedures for Bank Reconciliation

The General Accounting Department did not properly reconcile the local administrative bank account to the general ledger. During our review of the year-end reconciliation, we found approximately 250 unresolved reconciling items, some up to 24 months old.

General Accounting did not provide support for several of the material reconciling items until 12 months after year-end. Many of the reconciling items resulted from responsible persons not understanding how the cash receipts module's automated interface with the general ledger system worked. Also, certain accounts did not map to the correct state or local bank accounts. These situations resulted in daily cash deposits to the wrong bank accounts.

The University has identified many of the procedural problems noted in the reconciliation process and has obtained a better understanding of how the systems' interface works. Management must document this process and establish revised procedures for the reconciliation. General Accounting has resolved all material reconciling items and must continue to prepare timely bank reconciliations that accurately reflect cash deposited in banks.

## **Other Issues**

### **Test and Load System Patches Timely**

During implementation of the student system, the University encountered technical and logical programming and processing problems. These problems resulted in the system's vendor and the University re-assessing its system design by requesting or providing modifications or patches.

At the time of our audit, the system's vendor had provided 391 patches for testing, however, the University had only tested and moved in to production 280 patches. The University's failure to test and install these patches to the system may jeopardize receiving future technical support from the vendor and cause inefficient and ineffective automated processes to take place.

Currently, the Office of Information Technology has implemented procedures to test and load these patches onto the system within 10 days. We further recommend that this office develop procedures to test and move to production all future patches and system upgrades within a reasonable time frame.

### **Follow System Back-up Procedures**

The University does not follow its data back-up procedures for the Student Information System (Colleague) and the General Ledger System (IFAS). The procedures require storing of back-up tapes off-site in the Technology Building. The University did not store back-up tapes at the off-site location. The University should adhere to its written policy to ensure adequate support of student and financial data in case of system failures.

### **Enforce Policies and Procedures for the Small Purchase Charge Card**

As noted in the prior audit, the University has not followed its policies and procedures over the use of Small Purchase Charge Cards. The University purchased approximately \$771,000 through the Small Purchase Credit Card program, representing a 62 percent increase over the previous year. We found all 5 of employees tested for the month of June provided some, but not all documentation to support their Small Purchase Credit Card purchases. University policy requires cardholders to keep all documentation for purchases. The University should enforce its policies and procedures for the use of Small Purchase Charge Cards to ensure their use for the intended purpose.

### **Develop Time and Effort Reporting Procedures**

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.

## **FINANCIAL STATEMENTS**

NORFOLK STATE UNIVERSITY  
BALANCE SHEET  
As of June 30, 2000

A S S E T S	Current Funds		Loan Funds
	Unrestricted	Restricted	
Cash, including temporary investments (Note 4)	\$ 5,124,445	\$ 461,437	\$ 780,673
Appropriations available	907,319	643,208	-
Investments with the Treasurer of Virginia (Note 4)	170,958	-	-
Investments (Note 4)	65,538	-	-
Accounts receivable (Net of allowance for doubtful accounts of \$1,523,563)	2,091,546	1,073,345	46,817
Notes receivable (Net of allowance for doubtful accounts of \$2,123,292)	-	-	1,356,779
Inventories	4,966	-	-
Prepaid expenses	819,535	5,234	-
Land	-	-	-
Buildings	-	-	-
Improvements	-	-	-
Equipment	-	-	-
Library books	-	-	-
Construction in progress	-	-	-
Total assets	<u>\$ 9,184,307</u>	<u>\$ 2,183,224</u>	<u>\$ 2,184,269</u>
LIABILITIES AND FUND BALANCES			
Accounts payable and accrued liabilities	\$ 4,540,697	\$ 412,663	\$ 17,668
Obligations under Securities Lending Program	170,958	-	-
Accrued leave (Note 1G)	2,751,426	230,124	-
Deposits and deferred revenue	622,562	-	-
Credit balances - student accounts	317,377	-	-
Retainage payable	-	-	-
Treasury loans payable (Note 6)	2,280,232	-	-
Note payable (Note 5)	-	-	-
Bonds payable (Note 5)	-	-	-
Leases payable (Note 5)	-	-	-
Funds held in custody for others	-	-	-
Fund balances (deficits):			
Unrestricted current funds (Note 10)	(1,498,945)	-	-
Restricted current funds	-	1,540,437	-
Loan funds, U.S. Government grants	-	-	1,577,396
Loan funds, University - Restricted	-	-	589,205
Unexpended - Unrestricted	-	-	-
Renewals and replacements - Restricted	-	-	-
Renewals and replacements - Unrestricted	-	-	-
Retirement of indebtedness - Restricted	-	-	-
Net investment in plant	-	-	-
Total liabilities and fund balances	<u>\$ 9,184,307</u>	<u>\$ 2,183,224</u>	<u>\$ 2,184,269</u>

