

**RADFORD UNIVERSITY
RADFORD, VIRGINIA**

**REPORT ON AUDIT
FOR THE YEAR ENDED
JUNE 30, 2002**



AUDIT SUMMARY

Our audit of Radford University for the year ended June 30, 2002, found:

- the financial statements are presented fairly, in all material respects;
- internal control matters that we consider to be reportable conditions; however, we do not consider any of these to be material weaknesses; and
- instances of noncompliance required to be reported.

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UNIVERSITY OFFICIALS

March 25, 2003

The Honorable Mark R. Warner
Governor of Virginia

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

The Board of Visitors
Radford University

We have audited the accounts and records of **Radford University** as of and for the year ended June 30, 2002, and submit herewith our complete reports on financial statements and compliance and internal control over financial reporting.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying basic financial statements of Radford University, a component unit of the Commonwealth of Virginia, as of and for the year then ended June 30, 2002, as listed in the table of contents. These 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 Radford University as of June 30, 2002, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the University has implemented a new financial reporting model, as required by the provisions of GASB Statement 34, *Basic Financial Statements - and Management's Discussion and*

Analysis - for State and Local Governments, and GASB Statement 35, Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities as of June 30, 2002.

The Management's Discussion and Analysis on pages 5 through 8 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Radford University. The Schedule of Auxiliary Enterprises Revenues, Expenditures, and Changes in Fund Balances is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The Schedule of Auxiliary Enterprises Revenue, Expenditures, and Changes in Fund Balances has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic 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 Radford University as of and for the year ended June 30, 2002, 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. This instance of noncompliance, entitled "Strengthen Controls Over the Small Purchase Charge Card Program" 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.

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 March 24, 2003.

AUDITOR OF PUBLIC ACCOUNTS

WHC/kva
kva:

INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS

Strengthen Controls Over the Small Purchase Charge Card Program

Radford University needs to comply with its procedures and the Commonwealth Accounting Policies and Procedures Manual over the Small Purchase Charge Card (SPCC) program. The University has developed policies and procedures for the program to ensure that all purchases made using the SPCC are appropriate and that charge card statements are correct. However, we found the following specific internal control weaknesses where University employees did not follow established procedures.

Purchasing logs did not include all of the required fields. The Commonwealth Accounting Policies and Procedures Manual requires agency personnel to document the agency name and unit, the cardholder name, the date of purchase, vendor name, description of purchase, and the amount of the purchase on the SPCC purchasing log. In addition, a review of transactions revealed evidence of order splitting in 16 of 37 (43 percent) sampled transactions. Order splitting is when a cardholder splits purchases to get under their transaction limits.

Finally, the University should review cardholder transaction limits. In ten out of ten cardholders tested, the monthly transaction limit was set too high in relation to actual monthly purchases. We also found individual transaction limits were set too high in relation to actual purchases made in three out of ten cardholders tested.

The University should enforce compliance with procedures over the small purchase charge card and should consider revoking charge cards from employees who violate policies and procedures. In addition, cardholder supervisors should carefully review cardholder purchases to ensure compliance with policies and procedures. Strengthening the internal controls over the Small Purchase Charge Card program will reduce the risk of fraudulent charges and ensure purchases are proper.

Strengthen Controls Over Department Equipment Inventory

University departments do not complete physical equipment inventories in a timely manner. We found 23 out of 115 departments did not complete an annual inventory of equipment items. In addition, 18 departments completed the inventories after the University-established deadline.

The University is not following its formal policies and procedures developed to comply with the Commonwealth's Accounting Policies and Procedures Manual. The CAPP Manual requires that agencies maintain proper stewardship over all agency fixed assets and recommends that they conduct equipment inventories annually. University procedures require departments to perform an annual physical inventory of equipment and provide Accounting Services with an accurate equipment listing and necessary adjustments by the established deadline.

To ensure proper safeguarding and stewardship of University assets, management must communicate to operating departments the importance of completing an annual physical inventory of fixed assets. Management should provide training and assistance to departments on equipment inventory procedures. In addition, management should ensure proper reconciliations and corrections are made to the Fixed Asset System on a timely basis. By not performing equipment inventories in a timely and complete manner, the University places itself at risk for misappropriation of assets and incorrectly stated equipment assets on the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Background: New Accounting Standards

As a component unit of the Commonwealth of Virginia, Radford University's (RU) annual financial statements for the year ended June 30, 2002 have been prepared following requirements set forth by the Governmental Accounting Standards Board (GASB). For financial reporting, GASB has issued the following two new requirements:

- GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999, establishes new financial reporting requirements.
- GASB Statement 35, *Basic Financial Statements - and Management's Discussion and Analysis for Public Colleges and Universities* - an amendment of GASB Statement 34, issued in November 1999, applies the new reporting standards to public higher education institutions.

The new financial reporting standards substantially change the appearance and format of the financial information. Major changes include (1) financial statements are presented on an entity-wide basis, not by major fund groups; (2) depreciation expense is now recognized, whereas depreciation had not been reported previously; and (3) a Management's Discussion and Analysis presentation is now included as part of the financial statements.

As required by the new accounting pronouncements, the basic financial statements are the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows. The following analysis discusses each of these statements, as well as an overview of the University's activities. For this discussion and analysis, previously reported financial information has been restated to provide a comparison.

