

**1. The institution's recent financial history demonstrates financial stability.**

- Compliance
- Partial Compliance
- Non-compliance

**Narrative:**

Virginia Commonwealth University has ensured that its financial operations reflect the operating needs of its educational, research and public service mission. Financial results reflect stability and an effective use of available resources. The annual audited financial statements for fiscal years ending June 30, 2002, 2001, 2000, 1999, and 1998, are available on the [Auditor of Public Accounts](#), Commonwealth of Virginia web site (click on "V" in "List Agencies").

During the 1980's and early 1990's the University was in a mode of preserving assets. Since that time, the University has been expanding and investing in new and renovated facilities. These expansions have required the investment of fund balances and an increase in outstanding long-term debt. Buildings completed on the Academic Campus since the early 1990s include the School of Engineering building, the School of the Arts Center, the Life Sciences building, the Stuart C. Siegel Center (Athletics), and the Sports Medicine Center. The Gateway Project that enhances the access to the main clinical functions of VCU was completed at the VCU Medical Center. In November 2002 voters in the Commonwealth approved the Virginia Higher Education Bond Referendum. As a result, VCU will receive approximately \$76.7 million for [renovations and additions](#) on both campuses. VCU's contribution for these renovations and additions totals about \$54 million.

As can be seen from the [Unrestricted Current Funds Balance Sheets](#), since 1997, when the Medical College of Virginia Hospital became an independent public authority, the University has maintained a relatively constant fund balance and significant cash and investment balances. As reflected in the [University Division Only Statement of Current Funds Revenues, Expenditures and Other Changes](#) and the [Schedule of Debt Service](#), the University has been able to manage increased debt service requirements in its operating budget.

The University's primary source of operating funds, State Educational and General Programs appropriations, are subject to year-end reversion of unspent surplus, which precludes significant accumulation of fund balances in that fund source. There also have been funding shifts, as the state mandated a tuition freeze throughout most of the mid- to late-1990's. In 1999-2000, the state mandated a 20% reduction in tuition for undergraduate students. The impact of the tuition freeze and tuition reduction were offset partially by increases in state appropriations.

During calendar year 2002 the state's general tax revenue fell below projections and, as a result, the University experienced reductions in state appropriations. Tuition and fees were increased for the fall semester of 2002, and an additional \$300 per student increase in tuition was implemented for the spring of 2003. The University has adjusted its operating budgets for the reductions in state appropriations, and the anticipated impact on fund balances will not be significant.