RADFORD UNIVERSITY

FINANCIAL STATEMENTS
for the Year Ended June 30, 2019

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, 2019. 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 a 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 11,000 students, employs nearly 1,500 faculty and staff and has an annual budget of nearly $250 million. The University also features an NCAA Division I athletics program competing in the Big South Conference.

President Hemphill continues to lead the Highlander family with a steadfast commitment to excellence, accountability, transparency and student-centeredness. 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. Today, the University is a flourishing coeducational, comprehensive public university that is student-centered and focused on providing outstanding academic programs.

The University offers excellent educational opportunities to students from all geographic regions of the Commonwealth. Radford University's undergraduate student body comprises 92.8% Virginia residents; additionally among undergraduates, 32.4% are the first in their family to attend college. Because of its medium size, the University provides its students a winning combination of broad opportunities associated with a large university and highly personalized relationships considered the hallmark of a small institution.

Well-known for its strong faculty/student collaboration, innovative use of technology in the learning environment and vibrant student life on a beautiful residential campus, the 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.

In January 2018, Radford University announced its intent to merge with Jefferson College of Health Sciences (Jefferson College), a division of Carilion Clinic. Jefferson College brings 35 years of history as an accredited institution and has grown from 200 to about 1,150 students over that time. Jefferson College has been one of the top producers of nursing and allied health professionals in the region. It is anticipated that the robust history of collaboration between these two institutions will help form a solid partnership to enhance the quality of health care education and research in the Roanoke area and the Commonwealth. The merger was approved by the General Assembly during the 2019 session and was later approved by SACSCOC, the University's accrediting body, in June 2019. The effective date of the merger was July 10, 2019 resulting in the formation of Radford University Carilion.

The University reached significant milestones and accomplishments, including:

- Radford University received an $8 million gift from Sandra C. Davis and William C. Davis in October 2018. This is the largest gift from an individual in the University's history. It will be used to endow scholarships to students in the College of Business and Economics and the College of Visual and Performing Arts. In recognition of this gift, the University announced the naming of the Davis College of Business and Economics. Also announced was naming of the Sandra C. Davis and William C. Davis Performance Hall within the Covington Center for Visual and Performing Arts.
- Radford University's Whitt Hall has been granted LEED (Leadership in Energy and Environmental Design) Gold status. Six Radford University residence halls have previously been granted LEED Gold certification, marking additional achievements in the university's sustainability initiatives. In addition to the buildings mentioned above, Kyle Hall, the College of Humanities and Behavioral Sciences and the Student Recreation and Wellness Center have also achieved LEED Gold status.
- The University announced a partnership with Emory & Henry College in November 2018. This partnership establishes three accelerated graduate programs that will significantly shorten the time for students to achieve undergraduate and graduate degrees. The partnership will allow students to complete both their undergraduate and graduate degrees in approximately five years of full time study.
- The University's Radford School of Nursing (SON) programs on the main campus and in Roanoke posted a combined pass rate of 98% on National Council Licensure Examination (NCLEX), surpassing the national average pass rate of 91.57%. Radford has exceeded the national NCLEX pass rate for seven consecutive years.

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 2019. It is the ninth consecutive year the University has been recognized for sustainability practices.
- The University was recognized by The Princeton Review as one of the 143 institutions in the "Best in the Southeast" section of the "2020 Best Colleges: Region by Region" list. This is the 13th consecutive year that the University has been featured as one of the "Best in the Southeast."
- The University was ranked 28th in "Regional Universities South" in the U.S. News & World Report's 2020 Best Regional Universities report, which includes both public and private higher education institutions. This is the eighth consecutive year that the University has been named a best regional public university by U.S. News & World Report.
- The University was ranked 16th in the "2020 Best Colleges for Veterans" by U.S. News & World Report.

