

**VIRGINIA COLLEGE BUILDING AUTHORITY
RICHMOND, VIRGINIA**

**REPORT ON AUDIT
AS OF
JUNE 30, 2000**



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November 1, 2000

The Honorable James S. Gilmore, III
Governor of Virginia

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

Board of Directors
Virginia College Building Authority

INDEPENDENT AUDITOR'S REPORT

We have audited the balance sheet of the **Virginia College Building Authority** as of June 30, 2000, and the related statement of revenues, expenditures and changes in fund balance, statement of revenues, expenses and changes in retained earnings, and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 the Virginia College Building Authority as of June 30, 2000, and the results of its operations and cash flows for the year then ended, in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information listed in the Table of Contents is presented for the purpose of additional analysis and is not a required part of the financial statements of the Authority. The information in those schedules 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 to the financial statements taken as a whole.

AUDITOR OF PUBLIC ACCOUNTS

JEG:whb
whb:35

FINANCIAL STATEMENTS

VIRGINIA COLLEGE BUILDING AUTHORITY
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 As of June 30, 2000

ASSETS AND OTHER DEBITS	Government Fund Types			Account Group	Total
	General	Debt Service	Enterprise	General Long-Term Debt	(Memorandum Only)
Current assets:					
Cash and cash equivalents (Note 2)	\$ 51,128,641	\$ 107,170	\$ 66,409,601	\$ -	\$ 117,645,412
Interest receivable	277,518	590	370,957	-	649,065
Total current assets	51,406,159	107,760	66,780,558	-	118,294,477
Restricted assets:					
Cash and cash equivalents (Note 2)	-	190,165	816,553	-	1,006,718
Short-term lease receivable (Note 3)	-	-	26,905,000	-	26,905,000
Long-term lease receivable (Note 3)	-	-	31,710,000	-	31,710,000
Short-term notes receivable (Note 3)	-	-	5,415,000	-	5,415,000
Long-term notes receivable (Note 3)	-	-	167,160,000	-	167,160,000
Interest receivable	-	842	4,126,199	-	4,127,041
Discount on bonds	-	-	506,322	-	506,322
Total restricted assets	-	191,007	236,639,074	-	236,830,081
Other debits:					
Amount provided for retirement of general long-term debt	-	-	-	82,219	82,219
Amount to be provided for retirement of general long-term debt	-	-	-	213,762,781	213,762,781
Total other debits	-	-	-	213,845,000	213,845,000
Total assets and other debits	\$ 51,406,159	\$ 298,767	\$ 303,419,632	\$ 213,845,000	\$ 568,969,558
LIABILITIES AND FUND EQUITY					
Liabilities:					
Current liabilities:					
Due to higher education institutions (Note 6)	\$ 1,099,381	\$ -	\$ 66,204,468	\$ -	\$ 67,303,849
Interest payable	-	-	4,006,488	-	4,006,488
Accrued interest sold	-	58,435	-	-	58,435
Premium on bonds payable	-	-	2,566	-	2,566
Bonds payable (Note 4)	-	-	32,320,000	-	32,320,000
Allocation payable (Note 5)	7,417,276	-	-	-	7,417,276
Total current liabilities	8,516,657	58,435	102,533,522	-	111,108,614
Long-term liability:					
Bonds payable (Note 4)	-	-	198,870,000	213,845,000	412,715,000
Total long-term liabilities	-	-	198,870,000	213,845,000	412,715,000
Total liabilities	8,516,657	58,435	301,403,522	213,845,000	523,823,614
Fund equity:					
Retained earnings	-	-	2,016,110	-	2,016,110
Fund balance:					
Unreserved - designated	-	132,572	-	-	132,572
Unreserved - undesignated	42,889,502	107,760	-	-	42,997,262
Total fund equity	42,889,502	240,332	2,016,110	-	45,145,944
Total liabilities and fund equity	\$ 51,406,159	\$ 298,767	\$ 303,419,632	\$ 213,845,000	\$ 568,969,558

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

VIRGINIA COLLEGE BUILDING AUTHORITY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 ALL GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2000

