RADFORD UNIVERSITY

FINANCIAL STATEMENTS

for the Year Ended June 30, 2021

Radford, Virginia

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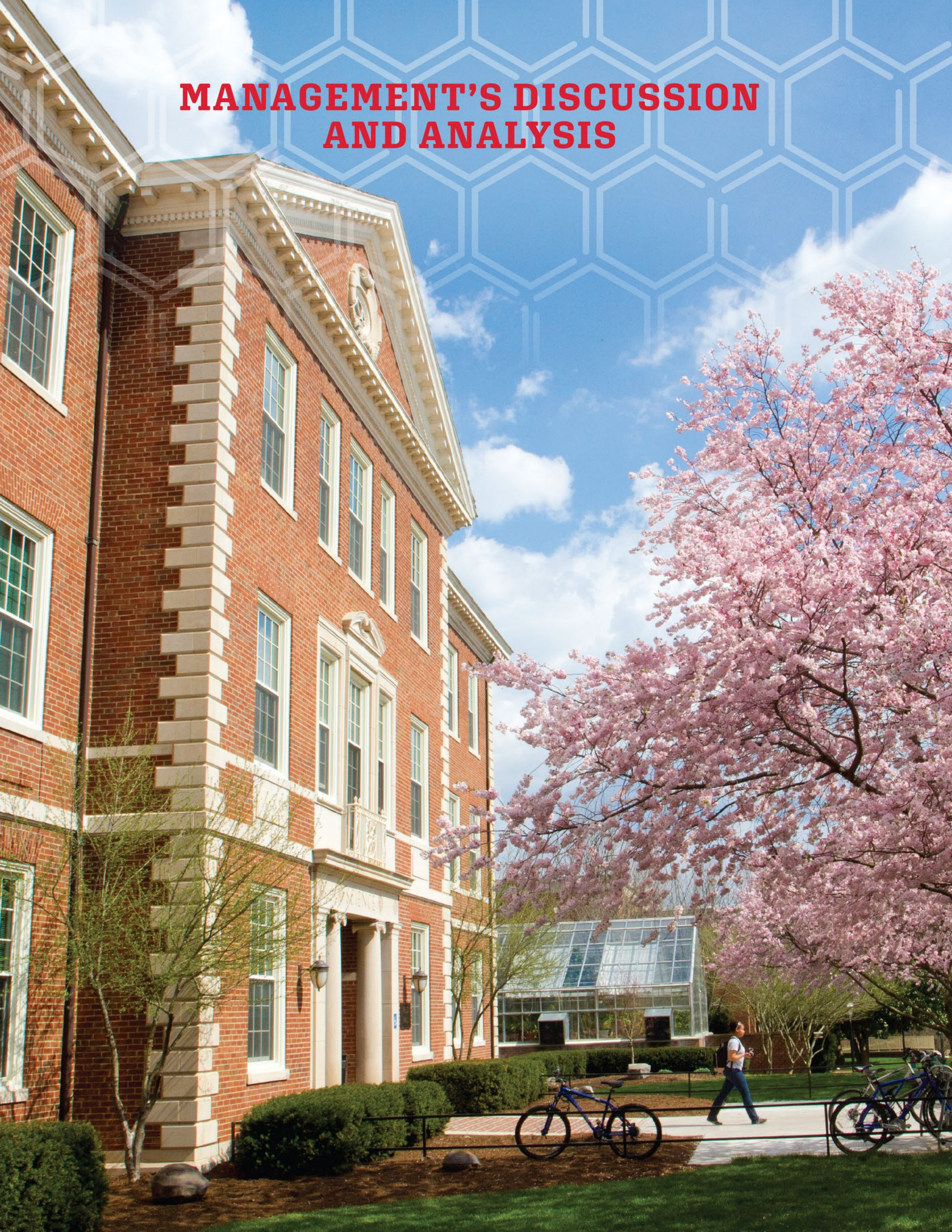
MANAGEMENT'S DISCUSSION AND ANALYSIS



Management's Discussion and Analysis

(Unaudited)

Introduction

The following unaudited Management's Discussion and Analysis (MD&A) provides an overview of the financial position and results of activities of Radford University (University) in an objective, easily readable format. This discussion includes an analysis of the University's financial condition and results of operations for the fiscal year ended June 30, 2021. Since this analysis includes highly summarized data, it should be read in conjunction with the accompanying financial statements, footnotes and other required supplementary information. The University's management is responsible for all financial information presented, including this discussion and analysis.

The University's financial report includes the three required financial statements, Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows, and accompanying note disclosures and required supplementary information. These statements are summarized and analyzed in the following paragraphs. The Radford University Foundation, Inc. is included in the accompanying financial statements in a separate column as a component unit. However, the following discussion and analysis does not include Radford University Foundation's financial condition and activities.

University Overview

Founded in 1910 as an all-women's college, Radford University became coeducational in 1972 and was granted university status by the Virginia General Assembly in 1979. Radford University is located in the New River Valley approximately 35 miles southwest of Roanoke, Virginia in the Blue Ridge Mountains. With a main campus in Radford, Virginia and a health sciences-focused educational site in Roanoke, Virginia, the University enrolls approximately 10,600 students, employs nearly 1,400 faculty and staff and has an annual budget of approximately $240.5 million.

Radford University serves the Commonwealth of Virginia and the nation through a wide range of academic, cultural, human service and research programs. Well known for its strong faculty/student bonds, innovative use of technology in the learning environment and vibrant student life on a beautiful 211-acre American classical campus, Radford University offers students many opportunities to get involved and succeed in and out of the classroom. The University offers 76 bachelor's degree programs in 47 disciplines, three associate degrees, and six certificates at the undergraduate level; 28 master's programs in 23 disciplines and six doctoral programs at the graduate level; and 14 post-baccalaureate certificates and one post-master's certificate. A Division I member of the NCAA and Big South Conference, Radford University competes in 16 men's and women's varsity sports programs. With over 300 clubs and organizations, Radford University offers many opportunities for student engagement, leadership development and community service. In addition to robust academic offerings and engaging student experiences on the main campus located in Radford, Virginia, Radford University also offers a clinical-based educational experience for more than 1,100 students living and learning in Roanoke, Virginia as part of Radford University Carilion, a public-private partnership focused on the cutting-edge delivery of health sciences programming, outreach and service.

Through the adoption of the strategic plan, entitled *Embracing the Tradition and Envisioning the Future*, and released in January 2018, the University defined goals for the future and set benchmarks for success. This plan redefined the University's core values (student empowerment and success; excellence; inclusiveness; community; intellectual freedom; innovation; and sustainability) and sets forth a path to achieve the vision of becoming a premier, innovative university in the Commonwealth of Virginia and beyond with a keen focus on teaching, research and service.

Radford University offers many opportunities for success in and out of the classroom. In addition to courses offered at its main campus, Radford University also extends its course offerings to students at the Roanoke Higher Education Center, Southwest Virginia Higher Education Center, New College Institute and Radford University Carilion. Through its seven colleges, the University offers 108 graduate and undergraduate degree programs or certificate programs. Radford University provides limitless opportunities for learning, growth and collaboration. The University is committed to the development of mature, responsible, well-educated citizens.

Fiscal year 2021 for Radford University, like all institutions of higher education, was a year to adapt to the on-going impact of the COVID-19 pandemic. Adjustments were made throughout the academic year to ensure the health and safety of students, faculty and staff remained top priority. For the Fall 2020 term, students had staggered move-in dates and the term began earlier than in the past to allow the term to conclude prior to Thanksgiving.

In February 2021, Radford University's seventh President, Brian O. Hemphill announced that he would be transitioning to Old Dominion University as their ninth President. Rector Archer advised that the Board of Visitors will immediately move forward in developing a comprehensive process for a national search and obtaining the best possible replacement. Carolyn Ringer Lepre, Ph.D. was named as the Interim President, effective July 1, 2021. Dr. Lepre, who served as the University's Provost and Vice President for Academic Affairs, will remain in this interim role until the conclusion of a national search, which began in Fall 2021. The Radford University Board of Visitors established a Presidential Search Committee to assist the Board in seeking and recommending the next president. The 24-member committee is chaired by Board of Visitors member Susan Whealler Johnston, Ph.D. and co-chaired by Board of Visitors member Jay A. Brown, Ph.D. The committee members were chosen from the constituent groups and partners of the Radford University family, including Board of Visitors, faculty, staff, students, administrators, alumni, community members and Carilion Clinic. On December 9, 2021, the Radford University Board of Visitors announced the selection of Bret S. Danilowicz, Ph.D., as Radford University's eighth president, effective July 1, 2022.

For Fall 2021, Radford University reverted to the traditional academic calendar, however maintained protocols required by the Commonwealth of Virginia. The Radford University Board of Visitors, Administrators, faculty, and staff remain steadfast in their commitment to the vision of being a premier, innovative, student-centered university in the Commonwealth of Virginia and beyond with a keen focus on teaching, research and service.

The University reached significant milestones and accomplishments including:

- In June 2021, a groundbreaking ceremony was held to introduce 'The Highlander', a boutique style hotel across the street from the University campus. This hotel will provide significant opportunities for the University community as well as the local community and the broader region.
- The University launched a new Teacher Ambassador program in partnership with NASA in July 2020. Throughout the school year participants will virtually experience NASA Langley's facilities and engage with scientists about integrating NASA context in the classroom.
- The University entered into an agreement with Academic Partnerships (AP) to provide several programs in an expanded online format beginning with the Bachelor of Science in Nursing (RN to BSN) and Master of Business Administration (MBA) degrees. Through this partnership, Radford University will also expand its outreach of the Vinod Chachra IMPACT Lab by offering cybersecurity and geospatial intelligence certificates to help individuals accelerate their careers in technology.
- On January 5, 2021, a memorandum of understanding (MOU) was signed by the University and NCI Information Systems, Inc., to build a collaborative and close working relationship that will further the goals of both NCI and Radford students and faculty through joint education, academic and project activities. This agreement will provide research collaboration between NCI and the University's Artis College of Science and Technology students and faculty, as well as emerging technology assessments, NCI contract support and Radford student and faculty engagement. With NCI's focus on artificial intelligence solutions and work with government defense contracts, University students will be working on real world challenges and creative solutions with their faculty members, as well as NCI.
- Reed and Curie Halls are the latest University buildings to receive LEED (Leadership in Energy and Environmental Design) Gold certification, which marks another achievement in sustainability initiatives by the University.

The aforementioned examples are but a few of the many accomplishments that all of the colleges and programs have attained during the course of their instructional mission. The University has also received national recognition in numerous areas including:

- The University was recognized by The Princeton Review as one of the greenest campuses in

2021. It is the eleventh consecutive year the University has been recognized for sustainability practices. The Princeton Review also recognized the Master of Business Administration (MBA) program at the University as one of the Best Business Schools for 2021.

- The University was recognized by The Princeton Review as one of the 143 institutions in the "Best in the Southeast" section of the "2022 Best Colleges: Region by Region" list. This is the fifteenth consecutive year that the University has been featured as one of the "Best in the Southeast."
- The University was ranked 14th in the "Top Public Schools - Regional Universities South" by the U.S. News & World Report. The University also ranked 13th among the "Best Colleges for Veterans – Regional Universities South" as well as 29th for "Overall Regional Universities – South and 25th for "Best Value Schools – Regional Universities South.
- Both the Radford University and Radford University Carilion (RUC) nursing programs were ranked the 3rd best in Virginia by registerednursing.org. Radford University nursing students consistently score higher than the national average in NCLEX-RN testing. Nursing students on the main campus scored an average 97.6 percent on their NCLEX-RN exams, while RUC students scored an average 93.5 percent. The average national score in 2019 was 83.5 percent and 89.4 percent in Virginia. Registerednursing.org also recognized the Radford University and RUC RN to BSN Online Programs as among the best in the Commonwealth of Virginia.

Statement of Net Position

The *Statement of Net Position* presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the University as of the end of the fiscal year. The purpose of the statement is to present a snapshot of the University's financial position to the readers of the financial statements. The data presented in the *Statement of Net Position* aids readers in determining the assets available to continue the operations of the University as well as determining how much the University owes to vendors and creditors. Furthermore, the *Statement of Net Position* provides a picture of the net position, or available resources of the University, which serves as one indicator of the current financial condition of the University.

Net position is classified into four major components: net investment in capital assets, restricted expendable, restricted nonexpendable and unrestricted. Change in net position is an assessment of whether the overall financial condition has improved or worsened during the year, while sustained increases or decreases in net position over time are one indicator of the financial stability or instability of an organization.

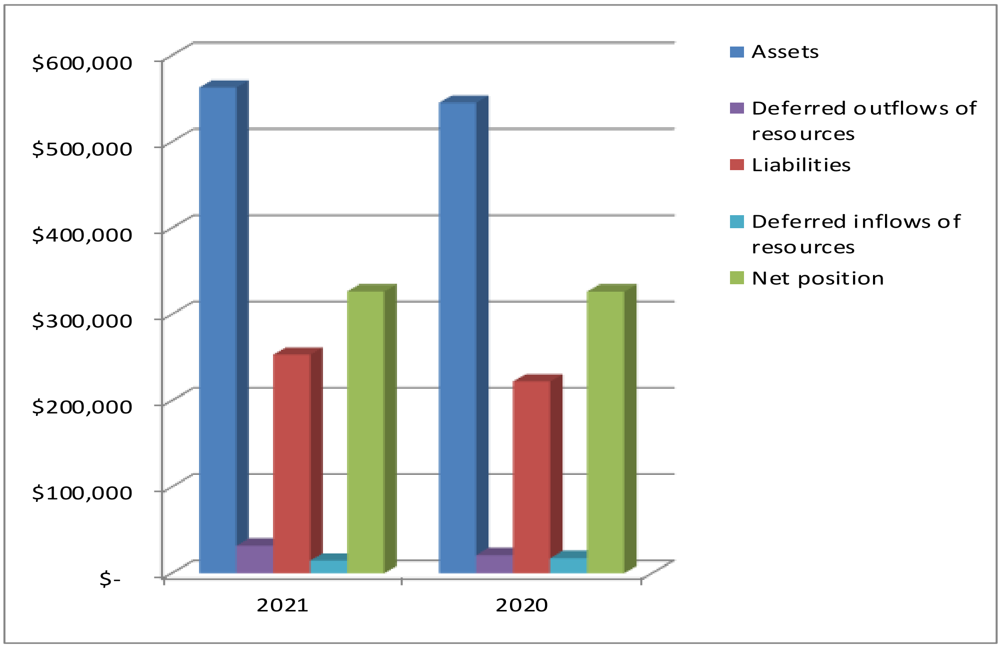
Statement of Net Position - Summary Schedule
($ shown in thousands)

The University's Statement of Net Position at June 30, 2021 and 2020 is summarized as follows:

	2021	2020	Change Amount	Change Percent
Assets:				
Current assets	$ 180,676	$ 159,822	$ 20,854	13.0
Capital assets, net	378,672	382,197	(3,525)	(0.9)
Other noncurrent assets	3,528	3,218	310	9.6
Total assets	$ 562,876	$ 545,237	$ 17,639	3.2
Deferred outflows of resources	$ 32,179	$ 21,181	$ 10,998	51.9
Liabilities:				
Current liabilities	$ 51,744	40,270	$ 11,474	28.5
Noncurrent liabilities	201,660	181,983	19,677	10.8
Total liabilities	$ 253,404	$ 222,253	$ 31,151	14.0
Deferred inflows of resources	$ 14,976	$ 17,648	$ (2,672)	(15.1)
Net position:				
Net investment in capital assets	$ 300,654	$ 303,208	$ (2,554)	(0.8)
Restricted - expendable	3,172	4,044	(872)	(21.6)
Unrestricted	22,849	19,265	3,584	18.6
Total net position	$ 326,675	$ 326,517	$ 158	0.0

Statement of Net Position - Comparative Chart
($ shown in thousands)

The chart below is a snapshot of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position for the fiscal years ended June 30, 2021 and 2020:



Total University assets increased $17.6 million or 3.2 percent during the fiscal year. The increase is attributable to a $20.9 million increase in current assets, partially offset by a $3.5 million decrease in capital assets. The largest increase in current assets was in cash and cash equivalents of $13.0 million primarily due to an increase of $7.9 million in auxiliary reserve cash, and a $2.7 million increase in Securities Lending. Capital depreciable assets increased $5.4 million, before depreciation, mainly due to equipment, infrastructure and site improvement increases. Non-depreciable capital assets increased $11.6 million, mainly due to the construction of the Artis Center for Adaptive Innovation (CAIC). Capital assets are discussed in more detail in the following section, *Capital Asset and Debt Administration*, and in Note 4 of the *Notes to Financial Statements.*

Total liabilities increased by $31.2 million or 14.0 percent during fiscal year 2021. Noncurrent liabilities caused the majority of this amount as they increased $19.7 million. This amount is due to pension obligations increasing $18.5 million, while noncurrent long-term debt decreased in the amount of $1.4 million. The debt decrease was related to a reduction in a capital lease with the Radford University Foundation for residential housing offset by two bond issuances during fiscal year 2021. Current liabilities increased $11.5 million in 2021. This increase is a result of a $5.6 million increase in accounts payable and a $2.7 million increase in obligations under securities lending. Further information on accounts payable and pension obligations can be found in Notes 5 and 13 in the *Notes to Financial Statements*.

As a result of the accounting for and financial reporting of the University's defined benefit pension plans, and other postemployment benefits, the University recognized $32.2 million of deferred outflows of resources and $15.0 million of deferred inflows of resources on the *Statement of Net Position.* The deferred outflows of resources represent, in part, the fiscal year 2021 employer contributions made by the University to the pension plans after the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Deferred outflows of resources increased from the previous fiscal year $11.0 million due to an increase related to pension obligations in the amount of $8.1 million and a $2.8 million increase related to other postemployment benefits. The deferred inflows of resources decreased $2.7 million from June 30, 2020 as a result of a decrease related to pension obligations of $3.1 million offset partially by an increase of deferred inflows from other postemployment benefits of $0.2 million. Notes 13 and 15 of the *Notes to Financial Statements and the Required Supplementary Information* includes additional information regarding the University's pension obligations and other postemployment benefits, and related deferred outflows and inflows of resources.