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

Unexpended	Plant Funds			Agency Funds	Total (Memorandum Only)
	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant		
\$ -	\$ 520,353	\$ 170	\$ -	\$ 1,125,475	\$ 8,012,553
4,623,099	634,356	-	-	-	6,807,982
-	-	-	-	-	170,958
-	407,000	384,472	-	-	857,010
-	-	-	-	-	3,211,708
-	-	-	-	-	1,356,779
-	-	-	-	-	4,966
-	-	-	-	650	825,419
-	-	-	3,252,532	-	3,252,532
-	-	-	78,218,203	-	78,218,203
-	-	-	29,523,049	-	29,523,049
-	-	-	18,967,088	-	18,967,088
-	-	-	6,007,298	-	6,007,298
-	-	-	760,494	-	760,494
<u>\$ 4,623,099</u>	<u>\$ 1,561,709</u>	<u>\$ 384,642</u>	<u>\$ 136,728,664</u>	<u>\$ 1,126,125</u>	<u>\$ 157,976,039</u>

\$ 29,127	\$ -	\$ -	\$ -	\$ -	\$ 5,000,155
-	-	-	-	-	170,958
-	-	-	-	-	2,981,550
-	-	-	-	-	622,562
-	-	-	-	-	317,377
22,420	-	-	-	-	22,420
-	-	-	-	-	2,280,232
-	-	-	2,922,442	-	2,922,442
-	-	-	21,996,043	-	21,996,043
-	-	-	1,336,639	-	1,336,639
-	-	-	-	1,126,125	1,126,125
-	-	-	-	-	(1,498,945)
-	-	-	-	-	1,540,437
-	-	-	-	-	1,577,396
-	-	-	-	-	589,205
4,571,552	-	-	-	-	4,571,552
-	407,000	-	-	-	407,000
-	1,154,709	-	-	-	1,154,709
-	-	384,642	-	-	384,642
-	-	-	110,473,540	-	110,473,540
<u>\$ 4,623,099</u>	<u>\$ 1,561,709</u>	<u>\$ 384,642</u>	<u>\$ 136,728,664</u>	<u>\$ 1,126,125</u>	<u>\$ 157,976,039</u>

NORFOLK STATE UNIVERSITY  
STATEMENT OF CHANGES IN FUND BALANCES  
For the Year Ended June 30, 2000

