

STATE NORMAL SCHOOL FOR WOMEN

HARRISONBURG, VA.

January 1, 1917.

The Virginia Normal School Board:

Gentlemen:

On a number of occasions it has appeared to me that certain statements in the reports of the Secretary-Auditor might be misleading when read by those more or less unfamiliar with the details. I have at times feared that an unfavorable impression may have been created by such statements. I have not sought to correct or explain unless called upon to do so, because I know that the Secretary-Auditor would not wilfully misrepresent anything, and exceptions taken by me might possibly seem to be finding fault with him. I remained silent in full confidence that as members of the Board became more familiar with the management of this school any unfavorable impression which may have been created would be removed. However, the report of the Secretary-Auditor for the month of November, 1916, contains statements which I am inclined to think, for the sake of the school rather than for me personally, should not go unnoticed by me, and I would, therefore, most respectfully direct your attention to the following:

First, as regards the statement that there was an "apparent shortage on November 1st of \$4,802.27" and that "on December 1st the balance to the credit of the general fund was \$3.39, and the bills payable \$5,602.17." These figures are not questioned by me, but the manner in which they are used might prove misleading. The Secretary-Auditor also makes these statements, which, if permitted to remain unqualified, might make a very unfavorable impression as to the management of the school, namely, "the above statement gives a fairly accurate showing of the extent to which the school is getting behind in the payment of current bills", and "From this showing it is reasonably certain that by the 1st of January the school will be two months behind with its current expenses." There is no denying the fact that the school is "apparently" behind in the payment of its current expenses, as it has been so for some time and may be expected to be so for some months to come. Granting, for the purpose of proceeding at once to call attention to the following facts, that the statement of the Secretary-Auditor is correct as it stands, the reasons for being behind may be stated as follows, indeed under these circumstances I would submit that it is surprising that the school is not more than "two months behind":

(1) The last fiscal year closed June 30, 1916, with a deficit. The amount of this deficit shown by the annual report was \$2,345.66, but actually the amount was greater than this because certain accounts then due were not included in the report. As indicated in my annual report to the Board, this deficit was due to a number of causes. The boarding department, owing to the greatly increased cost of supplies, and also to the management, which was not of the best, was conducted at a loss for two years. The latter trouble has apparently been remedied, the former is utterly hopeless with the present condition of the foodstuff market, unless the quality of the meals served is lowered or the amount charged the students for board

is increased. In my annual report I requested that this amount be increased one dollar per month, to make it sixteen dollars, explaining my reasons in full in the meeting of the Board, but the Board did not see its way clear to grant this request. I believe our boarding department is being conducted this year in a much more satisfactory manner than ever before, and considering the number of students served here I believe its financial showing will be as good as that of any of the other schools. It is an obvious fact that the larger the number of students the easier it is to maintain the boarding department on a given charge for board, consequently, a school with 200 boarders cannot reasonably be expected to make the same financial showing as a school boarding two or three times that number.

(2) The monthly salaries and wages payable out of the State appropriation amount to approximately \$3,230.00, for each month during the nine months session. The instalments from the State appropriation for support received each month amount to \$3,333.33. It is thus seen that, after paying our faculty and other employees, there is left for all other purposes--expenses of Board of Trustees (including Secretary-Auditor), school supplies, heat, light, water, repairs, renewals (so far as these are chargeable to the State funds), printing, advertising, office expenses, traveling expenses, library maintenance, insurance--for the month (during nine months of the year) only the small sum of about \$100.00, consequently, it is necessary to use receipts from the boarding department to meet such expenses, looking forward to the summer months to "pay back". In other words, the State pays our appropriation for support in twelve monthly instalments whereas the corresponding expenditures fall far most heavily in the nine months of the regular school session from October 1st to June 30th. There is an opportunity to "catch up" in the summer months, but these summer months fall in the next fiscal year, thus making a deficit appear at the close of the current fiscal year. The question might be pertinently raised as to why we do not let the accumulations of the summer months count as "getting ahead" to provide for the needs of the following nine lean months. The reply to this would be that this is certainly the proper thing to do, and we are hoping that before long we may be in this position. The reason we cannot get into this fortunate state at once is that we have always apportioned our budget to take all of our prospective income for the year, no margin being allowed; and under the old system the fiscal year extended from March 1st to February 28th, thus throwing the summer months in the middle of the year, whereas under the new system the fiscal year extends from July 1st to June 30th, thus throwing the three summer months at the beginning of the next fiscal year. Under the old system the balance was maintained so that a deficit at the end of the fiscal year (February 28th) need not appear. In making the change to the new system it became necessary that we get "three months ahead" if a deficit was not to appear at the end of the new fiscal year (June 30th), and we have not yet been able to get this much ahead, altho we are hoping to do this summer. The Secretary-Auditor may recall that I discussed this matter with him some months ago, and I have been under the impression that he understands the situation as described above.

