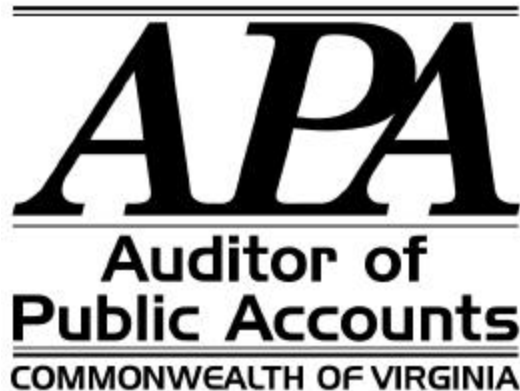


**RADFORD UNIVERSITY  
RADFORD, VIRGINIA**

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



## AUDIT SUMMARY

Our audit of Radford University for the year ended June 30, 2000, 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
- no instances of noncompliance required to be reported.

- T A B L E   O F   C O N T E N T S -

	<u>Pages</u>
AUDIT SUMMARY	
INDEPENDENT AUDITOR’S REPORTS:	
Report on Financial Statements	1-2
Report on Compliance and on Internal Control over Financial Reporting	2-3
INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS	4
FINANCIAL STATEMENTS:	
Balance Sheet	6-7
Statement of Changes in Fund Balances	8-9
Statement of Current Funds Revenues, Expenditures, and Other Changes	10
Notes to Financial Statements	12-20
SUPPLEMENTARY INFORMATION:	
Schedule of Auxiliary Enterprises Revenues, Expenditures and Changes in Fund Balances	22-23
UNIVERSITY OFFICIALS	25

June 1, 2001

The Honorable James S. Gilmore, III  
Governor of Virginia

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

The Board of Visitors  
Radford University

We have audited the accounts and records of **Radford University** as of and for the year ended June 30, 2000, 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, 2000, and the related statements of changes in fund balances and current funds revenues, expenditures, and other changes for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on 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. 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, 2000, and the changes in fund balances and current

funds revenues, expenditures, and other changes for the year then ended, in conformity with generally accepted accounting principles.

Our audit was 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, 2000, we considered internal controls over financial reporting and tested compliance with certain provisions of laws, regulations, contracts, and grants in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

### Compliance

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

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the University's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the section titled "Internal Control 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 on May 16, 2001.

AUDITOR OF PUBLIC ACCOUNTS

JEG:aom  
aom:58

## INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

### Review and Strengthen Financial Statement Procedures for Equipment

We made several significant audit adjustments to the equipment balances originally reported in the University prepared financial statements. These adjustments resulted primarily from errors in reporting equipment trust fund purchases and the failure to record three items sold as surplus. The University improperly included \$648,917 of Equipment Trust Fund owned assets twice during its financial statement preparation process.

The University should re-examine its procedures for recording equipment in its financial statements especially Equipment Trust Fund purchases. After reviewing its procedures, the University should clearly document the process to follow in recording equipment in its financial statements. The University should also ensure that all personnel recording and managing fixed assets have proper training and a thorough understanding of state regulations for accounting and reporting fixed assets.

### Discontinue Order Splitting on Charge Card Purchases

We found four instances of apparent order splitting in which the Dining Services department circumvented authorized purchase limits for small purchase cards. Order splitting is in direct violation of the University's Small Purchase Card policies, which state that cardholders should not avoid the transaction ceiling by "splitting" orders to circumvent procurement regulations. In addition, Section 4.11 of the Agency Procurement and Surplus Property Manual also strongly prohibits order splitting. During a review of Dining Services purchases, the Purchasing department detected the apparent order splitting and instructed the department to immediately discontinue the practice.

To achieve compliance with its Small Purchase Charge Card purchasing policy, the University should provide adequate training to all charge card users. Department heads should thoroughly review each monthly statement to ensure the validity of transactions and detect any attempts to split purchase orders before approving the statement. To further enhance controls over the charge card program, Accounts Payable should also thoroughly review each monthly statement.