- Confirming that the University provides one of the best values in the nation, the University was recognized by Washington Monthly magazine as one of the "Best Bang for the Buck Southeast" institutions for the seventh consecutive year.
- Radford University is ranked number 18 among the 50 Best Colleges for Education Majors by Study.com. Radford is one of only two Virginia higher education institutions included in the list. In another ranking by Study.com, Radford University was ranked number 15 of the Top 50 schools offering a finance degree.

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

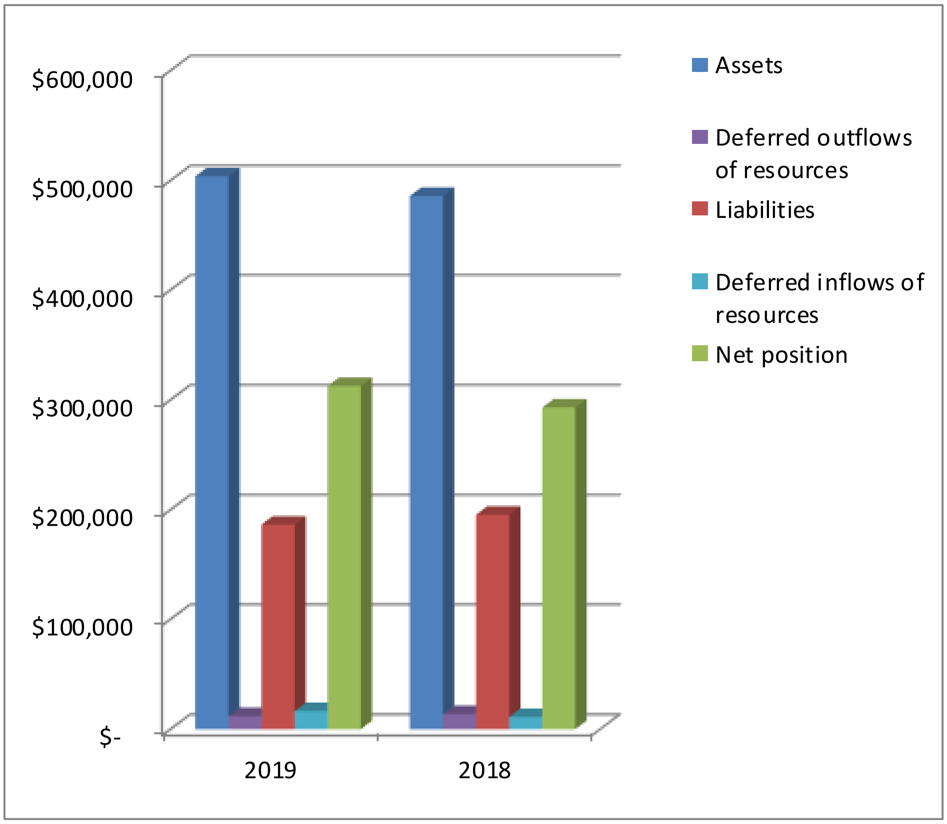
($ shown in thousands)

The University's Statement of Net Position at June 30, 2019 and 2018 is summarized as follows:

					Change	
		2019		*2018*		*Amount*	*Percent*
Assets:							
Current assets	$	145,722	$	134,611	$	11,111	8.3
Capital assets, net		354,384		347,554		6,830	2.0
Other noncurrent assets		3,613		3,721		(108)	(2.9)
Total assets	$	503,719	$	485,886	$	17,833	3.7
Deferred outflows of resources	$	11,873	$	13,688	$	(1,815)	(13.3)
Liabilities:							
Current liabilities	$	40,176		37,880	$	2,296	6.1
Noncurrent liabilities		146,367		157,681		(11,314)	(7.2)
Total liabilities	$	186,543	$	195,561	$	(9,018)	(4.6)
Deferred inflows of resources	$	16,452	$	11,017	$	5,435	49.3
Net position:							
Net investment in capital assets	$	304,760	$	295,359	$	9,401	3.2
Restricted - expendable		4,662		4,375		287	6.6
Unrestricted		3,175		(6,738)		9,913	147.1
Total net position	$	312,597	$	292,996	$	19,601	6.7

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, 2019 and 2018:



Total University assets increased by $17.8 million or 3.7% during fiscal year 2019, resulting in total assets of $503.7 million at year end. The increase in total assets is attributable to an $11.1 million increase in current assets in addition to a $6.8 million increase in capital assets.