	General	Debt Service	Total (Memorandum Only)
Revenues:			
Interest on investments	\$ 1,847,534	\$ 41,168	\$ 1,888,702
Appropriations from the Commonwealth	-	19,037,827	19,037,827
Total revenues	1,847,534	19,078,995	20,926,529
Expenditures:			
Debt service:			
Principal retirement	-	12,200,000	12,200,000
Interest and fiscal charges	-	6,857,218	6,857,218
Current:			
Financial services	99,267	20,389	119,656
Bond rating fees	-	32,300	32,300
Printing	-	19,245	19,245
Equipment allocation	41,658,422	-	41,658,422
Disbursement to higher education institutions	25,938,279	-	25,938,279
Miscellaneous	-	2,245	2,245
Total expenditures	67,695,968	19,131,397	86,827,365
Excess (deficiency) of revenues over expenditures	(65,848,434)	(52,402)	(65,900,836)
Other financing sources (uses):			
Proceeds from the sale of bonds	61,500,681	129,022	61,629,703
Transfers among funds	(63,133)	63,133	-
Total other financing sources (uses)	61,437,548	192,155	61,629,703
Excess (deficiency) of revenue and other financing sources over expenditures and other uses	(4,410,886)	139,753	(4,271,133)
Fund balance, July 1, 1999	47,300,388	100,579	47,400,967
Fund balance, June 30, 2000	\$ 42,889,502	\$ 240,332	\$ 43,129,834

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

VIRGINIA COLLEGE BUILDING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
ENTERPRISE FUND
For the Year Ended June 30, 2000

Revenues:	
Interest on investments	\$ 75,189
Interest on bonds	7,517,775
Lease income	3,083,406
Original issue premium	<u>657,176</u>
Total operating revenues	<u>11,333,546</u>
Expenses:	
Interest on bonds	10,353,729
Legal and financial services	92,417
Printing services	7,174
Bond rating fees	38,900
Underwriters' discount	220,008
Other	<u>4,240</u>
Total operating expenses	<u>10,716,468</u>
Net income	617,078
Retained earnings, July 1, 1999	<u>1,399,032</u>
Retained earnings, June 30, 2000	<u><u>\$ 2,016,110</u></u>

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

VIRGINIA COLLEGE BUILDING AUTHORITY
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
For the Year Ended June 30, 2000

Cash flows from operating activities:	
Interest on cash equivalents	\$ 3,462,422
Payments to vendors for goods and services	(138,491)
Other expenses	(18,320)
	<hr/>
Net cash provided by operating activities	3,305,611
	<hr/>
Cash flows from capital and related financing activities:	
Receipt of payments on leased equipment	28,036,706
Receipt of principal payments on notes	3,803,575
Receipt of interest on notes	3,980,768
Bond proceeds	71,637,168
Payment of principal on bonds	(28,235,000)
Payment of interest on bonds	(9,559,443)
Payments to institutions	(41,225,302)
	<hr/>
Net cash used for capital and related financing activities	28,438,472
	<hr/>
Net increase in cash and cash equivalents	31,744,083
Cash and cash equivalents July 1, 1999	35,482,071
	<hr/>
Cash and cash equivalents June 30, 2000	\$ 67,226,154
	<hr/>
Reconciliation of operating income to net cash provided by operating activities:	
Net income	\$ 617,078
Adjustments to reconcile operating income to net cash provided by operating activities:	
Interest on leases	(3,606,706)
Interest received on notes	(3,980,768)
Interest paid on bonds	9,559,443
Amortization of premium	(30,790)
Amortization of discount	29,352
Underwriters' discount	220,008
Original issue premium	(657,176)
Principal received on notes	(3,803,575)
Payments to institutions	41,225,302
Increase in notes receivable	(67,395,000)
Decrease in interest receivable (leases)	523,300
Increase in interest receivable (cash equivalents)	(221,917)
Increase in interest receivable (bonds)	(1,271,451)
Increase in interest payable	795,724
Increase in payments due to higher education institutions	31,302,787
	<hr/>
Net cash provided by operating activities	\$ 3,305,611
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The accompanying notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

VIRGINIA COLLEGE BUILDING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

AS OF JUNE 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Virginia College Building Authority (the “Authority”) was created by the Virginia College Building Authority Act of 1966, Chapter 3.2, Title 23, Code of Virginia. The Authority is a public body corporate and a political subdivision, agency, and instrumentality of the Commonwealth. Under this chapter, the Authority is authorized to issue revenue bonds and notes to finance (i) capital projects under the Authority’s Pooled Bond Program, (ii) capital projects under the Authority’s 21st Century Program, (iii) instructional and research equipment under the Authority’s Equipment Program, all for public institutions of higher education of the Commonwealth.