	Current Funds		Loan Funds
	Unrestricted	Restricted	
Revenues and other additions:			
Unrestricted current funds revenues	\$74,355,575	\$ -	\$ -
State appropriation - Restricted	-	3,939,513	-
Federal grants and contracts - Restricted	-	37,081,657	14,687
State grants and contracts - Restricted	-	1,281,265	-
Local grants and contracts - Restricted	-	20,533	-
Private gifts, grants and contracts - Restricted	-	460,797	149
Investment income - Restricted	-	-	29,754
Interest on loans receivable	-	-	109,904
Collection fees	-	-	42,465
Expended for plant facilities (Including \$1,512,536 charged to current funds)	-	-	-
Retirement of indebtedness (Including \$16,997 charged to current funds)	-	-	-
Other sources	-	7,522	125,058
Total revenues and other additions	74,355,575	42,791,287	322,017
Expenditures and other deductions:			
Educational and general expenditures	56,318,522	41,097,915	-
Auxiliary enterprises expenditures	15,272,565	159,505	-
Indirect cost recovered	-	565,278	-
Loan cancellations, assignments and write-offs	-	-	-
Administrative and collection costs	-	-	64,581
Expended for plant facilities (Including \$284,609 not capitalized)	-	-	-
Retirement of indebtedness	-	-	-
Interest on indebtedness	-	-	-
Disposal of plant assets	-	-	-
Other deductions	-	-	9,906
Refunded to grantors	-	17,725	7,186
Total expenditures and other deductions	71,591,087	41,840,423	81,673
Transfers among funds - additions/(deductions):			
Mandatory:			
Debt service	(2,724,399)	-	-
Nonmandatory - (To)/From other funds	(223,965)	-	(86,870)
Total transfers among funds	(2,948,364)	-	(86,870)
Net increase (decrease) for the year	(183,876)	950,864	153,474
Fund balances (deficits) at July 1, 1999, as restated (Note 3)	(1,315,069)	589,573	2,013,127
Fund balances (deficits) at June 30, 2000	\$ (1,498,945)	\$ 1,540,437	\$ 2,166,601

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
\$ -	\$ -	\$ -	\$ -
3,590,457	352,585	522,767	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	429	-
-	-	-	-
-	-	-	1,830,197
-	-	-	1,946,222
-	-	-	-
3,590,457	352,585	523,196	3,776,419
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
281,233	321,037	-	-
-	-	1,929,225	-
-	-	1,325,093	-
-	-	-	528,052
-	-	-	-
-	-	-	-
281,233	321,037	3,254,318	528,052
-	-	2,724,399	-
121,686	189,149	-	-
121,686	189,149	2,724,399	-
3,430,910	220,697	(6,723)	3,248,367
1,140,642	1,341,012	391,365	107,225,173
\$ 4,571,552	\$ 1,561,709	\$ 384,642	\$110,473,540

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

	Current Funds		Total
	Unrestricted	Restricted	
Revenues:			
Tuition and fees	\$ 19,215,454	\$ -	\$ 19,215,454
State appropriations (Note 9)	34,220,220	3,423,544	37,643,764
Federal grants and contracts	503,157	36,151,732	36,654,889
State grants and contracts	28,941	1,227,414	1,256,355
Local grants and contracts	4,277	64,695	68,972
Private gifts, grants and contracts	28,903	390,035	418,938
Sales and services of auxiliary enterprises	19,818,686	-	19,818,686
Investment income	72,092	-	72,092
Other sources	463,845	-	463,845
Total current revenues	74,355,575	41,257,420	115,612,995
Expenditures and mandatory transfers:			
Educational and general:			
Instruction	26,893,679	1,455,153	28,348,832
Research	475,789	3,422,553	3,898,342
Public service	336,637	795,475	1,132,112
Academic support	4,076,124	2,717,694	6,793,818
Student services	3,698,706	779,671	4,478,377
Institutional support	13,977,782	215,058	14,192,840
Operation and maintenance of plant	6,219,301	4,113	6,223,414
Scholarships and fellowships	640,504	31,708,198	32,348,702
Educational and general expenditures	56,318,522	41,097,915	97,416,437
Mandatory transfer for debt service	41,676	-	41,676
Total educational and general	56,360,198	41,097,915	97,458,113
Auxiliary enterprises:			
Operating expenditures	15,272,565	159,505	15,432,070
Mandatory transfers for debt service	2,682,723	-	2,682,723
Total auxiliary enterprises	17,955,288	159,505	18,114,793
Total expenditures and mandatory transfers	74,315,486	41,257,420	115,572,906
Other transfers and deductions:			
Excess of restricted receipts over transfers to revenue	-	968,589	968,589
Refunded to grantors	-	(17,725)	(17,725)
Nonmandatory transfers to other funds	(223,965)	-	(223,965)
Net increase/(decrease) in fund balances	\$ (183,876)	\$ 950,864	\$ 766,988