Overall, the increase in total assets and deferred outflows of resources, and the increase in total liabilities and decrease in deferred inflows of resources, combined to leave the University's net position basically unchanged from 2020 with a slight increase of $0.2 million or 0.0 percent.

Capital Asset and Debt Administration

The development and renewal of the University's capital assets is critical to ensure the necessary infrastructure required for achieving the University's ongoing mission. Accordingly, the University has continued to implement its long-range plans to modernize older facilities and to pursue new construction as needed. These investments in renovation and new construction support and enhance the University's high-quality instructional programs, residential lifestyles and student quality of life.

Note 4 of the *Notes to Financial Statements* describes the University's ongoing investment in capital assets. The value of the University's net capital assets totaled $378.7 million at the end of fiscal year 2021, a decrease of $3.5 million or 0.9 percent over fiscal year 2020. The net additions and reductions to capital assets during fiscal year 2021 totaled $17.0 million (excluding depreciation). Construction for the Artis Center for Adaptive Innovation (CAIC) is responsible for $7.4 million of this total while maintenance reserve projects in process total $2.6 million. The remainder of the total is due to capitalization of equipment ($1.3 million), site improvements ($1.9 million), and infrastructure ($1.0 million). Current year depreciation expense totaled $21.7 million.

Capital projects in progress carried commitments to construction contractors, architects and engineers totaling $78.0 million at June 30, 2021. These obligations represent the unperformed portion of construction contracts and, as such, have not been accrued as expenses or liabilities on the University's financial statements.

Additional information regarding the University's commitments is included in Note 12 of the *Notes to Financial Statements.*

Financial stewardship requires the effective management of resources, including the use of long-term debt to finance capital projects. Long-term debt decreased $0.9 million as the result of a decrease in a capital lease offset by an increase due to two bond issuances during the year ending June 30, 2021. Note 6 of the *Notes to Financial Statements* contains additional information about the long-term debt of the University.

Statement of Revenues, Expenses, and Changes in Net Position

The *Statement of Revenues, Expenses, and Changes in Net Position* presents the University's operating and nonoperating activities, which changes the University's total net position. The purpose of the statement is to present the University's operating revenues earned, operating expenses incurred, and all other revenues, expenses, gains and losses.

Generally, operating revenues are received from providing goods and services to students and various customers and constituencies of the University. Operating expenses are expenditures made to acquire or produce the goods and services provided in return for operating revenues and to carry out the mission of the University. Compensation and fringe benefits for faculty and staff are the largest category of operating expense.

Statement of Revenues, Expenses, and Changes in Net Position - Summary Schedule

($ shown in thousands)

			Change	
	2021	*2020*	*Amount*	*Percent*
Operating revenues	$ 130,248	$ 140,256	$ (10,008)	(7.1)
Less: Operating expenses	240,003	232,651	7,352	3.2
Operating loss	(109,755)	(92,395)	17,360	(18.8)
Nonoperating revenues (expenses)	92,689	91,308	1,381	1.5
Income before other revenues, expenses, gains, or losses	(17,066)	(1,087)	(15,979)	(1,470.0)
Other revenues, expenses, gains, or losses	17,224	15,007	2,217	14.8
Increase in net position	158	13,920	(13,762)	(98.9)
Net position - beginning of year	326,517	312,597	13,920	4.5
Net position - end of year	$ 326,675	$ 326,517	$ 158	0.0

Nonoperating revenues are revenues received for which goods and services are not directly provided. For example, state appropriations are nonoperating revenues because they are provided by the legislature without the legislature directly receiving commensurate goods and services for those revenues. State appropriations provide substantial support for paying operating expenses of the University. Therefore, the University, like most public institutions, does not cover all operating expenses with operating revenues and expects to report an operating loss.

Operating revenues of the University consist primarily of student tuition and fees and revenues generated by various auxiliary enterprises. Operating revenues in total for fiscal year 2021 decreased by $10.0 million as compared to fiscal year 2020. This decrease was largely due a tuition decrease of $6.7 million. Tuition decreased due to a decrease in undergraduate and graduate enrollment. An additional decrease of $3.6 million was related to auxiliary revenue decreases. Dining revenue decreased $3.0 million while Athletic revenue decreased $1.5 million. These auxiliary decreases were offset partially by a housing revenue increase of $1.6 million. Auxiliary revenue is broken down by category in Note 8 of the *Notes to Financial Statements*.

Nonoperating revenues and expenses increased $1.4 million or 1.5 percent from fiscal year 2020. This increase was due to a $7.8 million increase in state appropriations offset by a $6.6 million decrease in Higher Education Emergency Relief funds.

Capital appropriations and gifts are responsible for the $2.2 million increase in other revenues, expenses, gains or losses. This increase is predominantly related to the construction of the Artis Center for Adaptive Innovation (CAIC) which accounts for a $10.7 million increase which was partially offset by the completion of Reed Curie Hall renovations that caused a $8.6 million decrease from fiscal year 2020.

Revenues by Source Comparison
($ shown in thousands)

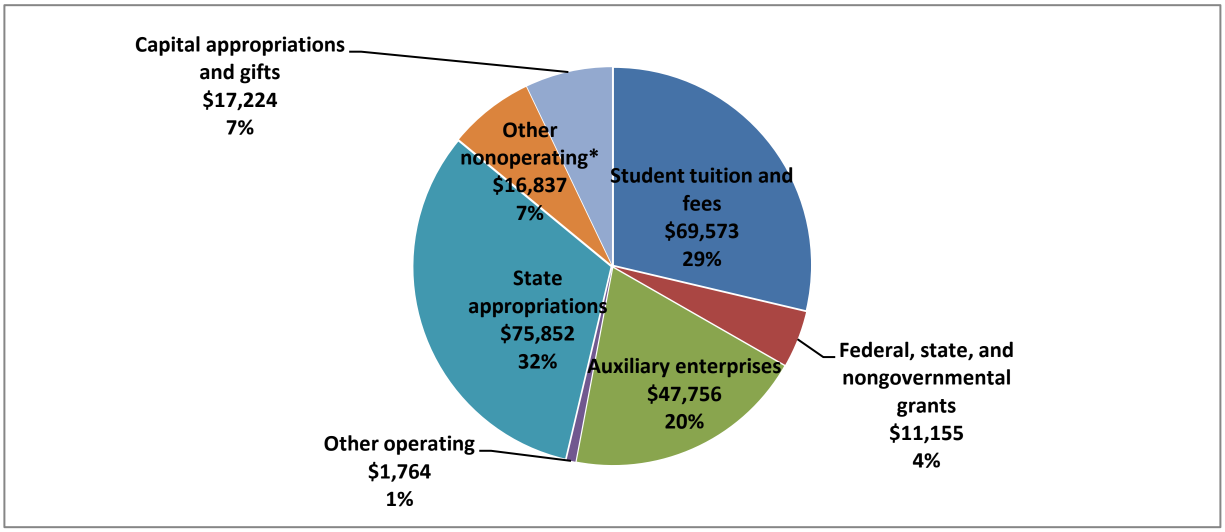
The following chart compares each major revenue source (both operating and nonoperating) for the previous two fiscal years:

	2021	2020	Change Amount	Change Percent
Revenues by source:				
Student tuition and fees	$ 69,573	$ 76,255	$ (6,682)	(8.8)
Federal, state, and nongovernmental grants and contracts	11,155	11,151	4	0.0
Auxiliary enterprises	47,756	51,357	(3,601)	(7.0)
Other operating	1,764	1,493	271	18.2
State appropriations	75,852	68,099	7,753	11.4
Other nonoperating*	16,837	23,209	(6,372)	(27.5)
Capital appropriations and gifts	17,224	15,007	2,217	14.8
Total revenues by source	$ 240,161	$ 246,571	$ (6,410)	(2.6)

*Includes federal student financial aid (Pell), interest income, HEERF funding, interest on capital asset-related debt, gain on capital assets, and nonoperating transfers to the Commonwealth.

Revenues by Source
($ shown in thousands)

The following chart illustrates the percentage of the University's total revenue comprised by each major revenue source (both operating and nonoperating) for the year ended June 30, 2021.



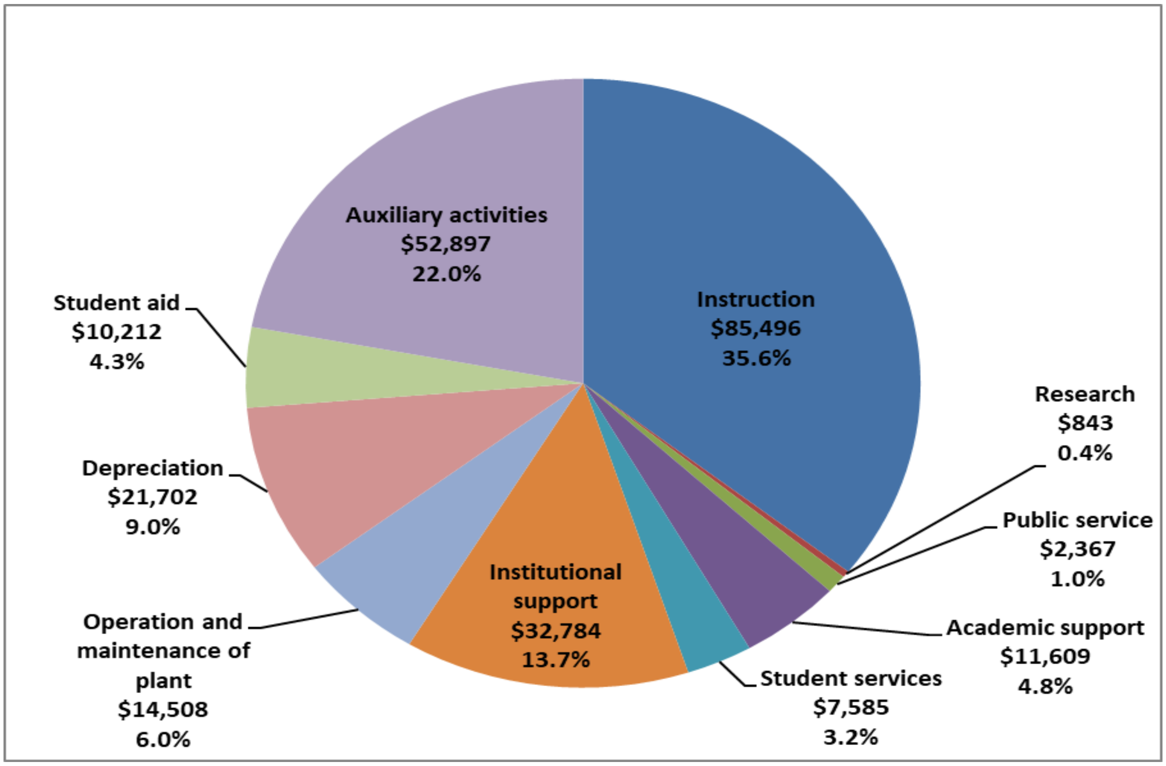
Expenses by Function Comparison
($ shown in thousands)

The following chart compares expenses by function for the fiscal years ended June 30, 2021 and 2020:

	2021	2020	Change Amount	Change Percent
Operating expenses:				
Instruction	$ 85,496	$ 90,535	$ (5,039)	(5.6)
Research	843	844	(1)	(0.1)
Public service	2,367	2,972	(605)	(20.4)
Academic support	11,609	11,320	289	2.6
Student services	7,585	11,906	(4,321)	(36.3)
Institutional support	32,784	24,440	8,344	34.1
Operation and maintenance of plant	14,508	16,717	(2,209)	(13.2)
Depreciation	21,702	21,148	554	2.6
Student aid	10,212	7,178	3,034	42.3
Auxiliary activities	52,897	45,591	7,306	16.0
Total operating expenses	$ 240,003	$ 232,651	$ 7,352	3.2

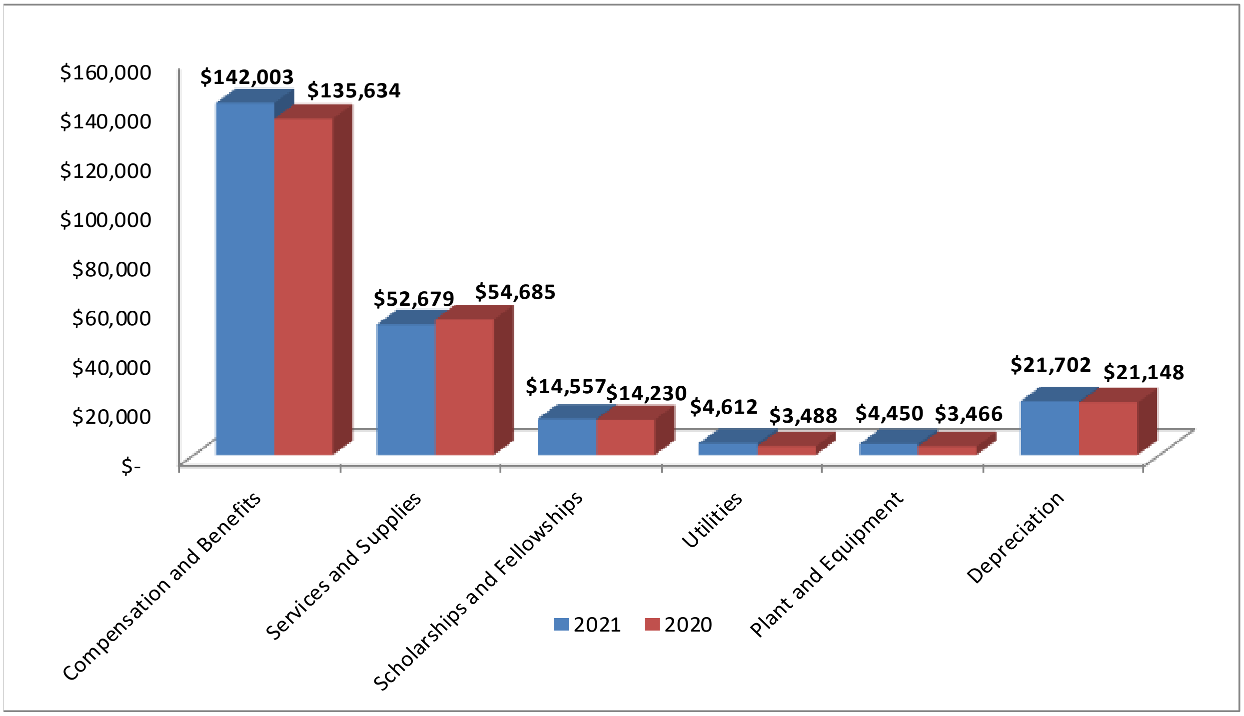
Expenses by Function
($ shown in thousands)

The following graphic illustration presents total expenses by function for fiscal year 2021.



Expenses by Natural Classification Comparison
($ shown in thousands)

The following chart compares expenses by natural classification for the years ended June 30, 2021 and 2020.



Operating expenses for fiscal year 2021 increased $7.4 million or 3.2 percent over fiscal year 2020. There was a $3.5 million increase in Institutional Support with a corresponding decrease in Instruction for a reclassification of the RU Carilion lease payment in 2021. There was also a significant increase in Auxiliary related to compensation and benefits in 2021. This increase is primarily due to $3.1 million Faculty Early Retirement Plan (FERP) expenses in 2021 and $2.7 million indirect cost recoveries due to COVID-19 in 2020. From a natural expense standpoint, compensation and benefits comprise 59.2 percent of the University's operating expenses and services and supplies accounts for 21.9 percent. Compensation and benefits contributed to the majority of the increase in operating expenses ($6.4 million), with utilities increasing $1.1 million and services and supplies decreasing $2.0 million.

Statement of Cash Flows

The *Statement of Cash Flows* presents detailed information about the cash activity of the University during the year. Cash flows from operating activities will always be different from the operating loss on the *Statement of Revenues, Expenses, and Changes in Net Position*. This difference occurs because the *Statement of Revenues, Expenses, and Changes in Net Position* is prepared on the accrual basis of accounting and includes non-cash items, such as depreciation expense, while the *Statement of Cash Flows* presents cash inflows and outflows without regard to accrual items. The *Statement of Cash Flows* should help readers assess the ability of an institution to generate cash flows necessary to meet obligations and evaluate its potential for additional financing.

The *Statement of Cash Flows* is divided into five sections: cash flows from operating activities; cash flows from noncapital financing activities; cash flows from capital and related financing activities; cash flows from investing activities; and reconciliation of net operating loss to net cash used by operating activities.

Statement of Cash Flows - Summary Schedule
($ shown in thousands)

			Change	
	2021	2020	Amount	Percent
Net cash used by operating activities	$ (75,471)	$ (73,635)	$ (1,836)	(2.5)
Net cash provided by noncapital financing activities	94,072	90,144	3,928	4.4
Net cash used by capital and related financing activities	(8,992)	(5,909)	(3,083)	(52.2)
Net cash provided by investing activities	775	2,364	(1,589)	(67.2)
Net increase in cash	10,384	12,964	(2,580)	(19.9)
Cash and cash equivalents - beginning of year	134,002	121,038	12,964	10.7
Cash and cash equivalents - end of year	$ 144,386	$ 134,002	$ 10,384	7.7

Overall, the University had a net increase in cash of $10.4 million from fiscal year 2020. The primary sources of cash for the University were student tuition and fees of $69.3 million, state appropriations of $75.9 million, auxiliary enterprise revenues at $46.6 million, and receipts for student loans of $58.9 million. The major uses of cash were employee compensation and benefits at $133.5 million, services and supplies of $52.9 million, student loan disbursements at $58.9 million.

Net cash used by operating activities increased $1.8 million or 2.5 percent from fiscal year 2020. Increased grants and contracts ($9.1 million), and increased utilities ($1.1 million) were partially offset by decreased tuition and fees ($7.3 million), decreased auxiliary ($4.9 million) and decreased payments for services and supplies ($2.5 million). There was also a $1 million increase in net cash used by operating activities with a corresponding change to net cash provided by noncapital financing activities. This change is due to cash flow classification revisions made in 2021. Net cash used by capital and related financing activities increased $3.1 million from fiscal year 2020. This increase is due to the purchase of capital assets of $13.7 million, principal and interest paid on capital debt, leases and installments of $18.9 million offset partially by proceeds from capital debt in the amount of $17.9 million.