Under the Pooled Bond Program, the Authority issues its bonds and uses the proceeds thereof to purchase notes of public institutions of higher education in the Commonwealth. Proceeds are used by the institutions to finance or refinance capital projects approved by the General Assembly. Authority bonds issued under the Pooled Bond Program are secured by payments on the notes to which the institutions have pledged their general revenues. Pooled Bond Program bonds have been issued under a Master Indenture of Trust dated as of September 1, 1997 (the “1997 Indenture”).

Under the 21st Century Program, bonds are issued under the Master Indenture of Trust dated December 1, 1996 (the “1996 Indenture”), which provides for the payment of debt service from amounts to be appropriated by the General Assembly through a payment agreement between the Authority and the Treasury Board. Title to the capital projects financed remains with the Commonwealth.

Prior to 1999, bonds under the Equipment Program were issued under the Authority’s Master Indenture of Trust dated March 1, 1994 (the “1994 Indenture”). The 1994 Indenture provides for equipment under the Program to be owned by the Authority and leased to the public institutions of higher education. Lease agreements provide for the payment of rentals from the institutions in the aggregate amounts necessary to pay debt service on the bonds, subject to appropriation by the General Assembly. Authorization for the Equipment Program in the 1998 Appropriation Act eliminated the requirement for leases and authorized bonds to finance equipment to be issued with other obligations of the Authority. Accordingly, in 1999, the Authority consolidated the Equipment and 21st Century Programs for issuance purposes, issuing bonds for both Programs under the 1996 Indenture.

Pursuant to the Educational Facilities Authority Act, Chapter 3.3 of Title 23, Code of Virginia, the Authority is authorized to issue revenue bonds and notes and to use the proceeds thereof to finance educational facilities projects through loans to private, non-profit institutions

of higher education within the Commonwealth. Such financings are not obligations of the Commonwealth, but are limited obligations of the Authority payable solely from loan payments made by the higher education institutions. This indebtedness, therefore, is not included in the financial statements. Total debt outstanding under this program at June 30, 2000 was \$273,440,000. (Detailed information for this program is presented in the Supplementary Information section following the Notes to the Financial Statements.)

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 Authority is a component unit of the Commonwealth of Virginia and is included in the general-purpose financial statements of the Commonwealth.

The accounting and reporting policies of the Authority conform to generally accepted accounting principles applicable to governmental units as prescribed by the Governmental Accounting Standards Board (GASB), the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Authority's more significant policies.

B. Basis of Accounting

The governmental fund types are reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are measurable and available to finance current expenditures, and expenditures are recognized when incurred.

The Enterprise Fund is presented on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they are earned and expenditures are recognized when they are incurred. The cash basis of accounting is used during the year and reports are prepared on the accrual basis and the modified accrual basis at the end of the fiscal year by the Authority.

C. Fund Accounting

The accounts of the Authority are organized on the basis of funds and accounts groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Authority resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent. The individual funds are grouped, in the financial statements in this report, into two fund types as discussed below.

Governmental Funds:

General Fund

The General Fund accounts for all financial resources except those required to be accounted for in another fund. For the Authority, this includes the receipt and

disbursement of bond proceeds issued under the 1996 Indenture, which includes bonds for the 21st Century College Program and the Equipment Program.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. Debt Service funds consist of bond funds and issuance expense funds. The funds were established in accordance with the provisions of the 1996 Indenture with The Bank of New York for the 21st Century College Program and, since their consolidation in 1999, the Equipment Program revenue bonds issued by the Authority.

Enterprise Fund

The Enterprise Fund accounts for transactions related to resources received and used for financing self-supporting activities of the Authority. Operations are accounted for in a manner similar to a private business enterprise. Included in this fund are the outstanding bonds issued under the Authority's Equipment Leasing Program under the 1994 Indenture and the Authority's Pooled Bond Program.

D. Account Group

The General Long-Term Debt Account Group is used to establish accounting control and accountability for the unmatured principal of general long-term debt. Bonds payable reported in the General Long-Term Debt Account Group consist of unmatured principal on bonds issued by the Authority under the 1996 Indenture.