The largest increase in current assets was in cash and cash equivalents of $6.3 million primarily due to an increase of $9.0 million in auxiliary reserve cash with the Department of Treasury offset partially by a reduction of capital project cash with the Department of Treasury. Current assets also increased due to a $1.1 million increase in the Due from the Commonwealth amount, related to outstanding 21st century bond requisitions for Reed and Curie Halls renovations and a $3.1 million increase in prepaid expenses, primarily due to an increase in lease prepayments.

The $6.8 million increase in capital assets primarily reflects the increased construction cost for Reed and Curie Halls renovations and the Center for Adaptive Innovation. 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 decreased by 9.0 million or 4.6% during fiscal year 2019. Noncurrent liabilities decreased $11.3 million primarily related to a $5.5 million decrease in pension obligations and a

$4.8 million decrease in other postemployment benefits. Further information on pension and other postemployment benefits can be found in Notes 13 and 15 in the *Notes to Financial Statements*. The noncurrent liabilities decrease was partially offset by a $2.3 million increase in current liabilities. This increase was primarily due to increased accounts payable and accrued expenses in the amount of $1.5 million and an increase of $1.1 million in Obligations under Securities Lending.

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 $11.9 million of deferred outflows of resources and $16.5 million of deferred inflows of resources on the *Statement of Net Position.* The deferred outflows of resources represents, in part, the fiscal year 2019 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, 2020. Deferred outflows of resources decreased from the previous fiscal year $1.8 million due to a decrease in the net difference between projected and actual earnings on pension plan investments, partially offset by an increase in the deferred outflows for other postemployment benefits. The deferred inflows of resources increased $5.4 million from June 30, 2018, as a result of the change in the net difference between projected and actual earnings on pension plan investments offset by differences between expected and actual experience, as well as an increase due to deferred inflows from other postemployment benefits. Note 13 and Note 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 was greater than the corresponding decrease in total liabilities and deferred inflows of resources, thus the University's net position increased by $19.6 million or 6.7%.

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 $354.4 million at the end of fiscal year 2019, an increase of $6.8 million or 2.0% over fiscal year 2018. Net additions and reductions to capital assets during fiscal year 2019 totaled $24.2 million (excluding depreciation). The construction progress of Reed and Curie Halls renovations accounts for the majority of the current year increase. The increase is also impacted by the construction progress of the Center for Adaptive Innovation. Current year depreciation expense totaled $20.0 million.

Capital projects in progress carried commitments to construction contractors, architects and engineers totaling $6.4 million at June 30, 2019. 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 $2.5 million as the result of no additional bond issuances during the year ending June 30, 2019. 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	
	2019	*2018*	*Amount*	*Percent*
Operating revenues	$ 131,099	$ 129,383	$ 1,716	1.3
Less: Operating expenses	208,377	211,383	(3,006)	(1.4)
Operating loss	(77,278)	(82,000)	(4,722)	5.8
Nonoperating revenues (expenses	77,420	67,105	10,315	15.4
Income before other revenues, expenses, gains, or losses	142	(14,895)	15,037	101.0
Other revenues, expenses, gains,	19,459	14,631	4,828	33.0
Increase in net position	19,601	(264)	19,865	7,524.6
Net position - beginning of year	292,996	293,260	(264)	(0.1)
Net position - end of year	$ 312,597	$ 292,996	$ 19,601	6.7

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 2019 increased by $1.7 million as compared to fiscal year 2018. This change was largely due to an increase of $2.3 million federal grants and contracts, offset by a $1.3 million decrease in auxiliary enterprises, net of scholarship allowances. Auxiliary revenue is broken down by category in Note 8 of the *Notes to Financial Statements*.