Economic Outlook

The University's administration closely monitors the fiscal environment in which the University operates and reviews key assumptions in the annual update of the University's fiscal plan. The University's 2021-22 operating budget was developed in consideration of projected enrollment levels, actions taken by the Governor and General Assembly during the 2021 session, Board-approved tuition and fee rates, the strategic goals of the University, and the economic outlook. The budget development process continues to be impacted by the effects of the COVID-19 pandemic. While the unprecedented challenges of the pandemic continue to unfold, the University is cautiously mapping the path forward and remains focused on providing an environment for our students to learn and engage safely in programs that prepare them for the future.

Since the rollout of the 2018-2023 Strategic Plan: Embracing the Tradition and Envisioning the Future, a conscious effort has been underway to align institutional resources in support of strategic plan objectives. The collaborative process of budget development has helped provide the framework for which all divisions review operating priorities and align their actions with strategic goals of the University. The information collected during this process is also instrumental in the development of the University's Six-Year Plan submission to the Commonwealth, submitted October 1, 2021, and further helps to frame the strategic direction of the institution.

The state's revenue forecast has remained strong since Fall 2020, which provided the Governor the ability to include significant investments to address funding for: housing affordability, early childhood education, K-12 education, and multiple higher education initiatives, including increased funding for undergraduate financial aid and institution specific funding in the 2021 legislative session. Given the current stability of the Commonwealth's fiscal outlook, the amended 2021-22 biennial budget includes compensation increases, including a five percent pay raise for all state employees effective June 10, 2021. The budget also restored most initiatives that were unallotted at the beginning of the pandemic, and included relief funding to assist with COVID-19 testing, vaccination, and mitigation strategies.

In 2021-22, the University will receive an historic $10 million investment in support of the recent merger of Radford University with Jefferson College of Health Sciences that formed Radford University Carilion (RUC) in July 2019. This general fund support increased affordability for essential allied health programs by enabling the University to align in-state undergraduate tuition and fee rates between Radford main campus and RUC. The University is also receiving $2.9 million to increase affordability for Radford main campus. These investments are critical to ensure Virginia students have affordable access to education in high demand careers in the Commonwealth.

Giving full consideration to the aforementioned items, the 2021-22 operating budget demonstrates a conservative use of University resources. The proposed budget identifies key operating efficiencies that help to address mandatory and unavoidable cost increases while maximizing funding opportunities for strategic plan initiatives.

The University significantly increased enrollment in Fall 2019 through success of the Competency Based Education program and the addition of Radford University-Carilion (RUC) allied health programs. While total student enrollment has increased, the in-state undergraduate student population on Radford main campus has not increased in recent years. The RU Main Campus Class of 2025 is composed of 1,226 new freshmen. Thirty-eight percent of the new freshmen class identify themselves as ethnic minorities, with 20.5 percent as African American and 9.7 percent as Hispanic/Latino. The RUC Class of 2025 is composed of 66 new freshmen. Twenty-one percent of the new freshmen class identify themselves as ethnic minorities, with 6.1 percent as African American and 4.5 percent as Hispanic/Latino. The University remains focused on increasing undergraduate student enrollment through innovative transfer options, such as the Bridge Program, as well as increasing enrollment in high demand Health Sciences programs offered on both main campus and at RUC.

The New River Community College (NRCC) and Radford University (RU) Bridge Program, NRB2RU, is a rigorous and supportive residential program that provides an opportunity for participants to enhance their academic skills before fully enrolling at Radford University. The program provides support for the transition from high school to college and encourages engaged learning in active communities of students, faculty and staff. To be eligible, students must first submit an admission application to Radford University. Freshman applicants who do not meet Radford University's standard admission criteria may be selected to participate in the program. An invitation to participate in the Bridge Program is based on the applicant's high school GPA and test scores – SAT or ACT. Participating students will take courses at NRCC (Dublin campus) for their first year, while living, dining and engaging in a robust student life at Radford University. Transportation between the two campuses, which are about ten miles apart, is provided throughout each weekday. While logistics of this program where altered due to COVID-19, the first cohort of 54 students began the program in Fall 2020 and 57 students Fall 2021.

In the coming years, Radford University will continue to demonstrate sound judgment in use of its financial resources and explore innovative strategies for continuous improvement. Future planning efforts have positioned the University to respond immediately to changing economic conditions and will allow the institution to emerge even stronger. Admission applications and student interest in the University continues to be strong in producing a reliable source of enrollment while maintaining a continued focus on student quality. The impact of these planning efforts demonstrates the University's focus on the future and its ability to respond to unforeseen challenges by continuing to evaluate programmatic costs, identify efficiencies in operations, and prioritize the most critical of needs in establishing and monitoring its operational finances.

FINANCIAL STATEMENTS

RADFORD UNIVERSITY
Statement of Net Position
As of June 30, 2021

			Component Unit	
		Radford University		*Radford University Foundation, Inc.*
ASSETS				
Current assets				
Cash and cash equivalents (Note 2)	$	156,108,060	$	1,437,257
Accounts receivable (net of allowance for doubtful accounts of $524,741) (Note 3)		2,173,174		-
Contributions receivable (net of allowance for uncollectible contributions and discount of $231,836) (Note 19A)				2,584,024
Due from the Commonwealth (Note 11)		12,725,491		-
Due from Federal Government		43,660		-
Inventory		414,975		-
Notes receivable (net of allowance for doubtful accounts of $409,062 and $-) (Notes 3, 19B)		817,749		19,331
Prepaid expenses		8,393,607		5,294,942
Other receivables		-		352,754
Total current assets		180,676,716		9,688,308
Noncurrent assets				
Investments (Note 19C)		-		83,540,317
Contributions receivable (net of allowance for uncollectible contributions and discount of $426,659) (Note 19A)		-		2,639,741
Other postemployment benefits (Note 15)		2,612,949		
Other assets		-		536,502
Funds held in trust by others		-		1,027,396
Notes receivable (net of allowance for doubtful accounts and discount of $377,874 and $46,729) (Notes 3, 19B)		914,914		160,521
Depreciable capital assets, net (Notes 4, 19D)		346,858,929		19,830,889
Nondepreciable capital assets (Notes 4, 19D)		31,812,787		4,952,074
Total noncurrent assets		382,199,579		112,687,440
Total assets	$	562,876,295	$	122,375,748
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources from net pension obligation (Note 13)	$	24,895,695	$	-
Deferred outflows of resources from other post employment benefits (Note 15)		6,928,186		-
Deferred loss on long-term debt defeasance (Note 6)		355,145		-
Total deferred outflows of resources	$	32,179,026	$	-

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

RADFORD UNIVERSITY
Statement of Net Position
As of June 30, 2021

	Radford University	Component Unit: Radford University Foundation, Inc.
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses (Note 5)	$ 26,067,651	$ 167,310
Unearned revenue	5,010,559	127,577
Obligations under securities lending	11,721,516	-
Deposits held in custody for others	1,360,033	-
Current portion of long-term debt (Notes 6, 19E)	3,730,284	647,290
Current portion of other noncurrent liabilities (Note 7)	3,284,433	-
Current portion of other postemployment benefits (Note 15)	569,771	
Trust and annuity obligations	-	62,102
Total current liabilities	51,744,247	1,004,279
Noncurrent liabilities		
Long-term debt (Notes 6, 19E)	74,493,825	19,007,224
Pension obligations (Note 13)	93,024,287	-
Other postemployment benefits (Note 15)	26,690,803	-
Trust and annuity obligations	-	332,990
Other noncurrent liabilities (Note 7)	7,450,680	-
Total noncurrent liabilities	201,659,595	19,340,214
Total liabilities	$ 253,403,842	$ 20,344,493
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources from net pension obligation (Note 13)	1,106,306	
Deferred inflows of resources from other postemployment benefits (Note 15)	$ 13,621,034	$ -
Deferred gain on long-term debt defeasance (Note 6)	248,921	
Total deferred inflows of resources	$ 14,976,261	$ -
NET POSITION		
Net investment in capital assets	$ 300,654,327	$ 9,762,482
Restricted for:		
Expendable:		
Scholarships and other	203,945	21,480,960
Instruction and research	454,522	3,899,214
Loans	331,834	-
Other	2,181,969	17,690,980
Nonexpendable:		
Scholarships and other		33,913,233
Instruction and research		2,332,041
Other		4,882,562
Unrestricted	22,848,621	8,069,783
Total net position	$ 326,675,218	$ 102,031,255

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

Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2021

	Radford University	Component Unit Radford University Foundation, Inc.
OPERATING REVENUES		
Student tuition and fees (net of scholarship allowance of $20,449,691)	$ 69,572,468	$ -
Gifts and contributions	-	5,076,691
Federal grants and contracts	10,188,975	-
State grants and contracts	728,263	-
Nongovernmental grants and contracts	237,726	-
Auxiliary enterprises (net of scholarship allowance of $12,771,964) (Note 8)	47,756,412	-
Other operating revenues	1,763,973	3,113,414
Total operating revenues	130,247,817	8,190,105
OPERATING EXPENSES		
Instruction	85,495,592	88,524
Research	843,349	-
Public service	2,367,336	-
Academic support	11,609,201	3,471,277
Student services	7,585,197	-
Institutional support	32,783,669	2,126,227
Operation and maintenance of plant	14,507,586	-
Depreciation (Note 4)	21,701,557	1,083,589
Student aid	10,211,831	2,361,136
Auxiliary activities (Note 8)	52,897,280	-
Total operating expenses (Note 9)	240,002,598	9,130,753
Operating loss	(109,754,781)	(940,648)
NONOPERATING REVENUES (EXPENSES)		
State appropriations (Note 10)	75,851,606	-
Federal student financial aid (Pell)	13,273,562	-
Interest income	775,463	17,659,113
Interest on capital asset-related debt	(1,429,933)	(615,499)
Gain (Loss) on capital assets	(175,665)	(777,147)
Nonoperating transfers to the Commonwealth	(435,721)	-
Higher Education Emergency Relief Funds	1,140,008	
Other nonoperating revenues (expenses), net	3,689,338	
Net nonoperating revenues	92,688,658	16,266,467
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(17,066,123)	15,325,819
Capital appropriations and gifts (Note 11)	17,223,850	35,310
Additions to permanent endowments	-	1,424,939
Additions to term endowments	-	299,754
Total other revenues	17,223,850	1,760,003
Increase in net position	157,727	17,085,822
Net position- beginning of year	326,517,491	84,945,433
Net position - end of year	$ 326,675,218	$ 102,031,255

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

Radford University
Statement of Cash Flows
For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	$	69,253,065
Grants and contracts	$	16,672,639
Auxiliary enterprises	$	46,550,162
Other receipts	$	1,683,694
Payments for salaries, wages and fringe benefits	$	(133,498,110)
Payments for services and supplies	$	(52,892,622)
Payments for utilities	$	(4,612,368)
Payments for scholarships and fellowships	$	(14,557,217)
Payments for noncapitalized plant improvements and equipment	$	(4,449,849)
Loans issued to students and employees	$	(115,585)
Collections of loans from students and employees	$	494,975
Net cash used by operating activities	$	(75,471,216)
CASHFLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	$	75,851,606
Non-General Fund transfers to Commonwealth		(435,721)
Federal Student Financial Aid (Pell)		13,253,666
Higher Education Emergency Relief Funds (CARES)		1,140,008
Other non-operating receipts		3,689,338
Federal Loan Contribution		(397,508)
Federal Direct Lending Program - receipts		58,922,013
Federal Direct Lending Program - disbursements		(58,901,211)
Custodial and other receipts		2,283,944
Custodial and other payments		(1,333,747)
Net cash provided by noncapital financing activities	$	94,072,388
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital debt	$	17,928,914
Capital appropriations		6,043,501
Capital gifts		1,271,763
Proceeds from sale of capital assets		121,908
Purchase of capital assets		(13,744,390)
Principal paid on capital debt, leases and installments		(18,926,006)
Interest paid on capital debt, leases and installments		(1,688,232)
Net cash used by capital financing activities	$	(8,992,542)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	$	775,463
Net cash provided by investing activities	$	775,463
Net increase in cash	$	10,384,094
Cash and cash equivalents - beginning of the year		143,073,576
Less: Securities Lending - Treasurer of Virginia		(9,071,125)
Net cash and cash equivalents - beginning of the year	$	134,002,451
Cash and cash equivalents - end of the year	$	144,386,545

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

Radford University
Statement of Cash Flows
For the Year Ended June 30, 2021

RECONCILIATION OF STATEMENT OF CASH FLOWS, STATEMENT OF NET POSITION

Statement of Net Position		
Cash and cash equivalents	$	156,108,060
Less: Securities lending - Treasurer of Virginia (CY amount)		(11,721,516)
Net cash and cash equivalents	$	144,386,544

RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:

Operating loss	$	(109,754,781)
Depreciation expense		21,701,557
Changes in assets, liabilities, deferred outflows, and deferred inflows:		
Receivables, net		3,801,910
Due from Commonwealth		(59,737)
Prepaid expenses		(1,672,771)
Inventory		(68,434)
Notes receivable, net		389,346
Other postemployment benefits asset		(515,974)
Deferred outflows of resources from other postemployment benefits obligation		(2,785,816)
Deferred outflows of resources from net pension obligation		(8,064,187)
Accounts payable and accrued expenses		4,740,249
Unearned revenue		159,614
Accrued compensated absences		449,167
Other postemployment benefits obligation		581,847
Net pension obligation		18,547,099
Deferred inflows of resources from net pension liability		(3,074,244)
Deferred inflows of resources from postemployment benefits		153,939
	$	(75,471,216)

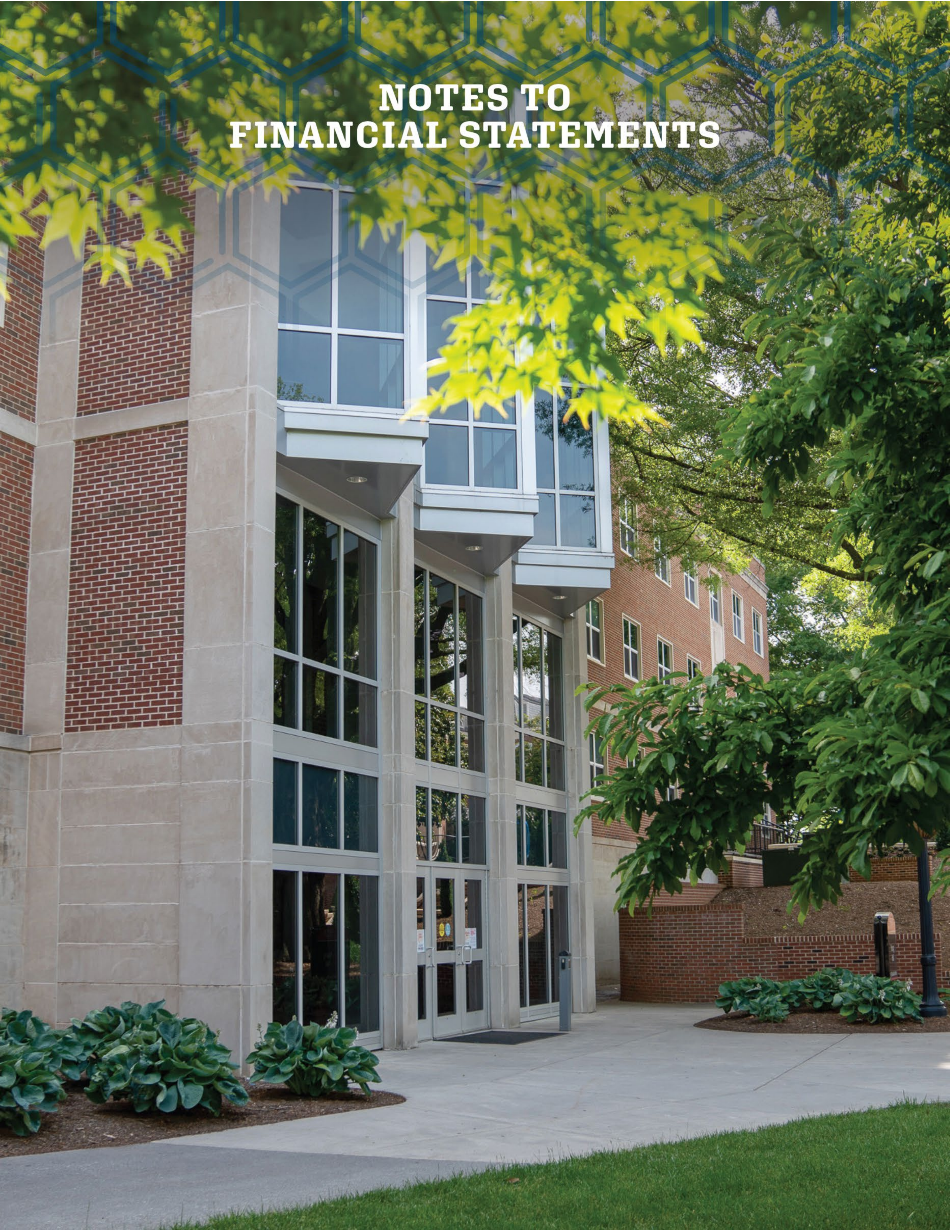
NONCASH INVESTING, NONCAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS

Amortization of bond premium	(382,092)
Amortization of deferred loss on bond refunding	(22,551)
Loss on disposal of capital assets	(193,023)
Capital projects accounts payable	5,427,497

Radford University issued in February 2021 General Revenue Pledge bonds to refund debt issued in prior years. Proceeds of $2,747,228 were deposited into an irrevocable trust for the defeasance of $2,305,000 of outstanding revenue bond principal and related accrued interest.

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

NOTES TO FINANCIAL STATEMENTS



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Notes to Financial Statements

Notes to Financial Statements

For the Year Ended June 30, 2021

NOTE 1: Summary of Significant Accounting Policies

Reporting Entity

Radford University (the University) is a comprehensive university that is part of the statewide system of public higher education in the Commonwealth of Virginia (the Commonwealth). The University's Board of Visitors, appointed by the Governor, is responsible for overseeing governance of the University. The Commonwealth prepares a separate financial report that incorporates all agencies, higher education institutions, 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 and is included in the Commonwealth's general purpose financial statements.