E. 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.

F. Bond Issuance Costs, Premiums, and Discounts

Costs associated with issuing debt are expensed in the year incurred. The original issue premium or discount, for each bond issuance, is also expensed in the year incurred unless it exceeds 1 percent of the amount of the bonds issued. In that case, the original issue premium or discount is deferred and amortized, on a straight-line basis, over the life of the outstanding debt.

G. Budget to Actual Statement

The Authority does not prepare a budget due to the nature of activity accounted for by the Authority. Therefore, a Statement of Revenues, Expenditures, and Changes in Balances – Budget to Actual is not included in the financial statements.

2. CASH AND INVESTMENTS

The Bank of New York and SunTrust Bank hold certain deposits and investments of the Authority as trustees. Other funds of the Authority are invested in the State Treasurer's Local Government Investment Pool. Cash is defined as demand deposits, time deposits, and certificates of deposit in accordance with Section 2.1-329 of the Code of Virginia. Cash equivalents are defined as investments with an original maturity of less than three months.

Deposits held by trustees are collateralized in accordance with the Trust Subsidiary Act, Section 6.1-32.8 et seq. of the Code of Virginia. Under the Act, the affiliate bank delivers securities to the trust department as collateral that is at least equal to the market value of the trust funds held on deposit in excess of amounts insured by federal deposit insurance.

Under a Master Indenture of Trust dated March 1, 1994, SunTrust Bank, successor to Crestar Bank as trustee, is authorized to invest in the following instruments: government obligations; government certificates; bonds, notes and other evidences of indebtedness of the Commonwealth, any locality of the Commonwealth, or any agency of the United States of America; savings accounts, time deposits, certificates of deposit or other interest bearing accounts of any bank or other financial institution that is approved for the deposit of funds of the Commonwealth that are secured in accordance with Section 2.1-329 of the Code of Virginia; money market funds permitted by Section 2.1-328 of the Code of Virginia; units in any pool or pools of investments created under the Government Non-Arbitrage Investment Act; commercial paper permitted by Section 2.1-328.1 of the Code of Virginia; and bankers acceptances permitted by Section 2.1-328.3 of the Code of Virginia. At June 30, 2000, SunTrust Bank held \$29,828 in cash and investments for the Authority.

Under a Master Indenture of Trust dated December 1, 1996, The Bank of New York, successor to Signet Bank as trustee, is authorized to invest in the following investments in addition to those noted above: bonds, notes and other obligations issued or guaranteed by the United States government; bonds, notes and other evidences of indebtedness of any state of the United States of America or any locality of any state of the United States of America that meet the requirements of Code of Virginia Sections 2.1-327 and 2.1-328A.3; and investments made pursuant to the Investment of Public Funds and Local Government Investment Pool Act. At June 30, 2000, The Bank of New York maintained \$118,552,294 in cash and investments for the Authority.

Details of the Authority's investments are presented below. At June 30, 2000, the Authority's investments were held in the Local Government Investment Pool, the State Non-Arbitrage Program, or other money market funds which are not categorized by credit risk since they are not evidenced by securities that exist in physical or book entry form.

	<u>Carrying Value</u>	<u>Market Value</u>
Cash and cash equivalents:		
State Non-arbitrage Program ⁽¹⁾	\$ 117,683,350	\$ 117,683,350
Local Government Investment Pool ⁽²⁾	70,008	70,008
Other Money Market Funds ⁽³⁾	<u>898,772</u>	<u>898,772</u>
Total cash and cash equivalents	<u>\$ 118,652,130</u>	<u>\$ 118,652,130</u>

(1) The Virginia State Non-Arbitrage Program (SNAP) offers a professionally-managed money market mutual fund, which provides issuers with a temporary pooled investment vehicle for proceeds pending expenditure, and with record keeping, depository, and arbitrage rebate calculation services. SNAP is an external investment pool registered under the Investment Company Act of 1940.

(2) The Local Government Investment Pool (LGIP) enables governmental entities to maximize their return on investments by providing for a State administered fund where monies can be commingled for investment purposes in order to realize the economies of large-scale investing and professional funds management. The LGIP is not registered with the SEC as an investment company but maintains a policy to operate in a manner consistent with the SEC's Rule 2a7.