Statement of Net Assets

The Statement of Net Assets presents a point in time snapshot of University assets, liabilities, and net assets as of the end of a fiscal year. Readers of the Statement of Net Assets can also determine the assets available to continue the institution's operations and how much is owed vendors and creditors.

Net assets are divided into three major categories:

- Invested in capital assets, net of debt - Depicts equity in property, plant, and equipment owned by the University.
- Expendable restricted net assets - Must be spent for purposes as determined by donors and/or other entities that have placed time or purpose restrictions on the use of the assets.
- Unrestricted net assets - Are available for any lawful purpose of the institution.

<u>Statement of Net Assets *</u>	<u>2002</u>	<u>2001</u>
Assets:		
Current assets	\$ 16,701	\$ 18,022
Capital assets, Net	73,396	70,419
Other noncurrent assets	<u>32,728</u>	<u>23,854</u>
Total assets	<u>122,825</u>	<u>112,295</u>
Liabilities:		
Current liabilities	17,783	17,582
Noncurrent liabilities	<u>4,629</u>	<u>7,219</u>
Total liabilities	<u>22,412</u>	<u>24,801</u>
Net assets:		
Invested in capital assets, Net of related debt	72,646	68,863
Restricted – expendable	28,664	19,560
Unrestricted	<u>(897)</u>	<u>(929)</u>
Total net assets	<u>\$100,413</u>	<u>\$ 87,494</u>
* (in thousands)		

The University's total assets increased by \$10,530,000. One contributing factor to the variance is the increased enrollment numbers for 2002. The increase in student enrollment led to an increase in student accounts receivable and Perkins loans receivable of \$717,000 over fiscal year 2001. Additionally, noncurrent assets such as investments with the Treasurer of Virginia and appropriations available are used to construct and purchase capital assets. Therefore, \$3,430,000 of this increase is due to the appropriations available for Peters Hall Renovation. Total liabilities decreased by \$2,389,000. The primary cause was a reduction in the University's long-term debt represented by principal payments made on long-term debt combined with no new debt issuances. The deficit in unrestricted net assets is the result of the accrual of compensated absences and other payables.

Statement of Revenues, Expenses, and Changes in Net Assets

The purpose of the Statement of Revenues, Expense, and Changes in Net Assets is to present RU's operating and non-operating revenues recognized and expenses incurred, and any other revenues, expenses, gains and losses. Changes in total net assets as presented on the Statement of Net Assets are based on the activity as presented in the Statement of Revenues, Expenses, and Changes in Net Assets.

Generally speaking, operating revenues are received for providing goods and services to students and other constituencies of the institution. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues and to carry out the University's mission. Nonoperating revenues are revenues received for which goods and services are not provided. For example, state appropriations are nonoperating since they are provided by the State legislature without the legislature directly receiving commensurate goods and services for those revenues.

<u>Statement of Revenues, Expenses, and Changes in Net Assets *</u>	<u>2002</u>	<u>2001</u>
Operating revenues	\$ 61,956	\$ 53,013
Operating expenses	<u>97,609</u>	<u>93,425</u>
Operating loss	<u>(35,653)</u>	<u>(40,412)</u>
Nonoperating revenues and expenses	<u>42,686</u>	<u>44,825</u>
Income before other revenues, expenses, gains or losses	7,033	4,413
Other revenues, expenses, gains or losses	<u>5,886</u>	<u>1,891</u>
Increase in net assets	12,919	6,304
Net assets - beginning of year	<u>87,494</u>	<u>81,190</u>
Net assets - end of year	<u>\$100,413</u>	<u>\$ 87,494</u>

* (in thousands)

Operating revenues primarily include tuition, fees, and auxiliary enterprises. Tuition revenues have remained relatively flat as the State's freeze on tuition increases continued into fiscal year 2002.

Nonoperating revenue decreases are attributable to fluctuations in state appropriations. The nonoperating revenues for fiscal year ending June 30, 2002, reflect the state-imposed General Fund reduction of three percent or approximately \$1,435,000.

Other revenues and gains include capital appropriations. During fiscal year 2001, the Governor issued an Executive Order placing a moratorium on spending of General Fund appropriations for capital outlay projects not already under contract. As a result, \$11,157,000 of capital appropriations reverted to the Commonwealth. Some of these capital appropriations were reallocated in fiscal year 2002.

Statement of Cash Flows

The final statement presented is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the institution during the year. The statement is divided into four parts and the reconciliation of operating income/(loss) to the net cash used by operating activities:

- Operating cash flows show the net cash used by the operating activities of the University. Significant sources of cash include student tuition and fees (\$20,626,000), auxiliary enterprises (\$30,125,000), and grants and contracts (\$9,404,000). Major uses of cash include payments for salaries, wages and fringe benefits (\$62,799,000), payments for supplies and services (\$23,123,000), and payments for scholarships and fellowships (\$3,153,000).
- Cash flows from noncapital financing activities include state appropriations for University programs and financial aid of \$41,636,000. This section reflects the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes.

- Cash flows from capital and related financial activities deal with cash used for the acquisition and construction of capital and related items. Primary sources of cash include capital appropriations (\$4,673,000) and capital gifts (\$1,213,000). Significant cash outflows include the purchase of capital assets (\$7,346,000), and the repayment of principal and interest on capital related debt.
- Cash flows from investing activities show investment income received.
- Reconciliation of net cash used by operating activities to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Assets.