Under Governmental Accounting Standards Board (GASB) Statement 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34,* the Radford University Foundation, Inc. (the Foundation) meets the criteria to qualify as a component unit of the University. The Foundation is a legally separate tax-exempt organization formed to promote the achievements and further the aims and purposes of the University. The Foundation accomplishes its purposes through fundraising and funds management efforts that benefit the University and its programs. The seventeen-member board of the Foundation is self-perpetuating and consists of alumni, supporters, and senior staff of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests are restricted to the activities of the University by donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The component unit information for the Foundation also includes the Radford University Athletic Foundation, Inc. (RUAF), which is incorporated as a nonprofit corporation under the laws of the Commonwealth of Virginia. The purpose of the RUAF is to support intercollegiate athletics at the University. The RUAF is managed by a Board of Directors where most of the Board is independently elected. Additionally, two employees of the University are ex-officio members with full voting rights. The assets of the RUAF are managed by the Foundation and its accounts are included in the consolidated financial statements of the Foundation.

During the year ended June 30, 2021, the Foundation made distributions of $3,495,000 to or on behalf of the University for both restricted and unrestricted purposes. Separate financial statements for the Foundation can be obtained by contacting the Radford University Foundation Administrative Office at P.O. Box 6893, Radford, Virginia 24142.

The Foundation entered into an agreement to lease a property to the future interim provost of the University in May 2021. The lease agreement called for rental payments of $900 monthly for May and June 2021, with the amount increasing to $1,200 monthly beginning in July 2021. The future interim provost became a board member of the Foundation on July 2021.

Radford University, in April 2021, entered into an affiliation agreement with Provident Resource Group Inc., a Georgia non-profit corporation, in conjunction with Radford University Foundation and its wholly owned subsidiaries RUF Real Estate Management LLC and RUF Hotel Land LLC. The affiliation agreement was entered into in order to facilitate the construction and management of The Highlander, a full service 124-key hotel and conference center to be located adjacent to university property. Radford University, upon execution of the affiliation agreement made a one-time $2,000,000 payment to the bank trustee in accordance with the conditions of the affiliation agreement. These financial statements do not include the assets, liabilities, and net position of the affiliate. Radford University has no further direct financial obligation or benefit pertaining to the affiliation agreement.

Basis of Presentation

The University prepares its financial statements in conformity with U.S. generally accepted accounting principles as prescribed by GASB.

GASB Statement 35, *Basic Financial Statements and Management's Discussion and Analysis of Public Colleges and Universities,* issued November 1999, establishes accounting and financial reporting standards for public colleges and universities within the financial reporting guidelines of GASB Statement 34, *Basic Financial Statements—and*

Management's Discussion and Analysis—for State and Local Governments. The standards are designed to provide financial information that responds to the needs of three groups of primary users of general purpose external financial reports: the citizenry, legislative and oversight bodies, and investors and creditors. The University is required under this guidance to include *Management's Discussion and Analysis, Financial Statements, Notes to Financial Statements,* and *Required Supplementary Information* in its financial statement presentation.

During the year ended June 30, 2021, the following GASB statements became effective: Statement 93, *Replacement of Interbank Offered Rates,* excluding paragraphs 11b, 13, 14, and Statement 90*, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32,* only a portion of paragraphs 4 and 5, and revisions to Implementation Guide No. 2019-2, Fiduciary Activities.

Statement 93, *Replacement of Interbank Offered Rates*, addresses GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* and other financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The University is not affected by this statement.

Statement 97*, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32,* increases consistency and comparability related to reporting of fiduciary component units, mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans as fiduciary component units in fiduciary fund financial statements, and enhances the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRD) Section 457 deferred compensation plans that meet the required definition. The University is not affected by this statement.

The Foundation is a non-profit organization that prepares its financial statements in conformity with U.S. generally accepted accounting principles as prescribed by FASB, including FASB Statement 117, *Financial Statements of Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition and presentation features. Reclassifications have been made to convert the Foundation's financial information to GASB presentation format.

Basis of Accounting
For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when incurred, regardless of the timing of related cash flows. All significant intra-agency transactions have been eliminated.

Cash and Cash Equivalents
For purposes of the *Statement of Net Position* and *Statement of Cash Flows*, the University considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents. Restricted cash and cash equivalents are externally restricted for the acquisition or construction of capital assets. Restricted cash and cash equivalents to be used in accordance with restrictions within the next fiscal year are classified as current assets and the remainder is classified as noncurrent assets on the *Statement of Net Position*.

Investments
In accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, modified by GASB Statement 59, *Financial Instruments Omnibus,* and GASB Statement 72, *Fair Value Measurement and Calculation,* purchased investments, interest-bearing temporary investments classified with cash, and investments received as gifts are recorded at fair value. All investment income, including changes in the fair value of investments (unrealized gains and losses), are reported as nonoperating revenue or expense in the *Statement of Revenues, Expenses, and Changes in Net Position*.

Short-term investments are classified as current assets on the *Statement of Net Position* and include investments with an original maturity over 90 days but less than or equal to one year at the time of purchase.

Accounts Receivable
Accounts receivable consist of charges for tuition and fees and auxiliary enterprise services provided to students,

faculty, and staff. Accounts receivable also include amounts due from federal and state governments and nongovernmental sources, in connection with reimbursement of allowable expenses made pursuant to the University's grants and contracts. Accounts receivable are recorded net of allowance for doubtful accounts. See Note 3 for a detailed list of accounts receivable by major category.

Inventories
Inventories are valued at average cost, generally determined by the average cost method, and consists primarily of expendable supplies and fuel held for consumption.

Notes Receivable
Notes receivable consist of amounts due from the Federal Perkins Loan Program, Nursing Student Loan Program, and other student loan programs administered by the University. Notes receivable are recorded net of allowance for doubtful accounts. See Note 3 for a detailed list of notes receivable by major category.

Prepaid Expenses
As of June 30, 2021, the University's prepaid expenses included items such as insurance premiums, membership dues, conference registrations, lease payments and publication subscriptions for fiscal year 2022 that were paid in advance.

Capital Assets
Capital assets include land, buildings, infrastructure, building and other improvements, equipment, intangibles, and library materials. Capital assets are recorded at actual costs or estimated historical costs, if purchased or constructed. Donated capital assets are recognized at acquisition value at the date of donation.

Equipment with an expected useful life of greater than one year and with a value or cost of $5,000 or more at the date of acquisition are capitalized. Intangibles, principally software, are capitalized when acquisition costs are $10,000 or more and the estimated useful life is three years or greater. Library materials are valued using actual costs for library acquisitions. Construction and renovation costs are recorded as construction in progress until the project is substantially complete at which the costs are removed from construction in progress and capitalized in the appropriate capital asset account (e.g. buildings, improvements, etc.) Such construction projects are capitalized when expenses total more than $100,000. Routine repairs and maintenance that do not add to the value of an asset or extend the useful life of an asset are not capitalized and are charged to operating expenses.

Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expense categories. Useful lives by asset categories are listed below:

Buildings	40 years
Building improvements	20 years
Other improvements and infrastructure	20 years
Equipment	3-15 years
Intangibles (software)	3-15 years
Library materials	10 years

Accrued Compensated Absences
The amount of leave earned but not taken by salaried employees is recorded as a liability on the *Statement of Net Position*. The amount reflects, as of June 30, 2021, all unused annual, sick, compensatory, and recognition leave, as well as the amount payable upon termination under the Commonwealth of Virginia's sick leave payout policy. The applicable share of employer related taxes payable on the eventual termination payments is also included. See Note 7 for current and noncurrent amounts.

Unearned Revenue
Unearned revenue primarily includes amounts received prior to the end of the fiscal year for tuition and fees and certain auxiliary activities related to the period subsequent to June 30, 2021.

Noncurrent Liabilities
Noncurrent liabilities include the following:

- Principal amounts of notes and bonds payable and a capital lease with maturities greater than one year
- Estimated amounts for accrued compensated absences

- Refundable contributions from the Federal government to fund the operations of the Perkins Loan Program and the Nursing Student Loan Program
- Estimated pension obligation for the University's defined benefit pension plans
- Estimated other postemployment benefits for the University's defined postemployment benefit plans
- Faculty Early Retirement Incentive Plan

See Notes 6, 7, 13 and 15 for detailed information and amounts.

Pension Obligation
The Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' System (VaLORS) Retirement Plan are single employer pension plans that are treated like cost-sharing plans. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' System (VaLORS) Retirement Plan; and the additions to/deductions from the VRS State Employee Retirement Plan's and the VaLORS Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 13 for detailed information.

Other Postemployment Benefits
For purposes of measuring the other postemployment benefits (OPEB) asset or liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) OPEB plans; and the additions to/deductions from the VRS OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. See Note 15 for general information about the OPEB plans and calculation of the net pension asset or liability.

Group Life Insurance Program (GLI)
The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the VRS Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

State Employee Health Insurance Credit Program (HIC)
The Virginia Retirement System (VRS) State Employee Health Insurance Credit Program is a single employer plan that is presented as a multiple-employer, cost-sharing plan. The State Employee Health Insurance Credit Program was established pursuant to § 51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The State Employee Health Insurance Credit Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired state employees. For purposes of measuring the net State Employee Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the State Employee Health Insurance Credit Program OPEB, and the State Employee Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) State Employee Health Insurance Credit Program; and the additions to/deductions from the VRS State Employee Health Insurance Credit Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

VRS Disability Insurance Program (VSDP)
The Virginia Retirement System (VRS) Disability Insurance Program (Virginia Sickness and Disability Program) is a single employer plan that is presented as a multiple-employer, cost-sharing plan. The Disability Insurance Program was established pursuant to §51.1-1100 et seq. of the *Code of Virginia*, as amended, and which provides the

authority under which benefit terms are established or may be amended. The Disability Insurance Program is a managed care program that provides sick, family and personal leave and short-term and long-term disability benefits for State Police Officers, state employees, and VaLORS employees. For purposes of measuring the net Disability Insurance Program OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to the Disability Insurance Program OPEB, and Disability Insurance Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Disability Insurance Program OPEB Plan and the additions to/deductions from the VRS Disability Insurance Program OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Line of Duty Act Program (LODA)

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) is a multiple-employer, cost-sharing plan. The Line of Duty Act Program was established pursuant to § 9.1-400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Line of Duty Act Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. For purposes of measuring the net Line of Duty Act Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Line of Duty Act Program OPEB, and Line of Duty Act Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Line of Duty Act Program OPEB Plan and the additions to/deductions from the VRS Line of Duty Act Program OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pre-Medicare Retiree Healthcare Plan

Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes. This program was established by Title 2.2, Chapter 28 of the *Code of Virginia* for retirees who are not yet eligible to participate in Medicare. It is the same health insurance program offered to active employees and managed by the Virginia Department of Human Resource Management. After retirement, Radford University no longer subsidizes the retiree's premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, retiree rates are effectively lower than what might otherwise be available outside of this benefit.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources are defined as the consumption of net assets applicable to a future reporting period. Deferred inflows of resources are defined as the acquisition of net assets applicable to a future reporting period. Deferred outflows of resources have a positive impact on net position similar to assets in comparison to deferred inflows of resources which have a negative effect on net position similar to liabilities.

Net Position

GASB Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* as amended by GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, requires that the *Statement of Net Position* report the difference between assets, deferred outflows, liabilities, and deferred inflows as net position. Net position is classified into four major components: net investment in capital assets, restricted expendable, restricted nonexpendable, and unrestricted.

Net investment in capital assets—Net investment in capital assets represents the University's total capital assets, net of accumulated depreciation, reduced by outstanding debt attributable to the acquisition, construction, or improvement of those assets. Debt incurred, but not yet expended for capital assets, net of accounts and retainage payable to be paid with unspent debt proceeds, is not included as a component of net investment in capital assets.

Restricted–expendable—The expendable restricted component of net position includes resources the University is legally or contractually obligated to expend in accordance with restrictions imposed by external third parties.

Restricted–nonexpendable—Restricted nonexpendable net position consists of endowment and similar type funds in which donors or other outside sources have stipulated that the principal is to be maintained in perpetuity and invested for the purpose of producing present or future income to be expended or added to the principal. As of June 30, 2021, the University does not have nonexpendable restricted net position.

Unrestricted—The unrestricted component of net position represents resources used for transactions relating to academic departments and general operations of the University, and may be used at the discretion of the University's Board of Visitors to meet current expenses for any lawful purpose in support of the University's primary missions of instruction, research, and outreach. These resources are derived from student tuition and fees, state appropriations, recoveries of facilities and administrative (indirect) costs, and sales and services of auxiliary enterprises and educational departments. The auxiliary enterprises are self-supporting entities that provide services for students, faculty, and staff. Some examples of the University's auxiliaries are intercollegiate athletics and student residential and dining programs. When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense toward restricted resources before unrestricted resources.

Federal Financial Assistance Programs

The University participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants, Federal Work-Study, and Direct Lending programs. Perkins loans are no longer awarded, but payments are still collected by the University. Federal programs are audited in accordance with Title 2, Part 200 of the U.S. Code of Federal Regulations, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Commonwealth Equipment and Capital Project Reimbursement Programs

The Commonwealth has established several programs to provide state-supported institutions of higher education with bond proceeds for financing the acquisition of instructional and research equipment and facilities. During fiscal year 2021, funding has been provided to the University from two programs: 21st Century and Equipment Trust Fund (ETF). The Commonwealth issues bonds and uses the proceeds to reimburse the University, and other institutions of higher education, for expenses incurred in the acquisition of equipment and facilities. The bond liability is assumed by the Commonwealth and is not reflected as a liability of the University.

The *Statement of Net Position* line item, Due from the Commonwealth, includes pending reimbursements from these programs. The *Statement of Revenues, Expenses, and Changes in Net Position* line item, Capital appropriations and gifts, include the reimbursements from these programs.

Income Taxes

The University, as an agency of the Commonwealth, is excluded from federal income taxes under Section 115 of the *Internal Revenue Code*. The Foundation is a 501(c)(3) organization and is exempt from federal income tax under the *Internal Revenue Code*. Certain activities of the University and Foundation may be subject to taxation as unrelated business income.

Revenue Classifications

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, net of scholarship allowances, and (3) federal, state, and nongovernmental grants and contracts. It should be noted that Higher Education Emergency Relief Fund grants are non-operating and are not included in operating revenues.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts, state appropriations, investment income, and other revenue sources that are defined as nonoperating revenues by GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

Operating expenses include expenses necessary for the operation of the University including compensation and benefits, services and supplies, and operation and maintenance of plant, as well as any expense not classified as nonoperating.

Nonoperating expenses are expenses incurred for interest on debt related to the purchase or construction of capital assets and losses on disposal of capital assets.

Scholarship Discounts and Allowances

Student tuition and fees and certain auxiliary enterprise revenues from students are reported net of scholarship discounts and allowances in the *Statement of Revenues, Expenses, and Changes in Net Position*. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount paid by students and/or third parties on the students' behalf. Scholarship discounts and allowances are reported using the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO), which calculates scholarship discounts and allowances on a university-wide basis rather than on an individual basis.

Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that such revenues are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

NOTE 2: Cash and Cash Equivalents and Investments

The following information is provided with respect to the University's cash, cash equivalents, and investments and related risk disclosures as of June 30, 2021, in accordance with GASB Statement 40, *Deposit and Investment Risk Disclosures*:

Custodial Credit Risk (category 3 deposits and investments)—The custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the University will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of the investment or collateral securities that are in possession of an outside party. The University had no category 3 deposits or investments as of June 30, 2021.

Credit Risk—The risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University is required to disclose the credit quality ratings of all investments subject to credit risk. The University's investment policy does not limit the ratings type of investment choices. The University does not have any investments subject to credit risk.

Concentration of Credit Risk—The risk of loss attributed to the magnitude of an investment in a single issuer. Disclosure of investments with any one issuer that represents 5 percent or more of total investments is required. However, investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from the requirement. The University does not have investments subject to risks due to concentration of credit.

Interest Rate Risk—The risk that changes in interest rates will adversely affect the fair value of an investment. The University does not have an interest rate risk policy and does not have investments or deposits that are sensitive to changes in interest rates as of June 30, 2021.

Foreign Currency Risk—The risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The University had no foreign investments or deposits during fiscal year 2021.

Cash and Cash Equivalents

Pursuant to Section 2.2-1800, et seq., *Code of Virginia*, all state funds of the University are maintained by the Treasurer of Virginia, who is responsible for the collection, disbursement, custody, and investment of state funds. Cash deposits held by the University are maintained in accounts that are collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4500, et seq., *Code of Virginia*. In accordance with GASB Statement 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting, cash and cash equivalents represents cash with the treasurer, cash on hand, and temporary investments with original maturities of three months or less, and cash equivalents with the Virginia State Non-Arbitrage Program (SNAP). SNAP offers a professionally-managed money market mutual fund, which provides issuers with a temporary pooled investment vehicle for proceeds pending expenditure, as well as record keeping, depository and arbitrage rebate calculation services. SNAP complies with all of the standards of GASB Statement 79, Certain External Investment Pools and Pool Participants. SNAP investments are reported using the net asset value per share, which is calculated on an amortized cost basis that provides a net asset value (NAV) per share that approximates fair value.

Investments
Management of the University's investments is governed by the University's investment policy as approved by the Board of Visitors. Authorized investments are set forth in the Investment of Public Funds Act, Section 2.2-4500 et seq., *Code of Virginia*. Investments are categorized as short-term or long-term. Short-term investments have an original maturity of over 90 days but less than or equal to one year. Long-term investments have an original maturity greater than one year.

Securities Lending Transactions
GASB Statement 28, *Accounting and Financial Reporting for Securities Lending Transactions*, establishes accounting and financial reporting standards for security lending transactions. In these transactions, governmental entities transfer their securities to broker-dealers and other entities for collateral and simultaneously agree to return the collateral for the same securities in the future. 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 *Annual Comprehensive Financial Report*. The Commonwealth's policy is to record unrealized gains and losses in the General Fund in the Commonwealth's basic financial statements. When gains or losses are realized, the actual gains and losses are recorded by the affected agencies.