Nonoperating revenues and expenses increased $10.3 million or 15.4% from fiscal year 2018. This increase was due to a decrease of $7.4 million in nonoperating transfers to the Commonwealth, $1.4 million increase in State appropriations and $1.1 million increase in interest income.

Capital appropriations and gifts caused the $4.8 million increase in other revenues, expenses, gains or losses. This increase is predominantly related to the construction of Reed and Curie Halls renovations.

Revenues by Source Comparison
($ shown in thousands)

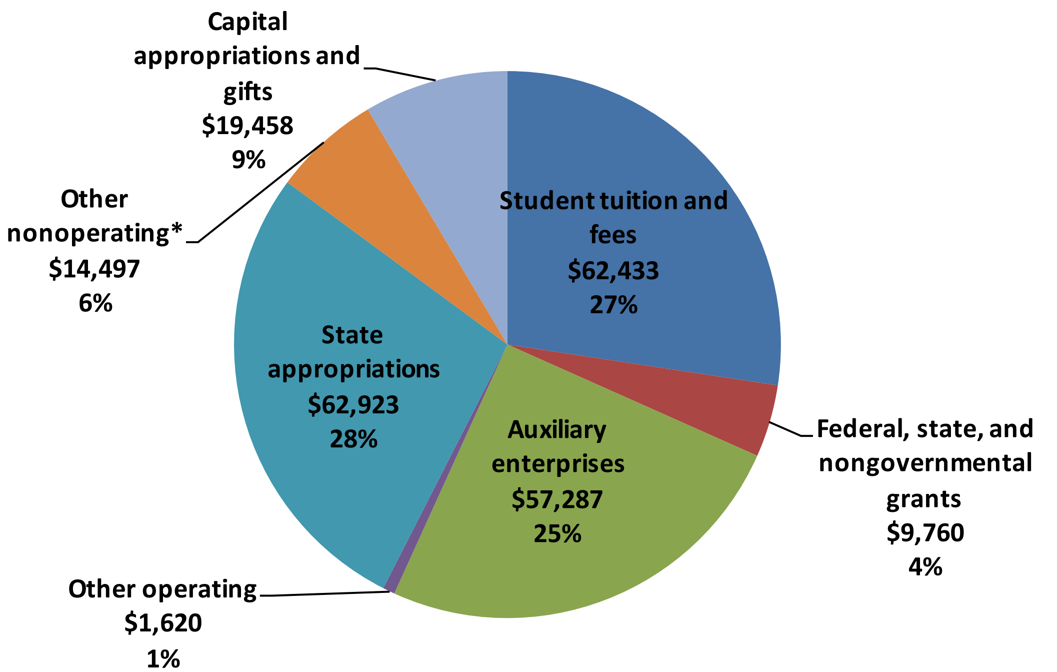
The following chart compares each major revenue source (both operating and nonoperating) for the previous two fiscal years:

			Change	
	2019	*2018*	*Amount*	*Percent*
Revenues by source:				
Student tuition and fees	$ 62,433	$ 61,745	$ 688	1.1
Federal, state, and nongovernmental grants and contracts	9,760	7,715	2,045	26.5
Auxiliary enterprises	57,287	58,548	(1,261)	(2.2)
Other operating	1,620	1,375	245	17.8
State appropriations	62,923	61,563	1,360	2.2
Other nonoperating*	14,497	5,542	8,955	161.6
Capital appropriations and gifts	19,458	14,631	4,827	33.0
Total revenues by source	$ 227,978	$ 211,119	$ 16,859	8.0

**Includes federal student financial aid (Pell), investment income, interest on capital asset-related debt, loss 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, 2019.