Capital Asset and Debt Administration

The overall invested in capital assets balance increase reflects the continued ongoing campus construction. Major capital projects for the fiscal year 2002 include the construction of the track and soccer stadium and renovations to Peters Hall and Floyd Hall. These projects were still under construction at June 30, 2002.

The University decreased its total long-term debt from \$936,000 in fiscal year 2001 to \$506,000 in fiscal year 2002. The University incurred no new bond indebtedness during the year and the 1982 revenue bond for construction of the recreational center was paid off in fiscal year 2002.

Overall, unpaid construction and other related contractual commitments increased from \$7,540,000 in 2001 to \$9,489,000 in 2002. Unpaid commitments at June 30, 2002, primarily reflect the Peters Hall and Floyd Hall renovation projects.

Economic Outlook

As a state institution of higher education, RU's economic outlook is directly related to the Commonwealth of Virginia's economic outlook. RU is dependent upon financial support in the form of General Fund appropriations from state government. However, due to a continued lag in overall state revenues, RU had a three percent reduction (approximately \$1.4 million) in General Fund appropriations for fiscal year 2002. Going into fiscal year 2003, RU has incurred two separate reductions (first round reductions of seven percent, approximately \$2.8 million, and second round reductions of nine percent, approximately \$3.0 million) in General Fund appropriations. These budget reductions will also impact General Fund appropriations in fiscal year 2004.

RU's ability to recruit and retain successful students is another major factor impacting the University's economic position. Applications remain strong and the quality of admitted students continues to rise. Also, the state General Assembly authorized colleges and universities to increase tuition for the first time since 1996. RU's Board of Visitors approved a tuition increase of nine percent (in-state, undergraduate) and six percent (out-of-state and graduate) for fiscal year 2003 to offset a portion of the reductions in state General Fund appropriations noted above. RU's Board of Visitors also approved a mid-year tuition increase to offset a portion of the state General Fund appropriation reductions.

RADFORD UNIVERSITY
STATEMENT OF NET ASSETS
As of June 30, 2002

ASSETS	
Current assets:	
Cash and cash equivalents (Note 3)	\$ 11,611,173
Short-term investments (Note 3)	2,420,657
Accounts receivable (Net of allowance for doubtful accounts of \$162,401) (Note 4)	1,850,712
Due from the Commonwealth (Note 8)	271,242
Inventory	527,951
Notes receivable (Net of allowance for doubtful accounts of \$3,121)	<u>18,797</u>
Total current assets	<u>16,700,532</u>
Noncurrent assets:	
Restricted cash and cash equivalents (Note 3)	25,065,719
Appropriations available	4,493,794
Notes receivable (Net of allowance for doubtful accounts of \$37,874)	3,168,405
Capital assets, net (Note 5)	<u>73,396,326</u>
Total noncurrent assets	<u>106,124,244</u>
Total assets	<u>\$ 122,824,776</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses (Note 6)	\$ 9,557,114
Deferred revenue (Note 1H)	2,607,481
Obligations under securities lending	2,660,063
Deposits held in custody for others	290,929
Long-term liabilities - current portion (Note 7)	2,646,940
Advance from the Treasurer of Virginia	<u>20,000</u>
Total current liabilities	17,782,527
Noncurrent liabilities (Note 7)	<u>4,629,015</u>
Total liabilities	<u>\$ 22,411,542</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$ 72,646,598
Restricted:	
Expendable:	
Scholarships and fellowships	226,881
Instruction and research	1,104,341
Capital projects	27,068,356
Loans	264,081
Unrestricted (Note 16)	<u>(897,023)</u>
Total net assets	<u>\$ 100,413,234</u>

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

RADFORD UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2002

Operating revenues:

Student tuition and fees (net of scholarship allowances of \$3,221,312)	\$ 19,768,832
Federal grants and contracts	8,440,333
State grants and contracts	471,444
Nongovernmental grants and contracts	548,232
Auxiliary enterprises (net of scholarship allowances of \$4,426,627) (Note 9)	31,948,087
Other operating revenues	779,340
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Total operating revenues	61,956,268

Operating expenses: (Note 10)

Instruction	35,890,301
Research	301,260
Public service	2,008,267
Academic support	6,075,448
Student services	4,011,147
Institutional support	9,768,041
Operation and maintenance - plant	6,245,324
Depreciation	4,442,954
Student aid	1,706,265
Auxiliary activities (Note 9)	27,160,388
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Total operating expenses	97,609,395

Operating loss	<hr/> (35,653,127)
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Nonoperating revenues (expenses):

State appropriations (Note 11)	41,636,142
Investment income	1,425,112
Interest on capital asset - related debt	(78,743)
Loss on disposal of plant assets	(13,211)
Nonoperating transfers to the Commonwealth	(283,464)
	<hr/>
Net nonoperating revenues (expenses)	42,685,836

Income before other revenues, expenses, gains or losses	<hr/> 7,032,709
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Capital appropriations	4,673,171
Capital gifts	1,213,320
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Total other revenues	5,886,491

Increase in net assets	12,919,200
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Net assets - beginning of year as restated (Note 1)	<hr/> 87,494,034
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Net assets - end of year	<hr/> <hr/> \$ 100,413,234
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The accompanying Notes to Financial Statements are an integral part of this statement.