Cash and cash equivalents at June 30, 2021

	Market Value
Cash and cash equivalents:	
Cash on hand and deposited with financial institutions	$ 9,117,619
Cash with the Treasurer of Virginia	134,814,911
Collateral held for Securities Lending	11,721,516
Total cash and cash equivalents	$ 155,654,046
Restricted cash and cash equivalents:	
Current:	
Cash and cash equivalents (State Non-Arbitrage Program)	$ 454,014
Total restricted cash and cash equivalents	$ 454,014

NOTE 3: Accounts and Notes Receivable

Accounts Receivable at June 30, 2021

Student tuition and fees	$ 998,752
Auxiliary enterprises	1,205,786
Federal, state, and nongovernmental grants and contracts	272,705
Other activities	220,672
	2,697,915
Less allowance for doubtful accounts	(524,741)
Net accounts receivable	$ 2,173,174

Notes receivable at June 30, 2021:

Current:

Federal student loans	$ 1,071,753
Institutional student loans	155,058
	1,226,811
Less allowance for doubtful accounts	(409,062)
Net current notes receivable	$ 817,749
Noncurrent:	
Federal student loans	$ 1,161,922
Institutional student loans	130,866
	1,292,788
Less allowance for doubtful accounts	(377,874)
Net noncurrent notes receivable	$ 914,914

NOTE 4: Capital Assets

A summary of changes in the various capital asset categories for the year ending June 30, 2021, is presented as follows:

	Beginning Balance	Additions	Deletions	Acc Dep Reclass	Ending Balance
Nondepreciable capital assets:					
Land	11,967,656	2,704,873	104,550	-	14,567,979
Construction in progress	8,265,371	13,913,427	4,933,990	-	17,244,808
Total nondepreciable capital assets	**20,233,027**	**16,618,300**	**5,038,540**	**-**	**31,812,787**
Depreciable capital assets:					
Buildings	484,619,730	17,513,781	113,000	-	502,020,511
Buildings - Capital Lease	32,073,214	-	17,123,889	-	14,949,325
Infrastructure	22,796,130	1,005,246	-	-	23,801,376
Intangibles	8,339,323	8,670	-	-	8,347,993
Equipment	42,202,031	2,058,397	753,194	-	43,507,234
Other improvements	18,356,269	1,945,933	-	-	20,302,202
Library materials	26,027,543	1,276,179	373,009	-	26,930,713
Total depreciable capital assets	**634,414,240**	**23,808,206**	**18,363,092**	**-**	**639,859,354**
Less accumulated depreciation:					
Buildings	185,190,374	15,140,139	47,200	1,085,317 *	201,368,630
Buildings - Capital Lease	1,016,404	1,174,320	-	(1,085,317) *	1,105,407
Infrastructure	21,773,222	165,033	-	-	21,938,255
Intangibles	6,709,711	498,145	-	-	7,207,856
Equipment	30,856,141	2,413,701	730,521	-	32,539,321
Other improvements	9,114,700	703,822	-	-	9,818,522
Library materials	17,789,046	1,606,397	373,009	-	19,022,434
Total accumulated depreciation	**272,449,598**	**21,701,557**	**1,150,730**	**-**	**293,000,425**
Depreciable capital assets, net	**361,964,642**	**2,106,649**	**17,212,362**	**-**	**346,858,929**
Total capital assets, net	**382,197,669**	**18,724,949**	**22,250,902**	**-**	**378,671,716**

* Accumulated depreciation reclass is a result of purchasing buildings previously associated with a capital lease. See Note 6, Long Term Debt, for details.

NOTE 5: Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following at June 30, 2021:

Employee salaries, wages, and fringe benefits payable	$ 13,743,566
Vendors and suppliers accounts payable	6,383,781
Capital projects accounts and retainage payable	5,427,497
Due to Radford University Foundation	284,589
Accrued interest payable	228,218
Total accounts payable and accrued expenses	$ 26,067,651

NOTE 6: Long-Term Debt

Notes Payable—Pooled Bonds

The University issued 9(d) bonds by participating in the Public Higher Education Financing Program (Pooled Bond Program) created by the Virginia General Assembly in 1996. Through the Pooled Bond Program, the Virginia College Building Authority (VCBA) issues 9(d) bonds and uses the proceeds to purchase debt obligations (notes) of the University and various other institutions of higher education. The University's general revenue secures these notes.

The composition of notes payable at June 30, 2021, is summarized as follows:

Notes Payable - Pooled Bonds:	Interest Rates at Issuance	Maturity at Issuance
Student Fitness Center		
Series 2009B, $3.720 million par amount	2.00% - 5.00%	September 1, 2029
Series 2016A, $2.285 million par amount - partial refunding of Series 2009B	3.00% - 5.00%	September 1, 2029
Series 2011A, $4.235 million par amount	3.00% - 5.00%	September 1, 2031
Series 2012B, $11.155 million par amount	3.00% - 5.00%	September 1, 2032
Series 2013A, $4.865 million par amount	2.00% - 5.00%	September 1, 2033
Series 2021B, $13.46 million par amount - partial refunding of Series 2011A, 2012B, 2013A	0.48% - 1.91%	September 1, 2033

Bonds Payable—9c

The University has issued bonds pursuant to section 9(c) of Article X of the Constitution of Virginia. Section 9(c) bonds are general obligation bonds issued by the Commonwealth of Virginia on behalf of the University. They are secured by the net revenues of the completed project and the full faith, credit and taxing power of the Commonwealth of Virginia.

The composition of bonds payable at June 30, 2021, is summarized as follows:

Bonds Payable - 9c:	Interest Rates at Issuance	Maturity at Issuance
Renovation of Washington Hall (residence hall)		
Series 2013A, $5.040 million par amount	2.00% - 5.00%	June 1, 2033
Renovation of Pocahontas, Bolling, Draper (residence halls)		
Series 2014A, $11.080 million par amount	2.00% - 5.00%	June 1, 2034
Series 2015A, $8.820 million par amount	2.00% - 5.00%	June 1, 2035
Series 2016A, $7.160 million par amount	3.00% - 5.00%	June 1, 2036
Acquire Property for Campus Expansion (off-campus apartments)		
Series 2020A, $16.030 million par amount	1.63% - 4.00%	June 1, 2040

Capital Lease Obligation

In March 2018, the University entered into a 25-year capital lease with the Radford University Foundation, LLC to meet student housing demand. Due to existing housing commitments, a management agreement was entered between the Radford University Foundation and a third party to manage the properties. Therefore, the University's obligation regarding the capital lease was not effective until fiscal year 2020. The University accounted for the acquisition of the various residential properties as a capital lease in 2020, and recorded the building as a depreciable capital asset, and recorded a corresponding lease liability in long-term debt, both on its Statement of Net Position. During fiscal year 2021, a portion of the properties were purchased by the University which decreased the capital lease and therefore also decreased the depreciable asset and lease liability.

A summary of changes in long-term debt for the year ending June 30, 2021, is presented as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Governmental activities:						
Notes payable - pooled bonds	$18,836,614	13,467,343	$14,535,991	$17,767,966	$815,000	$16,952,966
Bonds payable - 9c	28,446,248	17,555,726	1,866,624	44,135,350	1,990,000	42,145,350
Capital Lease	31,847,891	-	15,527,098	16,320,793	925,284	15,395,509
* Total long-term debt	$79,130,753	$31,023,069	$31,929,713	$78,224,109	$3,730,284	$74,493,825

**No amounts considered direct borrowings or direct placements.*

Future principal payments and interest payments on long-term debt are as follows:

	Governmental Activities			
	Notes Payable Pooled Bonds		Bonds Payable - 9c	
Fiscal Year Ending	Principal	Interest	Principal	Interest
June 30, 2022	815,000	310,590	1,990,000	1,378,156
June 30, 2023	1,290,000	255,116	2,085,000	1,284,606
June 30, 2024	1,410,000	215,516	2,170,000	1,186,556
June 30, 2025	1,520,000	195,383	2,270,000	1,092,406
June 30, 2026	1,545,000	181,380	2,365,000	999,556
2027-2031	7,745,000	575,757	13,280,000	3,535,694
2032-2036	2,855,000	58,476	12,270,000	1,230,150
2037 - 2041	-	-	3,980,000	186,944
Unamortized Premium	587,966	-	3,725,350	-
Total	$17,767,966	$1,792,218	$44,135,350	$10,894,069

Payments of principal, interest, and executory costs on the capital lease for fiscal years subsequent to June 30, 2021 are as follows:

Fiscal Year	Total Payment
2022	925,284
2023	925,284
2024	925,284
2025	972,711
2026	1,119,252
2027-2031	5,596,259
2032-2036	5,596,259
2037-2041	5,596,259
2042-2046	2,145,233
Total Minimum Lease Payments	23,801,825
Less Interest	7,481,032
Present Value of Lease Payments	16,320,793

Long-Term Debt Defeasance

On February 9, 2021, the Virginia College Building Authority, on behalf of the University, issued pooled bonds Series 2021B for $13,460,000 with interest rates of 0.48 to 1.91 percent to advance refund $2,900,000 of Series 2011A, $7,220,000 of Series 2012B and $3,340,000 of Series 2013A pooled bonds. The bonds, issued at a premium of $7,343, are used to provide funds for debt service savings for the University. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds.

The advanced refunding resulted in a deferred accounting loss of $176,827 for the Series 2011 and 2012 bonds, and resulted in a deferred accounting gain of $258,622 for the series 2013 bonds refunded, which is being amortized to interest expense over the life of the new debt. At June 30, 2021, $355,145 of deferred accounting losses are reported on the Statement of Net Position as a deferred outflow of resources. At June 30, 2021, $248,921 of the deferred accounting gains are reported on the Statement of Net Position as a deferred inflow of resources. The defeasance will reduce the University's total debt service obligation by $1,202,463 over the next 13 years. The debt service savings discounted at a rate of 1.144 percent for 2011A, 1.276 percent for 2012B and 1.391 percent for 2013A results in a total economic gain of $1,178,451.

For financial reporting purposes, these notes payables are considered an in-substance defeasance and have therefore been removed from the long-term debt payable line item of the Statement of Net Position. The assets in escrow have similarly been excluded. As of June 30, 2021, $12,525,000 of the notes are considered defeased and outstanding.

NOTE 7: Other Noncurrent Liabilities

The University's other noncurrent liabilities consist of accruals for compensated absences, federal loan program contributions refundable to the federal government and faculty early retirement incentive plan amounts. A summary of changes in other noncurrent liabilities for the year ending June 30, 2021, is presented as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Other liabilities:						
Accrued compensated absences	$4,165,588	$1,212,552	$763,385	$4,614,755	$1,854,641	$2,760,114
Federal loan program contributions refundable	2,919,197	-	397,509	2,521,688	381,394	2,140,295
Faculty Early Retirement Incentive Plan	-	3,598,669	-	3,598,669	1,048,398	2,550,271
Total other liabilities	$7,084,785	$4,811,221	$1,160,894	$10,735,112	$3,284,433	$7,450,680

Effective in June 2021, the University established the Faculty Early Retirement Incentive Plan (FERIP) for tenured faculty members. The plan was designed to provide flexibility in allocation of faculty positions. The plan is a qualified plan within the meaning of IRC §401(a) and is a governmental plan within the meaning of IRC §414(d). Since it is a governmental plan it is not subject to the Employee Retirement Income Security Act of 1974 as amended. Since its establishment 32 members have elected to join the plan. In order to satisfy IRS requirements, a trust fund has been established as a means to meet obligations to plan participants. The University accrued a total plan liability of $3,598,669 to cover all plan obligations. The plan payout schedule is as follows:

Year Ending June 30	FERIP Obligation Payout
2022	$1,048,398
2023	1,721,103
2024	829,168
Total	$3,598,669

NOTE 8: Auxiliary Activities

Auxiliary operating revenues and expenses consisted of the following at June 30, 2021:

Revenues	2021	Expenses	2021
Room contracts (net of scholarship allowances of $4,315,763)	$14,358,375	Residential facilities	$14,520,916
Dining service contracts (net of scholarship allowances of $2,593,476)	7,672,078	Dining operations	14,183,478
Comprehensive fee (net of scholarship allowances of $5,862,725)	20,616,376	Athletics	7,194,827
Other student fees and sales and services	5,109,583	Other auxiliary activities	16,998,059
Auxiliary enterprises revenues	$47,756,412	Auxiliary activities expenses	$52,897,280

NOTE 9: Expenses by Natural Classification

2021	Compensation and Benefits	Depreciation	Plant and Equipment	Scholarships and Fellowships	Services and Supplies	Utilities	Total
Instruction	76,410,150	-	1,984,449	202,993	6,898,000	-	85,495,592
Research	663,081	-	25,904	-	154,364	-	843,349
Public service	1,722,393	-	35,344	-	609,599	-	2,367,336
Academic support	10,391,635	-	231,660	-	985,906	-	11,609,201
Student services	5,936,099	-	46,146	-	1,602,952	-	7,585,197
Institutional support	22,699,125	-	489,697	-	9,594,847	-	32,783,669
Operation and maintenance of plant	6,423,140	-	895,335	-	4,617,702	2,571,409	14,507,586
Depreciation	-	21,701,557	-	-	-	-	21,701,557
Student aid	-	-	-	10,211,831	-	-	10,211,831
Auxiliary activities	17,756,842	-	741,314	4,142,393	28,215,772	2,040,959	52,897,280
Total	**142,002,465**	**21,701,557**	**4,449,849**	**14,557,217**	**52,679,142**	**4,612,368**	**240,002,598**

NOTE 10: State Appropriations

The University receives state appropriations from the General Fund of the Commonwealth. The Appropriations Act specifies that unexpended General Fund appropriations that remain on the last day of the current year, ending June 30, 2021, shall be reappropriated for expenditure in the first month of the next year, beginning on July 1, 2021, except as may be specifically provided otherwise by the General Assembly. The Governor may, at his discretion, unallot funds from the reappropriated balances that relate to unexpended appropriations. The following is a summary of state appropriations received by the University during the year ended June 30, 2021, including all supplemental appropriations and reversions:

Original Legislative Appropriation:	
Educational and General (E&G)	$56,715,984
Student Financial Assistance (SFA)	14,172,602
Supplemental Adjustments:	
Two Year College Transfer Grant Program	67,740
Virginia Military Survivors and Dependents Education Program	148,500
Operating Amendments-SFA	(2,538,400)
Dual Enrollment	2,556
Sponsored Programs allocations	116,885
Virtual Library of Virginia (VIVA) allocation	31,367
Tech Talent	887,128
Affordable Access	4,900,000
Interest Earned on E&G Programs Revenue & CC Rebate	310,472
RUC Appropriation	1,707,422
E&G Carryforward -Transfer In	3,590,628
E&G Central Appropriation Adjustment	28,494
Central Appropriation Transfers:	
Health Insurance	(715,512)
Other Post-Employment Benefits	(1,422)
General Liability Premium Charges	8,975

Performance Budgeting System	(214)
PIMS Funding	(4,457
Line of Duty Premiums	(286)
Cardinal Adjustment	(8,013)
VITA Bill Changes	1,573
Law Enforcement Bonus Payments	6,974
Workers Compensation Premiums	590
Retirement	191,303
Reversion to the General Fund of the Commonwealth:	
E&G FY21 Carryforward – Planned	(3,532,009)
SFA Commonwealth Reversion	(220,100)
SPGM Commonwealth Reversion	(17,174)
Adjusted appropriation	**$75,851,606**

NOTE 11: Capital Appropriations

The Commonwealth has established several programs to provide state-supported institutions of higher education with bond proceeds for financing the acquisition and replacement of instructional and research equipment and facilities. During fiscal year 2021, funding was provided to the University from General Fund capital project appropriations and two programs, 21st Century program and the Equipment Trust Fund, managed by the Virginia College Building Authority (VCBA). The VCBA issues bonds and uses the proceeds to reimburse the University for expenses incurred in the acquisition of equipment and facilities.

The following is a summary of capital appropriations and gifts recognized by the University for the year ended June 30, 2021.

VCBA 21st Century program	14,326,429
VCBA Equipment Trust Fund program	1,770,070
Capital donations	1,127,351
Capital appropriations and gifts	$17,223,850

A portion of the funding for these programs is reported as a receivable, due from the Commonwealth, at June 30, 2021, which consisted of the following:

VCBA 21st Century program	$10,920,761
VCBA Equipment Trust Fund program	1,744,993
Virginia Emergency Education Relief	59,737
Due from the Commonwealth	$12,725,491

NOTE 12: Commitments

At June 30, 2021, the University was a party to construction contracts totaling approximately $115.0 million of which $36.7 million has been incurred. Remaining commitments totaling $78.0 million represent the unperformed portion of the construction contracts and, as such, have not been accrued as expenses or liabilities on the University's financial statements.

The University is committed under various operating leases for land and buildings. In most cases, the University has renewal options on the leased assets for another similar term, and expects, in the normal course of business, that these leases will be replaced by similar leases. 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 financial statements. A portion of the University's operating leases are lease agreements with the Radford University Foundation, Inc. (the Foundation), a component unit of the University. Rental expense was approximately $7,782,000 for the year ended June 30, 2021 of which $1,554,000 was paid to the Foundation.

The University has, as of June 30, 2021, the following future minimum rental payments due under operating leases:

Fiscal Year Ending	Future Minimum Lease Payments
June 30, 2022	5,287,644
June 30, 2023	4,073,119
June 30, 2024	3,601,079
June 30, 2025	3,565,662
June 30, 2026	3,565,662
June 30, 2027-2028	7,131,325
	$27,224,491

NOTE 13: Defined Benefit Plans and Related Pension Obligation

General Information about the Pension Plan

Plan Description

All full-time, salaried permanent employees of state agencies are automatically covered by the VRS State Employee Retirement Plan or the VaLORS Retirement Plan upon employment. These plans are administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees in the VRS State Employee Retirement Plan – Plan 1, Plan 2, and, Hybrid and two different benefit structures for covered employees in the VaLORS Retirement Plan – Plan 1 and Plan 2. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	**About Plan 2** Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund. *Hybrid Opt-In Election* VRS Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. *Hybrid Opt-In Election* Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • State employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 **Non-Eligible Members* Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Members of the Virginia Law Officers' Retirement System (VaLORS) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Retirement Contributions State employees, excluding state elected officials, and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	**Retirement Contributions** Same as Plan 1.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
Service Credit Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	**Service Credit** Same as Plan 1.	**Service Credit** *Defined Benefit Component:* Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. *Defined Contributions Component:* Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	**Vesting** Same as Plan 1.	**Vesting** *Defined Benefit Component:* Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. *Defined Contributions Component:* Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distributions not required, except as governed by law.