## **FINANCIAL STATEMENTS**



RADFORD UNIVERSITY  
BALANCE SHEET  
As of June 30, 2000

	Current Funds		
	Unrestricted	Restricted	Loan Funds
ASSETS			
Cash and cash equivalents (Note 3)	\$ 13,157,903	\$ 478,683	\$ 430,944
Collateral held by Treasury for securities lending (Note 3)	1,640,698	-	-
Appropriations available	118,600	56,018	-
Due from the Commonwealth	326,670	-	-
Accounts receivable (Net of allowance for doubtful accounts of \$ 74,553)	531,379	357,484	-
Notes receivable (Net of allowance for doubtful notes receivable of \$ 292,756)	-	-	3,089,826
Inventories	534,380	-	-
Due from other funds	500,000	-	-
Land and improvements	-	-	-
Buildings	-	-	-
Equipment	-	-	-
Library books	-	-	-
Construction in progress	-	-	-
Total assets	\$ 16,809,630	\$ 892,185	\$ 3,520,770
LIABILITIES AND FUND BALANCES			
Payable for collateral held by Treasury for securities lending (Note 3)	\$ 1,640,698	\$ -	\$ -
Accounts payable and accrued liabilities	8,936,625	219,699	-
Accrued leave	3,042,145	-	-
Deposit pending distribution	224,832	-	30
Deferred revenue	2,790,401	-	-
Bonds payable (Note 4)	-	-	-
Leases payable (Note 4)	-	-	-
Retainage payable (Note 6)	-	-	-
Due to other funds	-	500,000	-
Due to the Commonwealth - Petty cash advance	20,000	-	-
Fund balances:			
Unrestricted current funds	154,929	-	-
Restricted current funds	-	172,486	-
Loan funds, U.S. Government grants	-	-	2,892,215
Loan funds, University - Restricted	-	-	628,525
Unexpended plant funds	-	-	-
Renewals and replacements	-	-	-
Net investment in plant	-	-	-
Total liabilities and fund balances	\$ 16,809,630	\$ 892,185	\$ 3,520,770

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

Plant Funds	Agency Funds	Total (Memorandum Only)
\$ 12,601,590	\$ 129,297	\$ 26,798,417
-	-	1,640,698
4,335,267	-	4,509,885
-	-	326,670
-	-	888,863
-	-	3,089,826
-	-	534,380
-	-	500,000
8,483,472	-	8,483,472
91,131,582	-	91,131,582
15,414,224	-	15,414,224
11,600,590	-	11,600,590
8,623,560	-	8,623,560
<u>\$ 152,190,285</u>	<u>\$ 129,297</u>	<u>\$ 173,542,167</u>

\$ -	\$ -	\$ 1,640,698
1,362,678	-	10,519,002
-	-	3,042,145
-	129,297	354,159
-	-	2,790,401
1,343,623	-	1,343,623
1,286,963	-	1,286,963
347,571	-	347,571
-	-	500,000
-	-	20,000
-	-	154,929
-	-	172,486
-	-	2,892,215
-	-	628,525
2,518,082	-	2,518,082
12,708,526	-	12,708,526
132,622,842	-	132,622,842
<u>\$ 152,190,285</u>	<u>\$ 129,297</u>	<u>\$ 173,542,167</u>

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

	Current Funds		Loan Funds
	Unrestricted	Restricted	
Revenues and other additions:			
Unrestricted current funds revenue	\$88,564,969	\$ -	\$ -
State appropriations - Restricted	-	3,304,584	-
Federal grants and contracts - Restricted	-	6,530,711	-
State grants and contracts - Restricted	-	478,470	-
Private gifts, grants and contracts - Restricted	-	361,296	-
Interest income - Restricted	-	140	9,107
U. S. Government advances	-	-	2,142
Interest and penalty on loans receivable	-	-	77,418
Expended for plant facilities (Including \$2,099,832 charged to current funds expenditures)	-	-	-
Retirement of indebtedness	-	-	-
Other sources	-	21,740	25,388
Total revenues and other additions	88,564,969	10,696,941	114,055
Expenditures and other deductions:			
Educational and general expenditures	57,579,791	10,370,396	-
Auxiliary enterprise expenditures	26,980,571	-	-
Indirect costs recovered	-	264,874	-
Loan cancellations and write-offs	-	-	30,799
Administrative and collection costs	-	-	4,406
Expended for plant facilities (Including noncapitalized expenditures of \$327,875)	-	-	-
Retirement of indebtedness	-	-	-
Interest on indebtedness	-	-	-
Disposal of plant facilities	-	-	-
Non-general fund transfer to the Commonwealth	44,927	-	-
Total expenditures and other deductions	84,605,289	10,635,270	35,205
Transfers among funds - Additions/(Deductions):			
Mandatory:			
Debt service	(583,561)	-	-
Loan fund matching grant	(714)	-	714
Nonmandatory:			
(To)/From other funds	(3,271,854)	(68,310)	2,140
Total transfers among funds	(3,856,129)	(68,310)	2,854
Net increase (decrease) for the year	103,551	(6,639)	81,704
Fund balances at beginning of year	51,378	179,125	3,439,036
Fund balances at end of year	\$ 154,929	\$ 172,486	\$ 3,520,740

