

## **AUDIT SUMMARY**

Our audit of Radford University for the year ended June 30, 1999, found:

- the financial statements are presented fairly, in all material respects;
- no internal control matters that we consider to be material weaknesses;
- no instances of noncompliance required to be reported; and
- adequate corrective action of prior audit findings.

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UNIVERSITY OFFICIALS

May 8, 2000

The Honorable James S. Gilmore, III  
Governor of Virginia

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

The Board of Visitors  
Radford University

We have audited the accounts and records of Radford University as of and for the year ended June 30, 1999, and submit herewith our complete reports on financial statements and compliance and internal control over financial reporting.

#### INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the balance sheet of Radford University as of June 30, 1999, and the related statements of changes in fund balances and current funds revenues, expenditures, and other changes for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Radford University as of June 30, 1999, and the changes in fund balances and current funds revenues, expenditures, and other changes for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Auxiliary Enterprises Revenues, Expenditures, and Changes in Fund Balances is presented for the purpose of additional analysis and is not a required part of the financial statements of the University. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, such information is fairly presented in all material respects in relation to the financial statements taken as a whole.

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

In planning and performing our audit of the financial statements of Radford University as of and for the year ended June 30, 1999, we considered internal controls over financial reporting and tested compliance with certain provisions of laws, regulations, contracts, and grants in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

The University has taken adequate corrective action with respect to audit findings reported in the prior year.

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 on March 31, 2000.

AUDITOR OF PUBLIC ACCOUNTS

RADFORD UNIVERSITY  
BALANCE SHEET  
As of June 30, 1999

	Current Funds		Loan Funds	Plant Funds	Agency Funds	Total (Memorandum Only)
	Unrestricted	Restricted				
A S S E T S						
Cash and cash equivalents (Note 3)	\$ 13,856,270	\$ 339,178	\$ 375,808	\$ 11,350,142	\$ 206,677	\$ 26,128,075
Collateral held by Treasury for securities lending (Note 3)	1,585,095	-	-	-	-	1,585,095
Appropriations available	-	48,077	-	3,877,201	-	3,925,278
Due from the Commonwealth	363,184	-	-	-	-	363,184
Accounts receivable (Net of allowance for doubtful accounts of \$ 63,190)	461,216	362,520	-	-	-	823,736
Notes receivable (Net of allowance for doubtful notes receivable of \$ 287,366)	-	-	3,065,760	-	-	3,065,760
Inventories	545,121	-	-	-	-	545,121
Due from other funds	375,000	-	-	-	-	375,000
Land and improvements	-	-	-	8,483,472	-	8,483,472
Buildings	-	-	-	82,865,325	-	82,865,325
Equipment	-	-	-	14,607,031	-	14,607,031
Library books	-	-	-	11,207,332	-	11,207,332
Construction in progress	-	-	-	8,899,054	-	8,899,054
Total assets	<u>\$ 17,185,886</u>	<u>\$ 749,775</u>	<u>\$ 3,441,568</u>	<u>\$ 141,289,557</u>	<u>\$ 206,677</u>	<u>\$ 162,873,463</u>
LIABILITIES AND FUND BALANCES						
Accounts payable and accrued liabilities	\$ 9,867,885	\$ 195,650	\$ -	\$ 907,575	\$ -	\$ 10,971,110
Accrued leave	2,991,713	-	-	-	-	2,991,713
Payable for collateral held by Treasury for securities lending (Note 3)	1,585,095	-	-	-	-	1,585,095
Deposit pending distribution	205,479	-	2,532	-	206,677	414,688
Deferred revenue	2,457,486	-	-	-	-	2,457,486
Bonds payable (Note 4)	-	-	-	1,736,935	-	1,736,935
Leases payable (Note 4)	-	-	-	1,794,494	-	1,794,494
Retainage payable (Note 5)	6,850	-	-	185,587	-	192,437
Due to other funds	-	375,000	-	-	-	375,000
Due to the Commonwealth - Petty cash advance	20,000	-	-	-	-	20,000
Fund balances:						
Unrestricted current funds	51,378	-	-	-	-	51,378
Restricted current funds	-	179,125	-	-	-	179,125
Loan funds, U.S. Government grants	-	-	2,818,372	-	-	2,818,372
Loan funds, University - Restricted	-	-	620,664	-	-	620,664
Unexpended plant funds	-	-	-	2,707,151	-	2,707,151
Renewals and replacements	-	-	-	11,427,030	-	11,427,030
Net investment in plant	-	-	-	122,530,785	-	122,530,785
Total liabilities and fund balances	<u>\$ 17,185,886</u>	<u>\$ 749,775</u>	<u>\$ 3,441,568</u>	<u>\$ 141,289,557</u>	<u>\$ 206,677</u>	<u>\$ 162,873,463</u>