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** *Defined Benefit Component:* See definition under Plan 1 *Defined Contribution Component:* The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier *VRS:* The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. *VaLORS:* The retirement multiplier for VaLORS employees is 1.70% or 2.00%.	**Service Retirement Multiplier** *VRS:* Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013. *VaLORS:* The retirement multiplier for VaLORS employees is 2.00%.	**Service Retirement Multiplier** *Defined Benefit Component:* *VRS:* The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. *VaLORS:* Not applicable. *Defined Contribution Component:* Not applicable.

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Normal Retirement Age *VRS:* Age 65. *VaLORS:* Age 60.	**Normal Retirement Age** *VRS:* Normal Social Security retirement age. *VaLORS:* Same as Plan 1.	**Normal Retirement Age** *Defined Benefit Component:* *VRS:* Same as Plan 2. *VaLORS:* Not applicable. *Defined Contribution Component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility *VRS:* Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit. *VaLORS:* Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.	**Earliest Unreduced Retirement Eligibility** *VRS:* Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90. *VaLORS:* Same as Plan 1.	**Earliest Unreduced Retirement Eligibility** *Defined Benefit Component:* *VRS:* Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90. *VaLORS:* Not applicable. *Defined Contribution Component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility *VRS:* Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit. *VaLORS:* Age 50 with at least five years of service credit.	*Earliest Reduced Retirement Eligibility* *VRS: Age 60 with at least five years (60 months) of service credit.* *VaLORS: Same as Plan 1.*	**Earliest Reduced Retirement Eligibility** *Defined Benefit Component:* *VRS:* Age 60 with at least five years (60 months) of service credit. *VaLORS:* Not applicable. *Defined Contribution Component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.

<table>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID RETIREMENT PLAN</th></tr>
<tr><td>Cost-of-Living Adjustment (COLA) in Retirement
The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</td><td>Cost-of-Living Adjustment (COLA) in Retirement
The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI- U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</td><td>Cost-of-Living Adjustment (COLA) in Retirement
Defined Benefit Component:
Same as Plan 2.

Defined Contribution Component:
Not applicable.</td></tr>
<tr><td>Eligibility:
For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</td><td>Eligibility:
Same as Plan 1</td><td>Eligibility:
Same as Plan 1 and Plan 2.</td></tr>
<tr><td>Exceptions to COLA Effective Dates:
The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:
• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
• The member retires on disability.
• The member retires directly from short-term or long-term disability.
• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.

The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</td><td>Exceptions to COLA Effective Dates:
Same as Plan 1</td><td>Exceptions to COLA Effective Dates:
Same as Plan 1 and Plan 2.</td></tr>
</table>

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	**Disability Coverage** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	**Disability Coverage** State employees (including Plan 1 and Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** *Defined Benefit Component:* Same as Plan 1, with the following exception: • Hybrid Retirement Plan members are ineligible for ported service. *Defined Contribution Component:* Not applicable.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each state agency's contractually required employer contribution rate for the fiscal year ended June 30, 2021 was 14.46% of covered employee compensation for employees in the VRS State Employee Retirement Plan. For employees in the VaLORS Retirement Plan, the contribution rate was 21.90% of covered employee compensation. These rates were based on an actuarially determined rates from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the state agency to the VRS State Employee Retirement Plan were $7,192,189 and $7,612,962 for the years ended June 30, 2021, and June 30, 2020, respectively. Contributions from the state agency to the VaLORS Retirement Plan were $224,632 and $239,665 for the years ended June 30, 2021, and June 30, 2020, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the state agency reported a liability of $90,680,985 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of $2,343,302 for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The state agency's proportion of the Net Pension Liability was based on the state agency's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the state agency's proportion of the VRS State Employee Retirement Plan was 1.252% as compared to 1.144% at June 30, 2019. At June 30, 2020, the state agency's proportion of the VaLORS Retirement Plan was 0.300% as compared to 0.313% at June 30, 2019.

For the year ended June 30, 2021, the state agency recognized pension expense of $14,087,113 for the VRS State Employee Retirement Plan and $340,360 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2019, and June 30, 2020, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2021, the state agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Inflows of Resources	**VRS State Employee Retirement Plan**	**VaLORS Retirement Plan**
Differences between expected and actual Experience	$922,767	$ -
Net difference between projected and actual earnings on pension plan investments	-	-
Change in assumptions	-	-
Change in proportion and differences between employer contributions and proportionate share of contributions	129,906	53,633
Total	$1,052,673	$53,633

Deferred Outflows of Resources	**VRS State Employee Retirement Plan**	**VaLORS Retirement Plan**
Differences between expected and actual Experience	$1,028,602	$50,933
Net difference between projected and actual earnings on pension plan investments	7,054,466	138,012
Change in assumptions	3,767,009	49,758
Change in proportion and differences between employer contributions and proportionate		

share of contributions	5,325,775	64,319
Employer contributions subsequent to the measurement date measurement date	7,192,189	224,632
Total	$24,368,041	$527,654

The University's contributions subsequent to the measurement date totaling $7,416,821 ($7,192,189 for VRS State Employee and $224,632 for VaLORS), and reported as deferred outflows of resources related to pensions resulting from the state agency's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	VRS State Employee Retirement Plan	VaLORS Retirement Plan
FY 2022	$ 4,248,486	$ 121,960
FY 2023	$ 6,166,219	$ 38,589
FY 2024	$ 3,444,133	$ 45,930
FY 2025	$ 2,264,340	$ 42,910

Actuarial Assumptions

The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation	3.5%-5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:
RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Update to a more current mortality table-RP2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 25%
Discount Rate	Decrease rate from 7.00% to 6.75%

The total pension liability for the VaLORS Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation	3.5%-4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:
RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Update to a more current mortality table-RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience.
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decrease rate from 50% to 35%
Discount Rate	Decrease rate from 7.00% to 6.75%

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2020, NPL amounts for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan are as follows (amounts expressed in thousands):

	State Employee Retirement Plan	**VaLORS Retirement Plan**
Total Pension Liability	$ 26,014,925	$ 2,282,351
Plan Fiduciary Net Position	18,770,068	1,500,469
Employers' Net Pension Liability (Asset)	$ 7,244,857	$ 781,882
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.15%	65.74%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate ofReturn	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00 %	4.65 %	1.58 %
Fixed Income	15.00 %	0.46 %	0.07 %
Credit Strategies	14.00 %	5.38 %	0.75 %
Real Assets	14.00 %	5.01 %	0.70 %
Private Equity	14.00 %	8.34 %	1.17 %
MAPS - Multi -Asset Public Strategies	6.00 %	3.04 %	0.18 %
PIP- Private Investment Partnership	3.00 %	6.49 %	0.19 %
Total	**100.00 %**		**4.64 %**

Inflation	2.50 %
Expected arithmetic nominal return *	**7.14%**

** The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long- term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions, compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.*

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the state agency for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the State Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the University's proportionate share of the VRS State Employee Retirement Plan and VaLORS Retirement Plan net pension liability using the discount rate of 6.75%, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

Radford University's proportionate share Net OPEB Liability	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
VRS State Employee Retirement Plan	$ 128,515,508	$ 90,680,985	$ 58,868,643
VaLORS Retirement Plan	$ 3,216,500	$ 2,343,302	$ 1,622,092

Pension Plan Fiduciary Net Position

Detailed information about the VRS State Employee Retirement Plan's Fiduciary Net Position or the VaLORS Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2020 *Comprehensive Annual Financial Report* (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2021, the University had accrued retirement contributions payable to the pension plan of $369,213 including $357,332 payable to the VRS State Employee Retirement Plan and $11,881 payable to the VaLORS Retirement Plan. The payable is based on retirement contributions earned by University employees through June 30, 2021, but not yet paid to the plan.

NOTE 14: Defined Contribution Plans

Optional Retirement Plans

Full-time faculty and certain administrative staff may participate in optional retirement plans as authorized by the *Code of Virginia* rather than VRS retirement plans. These optional retirement plans are defined contribution plans offered through Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) and Fidelity Investments Tax-Exempt Services Company. These plans are fixed contribution programs where the retirement benefits received are based upon employer and employee contributions, plus net investment gains or losses. Employees hired prior to July 1, 2010 (Plan 1) have an employer required contribution rate of 10.4 percent. Employees hired on or after July 1, 2010 (Plan 2) have an employer required contribution rate of 8.5 percent and an employee required contribution rate of 5 percent. Individual contracts issued under the plan provide for full and immediate vesting of both the University's and the employee's contributions.

Total employer pension costs under optional retirement plans were approximately $2.9 million for the year ended June 30, 2021 of which $341,315 is reflected as a current liability on the *Statement of Net Position* at June 30, 2021. Contributions to the optional retirement plan were calculated using the base salary amount of approximately $29.9 million for fiscal year 2021.

Deferred Compensation Plan

Employees of the University are employees of the Commonwealth. State employees may participate in the Commonwealth's deferred compensation plan. Participating employees can contribute to the plan each pay period with the Commonwealth matching up to $20 per pay period. The dollar amount of the match may change depending on the funding available in the Commonwealth's budget. The deferred compensation plan is a qualified defined contribution plan under Section 401(a) of the *Internal Revenue Code*. Employer contributions under the deferred compensation plan were approximately $283,000 for fiscal year 2021.

NOTE 15: Postemployment Benefits

The University participates in postemployment benefit programs that are sponsored by the Commonwealth and administered by the Virginia Retirement System. These programs include the Group Life Insurance Program, Virginia Sickness and Disability Program, Retiree Health Insurance Credit Program, and Line of Duty Act Program. The University also participates in the Pre-Medicare Retiree Healthcare Plan, which is sponsored by the Commonwealth and administered by the Department of Human Resources Management. Details on each plan are listed below:

Group Life Insurance Program (GLI) Plan Description

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS

Eligible Employees

The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:

- City of Richmond
- City of Portsmouth
- City of Roanoke
- City of Norfolk
- Roanoke City School Board

Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The benefits payable under the Group Life Insurance Program have several components.

- *Natural Death Benefit* – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- *Accidental Death Benefit* – The accidental death benefit is double the natural death benefit.
- *Other Benefit Provisions* – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
  - Accidental dismemberment benefit
  - Safety belt benefit
  - Repatriation benefit
  - Felonious assault benefit
  - Accelerated death benefit option

Reduction in Benefit Amounts

The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $8,616 as of June 30, 2021.

VRS Disability Insurance Program (VSDP) Plan Description

All full-time and part-time permanent salaried state employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) hired on or after January 1, 1999 are automatically covered by the Disability Insurance Program (VSDP) upon employment. The Disability Insurance Program also covers state employees hired before January 1, 1999 who elected to transfer to VSDP rather than retain their eligibility to be considered for disability retirement. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

The specific information for Disability Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

DISABILITY INSURANCE PROGRAM (VSDP) PLAN PROVISIONS
Eligible Employees The Virginia Sickness and Disability Program (VSDP), also known as the Disability Insurance Trust Fund was established January 1, 1999, to provide short-term and long-term disability benefits for non-work-related and work-related disabilities. Eligible employees are enrolled automatically upon employment. They include: • Full-time and part-time permanent salaried state employees covered under VRS, SPORS and VaLORS (members new to VaLORS following its creation on October 1, 1999, have been enrolled since the inception of VSDP). • State employees hired before January 1, 1999, who elected to transfer to VSDP rather than retain their eligibility to be considered for VRS disability retirement. • Public college and university faculty members who elect the VRS defined benefit plan. They may participate in VSDP or their institution's disability program, if offered. If the institution does not offer the program or the faculty member does not make an election, he or she is enrolled in VSDP.
Benefit Amounts The Virginia Sickness and Disability Program (VSDP) provides the following benefits for eligible employees: • *Leave* – Sick, family and personal leave. Eligible leave benefits are paid by the employer. • *Short-Term Disability* – The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. The benefit provides income replacement beginning at 100% of the employee's pre-disability income, reducing to 80% and then 60% based on the period of the disability and the length of service of the employee. Short-term disability benefits are paid by the employer. • *Long-Term Disability (LTD)* – The program provides a long-term disability benefit beginning after 125 workdays of short-term disability and continuing until the employee reaches his or her normal retirement age. The benefit provides income replacement of 60% of the employee's pre-disability income. If an employee becomes disabled within five years of his or her normal retirement age, the employee will receive up to five years of VSDP benefits, provided he or she remains medically eligible. Long-term disability benefits are paid for by the Virginia Disability Insurance Program (VSDP) OPEB Plan. • *Income Replacement Adjustment* – The program provides for an income replacement adjustment to 80% for catastrophic conditions.

- *VSDP Long-Term Care Plan* – The program also includes a self-funded long-term care plan that assists with the cost of covered long-term care services.

Disability Insurance Program (VSDP) Plan Notes:

- Employees hired or rehired on or after July 1, 2009, must satisfy eligibility periods before becoming eligible for non-work-related short-term disability benefits and certain income-replacement levels.
- A state employee who is approved for VSDP benefits on or after the date that is five years prior to his or her normal retirement date is eligible for up five years of VSDP benefits.
- Employees on work-related short-term disability receiving only a workers' compensation payment may be eligible to purchase service credit for this period if retirement contributions are not being withheld from the workers' compensation payment. The rate will be based on 5.00% of the employee's compensation.

Cost-of-Living Adjustment (COLA)

- During periods an employee receives long-term disability benefits, the LTD benefit may be increased annually by an amount recommended by the actuary and approved by the Board.
    - Plan 1 employees vested as of 1/1/2013 – 100% of the VRS Plan 1 COLA (The first 3.00% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5.00%.)
    - Plan 1 employee non-vested as of 1/1/2013, Plan 2 and Hybrid Plan employees – 100% of the VRS Plan 2 and Hybrid COLA (The first 2.00% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2.00%) up to a maximum COLA of 3.00%.)
- For participating full-time employees taking service retirement, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement.
    - 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4.00%.
- For participating full-time employees receiving supplemental (work-related) disability benefits, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement.
    - 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4.00%.

State Employee Health Insurance Credit Program (HIC) Plan Description

All full-time, salaried permanent employees of state agencies are automatically covered by the VRS State Employee Health Insurance Credit Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the State Health Insurance Credit Program OPEB, including eligibility, coverage and benefits is set out in the table below:

STATE EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS
Eligible Employees The State Employee Retiree Health Insurance Credit Program was established January 1, 1990, for retired state employees covered under VRS, SPORS, VaLORS and JRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: • Full-time and part-time permanent salaried state employees covered under VRS, SPORS, VaLORS and JRS.
Benefit Amounts The State Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees: • *At Retirement* – For State employees who retire, the monthly benefit is $4.00 per year of service per month with no cap on the benefit amount. • *Disability Retirement* – For State employees, other than state police officers, who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP), the monthly benefit is $120.00 or $4.00 per year of service, whichever is higher. For State police officers with a non-work-related disability who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP) the monthly benefit is $120.00 or $4.00 per year of service, whichever is higher. For State police officers employees with a work-related disability, there is no benefit provided under the State Employee Retiree Health Insurance Credit Program if the premiums are being paid under the Virginia Line of Duty Act. However, they may receive the credit for premiums paid for other qualified health plans.
Health Insurance Credit Program Notes: • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • Employees who retire after being on long-term disability under VSDP must have at least 15 years of service credit to qualify for the Health Insurance Credit as a retiree.

Line of Duty Act Program (LODA) Plan Description

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the Line of Duty Act Program (LODA). As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

The specific information for LODA OPEB, including eligibility, coverage and benefits is set out in the table below:

LINE OF DUTY ACT PROGRAM (LODA) PLAN PROVISIONS
Eligible Employees The eligible employees of the Line of Duty Act Program (LODA) include paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS).
Benefit Amounts The Line of Duty Act Program (LODA) provides death and health insurance benefits for eligible individuals: • *Death* – The Line of Duty Act program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: o $100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after. o $25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date. o An additional $20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001. • *Health Insurance* – The Line of Duty Act program provides health insurance benefits. o Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program. o Beginning July 1, 2017, the health benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by the Line of Duty Act.

Virginia State Health Plans Program (PMRH) for Pre-Medicare Retirees

The Commonwealth provides a healthcare plan established by Title 2.2, Chapter 28 of the Code of Virginia for retirees who are not yet eligible to participate in Medicare.

Following are eligibility requirements for Virginia Retirement System retirees and Optional Retirement Plan retirees:

PRE-MEDICARE RETIREE HEALTHCARE PLAN PROVISIONS
Eligible Employees Following are eligibility requirements for Virginia Retirement System retirees: • You are a retiring state employee who is eligible for a monthly retirement benefit from the Virginia Retirement System (VRS), and • You start receiving (do not defer) your retirement benefit immediately upon retirement*, and • Your last employer before retirement was the Commonwealth of Virginia, and • You were eligible for (even if you were not enrolled) coverage as an active employee in the State Health Benefits Program until your retirement date (not including Extended Coverage/COBRA), and • You enroll no later than 31 days from your retirement date. *For VRS retirees, this means that your employing agency reported a retirement contribution or leave without pay status for retirement in the month immediately prior to your retirement date. Some faculty members may

also be eligible if they are paid on an alternate pay cycle but maintain eligibility for active coverage until their retirement date.

Effective January 1, 2017**, following are eligibility requirements for Optional Retirement Plan retirees:

- You are a terminating state employee who participates in one of the qualified Optional Retirement Plans, and
- Your last employer before termination was the Commonwealth of Virginia, and
- You were eligible for (even if you were not enrolled) coverage in the State Employee Health Benefits Program for active employees at the time of your termination, and
- You meet the age and service requirements for an immediate retirement benefit under the non-ORP Virginia Retirement System plan that you would have been eligible for on your date of hire had you not elected the ORP, and
- You enroll in the State Retiree Health Benefits Program no later than 31 days from the date you lose coverage (or lose eligibility for coverage) in the State Health Benefits Program for active employees due to your termination of employment.