Expenses by Function Comparison
($ shown in thousands)

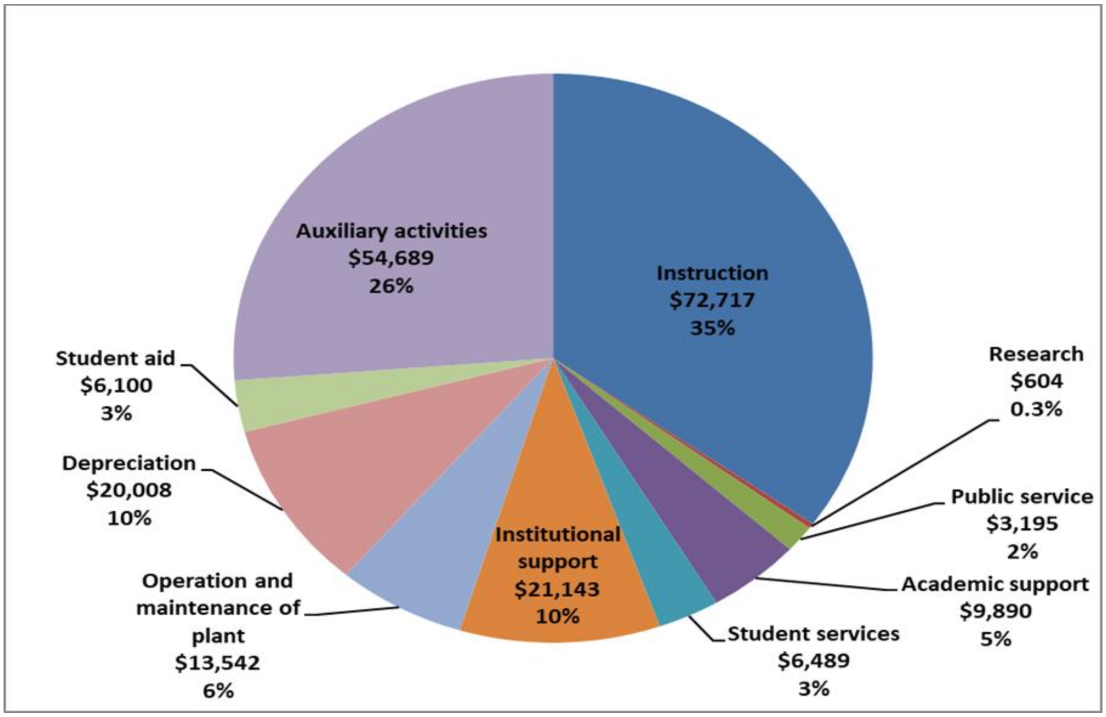
The following chart compares expenses by function for the fiscal years ended June 30, 2019 and 2018:

			Change	
	2019	*2018*	*Amount*	*Percent*
Operating expenses:				
Instruction	$ 72,717	$ 73,456	$ (739)	(1.0)
Research	604	621	(17)	(2.7)
Public service	3,195	2,835	360	12.7
Academic support	9,890	11,336	(1,446)	(12.8)
Student services	6,489	7,000	(511)	(7.3)
Institutional support	21,143	22,945	(1,802)	(7.9)
Operation and maintenance of plant	13,542	13,982	(440)	(3.1)
Depreciation	20,008	19,882	126	0.6
Student aid	6,100	6,682	(582)	(8.7)
Auxiliary activities	54,689	52,644	2,045	3.9
Total operating expenses	$ 208,377	$ 211,383	$ (3,006)	(1.4)