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

RADFORD UNIVERSITY  
STATEMENT OF CHANGES IN FUND BALANCES  
For the Year Ended June 30, 1999

	Current Funds	
	Unrestricted	Restricted
Revenues and other additions:		
Unrestricted current funds revenue	\$ 83,705,840	\$ -
State appropriations - Restricted	-	3,049,197
Federal grants and contracts - Restricted	-	6,205,882
State grants and contracts - Restricted	-	431,864
Private gifts, grants and contracts - Restricted	-	311,422
Interest income - Restricted	-	748
U. S. Government advances	-	-
Interest and penalty on loans receivable	-	-
Expended for plant facilities (Including \$2,534,100 charged to current funds expenditures)	-	-
Retirement of indebtedness	-	-
Other sources	-	9,771
Total revenues and other additions	83,705,840	10,008,884
Expenditures and other deductions:		
Educational and general expenditures	54,587,612	9,557,382
Auxiliary enterprise expenditures	25,145,057	-
Indirect costs recovered	-	199,975
Loan cancellations and write-offs	-	-
Administrative and collection costs	-	-
Expended for plant facilities (Including noncapitalized expenditures of \$503,068)	-	-
Retirement of indebtedness	-	-
Interest on indebtedness	-	-
Disposal of plant facilities	-	-
Non-general fund transfer to the Commonwealth	89,168	-
Total expenditures and other deductions	79,821,837	9,757,357
Transfers among funds - Additions/(Deductions):		
Mandatory:		
Debt service	(587,214)	-
Loan fund matching grant	(975)	-
Nonmandatory:		
(To)/From other funds	(3,331,324)	(89,057)
Total transfers among funds	(3,919,513)	(89,057)
Net increase (decrease) for the year	(35,510)	162,470
Fund balances at beginning of year	86,888	16,655
Fund balances at end of year	\$ 51,378	\$ 179,125

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

Loan Funds	Plant Funds			
	Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant
\$ -	\$ -	\$ -	\$ -	\$ -
-	521,880	3,967,837	529,593	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
7,638	-	-	-	-
2,924	-	-	-	-
75,435	-	-	-	-
-	-	-	-	7,143,124
-	-	-	-	919,734
16,784	-	-	-	-
102,781	521,880	3,967,837	529,593	8,062,858
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
53,543	-	-	-	-
21,648	-	-	-	-
-	1,969,528	3,142,564	-	-
-	-	-	919,734	-
-	-	-	197,073	-
-	-	-	-	731,105
-	-	-	-	-
75,191	1,969,528	3,142,564	1,116,807	731,105
-	-	-	587,214	-
975	-	-	-	-
22,942	1,916,395	1,481,044	-	-
23,917	1,916,395	1,481,044	587,214	-
51,507	468,747	2,306,317	-	7,331,753
3,387,529	2,238,404	9,120,713	-	115,199,032
\$ 3,439,036	\$ 2,707,151	\$ 11,427,030	\$ -	\$ 122,530,785

RADFORD UNIVERSITY  
STATEMENT OF CURRENT FUNDS REVENUES,  
EXPENDITURES, AND OTHER CHANGES  
For the Year Ended June 30, 1999