(3) Under the old system the salaries for the month were paid on the first day of the following month. Under the new system the salaries are paid on the fifteenth and thirtieth of the month in which the services are rendered. This latter plan is better and more proper, but in the change from the old system to the new it of course threw us behind an amount equal to the month's salaries, about \$2,500, and since

we have been compelled to use our income so closely for each year's expenses, it has been difficult to catch up that much, altho we are hoping to do so during the coming twelve months.

(4) During the past year there were unusually heavy repairs to be made, occasioned in large part by the collapse of our heating plant. A considerable amount of repairing had to be postponed until summer, thus throwing a disproportionate amount of the burden of cost on the present fiscal year. Moreover, when we came to moving our old kitchen equipment from the basement of the dormitory to its new quarters, a large part of it literally "fell to pieces". It had been in use constantly twelve months in the year for the past seven years and two months. This has occasioned much repair work, at a considerable expense to the boarding department. Taken altogether the cost of repairs since July 1st has been \$1,156.52, and a considerable amount must be counted still as "bills payable". When all things are considered, the size of the plant, the character and age of certain parts of the equipment, and the unusual circumstances facing us recently, this amount should not be considered large, yet is considerably more than we had anticipated in our budget at the beginning of the year, hence it has caused a bad strain on our resources and contributes to making us behind in our payments of current expenses. The Secretary-Auditor will I believe recall that I have called his attention to these matters from time to time.

(5) During the current year we have had to meet very unusual demands on account of the insurance. The total insurance on the plant was arranged so that the premiums fell due on as nearly an equal portion of the policies as possible every two years. This year, 1916, happened to be the year in which a large portion of the premiums fell due, and this was unprovided for by any extra appropriation. Moreover, during the current year we are forced to carry the "builders' risk" policies on the new dormitory building. The insurance item alone for the current fiscal year amounts to \$1,046.30, and the end is not reached. Certainly this must be reckoned as an extraordinary demand upon our resources for this fiscal year and has contributed considerably to making us behind in our payments of current expenses. So far as I can now see there will be no insurance to be paid in the next fiscal year, consequently, we will certainly catch up to some extent on account of this. In other words, the amount should be looked upon as belonging not to this year alone, altho paid here, but as being distributed over two years at least. I suppose of course the Secretary-Auditor has been quite familiar with this situation.

I respectfully submit that the above cited reasons are sufficient to explain any deficit which may actually exist in the financial status of this institution; but, waiving all of these reasons for a deficit, I would respectfully submit that the validity of the statement made in the Secretary-Auditor's report is somewhat weakened by the fact that it is one-sided in that it presents merely the liabilities of the school and takes no account of the assets, except to state that the paltry sum of \$3.39 remains in hand December 1st to offset the \$5,602.17 bills payable. It is singular that the Secretary-Auditor failed to attach significance to the fact that we had then (and still have) large supplies on hand in our boarding department store-rooms, in our school supply-room, in our coal bins, and elsewhere. These supplies are in no sense permanent equipment. They have been bought with current receipts for current use, in an-