RADFORD UNIVERSITY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2002

Cash flows from operating activities:

Student tuition and fees	\$ 20,626,340
Grants and contracts	9,404,246
Auxiliary enterprises	30,125,502
Other receipts	760,786
Payments for salaries, wages, and fringe benefits	(62,799,042)
Payments for services and supplies	(23,123,354)
Payments for utilities	(1,636,872)
Payments for scholarships and fellowships	(3,153,249)
Payments for noncapitalized plant improvements and equipment	(2,683,974)
Loans issued to students	(822,716)
Collections of loans from students	787,307
Other receipts (payments)	<u>(53,312)</u>

Net cash used by operating activities	<u>(32,568,338)</u>
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Cash flows from noncapital financing activities:

State appropriations	41,636,142
Non-general fund appropriation reductions	(283,464)
Student organization agency transactions	<u>50,546</u>

Net cash provided by noncapital financing activities	<u>41,403,224</u>
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Cash flows from capital financing activities:

Proceeds from capital appropriations available	(2,472,979)
Capital appropriations	4,673,171
Capital gifts	1,213,320
Purchase of capital assets	(7,345,713)
Principal paid on capital debt, leases, and installments	(934,160)
Interest paid on capital debt, leases, and installments	<u>(78,743)</u>

Net cash used by capital financing activities	<u>(4,945,104)</u>
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Cash flows from investing activities:

Interest on investments	<u>1,425,112</u>
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Net increase in cash	5,314,894
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Cash and cash equivalents - beginning of the year	<u>31,361,998</u>
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Cash and cash equivalents - end of the year	<u>\$ 36,676,892</u>
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RADFORD UNIVERSITY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2002

RECONCILIATION OF NET OPERATING LOSS TO NET CASH

USED BY OPERATING ACTIVITIES:

Operating loss	\$ (35,653,127)
Adjustments to reconcile net loss to net cash used by operating activities:	
Depreciation expense	4,442,954
Changes in assets and liabilities:	
Receivables, net	(511,128)
Due from the Commonwealth	(114,100)
Inventory	152
Notes receivable, net	(35,409)
Accounts payable and accrued expenses	(26,968)
Deferred revenue	(563,024)
Accrued compensated absences	(89,134)
Federal loan programs contributions refundable	(18,554)
	<u>\$ (32,568,338)</u>

NONCASH INVESTING, NONCAPITAL FINANCING, AND CAPITAL
AND RELATED FINANCING TRANSACTIONS:

Principal and interest on capital lease debt paid by state agency on behalf of the University	<u>\$ 425,822</u>
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The accompanying Notes to Financial Statements are an integral part of this statement.

RADFORD UNIVERSITY

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Radford 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

Radford University (the University) is a comprehensive university that is part of the Commonwealth of Virginia's statewide system of public higher education. The University's Board of Visitors, appointed by the Governor, is responsible for overseeing governance of the University. A separate report is prepared for the Commonwealth of Virginia, which includes all agencies, higher education institutions, 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 basic financial statements of the Commonwealth.

The University has no component units, as defined by the Governmental Accounting Standards Board (GASB) Statement 14, The Financial Reporting Entity; however, the University does have a related party corporation whose combined financial conditions are stated in Note 2. This organization is a separate legal entity from Radford University and the University exercises no control over it. For these reasons, the University's related party is not included in these financial statements.

B. Basis of Presentation

The University's accounting policies conform with generally accepted accounting principles as prescribed by the GASB, including all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The financial statements have been prepared in accordance with GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and GASB Statement 35, *Basic Financial Statements - and Management's Discussion and Analysis - of Public Colleges and Universities*. These new statements are effective for the Commonwealth and all of its component units for the fiscal year ended June 30, 2002. The University now follows GASB Statement 34 requirements for "reporting by special-purpose governments engaged only in business-type activities." The change in financial statement presentation provides a comprehensive entity-wide look at the University's financial activities, and replaces the fund-group perspective previously required.

C. Basis of Accounting

The University's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. All significant intra-agency transactions have been eliminated.

D. Investments

In accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, purchased investments, interest-bearing temporary investments classified with cash, and investments received as gifts are recorded at fair value. All investment income, including changes in the fair value of investments (unrealized gains and losses), is reported as nonoperating revenue in the Statement of Revenues, Expenses, and Changes in Net Assets.

E. Capital Assets

Capital assets include land, buildings and other improvements, library materials, equipment, and infrastructure assets such as sidewalks, steam tunnels, and electrical and computer network cabling systems. Capital assets are generally defined by the University as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Library materials are valued using actual costs for library acquisitions. Such assets are recorded at actual cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Expenses for major capital assets and improvements are capitalized (construction in progress) as projects are constructed. Interest expense relating to construction is capitalized, if material, net of interest income earned on resources set aside for this purpose. The costs of normal maintenance and repairs that do not add to an asset's value or materially extend its useful life are not capitalized. Certain maintenance and replacement reserves have been established to fund costs relating to residences and other auxiliary activities.

Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expense categories. Useful lives by asset categories are listed below:

Buildings	40 years
Other improvements and infrastructure	20 years
Equipment	2-25 years
Library materials	10 years

F. Inventories

Inventories are valued at the lower of cost (generally determined on the first-in, first-out method) or market, and consist primarily of expendable supplies held for consumption. On July 1, 2002, the University contracted with Chartwells, Inc., to manage dining operations. The contract included the sale of the existing dining services' inventory.

G. Noncurrent Cash and Investments

Cash and investments that are externally-restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital and other noncurrent assets, are classified as noncurrent assets in the Statement of Net Assets.