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

## **NOTES TO FINANCIAL STATEMENTS**

NORFOLK STATE UNIVERSITY  
NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Norfolk State 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

Norfolk State 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 that may be used for specified activities or objectives. 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 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 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.

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 that are limited by the terms of their donors or by action of the Board of Visitors for the purpose of making loans to students.

**Plant Funds** - Plant funds are divided into four groups: Unexpended, Renewals and Replacements, Retirement of Indebtedness, and Investment in Plant. Unexpended plant funds represent funds that are specified by external sources or are 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. The Retirement of Indebtedness fund includes resources held for the retirement of both principal and interest on debt and sinking funds established under bond indentures. Net Investment in Plant represents the capitalized value of physical property owned by the University, less associated long-term debt.

**Agency Funds** - Agency Funds reflects funds held in trust by the University.

D. Inventories

Inventories are valued at the lower of cost (generally determined on the first-in, first-out basis) or market. The inventory held by the University consists of expendable supplies held for consumption.

E. Interfund Obligations

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

F. Net Investment in Plant

Buildings and equipment are stated at appraised value or actual cost where determinable. Land is stated at cost. Construction is capitalized as expended and reflected in Net Investment in Plant. Expenditures for renewals and replacements are capitalized only to the extent that such expenditures represent long-term improvements to properties. Current fund expenditures for equipment are capitalized when the unit acquisition cost is greater than \$5,000 and the estimated useful life is two years or more. Library acquisitions are capitalized using average cost per volume that approximates historical cost. The accompanying financial statements include no provision for depreciation of plant assets.

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 movable equipment and library books, (2) mandatory transfers, in the case of required provisions for debt amortization and interest, 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, may be returned to the University.

G. Accrued Leave

Accrued leave reflected in the accompanying financial statements represents the amount of vacation, 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 payout policy upon employment termination. The applicable share of employer related taxes payable on the eventual termination payments is also included.

H. 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.

I. 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 Norfolk State University Foundation, Inc. and the Athletic Foundation of Norfolk State University, Inc. The Athletic Foundation of Norfolk State University, Inc. and the Norfolk State University Foundation, Inc. were 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.

	Norfolk State Athletic Foundation <u>at June 30, 2000</u>	Norfolk State University Foundation <u>at June 30, 2000</u>
Assets	<u>\$386,978</u>	<u>\$7,376,776</u>
Liabilities	\$ -	\$ 237,704
Fund balances	<u>386,978</u>	<u>7,139,072</u>
Total liabilities and fund balances	<u>\$386,978</u>	<u>\$7,376,776</u>

The aggregated revenues and expenditures of these organizations were \$1,076,413 and \$1,082,357, respectively.

### 3. RESTATEMENT OF BEGINNING FUND BALANCES

The beginning fund balance in the Current Unrestricted fund was adjusted to reclassify student activity funds from Agency funds to Unrestricted funds.

Current unrestricted fund balance at June 30, 1999	\$(1,327,427)
Reclassification of agency funds to unrestricted	<u>12,358</u>
Restated fund balance at June 30, 1999	<u>\$(1,315,069)</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. Under this 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 FSLIC 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 would include uninsured or unregistered investments for which the securities are held by the broker or dealer's 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, is as follows:

<u>Temporary Investments</u>		<u>Fair Value</u>
Category 3:		
Repurchase agreement		\$1,596,012
Noncategorized:		
Money market		<u>654,390</u>
Total temporary investments		<u><u>\$2,250,402</u></u>
<u>Investments</u>		
Category 1:		
Repurchase agreement		<u><u>\$ 857,010</u></u>
	<u>Temporary</u>	<u>Investments</u>
	<u>Investments</u>	
Current Funds:		
Unrestricted	\$ 1,599,891	\$ 65,538
Restricted	3,341	-
Loan Funds	125,503	-
Plant Funds:		
Renewals and replacements	-	407,000
Retirement of indebtedness	-	384,472
Agency Funds	<u>521,667</u>	<u>-</u>
Total	<u><u>\$2,250,402</u></u>	<u><u>\$857,010</u></u>

Investments held by the Treasurer of Virginia 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. LONG-TERM DEBT

A summary of changes in long-term indebtedness follows:

	Balance <u>July 1, 1999</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2000</u>
Notes payable	\$ 3,029,328	\$ -	\$ 106,886	\$ 2,922,442
Bonds payable	23,355,079	-	1,359,036	21,996,043
Lease purchases	<u>1,816,939</u>	<u>-</u>	<u>480,300</u>	<u>1,336,639</u>
Total	<u>\$28,201,346</u>	<u>\$ -</u>	<u>\$1,946,222</u>	<u>\$26,255,124</u>

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

### Notes Payable

Norfolk State University Dormitory Revenue Note Series 1982, issued \$4,300,000, (reduced to \$3,912,000 in April 1985, due to early extinguishment of \$388,000), payable in semiannual installments varying from \$89,888 to \$167,988 with interest of 3 percent payable semiannually; the final installment of \$85,889 due in 2022.

Until the principal of and interest on this note are paid in full, the University is also required, upon completion of the project, to establish from such revenues and maintain a debt service reserve equal to \$174,400, accumulated at the rate of at least \$21,800 semiannually, and once the debt service reserve has been fully funded an equipment reserve equal to \$141,000, accumulated at the rate of \$14,100 per year, and a repairs reserve equal to \$266,000, accumulated at a rate not to exceed \$26,600 per year.

\$ 2,747,921

The University acquired the deed of bargain and sale from the City of Norfolk for the Brambleton Center in consideration of 6 full scholarships for the benefit of Norfolk residents. Scholarships payable each year vary from \$4,953 to \$16,998 with the final payment due in 2019.

174,521

Total notes payable

\$ 2,922,442

### Bonds Payable

East Campus Cafeteria Revenue Bonds Series 1991A, issued \$4,055,000 (reduced to \$1,655,000 in December 1993 due to refinancing and reduced to \$1,440,000 in January 1996 due to refinancing), balance payable in annual installments varying from \$180,000 to \$200,000 with interest of 5.9 percent to