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

Plant Funds			
Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant
\$ -	\$ -	\$ -	\$ -
5,273,900	1,052,176	482,753	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	10,343,630
-	-	-	898,554
-	-	-	-
5,273,900	1,052,176	482,753	11,242,184
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
6,412,969	2,158,704	-	-
-	-	898,554	-
-	-	167,760	-
-	-	-	1,150,127
-	-	-	-
6,412,969	2,158,704	1,066,314	1,150,127
-	-	583,561	-
-	-	-	-
950,000	2,388,024	-	-
950,000	2,388,024	583,561	-
(189,069)	1,281,496	-	10,092,057
2,707,151	11,427,030	-	122,530,785
\$ 2,518,082	\$ 12,708,526	\$ -	\$ 132,622,842

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

	Unrestricted	Restricted	Total
Revenues:			
Tuition and fees	\$ 20,033,149	\$ -	\$ 20,033,149
State appropriations (Note 5)	36,874,150	3,304,584	40,178,734
Federal grants and contracts	251,517	6,262,358	6,513,875
State grants and contracts	7,562	411,190	418,752
Private gifts, grants, and contracts	5,794	377,973	383,767
Sales and services of educational departments	16,948	-	16,948
Sales and services of auxiliary enterprises	30,854,911	-	30,854,911
Vending machine commissions	91,935	-	91,935
Investment income	152,424	-	152,424
Other sources	276,579	14,291	290,870
Total current revenues	88,564,969	10,370,396	98,935,365
Expenditures and mandatory transfers:			
Educational and general:			
Instruction	33,835,855	245,791	34,081,646
Public service	13,704	14,235	27,939
Academic support	5,791,614	3,393,745	9,185,359
Student services	3,741,649	48,934	3,790,583
Institutional support	7,435,849	47,540	7,483,389
Operation and maintenance of plant	6,518,774	-	6,518,774
Scholarships and fellowships	242,346	6,620,151	6,862,497
Total educational and general expenditures	57,579,791	10,370,396	67,950,187
Mandatory transfers for:			
Loan fund matching grant	714	-	714
Debt service	103,127	-	103,127
Total educational and general expenditures and transfers	57,683,632	10,370,396	68,054,028
Auxiliary enterprises:			
Operating expenditures	26,980,571	-	26,980,571
Mandatory transfer for debt service	480,434	-	480,434
Total auxiliary enterprises	27,461,005	-	27,461,005
Total expenditures and mandatory transfers	85,144,637	10,370,396	95,515,033
Other transfers and additions/(deductions):			
Excess (deficiency) of restricted receipts over transfers to revenues	-	61,671	61,671
Nongeneral fund transfer to the Commonwealth	(44,927)	-	(44,927)
Nonmandatory transfers:			
(To)/From current restricted funds	68,310	(68,310)	-
To loan funds	(2,140)	-	(2,140)
To plant funds	(3,338,024)	-	(3,338,024)
Net increase/(decrease) in fund balances	\$ 103,551	\$ (6,639)	\$ 96,912

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

## **NOTES TO FINANCIAL STATEMENTS**

RADFORD UNIVERSITY

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2000

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 IF 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 Renewal and Replacement 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. 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 non mandatory nature for all other cases. Plant assets, at the time of disposal, revert to the Commonwealth of Virginia for disposition. Proceeds, if any, may be returned to the University.

G. Deferred Revenue

Deferred revenue represents revenues collected but not earned as of June 30, 2000. 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.

H. Accrued Compensated Absences

The amount of leave earned but not taken by eligible employees is recorded as a liability on the balance sheet. The amount reflects, as of June 30, all unused vacation 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.

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 is separately incorporated and managed by its own board, are not included in these statements. This foundation was organized for fund raising activities, which 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, 2000.