	Unrestricted	Restricted	Total
Revenues:			
Tuition and fees	\$ 22,286,567	\$ -	\$ 22,286,567
State appropriations (Note 6)	32,008,997	3,049,197	35,058,194
Federal grants and contracts	188,782	5,696,577	5,885,359
State grants and contracts	6,793	423,779	430,572
Private gifts, grants, and contracts	4,400	373,016	377,416
Sales and services of educational departments	23,195	-	23,195
Sales and services of auxiliary enterprises	28,721,541	-	28,721,541
Vending machine commissions	91,309	-	91,309
Investment income	144,447	-	144,447
Other sources	229,809	14,813	244,622
Total current revenues	83,705,840	9,557,382	93,263,222
Expenditures and mandatory transfers:			
Educational and general:			
Instruction	32,255,077	244,195	32,499,272
Public service	35,139	12,146	47,285
Academic support	5,879,383	2,645,651	8,525,034
Student services	3,401,356	46,983	3,448,339
Institutional support	6,607,811	43,549	6,651,360
Operation and maintenance of plant	6,014,743	-	6,014,743
Scholarships and fellowships	394,103	6,564,858	6,958,961
Total educational and general expenditures	54,587,612	9,557,382	64,144,994
Mandatory transfers for:			
Loan fund matching grant	975	-	975
Debt service	103,127	-	103,127
Total educational and general expenditures and transfers	54,691,714	9,557,382	64,249,096
Auxiliary enterprises:			
Operating expenditures	25,145,057	-	25,145,057
Mandatory transfer for debt service	484,087	-	484,087
Total auxiliary enterprises	25,629,144	-	25,629,144
Total expenditures and mandatory transfers	80,320,858	9,557,382	89,878,240
Other transfers and additions/(deductions):			
Excess (deficiency) of restricted receipts over transfers to revenues	-	251,527	251,527
Nongeneral fund transfer to the Commonwealth	(89,168)	-	(89,168)
Nonmandatory transfers:			
(To)/From current restricted funds	66,115	(66,115)	-
To loan funds	-	(22,942)	(22,942)
To plant funds	(3,397,439)	-	(3,397,439)
Net increase/(decrease) in fund balances	\$ (35,510)	\$ 162,470	\$ 126,960

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



RADFORD UNIVERSITY  
NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 1999

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 is an institution of higher education located in Radford, Virginia. The University operates under policy guidelines established by the State Council of Higher Education for Virginia and is governed by a Board of Visitors.

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

B. Basis of Accounting

The financial statements of Radford University have been prepared on the accrual basis except for depreciation accounting as explained in Note 1G to the financial statements. The Statement of Current Funds Revenues, Expenditures and Other Changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues or expenses.

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

C. Fund Accounting

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

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes by action of the Board of Visitors. Externally-restricted funds may only be utilized in

accordance with purposes established by the source of such funds and are in contrast with unrestricted funds over which the governing board retains full control and use in achieving any of its institutional purposes, subject only to prescribed policies governing the use of State appropriations.

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

A summary of fund group definitions is as follows:

1. Current Funds - Current fund balances are separated into those which are restricted by donors and those which are unrestricted. Restricted funds may only be expended for the purpose indicated by the donor or grantor whereas unrestricted funds are available for current operations at the discretion of the University.
2. Loan Funds - Loan funds represent funds which are limited by the terms of their donors or by action of the Board of Visitors for the purpose of making loans to students.
3. Plant Funds - Plant funds are divided into four groups: unexpended, retirement of indebtedness, renewals and replacements, and net investment in plant. Unexpended Plant Funds represent funds that are specified by external sources or designated by the Board of Visitors for the acquisition and construction of physical properties. The Retirement of Indebtedness Fund includes resources held for the retirement of both principal and interest on debt and sinking funds established under bond indentures. The Renewals and Replacements Plant Fund represents funds that are specified by external sources or designated by the Board of Visitors for the renovation and replacement of physical properties. The Investment in Plant Fund represents the capitalized value of physical property owned by the University, less associated long-term debt.
4. Agency Funds - Agency funds reflect funds held in trust by the University.

D. Investments

Investments are recorded at fair market value. Short-term investments with original maturities of three months or less are classified as cash equivalents in the financial statements. Investments with original maturities of greater than three months are classified as investments on the financial statements.

E. Inventories

Inventories are stated at cost (primarily first-in, first-out and average cost methods) and consist primarily of expendable supplies held for consumption.