Expenses by Function

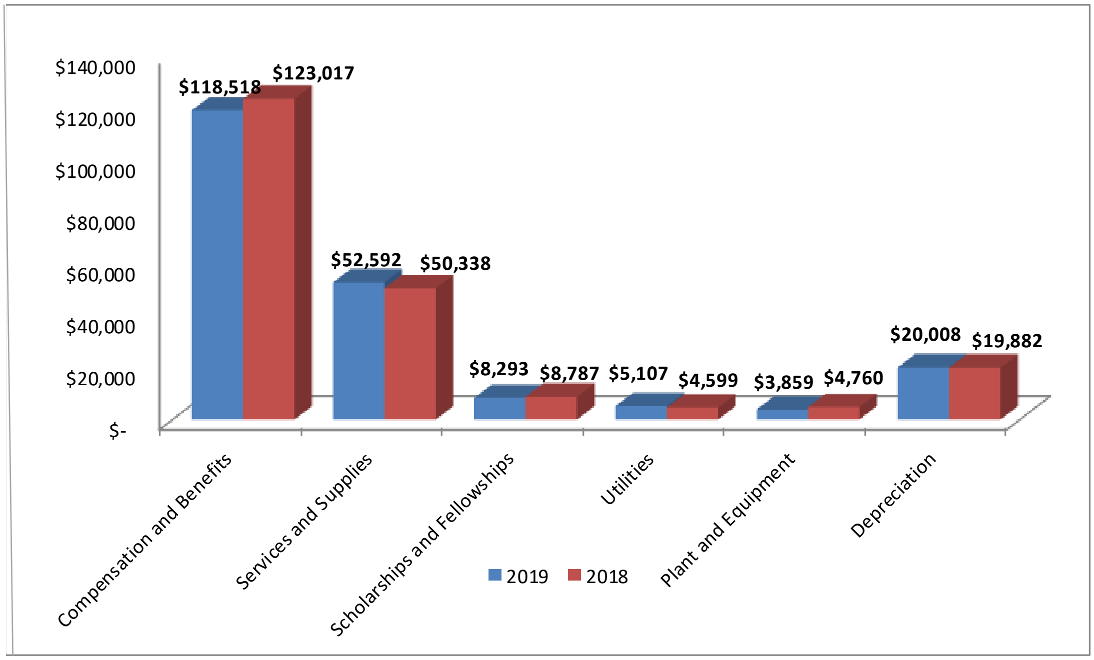
($ shown in thousands)

The following graphic illustration presents total expenses by function for fiscal year 2019.



Expenses by Natural Classification Comparison
($ shown in thousands)

The following chart compares expenses by natural classification for the years ended June 30, 2019 and 2018.



Operating expenses for fiscal year 2019 decreased $3.0 million or 1.4% over fiscal year 2018. From a natural expense standpoint, compensation and benefits comprise 56.9% of the University's operating expenses and services and supplies accounts for 25.2%. Compensation and benefits contributed to the majority of the decrease in operating expenses, with an increase in services and supplies offsetting the decrease. Plant and equipment expense decreased $0.9 million or 18.9% as a result of less equipment and software purchases for University departments. Compensation and benefits decreased $4.5 million or 3.7%. This decrease is mainly due to reduced retirement contributions which are provided to the University by the Virginia Retirement System. With the inclusion of state appropriations for the University in the nonoperating category, the University will routinely display an operating loss for the year. This operating loss is primarily covered by state appropriations included in the nonoperating category, as well as federal student financial aid (Pell), interest income and capital appropriations.

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	
	2019	*2018*	*Amount*	*Percent*
Net cash used by operating activities	$ (61,952)	$ (57,339)	$ 4,613	8.0
Net cash provided by noncapital financing activities	76,421	67,245	9,176	13.6
Net cash used by capital and related financing activities	(11,752)	(2,956)	(8,796)	(297.6)
Net cash provided by investing activities	2,361	1,252	1,109	88.6
Net increase in cash	5,078	8,202	(3,124)	(38.1)
Cash and cash equivalents - beginning of year	115,960	107,758	8,202	7.6
Cash and cash equivalents - end of year	$ 121,038	$ 115,960	$ 5,078	4.4

Overall, the University had a net increase in cash of $5.1 million from fiscal year 2018. The primary sources of cash for the University were state appropriations of $62.9 million, student tuition and fees of $62.6 million, auxiliary enterprise revenues at $57.4 million, capital appropriations and gifts of $18.0 million and receipts for student loans of $57.7 million. The major uses of cash were employee compensation and benefits at $122.3 million, services and supplies of $54.3 million, student loan disbursements at $58.0 million and the purchase of capital assets and construction at $25.7 million. Investing activities provided net cash of $2.4 million from interest received on auxiliary cash balances.