6.2 percent payable semiannually, the final installment of \$200,000 due in 2002.	\$ 390,000
Residence Halls Revenue Bonds Series 1991A, issued \$9,320,000 (reduced to \$3,810,000 in December 1993 due to refinancing and reduced to \$3,320,000 in January 1996 due to refinancing), balance payable in annual installments varying from \$410,000 to \$460,000 with interest of 5.9 percent to 6.2 percent payable semiannually, the final installment of \$460,000 due in 2002.	895,000
Health and ROTC Buildings Refunded Bonds, dated 1993, issued for \$505,820, balance payable in annual installments varying from \$414 to \$240,414 with interest of 4.5 percent to 4.9 percent payable semiannually, the final installment of \$240,414 due in 2004.	241,655
Health and ROTC Building Refunding Bonds, Series 1993B issued for \$1,218,578, balance payable in annual installments varying from \$190,838 to \$210,280 with interest of 4.2 percent to 4.5 percent payable semiannually, the final installment of \$210,280 due in 2003.	609,460
Student Housing - Residence Hall Refunding Bonds, Series 1993B issued for \$2,668,285, balance payable in annual installments varying from \$22,203 to \$338,411 with interest of 4.2 percent to 5 percent payable semiannually, the final installment of \$338,411 due in 2010.	2,544,766
Residence Hall Refunding Bonds Series 1993B, issued for \$5,813,068, balance payable in annual installments varying from \$44,731 to \$794,238 with interest of 4.2 percent to 5 percent payable semiannually, the final installment of \$794,238 due in 2011.	5,565,734
East Campus Cafeteria Refunding Bonds, Series 1993B, issued for \$2,530,106, balance payable in annual installments varying from \$19,463 to \$348,092 with interest of 4.2 percent to 5 percent payable semiannually, the final installment of \$348,092 due in 2011.	2,422,490
East Campus Dormitory Refunding Bonds, Series 1996, issued for \$402,484.50, balance payable in annual installments varying from \$190,059 to \$196,686 with interest of 4.75 percent payable semiannually, the final installment of \$196,686 due in 2001.	196,685
Student Housing - Residence Hall Refunding Bonds, Series 1996 issued for \$523,429, balance payable in annual installments varying from \$4,399 to \$495,278 with interest of 4.75 percent payable semiannually, the final installment of \$495,278 due in 2003.	504,075
East Campus Cafeteria Refunding Bonds, Series 1996, issued for \$229,668, balance payable in annual installments varying from \$1,930 to \$217,316 with interest of 4.75 percent payable semiannually, the final installment of \$217,316 due in 2003.	221,178

Athletic Facility - General Revenue Pledge Bonds 9(d) dated 1996, issued for \$9,260,000, balance payable in semiannual installments varying from \$295,000 to \$690,000 with interest of 3.95 percent to 5.375 percent payable semiannually, the final installment of \$690,000 due in 2018.

8,405,000

Total bonds payable

\$21,996,043

#### Leases Payable

The University has entered into lease agreements with the Virginia College Building Authority (VCBA). The agreements are payable over a five-year period with interest of 4.1 percent to 5 percent payable semiannually. The principal outstanding totaled \$1,336,639. 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 leases. Payment 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 requirements under the leases.

At June 30, 2000, the University had purchased equipment totaling \$6,899,963 under the lease agreements.

Total leases payable

\$ 1,336,639

Total Long-Term Indebtedness

\$26,255,124

A summary of future requirements of long-term debt as of June 30, 2000, follows:

Year Ending June 30,	Notes and Bonds	Capital Leases	Total
2001	\$ 2,714,854	\$ 606,618	\$ 3,321,472
2002	2,697,912	564,030	3,261,942
2003	2,706,490	277,637	2,984,127
2004	2,727,332	-	2,727,332
2005	2,476,797	-	2,476,797
Later Years	<u>21,639,998</u>	<u>-</u>	<u>21,639,998</u>
Total	\$34,963,383	\$1,448,285	\$36,411,668
Less interest	<u>(10,044,898)</u>	<u>(111,646)</u>	<u>(10,156,544)</u>
Net	<u>\$24,918,485</u>	<u>\$1,336,639</u>	<u>\$26,255,124</u>

6. TREASURY LOANS PAYABLE

Deficit loan

The University incurred a deficit for the year ended June 30, 1998 in its operating funds. The Governor authorized a deficit loan totaling \$4,098,979 to be paid from the General Fund of the Commonwealth to meet the University's current financial obligations and commitments during fiscal year 1998. Management has submitted a plan to eliminate the existing deficit and prevent future deficits pursuant to Section 4-3.02 Acts of Assembly. At June 30, 2000, the outstanding loan balance totaled \$2,280,232. This balance is payable in annual installments of \$760,077 with the final payment due in 2003.