F. Deferred Revenue

Deferred revenue represents revenues collected, but not earned as of June 30, 1999. This is primarily composed of revenue for student tuition accrued in

advance of the semester. If a program is conducted over a fiscal year end, deferred revenue is recorded for all revenue related to programs predominately conducted in the next fiscal year.

G. Net Investment in Plant

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

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of movable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt amortization and interest and equipment renewal and replacement; and (3) transfers of a nonmandatory nature for all other cases. Plant assets, at the time of disposal, revert to the Commonwealth of Virginia for disposition. Proceeds, if any, may be returned to the University.

H. Accrued Leave

Accrued leave represents the amount of vacation and sick leave earned by University employees, but not taken as of June 30, 1999. The amount reflects all earned vacation and compensatory leave not taken and the amount of sick leave payable under the Commonwealth of Virginia's sick leave pay-out policy.

I. Total Columns

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

2. RADFORD UNIVERSITY FOUNDATION, INCORPORATED

Assets of the Radford University Foundation, Incorporated (the Foundation), which are separately incorporated and managed by its own board, are not included in these statements. The Foundation was organized for fund raising activities that either support the University or benefit specific schools.

The following is a summary of the audited financial condition of the Foundation as of June 30, 1999:

Assets	<u>\$ 22,589,053</u>
Liabilities	\$ 610,179
Fund Balance	<u>21,978,874</u>
Total	<u>\$ 22,589,053</u>

During the fiscal year ended June 30, 1999, the Foundation transferred \$598,046 to the University for academic scholarships and \$150,000 to the University's Athletic Committee. In addition, the Foundation directly expended \$170,780 on behalf of Intercollegiate Athletic Programs of the University.

### 3. CASH AND CASH EQUIVALENTS

All state funds of the University are held by the Treasurer of Virginia pursuant to Section 2.1-177, et seq., Code of Virginia, who is responsible for the collection, disbursement, custody, and investment of state funds. Cash and cash equivalents, represent cash with the Treasurer, cash on hand, and cash deposits including certificates of deposit and temporary investments with original maturities of three months or less. Cash deposits held by the University are maintained in bank and savings institution accounts that are covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.1-359, et seq., Code of Virginia.

The investment policy of the University is established by the Board of Visitors and monitored by the Finance Committee of the Board. Statutes authorize the investment of funds held by the University in obligations of the Commonwealth, federal government, other states or political subdivisions thereof, Virginia political subdivisions, the International Bank for Reconstruction and Development, the Asian Development Bank, and the African Development Bank. In addition, the University may invest in prime quality commercial paper rated prime 1 by Moody's Investment Service or A-1 by Standard and Poor's Incorporated, overnight term or open repurchase agreements and money market funds comprised of investments which are otherwise legal investments of the University. Risk category 1 includes investments which are insured or registered or for which the securities are held by the University or its safekeeping agent in the University's name.

Cash on hand	\$ 32,615
Cash in bank	711,087
Cash with the Treasurer of Virginia	23,895,153
Corporate notes (Category 1)	401,816
Repurchase agreements (Category 1)	132,089
Commercial paper (Category 1)	587,968
Mutual, Money Market funds (Non-categorized)	<u>367,347</u>
Total cash and cash equivalents	<u>\$26,128,075</u>

#### Securities Lending Transactions

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

#### 4. LONG-TERM INDEBTEDNESS

##### A. Bonds Payable

Bonds payable at June 30, 1999 consist of the following:

Radford University Norwood Hall Renovation Refunded Bonds, Series 1993, issued \$1,144,237, balance payable in annual installments of \$103,739 to \$137,012 with interest of 4.20% to 4.75% payable semi-annually; the final installment of \$137,012 being due in 2006. \$ 826,569

Radford University Donald N. Dedmon Center Refunded Bonds, Series 1992, issued \$2,427,140, balance payable in annual installments varying from \$289,573 to \$320,061 with interest of 5.40% to 5.60% payable semi-annually; the final installment of \$320,061 being due in 2002. 910,366