Net cash used by operating activities decreased $4.6 million over fiscal year 2018. This decrease resulted mainly from decreased cash outflows for services and supplies ($5.2 million) and salaries, wages and benefits ($2.8 million) and was offset by an increase in grants and contracts ($2.2 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 2019-20 operating budget was developed in consideration of projected enrollment levels, actions taken by the Governor and General Assembly during the 2019 session, Board-approved tuition and fee rates, the strategic goals of the University and a regionally forecasted economic outlook. The 2019-20 operating budget also includes the newly formed Radford University Carilion (RUC) site, which was formed after the merger of the University with Jefferson College of Health Sciences (JCHS).

The University's annual fiscal plan builds upon the existing multi-year strategic budget plans developed by each division. This collaborative process provides the framework for all University divisions to review operating priorities for the preceding six-year term. This information is used in the development of the University's Six-Year Plan submission to the State and positions the institution for long-term fiscal success.

The fiscal plan addresses critical academic and student support programmatic needs, considers unavoidable cost increases and introduces funding for the implementation of the goals outlined in the University's Strategic Plan, *Embracing the Tradition and Envisioning the Future*. It also considers the goals outlined in the Statewide Strategic Plan (SSP). The University will continue to employ a conservative fiscal stance to ensure financial stability into 2020.

Enrollment for in-state undergraduate students has become increasingly more competitive as high school graduation rates have flattened and effects of the recent recession have diminished; however, several student populations at the University, including underserved and first-generation students, continue to grow. Resources have been directed to this key operational area and demonstrate the University's commitment to attracting, retaining and educating its diverse student population. With the formation of the RUC site, the University has also sharpened its focus on increasing graduates in high demand Allied Health programs.

Radford University remains committed to providing a quality and affordable educational experience. Among Virginia's four-year public institutions, the University remains a low total cost option for in-state undergraduate students. As a public institution of higher education in Virginia, providing affordable educational opportunities for in-state undergraduate students is a priority, thus Radford University continues to rely heavily on state general fund support for its Educational and General (E&G) program activities.

The 2019 legislative session was largely focused on core economic priorities; making strategic investments in education, work force development and state employee salaries. In the second year of the biennium, Higher Education saw an increase in general funds to support a 3% pay raise mandated for all faculty, a 2.75% pay raise for classified staff and an additional 2.25% merit raise mandated for classified staff with at least three years of service. There was also funding identified to increase Higher Education degree production in Data Science and Technology, Science and Engineering, Healthcare and Education, of which Radford University received $1.03 million in general funds. The Commonwealth also made a large investment in Higher Education of $52.5 million to provide Tuition Moderation funding in lieu of tuition increases, with Radford University receiving $1.7 million.

For fiscal year 2020, state general fund support for Radford University E&G programming will account for $52.9 million of the total projected program revenues. This represents a 2.1% increase from the fiscal year 2019 base budget. This increase in state general fund support is primarily reflective of the state's contribution to shared cost initiatives such as state mandated salary and fringe benefit rate increases. In addition, the University received a new state general fund allocation for RUC E&G programming of $1.7 million.

Overall, the 2019-20 operating budget demonstrates a judicious and conservative use of University resources. Key operating efficiencies help to address mandatory and unavoidable cost increases while significant focus is placed on resource enhancement strategies to fund strategic priorities. The University will continue to seek external funding opportunities through federal, state and private grants and contracts, and it is committed to innovation in content delivery methods and programs in high demand by companies operating in the Commonwealth and beyond.