icipation of future needs. All of these supplies are salable. The food supplies, the coal, etc. will be sold to the students in the coming months as they pay their board from month to month. The supplies of books and stationery now on hand will be exchanged directly for cash in the daily sales thruout the year. We are stocked up for some months to come, along certain lines for more than a year to come. Our reason for laying in this stock in advance is simply that by so doing we can purchase at better prices and protect ourselves against the rapidly increasing prices on all such supplies. A few illustrations of this will doubtless suffice to show the wisdom of this business policy. At the beginning of the year we purchased practically enough potatoes to last thruout the session, and since that time the price has advanced from the \$1.15 we paid to \$1.65 and \$1.80, and they are difficult to get at any price. Canned goods, of which a large part of our stock consists, have advanced materially since we purchased our supply for the year, and some items, as corn for example, can hardly be had at any price. Our past experience has taught us that it is well to have in reserve as large a supply of coal as it is possible for us to store, which at best is entirely too little, and it is fortunate this year that we stored somewhat more than usual, in view of the difficulty of getting cars of coal. Coal that we purchased at \$1.25 per ton at the mines has been selling for from \$5 to \$6 per ton, and hard to get at that price. Our annual contract protects us on price but there is no real protection against running short in the supply except by keeping a reserve supply on hand. Paper, of which we have a large supply on hand, for sale in our supply-room, and other such articles, have advanced in some cases as much as 300% in price since we purchased. Even under normal conditions it is advisable to purchase these goods in reasonably large quantities in advance. All of these foodstuffs and other supplies could be converted into cash today for from 25% to 100% in advance of our purchasing price with little difficulty, and since they are all articles to be sold during the year it is certainly proper to count them as assets offsetting the bills payable. Indeed, I believe we would have been justly charged with lack of business judgment had we failed to have the foresight to make such purchases in advance even tho it meant anticipating future receipts.

I would respectfully submit the following "salable" assets as offsetting the bills payable December first, which amount according to the report of the Secretary-Auditor is \$5,602.17:-

Foodstuffs on hand for future use (Inventory)-----	\$2,773.27
Coal on hand for future use (Estimated)-----	610.00
Books, paper, and stationery supplies on hand for future sales to students (Inventory)-----	2,171.86
Laundry supplies and miscellaneous supplies to be sold students (Estimated)-----	250.00
	\$5,805.13

The above is figured at the buying price. The selling price is of course considerably greater. The Secretary-Auditor on the occasion of his December visit to the school had his attention called in a general way to this matter, at which time I stated my reasons for purchasing ahead to such an extent.

Second, as regards the matter of negotiating a loan to meet the payments due the contractors for the new dormitory building. The Secretary-Auditor's report makes the statement that "in the latter part of November Mr. Burruss reported to the Executive Committee that it would be necessary for him to borrow \$16,000 or \$18,000", etc. From this it might appear that I was somewhat remiss in looking forward to the needs of the school. As a matter of fact, this subject was first brought to the attention of the Board at its Radford meeting, April 15, 1916, and again at the annual meeting at Harrisonburg, July 15, 1916, at which time it was suggested by members of the Board themselves that some such arrangement be made, altho I believe no formal action was taken. Again on October 9, 1916, I presented to the Executive Committee of the Board a special written report covering building operations and in this report appears this paragraph, namely, "It will be noted that the sum of \$4,520.24 remains on hand to the credit of the building fund. This amount will cover the requisitions of contractors which will come up for payment November 1, I believe, but it will not cover the December, January, and February requisitions. I should suggest that the matter be left open, however, until about the first of December, as then we can ascertain with accuracy just what we shall have to provide to carry the account thru to March first." In the desire to save the school as much expense as possible on account of the interest on such loans, I succeeded in holding over for a month a large amount due the contractors before November first, and I also held off for three months bills for certain equipment chargeable to this building fund. In this way a month's interest on at least \$4,000 was saved. The amount, \$8,000, borrowed in December was paid out very soon thereafter, and fortunately we find that we shall be required to borrow only \$2,500 (instead of \$4,000) in January, and probably a similar amount will suffice in February. The notes are made for the minimum amounts and for a minimum time, hence, the interest on the loans will amount to comparatively little. My reference to these facts is merely to remove all possibility of any misunderstanding by members of the Board, particularly those who are not on the Executive Committee.