Total \$1,736,935

A summary of future principal and interest requirements of long-term debt as of June 30, 1999, follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$ 393,312	\$ 87,122	\$ 480,434
2001	407,574	67,128	474,702
2002	430,514	46,047	476,561
2003	117,925	23,374	141,299
2004	121,553	18,068	139,621
2005-2006	<u>266,057</u>	<u>18,983</u>	<u>285,040</u>
Total	<u>\$1,736,935</u>	<u>\$ 260,722</u>	<u>\$1,997,657</u>

B. Capital Leases

The University is the lessee of equipment under capital leases expiring in various years through 2003. The assets under capital leases are recorded as property, plant, and equipment at the lower of the net present value of the minimum lease payments during the lease term or the fair market value of the asset. The book value of equipment capitalized under capital lease agreements totals \$4,454,198.

The University received allocations made by the Virginia College Authority from the Higher Education Equipment Trust Fund for the purpose of acquiring equipment under leasing agreements with the Authority. Fixed assets acquired and the associated liability are recorded in the Net Investment in Plant Fund.

For all capital leases, the minimum lease payments together with the present value of the net minimum lease payments as of June 30, 1999, are as follows:

Year Ending <u>June 30,</u>	Capital Lease <u>Obligation</u>
2000	\$ 590,656
2001	624,299
2002	532,531
2003	<u>233,696</u>
Total minimum lease payments	\$1,981,182
Less: Amount of interest and executory costs	<u>(186,688)</u>
Present value of minimum lease payments	<u>\$1,794,494</u>

5. COMMITMENTS

A. Construction Contracts

The University was committed to construction contracts totaling approximately \$11,557,126 at June 30, 1999. Construction in progress for these contracts amounted to \$4,384,551. The University held \$192,437 as a retained percentage on the construction contracts for work that had been performed. The retained percentage will be remitted to the various contractors upon satisfactory completion of the construction projects.

B. Operating Leases

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 University's fund groups. Rental expense was approximately \$564,678 for the year. Minimum lease payments as of June 30, 1999, are as follows:

Year Ending <u>June 30,</u>	<u>Amount</u>
2000	\$648,819
2001	3,036
2002	<u>1,577</u>
Total Minimum Lease Payments	<u>\$653,432</u>

6. STATE APPROPRIATIONS – CURRENT UNRESTRICTED FUND

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 Radford University for disbursements.

The following is a summary of state appropriations received by the University during the year ended June 30, 1999, including all supplemental appropriations and reversions:

Original appropriation (Revised Act)	\$31,399,327
Adjustments:	
Supplemental appropriation for salary	
regrades and employee benefits	164,129
Transfer for Health Insurance Premium	187,446
Transfer for Graduate Fellowships	530,400
Transfer for Asbestos Trust Fund	14,007
Decrease for Retirement Contribution Savings	(10,027)
Decrease for Group Insurance Holiday	(164,415)
Decrease for ORP Retirement Savings	(49,722)
Decrease for Faculty Salaries Savings	(42,518)
Decrease for Retiree Health Credit	(19,179)
Reversion to the General Fund	<u>(451)</u>
Total	<u>\$32,008,997</u>

7. STUDENT LOAN FUNDS

The University makes loans to qualified needy students from its Commonwealth of Virginia Student Loan Fund. During the fiscal year, new loans totaling \$23,043 were made to 11 students. At June 30, 1999, total loans outstanding were \$162,916 of which \$16,661 were deemed uncollectable in accordance with Section 23.38.10:4 of the Code of Virginia (1950), as amended.

## 8. PENSION PLAN AND OTHER POST RETIREMENT BENEFITS

### A. Virginia Retirement System

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

### B. Optional Retirement Plans

Full-time faculty, certain administrative staff who hold academic rank, and athletic coaches are eligible to participate in a defined contribution plan administered by four different providers rather than the VRS. The four different providers are TIAA/CREF Insurance Companies, Fidelity Investments, Great West Life Assurance Company, and VALIC. This plan is a fixed contribution plan where the retirement benefits are based upon the employer's (5.4 percent) and employee's (5.0 percent) contributions, plus interest and dividends for the year ended June 30, 1999.