(3) The Authority invests certain short-term cash balances held within its accounts in open-ended mutual funds registered under the Investment Company Act of 1940. These funds maintain a policy of investing all their assets in U.S. Treasury obligations and repurchase agreements backed by those obligations.

3. LEASES AND NOTES RECEIVABLE

Under the Authority's Equipment Leasing Program, lease payments made by the public institutions of higher education under the terms of lease agreements between the Authority and the institutions provide for the payment of debt service on the Equipment Leasing Bonds issued prior to 1999. Under the Authority's Pooled Bond Program note payments made by the public institutions of higher education under the terms of note agreements between the Authority and the institutions provide for the payment of debt service on the Pooled Bonds. A summary of future minimum lease and note payments due from the institutions is as follows:

Year Ending June 30	Principal	Interest	Total
2001	\$ 32,320,000	\$ 10,960,534	\$ 43,280,534
2002	28,880,000	9,582,461	38,462,461
2003	15,770,000	8,348,448	24,118,448
2004	6,890,000	7,622,285	14,512,285
2005	7,210,000	7,320,190	14,530,190
2006 – 2019	<u>140,120,000</u>	<u>58,038,163</u>	<u>198,158,163</u>
Total	<u>\$ 231,190,000</u>	<u>\$ 101,872,081</u>	<u>\$ 333,062,081</u>

4. LONG-TERM INDEBTEDNESS

Annual Requirements to Amortize Long-Term Debt

The following schedule provides the annual debt service requirements on the Authority's debt outstanding at June 30, 2000. Details regarding individual bond issuances are presented in the Supplementary Information section following the Notes to the Financial Statements.

Enterprise Fund

Year Ending June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 32,320,000	\$ 10,960,534	\$ 43,280,534
2002	28,880,000	9,582,461	38,462,461
2003	15,770,000	8,348,448	24,118,448
2004	6,890,000	7,622,285	14,512,285
2005	7,210,000	7,320,190	14,530,190
2006-2019	<u>140,120,000</u>	<u>58,038,163</u>	<u>198,158,163</u>
Total	<u>\$ 231,190,000</u>	<u>\$ 101,872,081</u>	<u>\$ 333,062,081</u>

General Long-Term Debt Account Group

Year Ending June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 21,520,000	\$ 9,613,604	\$ 31,133,604
2002	21,845,000	9,728,850	31,573,850
2003	22,955,000	8,614,110	31,569,110
2004	24,140,000	7,437,172	31,577,172
2005	16,025,000	6,196,578	22,221,578
2006-2019	<u>107,360,000</u>	<u>40,401,408</u>	<u>147,761,408</u>
Total	<u>\$ 213,845,000</u>	<u>\$ 81,991,722</u>	<u>\$ 295,836,722</u>

Changes in Long-Term Debt

The following schedule is a summary of changes in long-term debt of the Authority for the year ended June 30, 2000.

	<u>Enterprise Fund</u>	<u>General Long-Term Debt Account Group</u>
Bonds payable at July 1, 1999	\$ 188,225,000	\$ 165,145,000
Bonds issued	71,200,000	60,900,000
Bonds redeemed	<u>(28,235,000)</u>	<u>(12,200,000)</u>
Bonds payable at June 30, 2000	<u>\$ 231,190,000</u>	<u>\$ 213,845,000</u>

5. ALLOCATION PAYABLE

During fiscal year 2000, the General Assembly appropriated \$47,258,562 for the purchase of equipment at public institutions of higher education. The Authority is committed by this appropriation

to pay the equipment costs from its cash and investments. Institutions purchased and obtained reimbursement for \$15,422,191 in equipment, relating to this appropriation during the fiscal year, leaving \$31,836,371 of this allocation outstanding at June 30, 2000. A portion of this allocation payable is presented in the General Fund, which represents the amount that is currently due and payable.

In addition, the institutions purchased and obtained reimbursement for \$31,733,593 of equipment relating to a prior year's appropriation by the General Assembly.