Third, as to this statement which appears in the report of the Secretary-Auditor: "I am afraid a part of the plastering is being put on when the weather is too cold, and have taken this matter up with the architect." I regret very much that the Secretary-Auditor has been put to any needless anxiety on this account, especially since his statement must have been based on a remark made to him in a conversation along general lines by me. I am under the impression that the brief time which the Secretary-Auditor has spent in Harrisonburg since the plastering was begun has not permitted him to visit the new building at all. My purpose in mentioning this matter is to prevent the members of the Board from coming to the conclusion that I am not properly watching the progress of building operations. As a matter of fact, I keep in the closest daily touch with them. Whenever the weather has seemed too cold for plastering or cement work, I have cautioned the contractors against taking any risk, and there is every reason to believe that all due precautions have been taken. The plaster being used on this building is of the best, it being purchased ready-mixed at the mills so that there will be no trouble such as we have had in other buildings because of the inferiority of the local sand. I am of the opinion that the work has been well done and that there is no danger of any trouble whatever from freezing. To confirm my opinion I beg to quote from a letter from the architect, who sent one of the best architects in Virginia here to inspect this work:

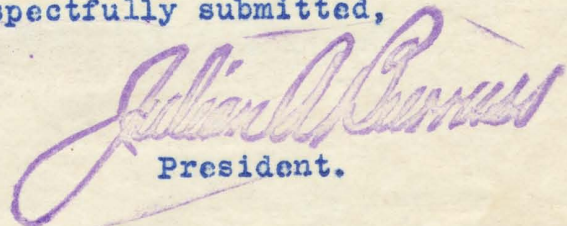
"Mr. Bryant reports the plastering to be in first class shape and that arrangements are being made for temporary heat, and I feel safe in saying that we should anticipate no trouble with the plastering." The heating of the building has been provided for by the installation of the permanent steam boiler. I am especially solicitous that the members of the Board will not become alarmed concerning this work and infer that I have been in any way negligent in keeping watch over it, for I have made it the object of my especial care, and it is my practise to call the attention of the architect at once to anything about which I am not satisfied.

Fourth, as regards the statement of traveling expenses, it will be noted that Harrisonburg is omitted. While the reason for this should be obvious, still I might venture the suggestion that it would have precluded all doubt had the report read: "Harrisonburg--nothing". As it now stands it might reasonably be inferred that the account had simply not been paid. In line with our effort to cut down all expenses to the minimum we had incurred no traveling expenses at the school during the five months from July 1st to December 1st. Of course this cannot continue as there are certain necessary expenses of this sort which have to be met, but as we succeeded in doing away with such expense for this unusually long period it seems worthy of mention.

Fifth, another measure of economy which seems worthy of mention is concerning Prof. Heatwole's absence on furlough without pay. During such absence the work of his department has been carried on by the mere addition of a part-time instructor and the president of the school. The instructor receives only \$500 out of the \$1,800 salary allowed for Prof. Heatwole, and the president conducts his portion of the classwork without cost to the school. This saving of \$1,300 will of course help to some extent the current expenses.

In conclusion I beg to say that I recognize the limitations of the reports of the Secretary-Auditor, yet I cannot help feeling that it is to be regretted that they consist so largely of greatly condensed statements and briefly expressed conclusions based at times perhaps on inadequate data. Since these statements deal frequently with expenditures, deficits, and seeming extravagances, and seldom with the more commendable features of the school, it would seem that there is a possibility of them sometimes creating a bad general impression scarcely justified if all sides are presented. If the Board will continue to be patient with us awhile longer, I believe that there will be no cause for criticism concerning the financial status of the school.

Respectfully submitted,


President.