**This change applies to ORP terminations effective January 1, 2017, or later. Eligibility for those who terminated employment prior to January 1 should be determined based on the policy in place at the time of their termination.

The employer does not pay a portion of the retirees' healthcare premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, this generally results in a higher rate for active employees. Therefore, the employer effectively subsidizes the costs of the participating retirees' healthcare through payment of the employer's portion of the premiums for active employees.

This fund is reported as part of the Commonwealth's Healthcare Internal Service Fund. Benefit payments are recognized when due and payable in accordance with the benefit terms. Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes, and is administered by the Department of Human Resource Management. There were approximately 4,400 retirees and 90,000 active employees in the program as of June 30, 2020. There are no inactive employees entitled to future benefits who are not currently receiving benefits. There are no assets accumulated in a trust to pay benefits.

Contributions

Group Life Insurance Program (GLI)

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the University were $452,338 and $457,653 for the years ended June 30, 2021, and June 30, 2020, respectively.

Virginia Disability Insurance Program (VSDP)

The contribution requirements for the Disability Insurance Program (VSDP) are governed by §51.1-1140 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the Disability Insurance Program (VSDP) for the year ended June 30, 2021, was 0.61% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits payable during the year, with an adjustment to amortize the accrued OPEB assets. Contributions to the Disability Insurance Program (VSDP) from the University were $301,821 and $318,790 for the years ended June 30, 2021 and June 30, 2020, respectively.

Health Insurance Credit Plan (HIC)
The contribution requirement for active employees is governed by §51.1-1400(D) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each state agency's contractually required employer contribution rate for the year ended June 30, 2021 was 1.12% of covered employee compensation for employees in the VRS State Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the University to the VRS State Employee Health Insurance Credit Program were $945,202 and $1,021,736 for the years ended June 30, 2021, and June 30, 2020, respectively.

Line of Duty Act (LODA)
The contribution requirements for the Line of Duty Act Program (LODA) are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the Line of Duty Act Program (LODA) for the year ended June 30, 2021, was $717.31 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019, and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the Line of Duty Act Program (LODA) from the University were $15,064 and $15,527 for the years ended June 30, 2021, and June 30, 2020, respectively.

OPEB Liabilities and Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Programs

At June 30, 2021, the University reported the following liabilities (assets) for its proportionate share of the liabilities (assets).

GLI	$ 7,075,865
VSDP	(2,612,949)
HIC	11,108,976
LODA	478,496
PMRH	8,597,237

The VRS OPEB Liabilities (assets) were measured as of June 30, 2020 and the total VRS OPEB liabilities used to calculate the VRS OPEB Liabilities (assets) were determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The Pre-Medicare Retiree Healthcare OPEB liability of $568.8 million was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2020. LODA contributions are pay-as-you-go. The University's proportion of the DHRM Pre-Medicare Retiree Healthcare OPEB liability was based on its healthcare premium contributions as a percentage of the total employer's healthcare premium contributions for all participating employers. OPEB liabilities (assets) were based on the employer's actuarially determined employer contributions to the OPEB program for the year ended June 30, 2020, relative to the total of the actuarially determined for all participating employers. At June 30, 2020, the participating University's proportionate share of the OPEB liabilities (assets) are listed below:

	GLI	VSDP	HIC	LODA	PMRH
June 30, 2019	0.390%	1.069%	1.120%	0.116%	1.411%
June 30, 2020	0.424%	1.184%	1.210%	0.114%	1.511%

For the year ended June 30, 2021, the participating University recognized the following OPEB expenses (gains) for these programs. Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense was related to deferred amounts from changes in proportion. Amounts include general state and VaLORS employees.

GLI	$ 331,555
VSDP	201,360
HIC	1,061,270
LODA	44,254
PMRH	(1,898,249)

At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to the OPEB programs from the following sources:

GLI	**Deferred Outflows**	**Deferred Inflows**
Differences between expected and actual experience	$ 453,851	$ 63,554
Net difference between projected and actual earnings on OPEB program investments	212,553	-
Change in assumptions	353,875	147,748
Changes in proportionate share	471,003	165,693
Employer contributions subsequent to the measurement date	452,338	-
Total	$ 1,943,620	$ 376,995

VSDP	**Deferred Outflows**	**Deferred Inflows**
Differences between expected and actual experience	$ 245,694	$ 542,221
Net difference between projected and actual earnings on OPEB program investments	177,765	-
Change in assumptions	34,828	107,289
Changes in proportionate share	13,794	253,551
Employer contributions subsequent to the measurement date	301,821	-
Total	$ 773,902	$ 903,061

HIC	**Deferred Outflows**	**Deferred Inflows**
Differences between expected and actual experience	$ 4,626	$ 166,711
Net difference between projected and actual earnings on OPEB program investments	54,661	-
Change in assumptions	185,068	52,662
Changes in proportionate share	742,906	192,027
Employer contributions subsequent to the measurement date	945,202	-
Total	$ 1,932,463	$ 411,400

LODA		Deferred Outflows		Deferred Inflows
Differences between expected and actual experience	$	50,793	$	65,235
Net difference between projected and actual earnings on OPEB program investments		-		680
Change in assumptions		128,097		29,818
Changes in proportionate share		19,632		20,320
Employer contributions subsequent to the measurement date		15,064		-
Total	$	213,586	$	116,053

PMRH		Deferred Outflows		Deferred Inflows
Difference between expected and actual experience	$	-	$	4,377,188
Change in assumptions		-		7,039,552
Changes in proportionate share		1,504,796		396,785
Amounts associated with transactions subsequent to the measurement date		559,819		-
Total	$	2,064,615	$	11,813,525

The following amounts are reported as deferred outflows of resources related to each OPEB program resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability (asset) in the Fiscal Year ending June 30, 2022.

GLI	$452,338
VSDP	301,821
HIC	945,202
LODA	15,064
PMRH	559,818

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB programs will be recognized in the OPEB expense in future reporting periods as follows:

Year ended June 30	GLI	VSDP	HIC	LODA	PMRH
FY 2022	$ 168,301	$ (103,105)	$ 95,178	$ 11,659	$ (3,001,162)
FY 2023	228,327	(55,426)	101,931	11,784	(3,001,162)
FY 2024	276,561	(51,849)	107,804	11,918	(2,537,962)
FY 2025	285,281	(51,553)	145,662	11,958	(1,340,485)
FY 2026	132,731	(84,598)	125,286	12,000	(383,490)
Thereafter	23,086	(84,449)	-	23,150	(44,469)

Actuarial Assumptions

The total OPEB liability for all VRS programs was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation 2.5 percent

Salary increases, including inflation –

Employee Type	GLI	VSDP	HIC	LODA
General State	3.50-5.35%	3.50-5.35%	3.50-5.35%	N/A
Teachers	3.50-5.95%	N/A	N/A	N/A
SPORS	3.50-4.75%	3.50-4.75%	3.50-4.75%	N/A
VaLORS	3.50-4.75%	3.50-4.75%	3.50-4.75%	N/A
JRS	4.50%	N/A	4.50%	N/A
Locality-General	3.50-5.35%	N/A	N/A	N/A
Locality-Hazardous Duty	3.50-4.75%	N/A	N/A	N/A

Medical cost trend rates assumption (LODA)
Under age 65 7.00%-4.75%
Ages 65 and older 5.375%-4.75%

Year of ultimate trend rate (LODA)
Under age 65 Fiscal year ended 2028
Ages 65 and older Fiscal year ended 2023

Investment rate of return (GLI, VSDP, HIC) 6.75 Percent, net of investment expenses, including inflation*

Investment rate of return (LODA) 2.21 Percent, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75% (2.21% for LODA). However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities for GLI, VSDP and HIC. For LODA, since it is funded on a current-disbursement basis, the assumed annual rate of return of 2.21% was used since it approximates the risk-free rate of return.

Mortality rates – General State Employees (GLI, VSDP, HIC, LODA)

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:
RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%
Discount Rate	Decrease rate from 7.00% to 6.75% (N/A for LODA)

Mortality rates – Teachers (GLI)

Pre-Retirement:
RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:
RP-2014 White Collar Employee Rates to age 49, White Collar Health Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality rates – SPORS Employees (GLI, VSDP, HIC, LODA)

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%
Discount Rate	Decrease rate from 7.00% to 6.75% (N/A for LODA)

Mortality rates – VaLORS Employees (GLI, VSDP, HIC, LODA)

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%
Discount Rate	Decrease rate from 7.00% to 6.75% (N/A for LODA)

Mortality rates – JRS Employees (GLI, HIC)

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% compounding increase from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012, through June 30, 2016, except the change in the discount rate which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality rates – Largest Ten Locality Employers - General Employees (GLI)

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality rates – Non-Largest Ten Locality Employers - General Employees (GLI)

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75.
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality rates – Largest Ten Locality Employers – Hazardous Duty Employees (GLI)

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees (GLI)

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:
RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality rates – Largest Ten Locality Employers With Public Safety Employees (LODA)

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:
RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages

Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Mortality rates – Non- Largest Ten Locality Employers With Public Safety Employees (LODA)

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:
RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Pre-Medicare Retiree Healthcare Actuarial Assumptions and Methods

The total Pre-Medicare Retiree Healthcare OPEB liability was based on an actuarial valuation with a valuation date of June 30, 2020. The Department of Human Resource Management selected the economic, demographic and healthcare claim cost assumptions. The actuary provided guidance with respect to these assumptions. Initial healthcare costs trend rates used were 6.75 percent for medical and pharmacy and 4.0 percent for dental. The ultimate trend rates used were 4.50 percent for medical and pharmacy and 4.0 percent for dental.

Valuation Date	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.
Measurement Date	June 30, 2020 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed
Effective Amortization Period	6.34 years
Discount Rate	2.21%
Projected Salary Increases	4.0%
Medical Trend Under 65	Medical & Rx: 6.75% to 4.50% Dental: 4.00%
Year of Ultimate Trend	2029

Mortality Mortality rates vary by participant status

Pre-Retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year
Post-Retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85.
Post-Disablement:	RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates

The discount rate was based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date which is June 30, 2020.

Changes of Assumptions: The following actuarial assumptions were updated since the June 30, 2019 valuation based on recent experience:

- Spousal Coverage – reduced the rate from 25% to 20%
- Retiree Participation - reduced the rate from 50% to 45%

Spousal coverage and retiree participation were both reduced based on a blend of recent experience and the prior year assumptions. The mortality assumption was modified slightly to reflect mortality improvement projection scale BB, including age over 65 in pre-retirement mortality base rates.

No excise tax has been reflected due to the SECURE Act. Among the provisions was a repeal of three taxes and fees that were originally intended to help fund the Affordable Care Act (ACA): i) the excise tax on high-cost health plans (Cadillac tax); ii) the annual fee on health insurance providers; and iii) the medical device excise tax.

The trend rates were updated based on economic conditions as of June 30, 2020. Additionally, the discount rate was decreased from 3.51% to 2.21% based on the Bond Buyers GO 20 Municipal Bond index.

Net OPEB Liability (Asset)

The net OPEB liability (NOL) or net OPEB asset (NOA) for the VRS administered programs represents each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the Measurement Date of June 30, 2020, NOL and NOA amounts are as follows (amounts expressed in thousands):

	GLI	VSDP	HIC	LODA
Total OPEB Liability	$ 3,523,937	$ 269,531	$ 1,043,382	$ 423,147
Plan Fiduciary Net Position	1,855,102	490,220	125,378	4,333
Employers' Net OPEB Liability (Asset)	$ 1,668,835	$ (220,689)	$ 918,004	$ 418,814
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	52.64%	181.88%	12.02%	1.02%

The total OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net OPEB liability (asset) is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return (GLI, VSDP, HIC)

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of the System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00 %	4.65 %	1.58 %
Fixed Income	15.00 %	0.46 %	0.07 %
Credit Strategies	14.00 %	5.38 %	0.75 %
Real Assets	14.00 %	5.01 %	0.70 %
Private Equity	14.00 %	8.34 %	1.17 %
MAPS - Multi -Asset Public Strategies	6.00 %	3.04 %	0.18 %
PIP- Private Investment Partnership	3.00 %	6.49 %	0.19 %
Total	**100.00%**		**4.64%**
		Inflation	2.50 %
		Expected arithmetic nominal return *	7.14 %

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

Long-Term Expected Rate of Return (LODA)

The long-term expected rate of return on LODA OPEB Program's investments was set at 2.21% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 2.21% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2020.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the University for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020, on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

The discount rate used to measure the total State Employee HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2020, the rate contributed by the University for the Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the

Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the State Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total State Employee HIC OPEB liability.
The discount rate used for LODA was 2.21%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2020, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

The discount rate used to measure VSDP OPEB liability (asset) was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2020, the rate contributed by participating employers to the VSDP OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VSDP OPEB Program's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total VSDP OPEB liability.

Sensitivity of the University's Proportionate Share of the OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the University's proportionate share of the net GLI, VSDP and HIC OPEB liability (asset) using the discount rate of 6.75%, net OPEB LODA liability using the discount rate of 2.21% and the University's proportionate share of the Total OPEB liability for PMRH using the discount rate of 2.21% as well as what the University's proportionate share of the OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Net OPEB Liability (Asset)	GLI	VSDP	HIC
1.00% Decrease (5.75%)	$ 9,301,769	$(2,384,031)	$ 12,309,885
Current Discount Rate (6.75%)	7,075,865	(2,612,949)	11,108,976
1.00% Increase (7.75%)	5,268,224	(2,818,436)	10,075,601

Net OPEB Liability	LODA	PMRH
1.00% Decrease (1.21%)	$ 567,969	$ 9,046,735
Current Discount Rate (2.21%)	478,496	8,597,237
1.00% Increase (3.21%)	411,054	8,141,646

Sensitivity of the Covered University's Proportionate Share of the OPEB Liability to Changes in the Health Care Trend Rate (LODA and PMRH)

Because the Line of Duty Act Program (LODA) and Pre-Medicare Retiree Healthcare Program (PMRH) contain provisions for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered University's proportionate share of the OPEB liability using health care trend rate of 7.00% decreasing to 4.75% for LODA, and 6.75% decreasing to 4.50% for PMRH, as well as what the covered University's proportionate share of the OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower or one percentage point higher than the current rate:

LODA

Net OPEB Liability	Total
1.00% Decrease (6.00% decreasing to 3.75%)	$ 395,493
Trend Rate (7.00% decreasing to 4.75%)	478,496
1.00% Increase (8.00% decreasing to 5.75%)	587,064

PMRH

OPEB Liability	Total
1.00% Decrease (5.75% decreasing to 3.50%)	$ 7,706,722
Trend Rate (6.75% decreasing to 4.50%)	8,597,237
1.00% Increase (7.75% decreasing to 5.50%)	9,641,687

Fiduciary Net Position

Detailed information about the Fiduciary Net Position for VRS OPEB's is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the OPEB programs:

At June 30, 2021, the University had the following contributions payable to the plans. The payable is based on contributions earned by University employees through June 30, 2021, but not yet paid to the plan.

GLI	$ 15,069
VSDP	12,135
HIC	31,488

NOTE 16: Grants and Contracts Contingencies

The University received 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 expenditures 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 the various federal regulations issued by the Office of Management and Budget. Failure to comply with certain system requirements of these regulations may result in questions concerning the allowance of related direct and indirect charges pursuant to such agreements. As of June 30, 2021, the University estimates that no material liabilities will result from such audits or questions.

NOTE 17: Federal Direct Lending Program

The University participates in the Federal Direct Lending Program. Under this program, the University receives funds from the U.S. Department of Education for Stafford and Parent PLUS Loan Programs and disburses these funds to eligible students. The funds can be applied to outstanding tuition and fee charges or refunded directly to the student. These loan proceeds are treated as student payments with the University acting as a fiduciary agent for the student. Therefore, the receipt of the funds from the federal government is not reflected in the federal government grants and contracts total on the *Statement of Revenues, Expenses, and Changes in Net Position.* The activity is included in the noncapital financing section of the *Statement of Cash Flows*. For the fiscal year ended June 30, 2021, cash provided by the program totaled $58.9 million and cash used by the program totaled $58.9 million.

NOTE 18: Risk Management and Employee Health Care Plans

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; nonperformance of duty; injuries to employees; and natural disasters. The University participates in insurance plans maintained by the Commonwealth. The state employee health care and worker's compensation plans are administered by the Department of Human Resource Management and the risk management insurance plans are administered by the Department of Treasury, Division of Risk Management. Risk management insurance includes property, general liability, medical malpractice, faithful performance of duty bond, automobile, and air and watercraft plans. The University pays premiums to each of these departments for its insurance coverage. Further information relating to the Commonwealth's insurance plans is available at the statewide level in the *Commonwealth's Annual Comprehensive Financial Report.*

NOTE 19: Component Unit Financial Information

(A) Contributions Receivable

The following summarizes the unconditional promises to give at June 30, 2021:

Current:	
Receivables due in less than one year	$2,815,860
Less allowance for uncollectible contributions	(231,836)
Net current contributions receivable	$2,584,024
Noncurrent:	
Receivables due in one to five years	$2,766,400
Receivables due in more than five years	300,000
Less discount to net present value	(365,331)
Less allowance for uncollectible contributions	(61,328)
Net noncurrent contributions receivable	$2,639,741
Total contributions receivable	$5,223,765

The discount rate used in 2021 was 5.66 percent. As of June 30, 2021, there were no conditional promises to give.

(B) Notes Receivable

The following is a summary of the notes receivable at June 30, 2021:

Note receivable due in monthly payments of $542 through May 2022 with interest receivable at 5.50 percent and secured by land and building.	$6,081
Note receivable that is a non-interest bearing with deferred payments for the first five years and $25,000 annual payment for years six through seventeen. The Foundation has elected to record this receivable at fair value. Accordingly, the unearned discount on this receivable was $46,729 on June 30, 2021. For June 30, 2021, $10,500 of the note was forgiven in exchange for guaranteed daycare slots for employees of Radford University. The applicable discount rate at June 30, 2021 is 4%.	173,771
Total notes receivable	$179,852

Notes receivable, current	$19,331
Notes receivable, noncurrent	160,521
Total notes receivable	$179,852

(C) Investments

Investments are comprised of the following as of June 30, 2021:

Cash and cash equivalents	$ 1,112,468
Equities	4,605,508
Mutual and money market funds	63,443,505
Limited partnerships	14,378,836
Total investments	$83,540,317

Investments in securities are carried at fair value. The fair value of interests in limited partnerships are determined in good faith by external investment managers or other independent sources and reviewed by management. Because these alternative investments are not readily marketable, their estimated value is subject to additional uncertainty and therefore, value realized upon disposition may vary significantly from currently reported values.