7. DEFEASANCE OF DEBT – PRIOR YEARS

During fiscal years 1994 and 1996, certain 1990B and 1991A General Obligation Bonds were defeased by the University. The net proceeds from the sale of those bonds were placed in an irrevocable trust with an escrow agent to provide for all future debt service on the refunded bonds. Accordingly, the trust account assets and the related liability for the defeased bonds are not reflected in the University's financial statements. At June 30, 2000, the following amounts of the defeased bonds were outstanding:

1990 Series B	\$ 2,645,000
1991 Series A	<u>8,240,000</u>
Total	<u><u>\$10,885,000</u></u>

8. COMMITMENTS

At June 30, 2000, the University was committed to construction contracts totaling approximately \$1,169,716. Construction in progress on these contracts totaled \$760,494 at June 30, 2000.

The University is a party to several operating lease agreements for a period of one year, which generally have renewal options. Rental expense under operating leases was \$937,117 for the year ended June 30, 2000. Commitments for subsequent fiscal years are as follows:

Year Ending <u>June 30,</u>	
2001	\$ 1,044,314
2002	707,229
2003	619,314
2004	628,350
2005	634,648
Later Years	<u>9,969,831</u>
Total	<u><u>\$13,603,686</u></u>

9. 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 the 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 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 (Revised Act)	\$34,252,631
Adjustments:	
Salary regrade funding	638,115
Employee health insurance premium increase	309,183
Equipment trust fund payment	(329,708)
New human resource information system	(45,874)
Higher education retirement contribution savings	(194,259)
Automobile liability premium payment	(12,044)
Retirement contribution lag pay savings	(4,867)
Group life insurance contribution savings	(163,660)
ORP retirement contribution savings	(56,738)
Virginia power electrical rate savings	(58,126)
Premium payments for retiree health care credit	<u>(114,433)</u>
Adjusted appropriation	<u>\$34,220,220</u>

10. DEFICIT FUND BALANCE - CURRENT UNRESTRICTED FUNDS

The deficit fund balance in the University's Current Unrestricted Fund resulted from accruals for lag pay and leave liability. Operating deficits in Residential Services, Security, Athletics, and Printing Services auxiliaries also contributed to the deficit fund balance.

11. STATE STUDENT LOAN FUND

The University makes loans to qualified students from its Commonwealth of Virginia - Student Loan Fund. During the fiscal year, new loans totaling \$27,438 were made to 38 students. At June 30, 2000, total loans outstanding were \$320,389 and the allowance for doubtful accounts was \$120,846. Summarized on the following page is the fund activity of the State Student Loan Fund for the fiscal year ended June 30, 2000:

Beginning fund balance	\$ 280,824
Interest income and collection fees	8,008
Loan write-offs and expenses	<u>(11,458)</u>
Ending fund balance	<u>\$ 277,374</u>

## 12. RETIREMENT AND PENSION SYSTEMS

Employees of the University are employees of the Commonwealth. Substantially all full-time classified salaried employees of the University participate in a defined benefit pension plan administered by the Virginia Retirement System (VRS). The VRS also administers life insurance and health related plans for retired employees. Information relating to these plans is available at the statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report (CAFR). The Commonwealth, not the University, has overall responsibility for contributions to these plans.

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 5.4 percent and employee contributions of 5 percent (all of which are paid by the University) and interest and dividends.

Individual contracts issued under the plans provide for full and immediate vesting of both the University's and the employee's contributions. Total pension costs under these plans were \$932,482 in fiscal year 2000. Contributions to other retirement plans were calculated using the base salary totaling \$8,966,173 in fiscal year 2000.

## 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 participate in the state health plan. Information related to these plans is available at the statewide level in the Commonwealth's Comprehensive Annual Financial Report.

## 14. 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.

## 15. RISK MANAGEMENT

The University is exposed to various risks of loss related to torts; theft or, 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 Human Resource Management 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, 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.