6. DUE TO HIGHER EDUCATION INSTITUTIONS

Bonds were issued under the Pooled Bond Program and the proceeds of these bonds were used to purchase institutional notes from various higher education institutions. These institutions in turn will use the proceeds of the notes to finance capital projects. Therefore, the unspent portion of the note proceeds still held by the trustee at June 30, 2000, in the Enterprise Fund is reflected as "due to higher education institutions." Amounts reflected as "due to higher education institutions" in the General Fund represent normal year-end payables to institutions as a result of on-going operations.

7. SUBSEQUENT EVENTS

In November 2000, the Authority plans to issue Educational Facilities Revenue Bonds (Public Higher Education Financing Program) Series 2000 A. The amount of this issuance has not been determined at this time. The proceeds of these bonds will be used to purchase institutional notes from higher education institutions. The institutions will in turn use the proceeds of the notes to finance capital projects.

On June 22, 1999 the Board of the Virginia College Building Authority unanimously adopted a resolution approving an application filed by Regent University in March 1999, requesting financing through the Authority pursuant to the Educational Facilities Authority Act (Title 23, Chapter 3.3, Code of Virginia). The application was for an amount not to exceed \$55 million. The resolution also approved the validation of the bonds pursuant to Section 15.2-2600 et seq. of the Code of Virginia. Pursuant to the bond validation statute, the Authority filed a friendly suit in the Circuit Court of the City of Richmond, Virginia on June 29, 1999, requesting that the Court validate the bonds. Americans United for Separation of Church and State and the American Civil Liberties Union filed briefs in opposition to the validation. On July 30, 1999, Judge Randall G. Johnson of the Richmond Circuit Court ruled against the Authority and Regent University. In continuance with the validation process, the Authority filed an appeal with the Virginia Supreme Court on September 3, 1999. Oral arguments were heard by the Court on June 6, 2000, and a decision is expected in November 2000. The outcome of the suit is uncertain; however, if the courts do not approve the issuance of the bonds, they will not be issued. Regent University is paying expenses associated with the validation proceedings.

8. SURETY BOND

Ms. Mary G. Morris, Treasurer of Virginia and Treasurer of the Authority at June 30, 2000, was covered under a Faithful Performance of Duty Bond in the amount of \$500,000 with the Fidelity and Deposit Company of Maryland as surety.

Certain employees of the State Treasury are responsible for maintaining the accounting records of the Authority. Such employees, as well as parties acting on behalf of the Authority, such as Authority board members, were covered by a Faithful Performance Duty Bond administered by the Commonwealth of Virginia's Department of General Services, Division of Risk Management with liability limits of \$500,000 for each occurrence.

SUPPLEMENTAL INFORMATION

VIRGINIA COLLEGE BUILDING AUTHORITY
SUPPLEMENTARY INFORMATION
DETAILS OF LONG-TERM INDEBTEDNESS
As of June 30, 2000
(Dollars in Thousands)

Details of Long-Term Indebtedness by Series

	Dated Date	Bond Program	True Interest Cost ("TIC")	Amount Issued	Institutional Notes Purchased	Outstanding July 1, 1999	Issued (Retired) During Year	Outstanding June 30, 2000
Series 1995	5/1/1995	ELP	4.62%	\$ 24,680	\$ -	\$ 10,625	\$ (5,275)	\$ 5,350
Series 1996	5/1/1996	ELP	4.56%	25,150	-	15,805	(5,030)	10,775
Series 1996	12/1/1996	21st Century	5.18%	53,160	-	50,865	(1,800)	49,065
Series 1997	5/1/1997	ELP	4.63%	38,905	-	23,690	(7,515)	16,175
Series 1997A	9/15/1997	Pooled	5.05%	55,765	55,765	54,445	(1,955)	52,490
Series 1998	5/1/1998	ELP	4.34%	38,875	-	32,925	(6,610)	26,315
Series 1998	6/1/1998	21st Century	4.85%	54,785	-	54,785	(1,855)	52,930
Series 1998A	10/1/1998	Pooled	4.56%	50,735	50,735	50,735	(1,850)	48,885
Series 1999	6/1/1999	21st Century/Equip.	4.44%	59,495	-	59,495	(8,545)	50,950
Series 1999A	10/15/1999	Pooled	5.62%	71,200	71,200	-	71,200	71,200
Series 2000	6/1/2000	21st Century/Equip.	5.49%	60,900	-	-	60,900	60,900
Total				\$533,650	\$ 177,700	\$ 353,370	\$ 91,665	\$ 445,035