H. Deferred Revenue

Deferred revenue primarily includes amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year, but related to the period after June 30, 2002.

I. Accrued Compensated Absences

The amount of leave earned but not taken by non-faculty salaried employees is recorded as a liability on the Statement of Net Assets. The amount reflects, as of June 30, 2002, all unused vacation leave, sabbatical leave and the amount payable upon termination under the Commonwealth of Virginia's sick leave pay-out policy. The applicable share of employer-related taxes payable on the eventual termination payments is also included.

J. Federal Financial Assistance Programs

The University participates in federally-funded Pell Grants, Supplemental Educational Opportunity Grants, Federal Work-Study, and Perkins Loans programs. Federal programs are audited in accordance with the Single Audit Act Amendments of 1996; the Office of Management and Budget Revised Circular A-133; Audit of States, Local Governments and Non-Profit Organizations; and the Compliance Supplement.

K. Net Assets

GASB Statement 34 requires that the Statement of Net Assets reports the difference between assets and liabilities as net assets, not fund balances. Net assets are classified as invested in capital assets, net of related debt; restricted; and unrestricted. "Invested in capital assets, net of related debt" consists of capital assets, net of accumulated depreciation, and reduced by outstanding debt that is attributable to the acquisition, construction, or improvement of those assets. Net assets are reported as "restricted" when constraints on the net asset use are either externally imposed by creditors, grantors, or contributors, or imposed by law. Unrestricted net assets consist of net assets that do not meet the definitions above.

In connection with the implementation of GASB Statements 34 and 35, the following adjustment was made to reflect the cumulative effect of this accounting change:

Fund balances reported at June 30, 2001	\$160,415,027
Accumulated depreciation on capital assets at June 30, 2001, not previously recorded	(69,554,351)
Federal loan program contributions previously recorded as fund balance in loan funds, now recorded as liabilities	(3,364,648)
State appropriations reported as available at June 30, 2001, that were not reallocated	<u>(1,994)</u>
Net asset balance at July 1, 2001	<u>\$ 87,494,034</u>

L. Revenue and Expenses Classification

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises, net of scholarship allowances; and (3) federal, state, and nongovernmental grants and contracts.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts, and other revenue sources that are defined as nonoperating revenues by GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement 34, such as state appropriations and investment and interest income.

Nonoperating expenses include interest on debt related to the purchase of capital assets and losses on disposal of capital assets. All other expenses are classified as operating expenses.

M. Scholarship Discounts and Allowances

Student tuition and fees revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the student's behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that such revenues are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

2. RADFORD UNIVERSITY FOUNDATION, INC.

The financial statements do not include the assets, liabilities, and net assets of the Radford University Foundation, Inc. The purpose of this organization is to operate for the benefit of the University. The Foundation is a separately incorporated entity and the related financial statements are examined by other auditors.

The following is a summary of the audited financial condition of the Foundation as of June 30, 2002.

Assets:	
Cash and investments	\$16,371,501
Other assets	<u>12,412,598</u>
Total	<u>\$28,784,099</u>
Liabilities and net assets:	
Liabilities	\$ 3,544,997
Fund balance	<u>25,239,102</u>
Total	<u>\$28,784,099</u>

The aggregate revenues and expenditures of the Foundation, determined as if in consolidation with the University, were \$3,127,663 and \$4,243,414, respectively for the year ended June 30, 2002.

During the fiscal year ended June 30, 2002, the Foundation transferred \$891,731 to the University for academic scholarships. In addition, the Foundation directly expended \$237,404 on behalf of the intercollegiate athletic programs of the University.

3. CASH AND CASH EQUIVALENTS

The following information is provided with respect to the credit risk associated with the University's cash and cash equivalents and investments at June 30, 2002.

A. Cash and Cash Equivalents

Pursuant to Section 2.2-1800, et seq., Code of Virginia, all state funds of the University are maintained by the Treasurer of Virginia, who is responsible for the collection, disbursement, custody, and investment of state funds. Cash deposits held by the University are maintained in accounts that are collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400, et seq., Code of Virginia, except for cash held in foreign banks. These amounts are insured in accordance with the banking regulations of the respective countries where the funds are maintained. In accordance with the GASB Statement 9 definition of cash and cash equivalents, cash represents cash with the Treasurer, cash on hand, and cash deposits including certificates of deposits and temporary investments with original maturities of three months or less.

At June 30, 2002, the University held the following cash and cash equivalents:

Deposits with financial institutions	\$ 227,492
Cash with the Treasurer of Virginia	34,523,854
Money market and index funds	<u>1,925,546</u>
Total cash and cash equivalents	<u>\$36,676,892</u>

B. Investments

The Board of Visitors established the University's investment policy. Credit risk is the risk that the University may not be able to obtain possession of its investment instrument at maturity. The University's investments are in investment pools held by the Treasurer of Virginia, and therefore are not categorized as to level of credit risk.

C. Short-term Investments - Securities Lending Transactions

Collateral held for securities lending and the securities lending transactions totaling \$2,420,657 reported on the financial statements 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.

4. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2002:

Student tuition and fees	\$ 375,398
Auxiliary enterprises	991,151
Federal, state, and nongovernmental grants and contracts	552,175
Other activities	<u>94,389</u>
Total accounts receivable	<u>2,013,113</u>
Less: Allowance for doubtful accounts	<u>162,401</u>
Net accounts receivable	<u><u>\$1,850,712</u></u>

5. CAPITAL ASSETS

A summary of changes in the various capital asset categories for the year ending June 30, 2002, is presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Nondepreciable capital assets:				
Land	\$ 4,494,785	\$ 146,857	\$ -	\$ 4,641,642
Construction in progress	<u>10,834,663</u>	<u>4,927,985</u>	<u>-</u>	<u>15,762,648</u>
Total nondepreciable capital assets	<u>15,329,448</u>	<u>5,074,842</u>	<u>-</u>	<u>20,404,290</u>
Depreciable capital assets:				
Buildings	91,320,004	-	7,954	91,312,050
Infrastructure	19,987,289	19,804	-	20,007,093
Equipment	16,838,037	1,407,181	456,423	17,788,795
Other improvements	4,318,744	-	-	4,318,744
Library materials	<u>12,187,445</u>	<u>936,159</u>	<u>46,972</u>	<u>13,076,632</u>
Total depreciable capital assets	<u>144,651,519</u>	<u>2,363,144</u>	<u>511,349</u>	<u>146,503,314</u>

Less accumulated depreciation for:

Buildings	57,053,186	1,671,317	7,954	58,716,549
Infrastructure	14,242,290	474,912	-	14,717,202
Equipment	8,118,857	1,327,050	438,194	9,007,713
Other improvements	2,353,213	215,789	-	2,569,002
Library materials	<u>7,793,898</u>	<u>753,886</u>	<u>46,972</u>	<u>8,500,812</u>
Total accumulated depreciation	<u>89,561,444</u>	<u>4,442,954</u>	<u>493,120</u>	<u>93,511,278</u>
Depreciable capital assets, Net	<u>55,090,075</u>	<u>(2,079,810)</u>	<u>18,229</u>	<u>52,992,036</u>
Total capital assets, Net	<u>\$ 70,419,523</u>	<u>\$ 2,995,032</u>	<u>\$ 18,229</u>	<u>\$ 73,396,326</u>

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following at June 30, 2002:

Employee salaries, wages, and fringe benefits payable	\$ 6,731,968
Vendors and suppliers accounts payable	2,046,115
Capital projects accounts payable	<u>779,031</u>
Total accounts payable and accrued expenses	<u>\$ 9,557,114</u>

7. NONCURRENT LIABILITIES

The University's noncurrent liabilities consist of long-term debt (further described in Note 8), notes payable, and other noncurrent liabilities. A summary of changes in noncurrent liabilities for the year ending June 30, 2002, is presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Long-term debt:					
General obligation bonds	\$ 936,049	\$ -	\$ 430,514	\$ 505,535	\$ 117,925
Capital leases	<u>719,353</u>	<u>-</u>	<u>496,254</u>	<u>223,099</u>	<u>223,099</u>
Total long-term debt	<u>1,655,402</u>	<u>-</u>	<u>926,768</u>	<u>728,634</u>	<u>341,024</u>
Notes payable:					
Installment purchases	<u>22,986</u>	<u>-</u>	<u>5,108</u>	<u>17,878</u>	<u>5,108</u>
Other liabilities:					
Other capital leases	2,284	3,215	2,284	3,215	3,215
Accrued compensated absences	3,236,426	3,309,536	3,398,670	3,147,292	2,297,593
Federal loan program contributions	<u>3,364,648</u>	<u>14,288</u>	<u>-</u>	<u>3,378,936</u>	<u>-</u>
Total other liabilities	<u>6,603,358</u>	<u>3,327,039</u>	<u>3,400,954</u>	<u>6,529,443</u>	<u>2,300,808</u>
Total long-term liabilities	<u>\$8,281,746</u>	<u>\$3,327,039</u>	<u>\$4,332,830</u>	<u>\$7,275,955</u>	<u>\$2,646,940</u>

8. LONG-TERM DEBT

The University has issued one category of bonds pursuant to Section 9 of Article X of the Constitution of Virginia. Section 9(c) bonds are general obligation bonds issued by the Commonwealth of Virginia on behalf of the University, which are secured by the net revenues of the completed project and the full faith, credit, and taxing power of the Commonwealth of Virginia.

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Balance at June 30, 2002</u>
General obligation revenue bonds:			
Norwood Hall dormitory, Series 1993B	4.30% - 4.75%	2006	\$505,535
Capital leases:			
Higher education equipment trust fund leases payable	Various	2003	<u>223,099</u>
Total			<u>\$728,634</u>

Bonds mature as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2003	\$117,925	\$23,374
2004	121,553	18,068
2005	129,045	12,476
2006	<u>137,012</u>	<u>6,507</u>
Total	<u>\$505,535</u>	<u>\$60,425</u>

Prior Year Defeasance of Debt

In prior years, the University and the Commonwealth of Virginia, on behalf of the University, issued bonds and deposited the proceeds into an irrevocable trust with an escrow agent to provide for all future debt service payments on other debt. The bonds representing that debt are therefore considered defeased. Accordingly, the trust account's assets and the liabilities for the defeased bonds are not included in the University's financial statements.

Equipment Trust Fund Program

The Equipment Trust Fund (ETF) program was established to provide state-supported institutions of higher education bond proceeds for financing the acquisition and replacement of instructional and research equipment. The Virginia College Building Authority (VCBA) manages the program. The VCBA issues bonds and uses the proceeds to reimburse the University and other institutions of higher education for equipment purchased. For fiscal years prior to 1999, the VCBA purchased the equipment and leased it to the University. For fiscal years 1999 and following, financing agreements for ETF were changed so that the University now owns the equipment from the date of purchase.