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## **SUPPLEMENTARY INFORMATION**

NORFOLK STATE UNIVERSITY  
SCHEDULE OF OPERATIONS - AUXILIARY ENTERPRISES  
For the Year Ended June 30, 2000

	Food Services	Residential Facilities	Student Activities	Student Center	Athletics	Parking
Revenues:						
Student fees	\$ 376,417	\$ -	\$ 961,602	\$ 320,880	\$ 5,821,985	\$ 376,417
Sales and services	3,039,567	5,208,219	128,709	54,307	700,062	384,559
Rental and other income	-	7,154	52,817	-	-	-
Total revenues	3,415,984	5,215,373	1,143,128	375,187	6,522,047	760,976
Expenses of operation:						
Personal service	174,242	669,305	80,122	103,302	1,315,028	206,355
Fringe benefits	1,855	163,851	2,274	40,537	268,313	61,922
Contractual services	2,802,346	1,105,746	591,091	71,932	981,479	81,125
Supplies and materials	9,539	246,673	228,946	14,907	285,212	59,350
Current charges and obligations	11,756	817,162	13,969	66,095	81,911	4,105
Equipment	-	79,242	50,726	18,976	27,088	4,491
Scholarships and fellowships	-	484,642	174,265	-	1,632,439	-
Auxiliary administration expense	13,626	370,940	118,416	32,927	481,309	43,604
Total expenses of operation	3,013,364	3,937,561	1,259,809	348,676	5,072,779	460,952
Excess (deficiency) of revenues over (under) expenses of operation before transfers	402,620	1,277,812	(116,681)	26,511	1,449,268	300,024
Nonoperating revenue:						
Private gifts	-	-	-	-	75,000	-
Transfers:						
Mandatory:						
Debt service and sinking fund	(364,415)	(1,361,530)	-	-	(956,778)	-
Nonmandatory - (To)/From other funds	-	185,446	94,697	47,751	115,946	-
Net increase (decrease) in fund balances	38,205	101,728	(21,984)	74,262	683,436	300,024
Fund balances at July 1, 1999, as restated (Note 1)	152,897	(593,828)	434,220	699,830	(2,204,625)	377,898
Fund balances at June 30, 2000	\$ 191,102	\$ (492,100)	\$ 412,236	\$ 774,092	\$ (1,521,189)	\$ 677,922

Note 1: Beginning fund balances have been restated to correct improper balances carried forward in prior years based on analysis performed by the University.

Printing Services	Auxiliary Administration	Contingency Fund	Auxiliary Security	Sports Therapy	Telephone Services	Auxiliary Enhancement	Total
\$ -	\$ -	\$ 314,709	\$ 857,737	\$ -	\$ -	\$ -	\$ 9,029,747
300,763	22,083	-	-	126,287	11,166	744,054	10,719,776
-	3,556	-	5,636	-	-	-	69,163
300,763	25,639	314,709	863,373	126,287	11,166	744,054	19,818,686
30,760	276,646	-	442,013	33,029	-	-	3,330,802
11,754	90,769	-	63,508	6,185	-	-	710,968
1,272	26,097	3,836	80,230	6,993	-	297,356	6,049,503
1,637	7,180	-	13,261	283	-	3,952	870,940
195,825	1,070	-	-	-	-	2,232	1,194,125
-	12,629	-	3,721	7,100	-	-	203,973
-	-	-	-	-	-	-	2,291,346
25,487	(406,052)	-	62,548	5,656	-	31,952	780,413
266,735	8,339	3,836	665,281	59,246	-	335,492	15,432,070
34,028	17,300	310,873	198,092	67,041	11,166	408,562	4,386,616
-	-	-	-	-	-	-	75,000
-	-	-	-	-	-	-	(2,682,723)
-	-	(564,835)	-	-	-	(69,721)	(190,716)
34,028	17,300	(253,962)	198,092	67,041	11,166	338,841	1,588,177
(340,452)	(5,800)	884,229	(1,027,841)	332,838	121,998	719,749	(448,887)
\$ (306,424)	\$ 11,500	\$ 630,267	\$ (829,749)	\$ 399,879	\$ 133,164	\$ 1,058,590	\$ 1,139,290

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NORFOLK STATE UNIVERSITY  
Norfolk, Virginia

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