Details of Long-Term Indebtedness by Program

	Amount Issued	Institutional Notes Purchased	Outstanding July 1, 1999	Issued (Retired) During Year	Outstanding June 30, 2000
Equipment Leasing Program (ELP)	\$127,610	\$ -	\$ 83,045	\$ (24,430)	\$ 58,615
21st Century College Program	140,630	-	123,690	10,495	134,185
Pooled Bond Program	177,700	177,700	105,180	67,395	172,575
Equipment Program	87,710	-	41,455	38,205	79,660
Total	\$533,650	\$ 177,700	\$ 353,370	\$ 91,665	\$ 445,035

VIRGINIA COLLEGE BUILDING AUTHORITY
SUPPLEMENTARY INFORMATION
SCHEDULE OF OUTSTANDING BOND ISSUES FOR PRIVATE COLLEGES AND UNIVERSITIES
As of June 30, 2000
(Dollars in Thousands)

College/University	Series	Dated Date	Yield*	Amount Originally Issued	Amount of Notes Purchased	Outstanding July 1, 1999	Issued (Retired) During Year	Outstanding June 30, 2000	Original Final Maturity
Hampden-Sydney College	1992	1/15/1992	6.49%	\$ 10,840	\$ 10,840	\$ 920	\$ (290)	\$ 630	9/1/2016
	1998	4/1/1998	5.08%	13,340	13,340	13,090	(275)	12,815	9/1/2018
Hampton University	1992	4/1/1992	6.71%	6,660	6,660	1,230	(385)	845	4/1/2008
	1993	5/15/1993	5.85%	22,640	22,640	20,330	(910)	19,420	4/1/2014
	1998	12/1/1998	4.55%	10,745	10,745	10,460	(295)	10,165	4/1/2018
	2000	2/15/2000	5.90%	21,500	21,500	-	21,500	21,500	4/1/2020
Marymount University	1992	7/1/1992	7.11%	16,880	16,880	1,205	(275)	930	7/1/2022
	1998	11/1/1998	5.08%	26,015	26,015	26,015	(75)	25,940	7/1/2028
Randolph Macon College	1998	4/1/1998	4.59%	9,830	9,830	9,830	-	9,830	3/1/2013
University of Richmond	1991	6/1/1991	6.4%/VAR	17,520	17,520	17,520	(17,520)	-	11/1/2022
	1992	10/15/1992	6.16%	16,125	16,125	16,125	-	16,125	11/1/2012
	1994	6/1/1994	VAR	17,000	17,000	17,000	-	17,000	11/1/2019
	1996	8/7/1996	VAR	22,500	22,500	22,500	-	22,500	11/1/2026
	1999	11/1/1999	VAR	15,400	15,400	-	15,400	15,400	11/1/2022
Roanoke College	1992	10/15/1992	6.67%	5,190	5,190	4,190	(195)	3,995	10/15/2012
Shenandoah University	1999	12/22/1999	VAR	9,700	9,700	-	9,700	9,700	10/1/2029
Washington & Lee University	1979	9/1/1979	N/A	4,500	4,500	360	(360)	-	10/1/1999
	1990A	1/15/1990	7.09%	5,945	5,945	2,730	(480)	2,250	1/1/2004
	1990B	1/15/1990	7.09%	7,605	7,605	220	(220)	-	1/1/2015
	1992	1/15/1992	6.44%	8,390	8,390	520	(90)	430	1/1/2012
	1994	6/1/1994	5.97%	40,500	40,500	31,480	(55)	31,425	1/1/2024
	1998	4/1/1998	5.09%	52,205	52,205	52,205	-	52,205	1/1/1931
Virginia Wesleyan College	1990	11/15/1990	7.22%	2,500	2,500	650	(315)	335	11/1/2000
	1992	5/15/1992	6.68%	4,750	4,750	3,725	(3,725)	-	5/1/2002
Total				\$ 368,280	\$ 368,280	\$ 252,305	\$ 21,135	\$ 273,440	

*"Yield" refers to the NIC in most cases, to the TIC when available, and to the ARB Yield in other cases.

VIRGINIA COLLEGE BUILDING AUTHORITY
Richmond, Virginia

BOARD MEMBERS

As of June 30, 2000

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