Gifts of investments are recorded at their fair value (based upon quotations or appraisals) at the date of the gift. Purchases and sales of investments are recorded on the trade date.

Investment securities are exposed to several risks, such as interest rate, currency, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the Foundation's consolidated financial statements.

The Foundation manages an investment pool. Pooled investments and allocation of pooled investment income are accounted for using the unit market value method. The pool consists of endowment funds as well as funds functioning as endowments, in addition to other funds with and without donor restrictions.

(D) Capital Assets

A summary of land, buildings, and equipment at cost, less accumulated depreciation, for the year ending June 30, 2021 is presented as follows:

Depreciable capital assets:	
Buildings	$22,622,139
Furniture and equipment	287,708
Land improvements	537,459
Total depreciable capital assets, at cost	$23,447,306
Less accumulated depreciation	(3,616,417)
Total depreciable capital assets, net of accumulated depreciation	$19,830,889
Nondepreciable capital assets	
Land	$2,808,278
Construction in progress	16,705

Collections of art	2,127,091
Total nondepreciable capital assets	$4,952,074
Total capital assets, net of accumulated depreciation	$24,782,963

(E) Long-Term Debt

The following is a summary of the outstanding notes payable at June 30, 2021:

Note payable in monthly installments of $5,182.12 through May 2025, interest payable at LIBOR plus 1.48 percent (1.57% and 1.65%% at June 30, 2021 and 2020, respectively). Unsecured.	$222,840
Notes payable in monthly installments calculated on a 25-year amortization with a balloon payment of remaining amount in May 2028, with interest payable at LIBOR plus 0.82% with a floor of 1.57% beginning May 2021 (1.57% and 3.2% and 1.01% at June 30, 2021 and 2020, respectively). Secured by real estate and deposit accounts maintained by and investment property held with the institution. Additionally, secured by an assignment of leases and rents.	355,899
Notes payable in monthly installments calculated on a 17-year amortization with a balloon payment of remaining amount in June 2028, with interest payable at LIBOR plus 0.82% (1.57% at June 30, 2021). Secured by real estate and deposit accounts maintained by and investment property held with the institution. Additionally, secured by an assignment of leases and rents.	411,194
Notes payable in monthly Interest only payments through April 2020, then monthly installments calculated on a 23-year amortization with a balloon payment of the remaining amount In April 2025. Interest payable at LIBOR plus 0.82 (0.91% and 0.98% at June 30, 2021 and 2020, respectively). Secured by real estate and deposit accounts maintained by and investment property held with the institution. Additionally, secured by an assignment of leases and rents.	4,782,901
Notes payable in monthly interest only payments through April 2020, then monthly installments calculated on a 23-year amortization with a balloon payment of remaining amount In April 2025. Interest payable at 4.20%. Secured by real estate and deposit accounts maintained by and investment property held with the institution. Additionally, secured by an assignment of leases and rents.	9,693,396
Notes payable in monthly installments on a 15-year amortization with a balloon payment of remaining amount in June 2024, with interest payable at 3.72%. Secured by real estate and deposit accounts maintained by and investment property held with the institution. Additionally, secured by an assignment of leases and rents.	188,284
Notes payable in monthly interest only payments through December 2021 then monthly installments calculated on a 25 year amortization with a balloon payment of remaining amount in May 2026. Interest payable at 2.39%. Secured by real estate, an assignment of rents and a pledge on securities.	4,000,000

Total long-term debt	$19,654,514

Future principal payments on notes payable for years ending June 30 are as follows:

2022	647,290
2023	714,019
2024	884,505
2025	13,218,172
2026 and thereafter	4,190,528
Total long-term debt	$19,654,514

Notes payables are subject to certain affirmative and negative covenants. Management believes the Foundation has complied with all covenants as of June 30, 2021.

(F) In-Kind Contributions

The University provided development and administration services to the Foundation. The value of this contributed time was based on salaries paid to those individuals plus fringe benefits, travel and related office expenses. The Foundation recognized $1,454,362 of in-kind services as of June 30, 2021.

(G) Operating Leases

The Foundation currently leases various properties, buildings, storage and parking lots to the University under separate leases, which totaled approximately $2,710,829 as of June 30, 2021. These leases will expire at various times through April 2022. The Foundation also leases office space and residential housing to other parties under separate operating leases including subleases that expire in varying periods through May 2030.

The future minimum operating lease payments under these leases at June 30, 2021 are as follows:

2022	$1,440,236
2023	1,081,051
2024	1,045,580
2025	13,468,860
2026 and thereafter	59,000
	$17,094,727

NOTE 20: Subsequent Events

On August 6, 2021 the Foundation renewed its Line of Credit that was set to mature on September 30, 2021. The Line of Credit remains unsecured with $1.5 million available and interest payable monthly at LIBOR plus 1.60%. Outstanding principal is due on demand.

On August 30, 2021 the Foundation sold two properties with a net book value of approximately $3.27 million to Radford University. In consultation with the Bank holding the note payable on the respective properties, a sales price of approximately $3.35 million was determined. The proceeds received from the University on this sale were applied directly to the note payable securing the properties.

REQUIRED SUPPLEMENTARY INFORMATION

VRS State Employee and VaLORS Retirement Plans

RADFORD UNIVERSITY
Schedule of Employer's Share of Net Pension Liability
VRS State Employee Retirement Plan
*For the Years Ended June 30, 2021, 2020, 2019, 2018, 2017, 2016, and 2015**

	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	1.252%	1.144%	1.119%	1.130%	1.098%	1.061%	1.005%
Employer's proportionate share of the net pension liability	$ 90,680,985	72,307,220	60,586,000	65,837,000	72,383,000	64,986,000	56,267,000
Employer's covered payroll	$ 56,308,891	47,714,545	46,243,818	45,264,292	43,206,118	40,612,813	38,332,872
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	161.04%	151.54%	131.01%	145.45%	167.53%	160.01%	146.79%
Plan fiduciary net position as a percentage of the total pension liability	72.15%	75.13%	77.39%	75.33%	71.29%	72.81%	74.28%

Schedule is intended to show information for 10 years. Since 2021 is the seventh year for this presentation, there are only seven years available. However, additional years will be included as they become available.

**The amounts presented have a measurement date of the previous fiscal year end.*

RADFORD UNIVERSITY
Schedule of Employer's Share of Net Pension Liability
VaLORS Employee Retirement Plan
*For the Years Ended June 30, 2021, 2020, 2019, 2018, 2017, 2016, and 2015**

	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.300%	0.313%	0.277%	0.304%	0.290%	0.293%	0.261%
Employer's proportionate share of the net pension liability	$ 2,343,302	2,169,968	1,725,000	1,996,000	2,246,000	2,082,000	1,761,000
Employer's covered payroll	$ 1,109,047	1,094,298	956,754	1,047,748	1,002,575	982,575	918,334
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	211.29%	198.30%	180.30%	190.50%	224.02%	211.89%	191.76%
Plan fiduciary net position as a percentage of the total pension liability	65.74%	68.31%	69.56%	67.22%	61.01%	62.64%	63.05%

Schedule is intended to show information for 10 years. Since 2021 is the seventh year for this presentation, there are only seven years available. However, additional years will be included as they become available.

**The amounts presented have a measurement date of the previous fiscal year end.*

RADFORD UNIVERSITY
Schedule of Employer Contributions
VRS State Employee Retirement Plan
For the Years Ended June 30, 2012 through 2021

Date	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
2021	$ 7,720,593	$ 7,720,593	$ -	$ 53,392,757	14.46%
2020	$ 7,612,962	$ 7,612,962	$ -	$ 56,308,891	13.52%
2019	$ 6,444,398	$ 6,444,398	$ -	$ 47,714,545	13.51%
2018	$ 6,238,291	$ 6,238,291	$ -	$ 46,243,818	13.49%
2017	$ 6,106,153	$ 6,106,153	$ -	$ 45,264,292	13.49%
2016	$ 6,078,232	$ 6,078,232	$ -	$ 43,206,118	14.07%
2015	$ 5,043,111	$ 5,043,111	$ -	$ 40,901,142	12.33%
2014	$ 3,399,941	$ 3,399,941	$ -	$ 38,812,116	8.76%
2013	$ 3,169,199	$ 3,169,199	$ -	$ 36,178,066	8.76%
2012	$ 1,107,142	$ 1,107,142	$ -	$ 34,014,776	3.25%

RADFORD UNIVERSITY
Schedule of Employer Contributions
VaLORS Retirement Plan
For the Years Ended June 30, 2012 through 2021

Date	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered Payroll
2021	$ 225,264	$ 225,264	$ -	$ 1,028,602	21.90%
2020	$ 239,665	$ 239,665	$ -	$ 1,109,047	21.61%
2019	$ 233,802	$ 233,802	$ -	$ 1,094,298	21.37%
2018	$ 201,397	$ 201,397	$ -	$ 956,754	21.05%
2017	$ 220,551	$ 220,551	$ -	$ 1,047,748	21.05%
2016	$ 188,891	$ 188,891	$ -	$ 1,002,575	18.84%
2015	$ 175,205	$ 175,205	$ -	$ 991,540	17.67%
2014	$ 136,302	$ 136,302	$ -	$ 920,958	14.80%
2013	$ 129,797	$ 129,797	$ -	$ 877,007	14.80%
2012	$ 58,214	$ 58,214	$ -	$ 812,193	7.17%

Notes to Required Supplementary Information
For the Year Ended June 30, 2021
VRS State Employee and VaLORS Retirement Plans

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions related to the VRS-State Employee Retirement Plan used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 25%
Discount Rate	Decrease rate from 7.00% to 6.75%

The following changes in actuarial assumptions were made for the VaLORS Retirement Plan effective June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Update to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decrease rate from 50% to 35%
Discount Rate	Decrease rate from 7.00% to 6.75%

Radford University
Schedule of University's Share of OPEB Liability (Asset)
For the Years Ended June 30, 2018 through June 30, 2021 *

Plan	Date	University's Proportion of the OPEB liability (asset)	University's Proportionate share of the OPEB liability (asset)	University's Covered Payroll **	University's proportionate share of the OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
GLI	2021	0.424%	$ 7,075,865	$ 87,260,411	8.11%	52.64%
GLI	2020	0.390%	$ 6,346,825	$ 77,221,642	8.22%	52.00%
GLI	2019	0.399%	$ 6,056,000	$ 75,501,140	8.02%	51.22%
GLI	2018	0.406%	$ 6,109,000	$ 74,422,092	8.21%	48.86%
VSDP	2021	1.184%	$ (2,612,949)	$ 51,306,836	-5.09%	181.88%
VSDP	2020	1.069%	$ (2,096,975)	$ 43,505,213	-4.82%	167.18%
VSDP	2019	1.052%	$ (2,369,000)	$ 41,323,569	-5.73%	194.74%
VSDP	2018	1.066%	$ (2,189,000)	$ 40,043,228	-5.47%	186.63%
HIC	2021	1.210%	$ 11,108,976	$ 87,184,539	12.74%	12.02%
HIC	2020	1.120%	$ 10,338,029	$ 77,213,560	13.39%	10.56%
HIC	2019	1.124%	$ 10,257,000	$ 75,501,070	13.59%	9.51%
HIC	2018	1.156%	$ 10,522,000	$ 74,400,678	14.14%	8.03%
LODA	2021	0.114%	$ 478,496	$ 1,074,954	44.51%	1.02%
LODA	2020	0.116%	$ 415,080	$ 1,045,085	39.72%	0.79%
LODA	2019	0.123%	$ 384,000	$ 923,422	41.58%	0.60%
LODA	2018	0.116%	$ 304,000	$ 969,949	31.34%	1.30%
PMRH	2021	1.511%	$ 8,597,237	$ 82,598,627	10.41%	
PMRH	2020	1.411%	$ 9,578,793	$ 84,224,100	11.37%	
PMRH	2019	1.429%	$ 14,367,451	$ 74,815,192	19.20%	
PMRH	2018	1.453%	$ 18,871,439	$ 73,411,461	25.71%	

Schedule is intended to show information for 10 years. Since 2021 was the fourth year for this presentation, only four years of data is available. However, additional years will be included as they become available.

** The amounts presented have a measurement date of the previous fiscal year end.*

***The contributions for the Line of Duty Act Program are based on the number of participants in the program using a per capita based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan. Covered payroll for PMRH has been updated for each year to reflect a revision in the covered payroll calculation.*

Radford University
Schedule of University's Contributions
For the Year Ended June 30, 2018 through June 30, 2021

Plan	Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	University's Covered Payroll	Contributions as a % of Covered Payroll *
GLI	2021	$ 452,338	$ 452,338	$ -	$ 84,300,740	0.54%
GLI	2020	$ 457,653	$ 457,653	$ -	$ 87,260,411	0.52%
GLI	2019	$ 399,544	$ 399,544	$ -	$ 77,221,642	0.52%
GLI	2018	$ 392,606	$ 392,606	$ -	$ 75,501,140	0.52%
VSDP	2021	$ 301,821	$ 301,821	$ -	$ 49,476,947	0.61%
VSDP	2020	$ 318,790	$ 318,790	$ -	$ 51,306,836	0.62%
VSDP	2019	$ 265,075	$ 265,075	$ -	$ 43,505,213	0.61%
VSDP	2018	$ 272,736	$ 272,736	$ -	$ 41,323,569	0.66%
HIC	2021	$ 945,201	$ 945,201	$ -	$ 84,294,169	1.12%
HIC	2020	$ 1,021,736	$ 1,021,736	$ -	$ 87,184,539	1.17%
HIC	2019	$ 890,646	$ 890,646	$ -	$ 77,213,560	1.15%
HIC	2018	$ 890,913	$ 890,913	$ -	$ 75,501,070	1.18%
LODA	2021	$ 15,064	$ 15,064	$ -	$ 1,028,602	1.46%
LODA	2020	$ 15,527	$ 15,527	$ -	$ 1,074,954	1.44%
LODA	2019	$ 15,527	$ 15,527	$ -	$ 1,045,085	1.49%
LODA	2018	$ 13,050	$ 13,050	$ -	$ 923,422	1.41%

Schedule is intended to show information for 10 years. Since 2021 was the fourth year for this presentation, only four years of data is available. However, additional years will be included as they become available.

** The contributions for the Line of Duty Act Program are based on the number of participants in the program using a per capita based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan.*

Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2021
Pre-Medicare Retiree Health (PMRH)

There are no assets accumulated in a trust to pay related benefits.

Changes of benefit terms – There have been no changes to the benefit provisions since the prior actuarial valuation.

Changes of assumptions – The following actuarial assumptions were updated since the June 30, 2019 valuation based on recent experience:

- Spousal Coverage – reduced the rate from 25% to 20%
- Retiree Participation - reduced the rate from 50% to 45%

Spousal coverage and retiree participation were both reduced based on a blend of recent experience and the prior year assumptions. The mortality assumption was modified slightly to reflect mortality improvement projection scale BB, including age over 65 in pre-retirement mortality base rates.

No excise tax has been reflected due to the SECURE Act. Among the provisions was a repeal of three taxes and fees that were originally intended to help fund the Affordable Care Act (ACA): i) the excise tax on high-cost health plans (Cadillac tax); ii) the annual fee on health insurance providers; and iii) the medical device excise tax. The trend rates were updated based on economic conditions as of June 30, 2020. Additionally, the discount rate was decreased from 3.51% to 2.21% based on the Bond Buyers GO 20 Municipal Bond Index.

Notes to Required Supplementary Information
For the Year Ended June 30, 2021
GLI, VSDP, HIC, LODA

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

General State Employees (GLI, VSDP, HIC, LODA)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%
Discount Rate	Decrease rate from 7.00% to 6.75% (N/A for LODA)

Teachers (GLI)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

SPORS Employees (GLI, VSDP, HIC, LODA)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%
Discount Rate	Decrease rate from 7.00% to 6.75% (N/A for LODA)

VaLORS Employees (GLI, VSDP, HIC, LODA)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%
Discount Rate	Decrease rate from 7.00% to 6.75% (N/A for LODA)

JRS Employees (GLI, HIC)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

Largest Ten Locality Employers - General Employees (GLI)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%
Discount Rate	Decrease rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - General Employees (GLI)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75.
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

Largest Ten Locality Employers – Hazardous Duty Employees (GLI)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year

Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%
Discount Rate	Decrease rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers – Hazardous Duty Employees (GLI)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

Employees In The Largest Ten Locality Employers With Public Safety Employees (LODA)

Mortality Rates (Pre-retirement, post- retirement healthy, and disabled)	Updated to a more current mortality table – RP- 2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Employees In The Non- Largest Ten Locality Employers With Public Safety Employees (LODA)

Mortality Rates (Pre-retirement, post- retirement healthy, and disabled)	Updated to a more current mortality table – RP- 2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

June 6, 2022

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Visitors
Radford University

INDEPENDENT AUDITOR'S REPORT

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Radford University, a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit of the University, which is discussed in Notes 1 and 19. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit of the University, is based on the report of the other auditor.

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We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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. The financial statements of the component unit of the University that were audited by another auditor upon whose report we are relying, were audited in accordance with auditing standards generally accepted in the United States of America, but not in accordance with Government Auditing Standards.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, based on our audit and the report of another auditor, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and discretely presented component unit of Radford University as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements: Management's Discussion and Analysis on pages 4 through 14; the Schedule of Employer's Share of Net Pension Liability, the Schedule of Employer Contributions, and the Notes to the Required Supplementary Information on pages 78 through 80; and the Schedule of University's Share of OPEB Liability (Asset), the Schedule of University's Contributions, and the Notes to the Required Supplementary Information for the Health Insurance Credit, Group Life Insurance, Disability Insurance, Line of Duty, and Pre-Medicare Retiree Healthcare programs on pages 81 through 85. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 6, 2022, on our consideration of Radford University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the University's internal control over financial reporting and compliance.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

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As of June 30, 2021

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