Assets	<u>\$ 26,353,283</u>
Liabilities	\$ 742,497
Fund Balance	<u>25,610,786</u>
Total	<u>\$ 26,353,283</u>

During the fiscal year ended June 30, 2000, the Foundation transferred \$608,027 to the University for academic scholarships and \$75,000 to the University's Athletic Committee. In addition, the Foundation directly expended \$278,160 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	\$ 32,990
Cash in bank	243,289
Cash with the Treasurer of Virginia	24,700,589
Corporate notes (Category 1)	99,648
Repurchase agreements (Category 3)	212,590
Commercial paper (Category 1)	390,966
Mutual, Money Market funds (Noncategorized)	<u>1,118,345</u>
Total cash and cash equivalents	<u>\$26,798,417</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, 2000 consist of the following:

Radford University Norwood Hall Renovation Refunded Bonds, Series 1993, issued \$1,144,237, balance payable in annual installments of \$106,842 to \$137,012 with interest of 4.25% to 4.75% payable semi-annually; the final installment of \$137,012 being due in 2006. \$ 722,830

Radford University Donald N. Dedmon Center Refunded Bonds, Series 1992, issued \$2,427,140, balance payable in annual installments varying from \$300,732 to \$320,061 with interest of 5.50% to 5.60% payable semi-annually; the final installment of \$320,061 being due in 2002. 620,793

Total \$1,343,623

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	129,045	12,476	141,521
2006	<u>137,012</u>	<u>6,507</u>	<u>143,519</u>
Total	<u>\$1,343,623</u>	<u>\$ 173,600</u>	<u>\$1,517,223</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 Building 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 liabilities 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, 2000, are as follows:

Year Ending <u>June 30,</u>	Capital Lease <u>Obligation</u>
2001	\$ 624,299
2002	532,531
2003	<u>233,696</u>
Total minimum lease payments	\$ 1,390,526
Less: Amount of interest and executory costs	<u>(103,563)</u>
Present value of minimum lease payments	<u><u>\$ 1,286,963</u></u>

5. STATE APPROPRIATIONS-CURRENT UNRESTRICTED FUNDS

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 appropriation (Revised Act)	\$35,907,939
Adjustments:	
Supplemental appropriation for salary	
regrades and employee benefits	720,123
Transfer for graduate fellowships	530,400
Transfer for health insurance premium	280,265

Transfer for deferred compensation match	20,324
Decrease for group insurance holiday	(162,447)
Decrease for retirement contribution savings	(144,080)
Decrease for retiree health credit	(113,787)
Decrease for ORP retirement savings	( 99,851)
Decrease for tuition and fee revenue offset	( 60,200)
Decrease for lag pay saving	<u>(4,536)</u>
Total	<u>\$36,874,150</u>

## 6. COMMITMENTS - PLANT FUNDS

### A. Construction Contracts

At June 30, 2000, the University was committed to construction contracts totaling approximately \$10,506,947. Construction in progress for these contracts amounted to \$8,350,954 at June 30, 2000. The University held \$347,571 as a retained percentage on the construction contracts for work, which 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 \$465,035 for the year. Minimum lease payments as of June 30, 2000 are as follows:

Year Ending	
<u>June 30,</u>	<u>Amount</u>
2001	\$ 159,555
2002	<u>1,576</u>
Total Minimum Lease Payments	<u>\$ 161,131</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 \$60,320 were made to 34 students. At June 30, 2000, total loans outstanding were \$189,451 of which \$24,930 was deemed uncollectible 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 and certain administrative staff participate in a retirement annuity program through the Optional Retirement Program (ORP) Insurance Companies rather than the VRS. This is a fixed contribution program where the retirement benefits received are based upon the employer's 5.4 percent and the employees' 5 percent contributions, plus interest and dividends.

Individual contracts issued under the plan provide for full and immediate vesting of both the Radford University and employees' contributions. Total pension costs under this plan were approximately \$1,204,082 for the year ended June 30, 2000. Contributions to the Optional Retirement Program Insurance Companies were calculated using the base salary amount of approximately \$11,577,712 for the fiscal year ended June 30, 2000.

## 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 allowableness of related direct and indirect charges pursuant to such agreements. As of June 30, 2000, the University estimates that no material liabilities will result from such audits or questions.