Individual contracts issued under the plans provide for full and immediate vesting of both the University's and the employees' contributions. Total pension costs under this plan were approximately \$1,163,336 for the year ended June 30, 1999. Contributions to the optional retirement plan were calculated using the base salary amount of \$11,185,923 for the year ended June 30, 1999.

## 9. CONTINGENCIES

The University receives federal 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 various federal regulations issued by the Office of Management and Budget. Failure to comply with certain systems 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, 1999, the University estimates that no material liabilities will result from such audits or questions.

## 10. SURETY BOND

The employees of the University were covered by a Faithful Performance Duty Bond administered by the Commonwealth of Virginia's Department of General Services, Division of Risk Management with liability limits of \$500,000 for each occurrence. Information relating to the Commonwealth's self-insurance plans is available at the statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.



RADFORD UNIVERSITY  
SCHEDULE OF AUXILIARY ENTERPRISES REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
For the Year Ended June 30, 1999

	Food Services	Residential Facilities	Phone Service
Revenues:			
Student fees	\$ 5,115,823	\$ 7,531,451	\$ 368,606
Sales and services	1,683,207	263,848	783,426
Parking fines and fees	-	-	-
Private gifts	-	-	-
Investment income	-	-	-
Total revenues	6,799,030	7,795,299	1,152,032
Cost of sales	(2,407,413)	-	-
Net revenues	4,391,617	7,795,299	1,152,032
Expenses of operations:			
Personal services	2,726,655	1,927,724	157,670
Contractual services	1,418,871	4,007,726	624,795
Supplies and materials	355,078	605,731	5,781
Equipment	63,057	400,407	14,564
Total expenses of operations	4,563,661	6,941,588	802,810
Excess (deficiency) of revenues over (under) expenses of operations	(172,044)	853,711	349,222
Transfers:			
Mandatory:			
Debt service	-	(141,263)	-
Nonmandatory:			
Renewals and replacements	-	-	-
Current Restricted	-	-	-
Nongeneral fund transfer to the Commonwealth	-	-	-
Net increase (decrease) in fund balances	(172,044)	712,448	349,222
Fund balances at beginning of year	1,512,937	317,023	1,038,257
Fund balances at end of year	\$ 1,340,893	\$ 1,029,471	\$ 1,387,479

Student Activities	Student Center	Athletics	Health Services	Building Maintenance	Other Services	Total
\$ 628,517	\$ 828,866	\$ 3,069,117	\$ 674,186	\$ 4,015,780	\$ 9,000	\$ 22,241,346
252,603	40,598	215,312	-	12,898	1,497,104	4,748,996
-	-	-	-	-	339,970	339,970
-	-	150,000	-	-	-	150,000
-	-	-	-	-	1,241,229	1,241,229
881,120	869,464	3,434,429	674,186	4,028,678	3,087,303	28,721,541
-	-	-	-	-	-	(2,407,413)
881,120	869,464	3,434,429	674,186	4,028,678	3,087,303	26,314,128
210,205	596,888	1,196,706	-	738,251	982,542	8,536,641
726,590	232,229	2,250,392	724,303	707,045	912,583	11,604,534
109,003	33,909	284,368	-	135,580	331,132	1,860,582
57,044	31,199	4,089	-	44,173	121,354	735,887
1,102,842	894,225	3,735,555	724,303	1,625,049	2,347,611	22,737,644
(221,722)	(24,761)	(301,126)	(50,117)	2,403,629	739,692	3,576,484
-	-	-	-	(342,824)	-	(484,087)
-	-	-	-	(3,297,439)	(100,000)	(3,397,439)
-	369	16,419	-	49,793	(466)	66,115
-	-	-	-	-	(51,984)	(51,984)
(221,722)	(24,392)	(284,707)	(50,117)	(1,186,841)	587,242	(290,911)
578,753	870,051	415,227	498,771	1,264,108	959,291	7,454,418
\$ 357,031	\$ 845,659	\$ 130,520	\$ 448,654	\$ 77,267	\$ 1,546,533	\$ 7,163,507

RADFORD UNIVERSITY  
Radford, Virginia

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