The Statement of Net Assets line, "Due from the Commonwealth," totaling \$271,242 at June 30, 2002, represents equipment purchased by the University that was not reimbursed by the VCBA at year-end.

9. AUXILIARY ACTIVITIES

Auxiliary operating revenues and expenses consisted of the following at June 30, 2002. The University used auxiliary revenues to pay debt service and capital improvements of \$476,561 and \$6,604,400, respectively. Those balances are not included in the auxiliary operating expenses below.

Revenues:

Room contracts, net of scholarship allowance \$1,350,626	\$ 8,048,903
Dining service contracts, net of scholarship allowances of \$1,131,895	5,981,635
Comprehensive fee, net of scholarship allowance of \$1,944,106	11,158,792
Other student fees and sales and services	<u>6,758,757</u>

Total auxiliary enterprises revenue	<u>\$ 31,948,087</u>
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Expenses:

Residential facilities	\$ 6,168,641
Dining operations	8,670,406
Athletics	3,049,450
Other auxiliary activities	<u>9,271,891</u>

Total auxiliary activities expenses	<u>\$ 27,160,388</u>
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10. EXPENSES BY NATURAL CLASSIFICATIONS

The following table shows a classification of expenses both by function, as listed in the Statement of Revenues, Expenses, and Changes in Net Assets, and by natural classification, which is the basis for amounts in the Statement of Cash Flows.

	Compensation and <u>benefits</u>	Services and <u>supplies</u>	Scholarships and <u>fellowships</u>	<u>Utilities</u>	Plant and <u>equipment</u>	<u>Depreciation</u>	<u>Total</u>
Instruction	\$32,644,244	\$ 2,612,125	\$ 320,452	\$ -	\$ 313,480	\$ -	\$35,890,301
Research	203,064	83,871	3,744	-	10,581	-	301,260
Public service	1,212,052	776,719	-	-	19,496	-	2,008,267
Academic support	4,938,202	782,129	2,529	-	352,588	-	6,075,448
Student services	3,281,727	677,867	35,099	-	16,454	-	4,011,147
Institutional support	6,199,625	2,148,393	121,527	-	1,298,496	-	9,768,041
Operation and maintenance of plant	3,530,177	2,142,584	-	464,620	107,943	-	6,245,324
Depreciation expense	-	-	-	-	-	4,442,954	4,442,954
Scholarship and related expenses	-	-	1,706,265	-	-	-	1,706,265
Auxiliary activities	<u>10,422,474</u>	<u>14,151,193</u>	<u>963,633</u>	<u>1,172,252</u>	<u>450,836</u>	<u>-</u>	<u>27,160,388</u>
Total	<u>\$62,431,565</u>	<u>\$23,374,881</u>	<u>\$3,153,249</u>	<u>\$1,636,872</u>	<u>\$2,569,874</u>	<u>\$4,442,954</u>	<u>\$97,609,395</u>

11. STATE APPROPRIATIONS

The University receives state appropriations from the General Fund of the Commonwealth. The Appropriation Act specifies that such unexpended appropriations shall revert, as specifically provided by the General Assembly, at the end of the biennium. For years ending at the middle of 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 disbursements.

The following is a summary of state appropriations received by the University including all supplemental appropriations and reversions:

Original legislative appropriation per Chapter 1073:	
Education and general programs	\$ 39,330,141
Student financial assistance	3,882,416
Supplemental adjustments:	
Virtual Library of Virginia (VIVA) allocation	11,657
General Fund carry forward	20
Central appropriation transfers:	
Salary increase and regrades	161,873
Health insurance premium increase	359,272
Deferred compensation match	250,588
Retirement plan adjustment to central appropriation	(743,091)
Retiree health credit and group life adjustments to central appropriation	(149,660)
Other miscellaneous adjustments to central appropriation	(20,624)
Mandatory General Fund appropriation reductions	(1,185,833)
Voluntary General Fund appropriation reduction	(250,000)
Reversion to the General Fund of the Commonwealth	<u>(10,617)</u>
Adjusted appropriation	<u>\$ 41,636,142</u>

12. COMMITMENTS

At June 30, 2002, the University was a party to construction and other contracts totaling approximately \$15,492,847 of which \$6,003,899 has been incurred.

The University is committed under various operating leases for land, buildings, and equipment. Operating leases do not give rise to property rights or lease obligations and, therefore, the results of the lease agreements are not reflected in the financial statements. Rental expense was approximately \$746,413 for the year ended June 30, 2002. The University has, as of June 30, 2002, the following future minimum rental payments due under these leases:

Year Ending <u>June 30,</u>	Operating Lease <u>Obligation</u>
2003	\$184,560
2004	78,733
2005	77,489
2006	<u>75,913</u>
Total	<u>\$416,695</u>

13. RETIREMENT PLANS

A. Virginia Retirement System

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

The VRS does not measure assets and pension benefit obligations separately for individual State institutions. Therefore, all information relating to this plan is available at the statewide level only and can be found in the Commonwealth's Comprehensive Annual Financial Report (CAFR). The Commonwealth of Virginia, not the University, has the overall responsibility for contributions to this plan. The CAFR provides disclosure of the Commonwealth's unfunded pension benefit obligation at June 30, 2002. The same report contains historical trend information showing VRS's progress in accumulating sufficient assets to pay benefits when due.