## 10. RISK MANAGEMENT

The University is exposed to various risks of loss related to torts; theft or, damage to, and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. The University participates in insurance plans maintained by the Commonwealth of Virginia. The state employee health care plan is administered by the Department of Human Resource

Management and the risk management insurance plans are administered by the Department of General Services, Division of Risk Management. Risk management insurance includes worker's compensation, property, general liability, faithful performance of duty bond, automobile, and air and watercraft plans. The University pays premiums to each of these Departments for its insurance coverage. Information relating to the Commonwealth's insurance plans is available at the statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.

## **SUPPLEMENTARY INFORMATION**



RADFORD UNIVERSITY  
SCHEDULE OF AUXILIARY ENTERPRISES REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
For the Year Ended June 30, 2000

	Food Services	Residential Facilities	Phone Service	Student Activities
Revenues:				
Student fees	\$ 5,946,699	\$ 8,108,082	\$ 400,648	\$ 673,359
Sales and services	1,937,167	59,420	650,116	209,273
Parking fines and fees	-	-	-	-
Private gifts	-	-	-	-
Investment income	-	-	-	-
Total revenues	7,883,866	8,167,502	1,050,764	882,632
Cost of sales	(2,560,011)	-	-	-
Net revenues	5,323,855	8,167,502	1,050,764	882,632
Expenses of operations:				
Personal services	3,027,606	1,992,706	137,673	269,085
Contractual services	1,702,317	4,217,173	723,950	626,484
Supplies and materials	318,294	501,717	4,911	103,375
Equipment	91,783	361,043	13,562	55,069
Total expenses of operations	5,140,000	7,072,639	880,096	1,054,013
Excess (deficiency) of revenues over (under) expenses of operations	183,855	1,094,863	170,668	(171,381)
Transfers:				
Mandatory:				
Debt service	-	(140,760)	-	-
Nonmandatory:				
Renewals and replacements	(250,860)	(326,457)	(256,355)	-
Current restricted	-	657	-	-
Net increase (decrease) in fund balances	(67,005)	628,303	(85,687)	(171,381)
Fund balances at beginning of year	1,340,893	1,029,471	1,387,479	357,031
Fund balances at end of year	\$ 1,273,888	\$ 1,657,774	\$ 1,301,792	\$ 185,650

Student Center	Athletics	Health Services	Building Maintenance	Other Services	Total
\$ 895,732	\$ 3,267,352	\$ 713,278	\$ 4,163,212	\$ 9,000	\$24,177,362
40,724	458,341	-	6,849	1,685,141	5,047,031
-	-	-	-	413,745	413,745
-	75,000	-	-	-	75,000
-	-	-	-	1,141,773	1,141,773
936,456	3,800,693	713,278	4,170,061	3,249,659	30,854,911
-	-	-	-	-	(2,560,011)
936,456	3,800,693	713,278	4,170,061	3,249,659	28,294,900
623,668	1,306,266	-	834,746	1,311,054	9,502,804
235,987	2,184,922	874,322	841,706	1,077,856	12,484,717
22,809	231,968	-	147,662	383,414	1,714,150
9,183	11,642	-	86,429	90,178	718,889
891,647	3,734,798	874,322	1,910,543	2,862,502	24,420,560
44,809	65,895	(161,044)	2,259,518	387,157	3,874,340
-	-	-	(339,674)	-	(480,434)
(147,101)	-	(47,319)	(2,000,000)	(309,932)	(3,338,024)
3,620	19,477	-	40,331	2,087	66,172
(98,672)	85,372	(208,363)	(39,825)	79,312	122,054
845,659	130,520	448,654	77,267	1,546,533	7,163,507
\$ 746,987	\$ 215,892	\$ 240,291	\$ 37,442	\$ 1,625,845	\$ 7,285,561

Page Left Intentionally Blank

RADFORD UNIVERSITY  
Radford, Virginia

BOARD OF VISITORS

Jay S. Poole , Rector

Gregory G. Goad, Vice Rector

Frank Armstrong, III  
Elizabeth D. Beamer  
Elizabeth B. Davis  
Randal J. Duncan

Joseph E. Freeman, III  
Ellen M. Nau  
J. Carson Quarles  
James B. Spurlock, Jr.

Barbara D. Turk

ADMINISTRATIVE OFFICERS

Douglas Covington, Ph.D., President

David A. Burdette, Vice President for Business Affairs

Evelyn C. Wilson, Assistant Vice President for Finance and Controller