The University's expenses include the amount assessed by the Commonwealth for contributions to VRS, which totaled \$2,251,149 for the year ended June 30, 2002. These contributions included the five percent employee contribution assumed by the employer. The University's total payroll was approximately \$54,354,154 for the year ended June 30, 2002.

B. Optional Retirement Plans

Full-time faculty and certain administrative staff participate in a defined contribution plan administered by five different providers rather than the VRS. The five different providers are TIAA/CREF Insurance Companies, Fidelity Investments Tax-Exempt Services and MetLife Resources, Great-West Life Assurance Co., T. Rowe Price Associates, and VALIC. This plan is a fixed-contribution program where the retirement benefits received are based upon the employer's (5.4 percent) and employee's (5.0 percent) contributions, plus interest and dividends.

Individual contracts issued under the plan provide for full and immediate vesting of both the University's and the employee's contributions. Total pension costs under this plan were approximately \$1,345,727 for year ended June 30, 2002. Contributions to the optional retirement plan were calculated using the base salary amount of approximately \$12,939,677 for fiscal year 2002.

14. 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 State service and participate in the State's health plan. Information related to these plans is available at the statewide level in the Commonwealth's Comprehensive Annual Financial Report.

15. CONTINGENCIES

Grants and Contracts

The University has received grants for specific purposes that are subject to review and audit by the grantor agencies. Claims against these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the University.

In addition, the University is required to comply with the various federal regulations issued by the Office of Management and Budget. Failure to comply with certain system requirements of these regulations may result in questions concerning the allowability of related direct and indirect charges pursuant to such agreements. As of June 30, 2002, the University estimates that no material liabilities will result from such audits or questions.

16. DEFICIT NET ASSETS

The \$897,023 deficit in unrestricted net assets is the result of the accrual of compensated absences and other payables.

17. RISK MANAGEMENT AND EMPLOYEE HEALTH CARE PLANS

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 Human Resource Management and the risk management insurance plans are administered by the Department of Treasury, 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's Comprehensive Annual Financial Report.

RADFORD UNIVERSITY
SCHEDULE OF AUXILIARY ENTERPRISES REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2002

	Dining Services	Residential Facilities	Health Services	Phone Services
Revenues:				
Student fees	\$ 5,981,635	\$ 8,048,903	\$ 1,090,092	\$ 393,146
Sales and services	2,594,412	64,066	-	428,350
Parking fines and fees	-	-	-	-
Private gifts	-	-	-	-
Investment income	-	-	-	-
Total revenues	8,576,047	8,112,969	1,090,092	821,496
Cost of sales	(3,187,427)	-	-	-
Net revenues	5,388,620	8,112,969	1,090,092	821,496
Expenses of operation:				
Compensation and benefits	3,269,500	2,415,785	28,248	145,069
Services and supplies	2,016,814	2,404,079	822,131	716,468
Scholarships and fellowships	-	647,864	-	-
Utilities	160,107	619,768	-	-
Plant and equipment	36,558	81,145	-	1,748
Total expenses of operation	5,482,979	6,168,641	850,379	863,285
Excess (deficiency) of revenues over (under) expenses of operation before transfers	(94,359)	1,944,328	239,713	(41,789)
Operating transfers out to primary government:				
Mandatory:				
Debt service	-	(138,577)	-	-
Nonmandatory:				
Renewals and replacements	(465,254)	(2,500,000)	(265,001)	(445,600)
Restricted	-	1,645	-	-
Net increase (decrease) for the year	(559,613)	(692,604)	(25,288)	(487,389)
Fund balances (deficits) at beginning of year	964,296	1,919,950	269,965	867,038
Fund balances at end of year	\$ 404,683	\$ 1,227,346	\$ 244,677	\$ 379,649

Student Center	Building Maintenance	Athletics	Student Activities	Other Services	Total
\$ 1,139,478	\$ 4,423,303	\$ 3,392,838	\$ 719,934	\$ -	\$ 25,189,329
31,067	385,985	393,846	189,015	1,857,398	5,944,139
-	-	-	-	627,803	627,803
-	-	100,000	-	-	100,000
-	-	-	-	86,815	86,815
1,170,545	4,809,288	3,886,684	908,949	2,572,016	31,948,086
-	-	-	-	-	(3,187,427)
1,170,545	4,809,288	3,886,684	908,949	2,572,016	28,760,659
684,663	859,303	1,340,235	146,423	1,533,250	10,422,476
222,614	1,266,023	1,396,914	720,836	1,397,887	10,963,766
-	-	305,769	10,000	-	963,633
69,198	278,519	-	-	44,660	1,172,252
2,716	123,401	6,532	21,167	177,567	450,834
979,191	2,527,246	3,049,450	898,426	3,153,364	23,972,961
191,354	2,282,042	837,234	10,523	(581,348)	4,787,698
-	(337,984)	-	-	-	(476,561)
(345,239)	(2,000,000)	-	-	(583,306)	(6,604,400)
2,852	54,919	7,252	-	7,815	74,483
(151,033)	(1,023)	844,486	10,523	(1,156,839)	(2,218,780)
467,411	184,503	(137,967)	296,474	1,653,028	6,484,698
\$ 316,378	\$ 183,480	\$ 706,519	\$ 306,997	\$ 496,189	\$ 4,265,918

RADFORD UNIVERSITY
Radford, Virginia

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