Radford University continues to enjoy a healthy demand for its academic programs among Virginia residents and first-generation students. Reflective of Radford University's growth and diversity, the RU Main Campus Class of 2023 is composed of 1,599 new freshmen from 304 Virginia high schools and 126 out-of-state and international high schools, representing 14 foreign nations. Over one-quarter (26%) of Virginia residents in the class are from northern Virginia, and 40% of the new freshmen are first-generation college students. Thirty-nine percent of the new freshmen class identify themselves as ethnic minorities, with 22.6% as African American and 7.6% as Hispanic/Latino. The RUC Class of 2023 is composed of 52 new freshmen from 29 Virginia high schools and eight out-of-state. Seven percent of Virginia residents in the class are from northern Virginia, and 13% of the new freshmen are first- generation college students. Twenty-three percent of the new freshmen class identify themselves as ethnic minorities, with 7.7% as African American and 3.8% as Hispanic/Latino.

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.

COVID-19 Impact

Internationally, a public health crisis due to the Coronavirus (COVID-10) is evolving. A National Public Health Emergency was issued on January 31, 2020, by the Secretary of Health and Human Services. In response to the COVID-19 pandemic health crisis, and in step with neighboring states and national trends, Governor Northam declared a State of Emergency for the Commonwealth on March 12, 2020, via issuance of Executive Order 51. President Trump issued a National Emergency Declaration for the COVID-19 Outbreak on March 13, 2020. A Declaration of Public Health Emergency was issued by the Governor on March 20, 2020. The Governor then issued Executive Order 53 on March 23rd, closing K-12 schools, placing restrictions on non-essential retail businesses and limiting the number of persons gathered in one place. As confirmed cases of the virus continued to rise in the Commonwealth, the Governor issued Executive Order 55, a temporary Stay at Home Order through June 10, 2020.

Radford University has been heavily monitoring and adapting operations as necessary to ensure the health and safety of our campus community. As of April 2020, actions such as extending spring break for one week, transitioning the remainder of Spring and all of Summer content to an online/remote instructional delivery model, as well as modifying housing and dining arrangements have been critical to ensure proper guidelines are followed while ensuring students can continue their education. In addition, all non-essential personnel have moved to a telework status.

While the long term fiscal impact of COVID-19 is unknown, the University has been proactive in tracking the cost of the disruption of operations as well as the potential impact on future terms. We are also closely monitoring the changes that were not originally anticipated from the Conference Budget of the Commonwealth. The University will continue to monitor all cost associated with the COVID-19 pandemic and will revise cost projections and potential lost revenue estimates as necessary to ensure we continue to operate a sound fiscal platform.

FINANCIAL STATEMENTS

RADFORD UNIVERSITY
Statement of Net Position
As of June 30, 2019

	Radford University	*Component Unit Radford University Foundation, Inc.*
ASSETS		
Current assets		
Cash and cash equivalents (Note 2)	$ 129,250,371	$ 2,332,831
Accounts receivable (net of allowance for doubtful accounts of $496,749) (Note 3)	2,182,169	-
Contributions receivable (net of allowance for uncollectible contributions and discount of $152,632) (Note 19A)	-	2,287,034
Due from the Commonwealth (Note 11)	4,644,837	-
Due from Federal Government	495,796	-
Inventory	449,063	-
Notes receivable (net of allowance for doubtful accounts of $456,372 and $ -) (Notes 3, 19B)	1,212,694	17,436
Prepaid expenses	7,487,329	97,423
Other receivables	-	151,162
Total current assets	145,722,259	4,885,886
Noncurrent assets		
Investments (Note 19C)	-	65,361,883
Contributions receivable (net of allowance for uncollectible contributions and discount of $751,630) (Note 19A)	-	3,870,905
Other postemployment benefits (Note 15)	2,369,000	-
Other assets	-	648,076
Funds held in trust by others	-	874,606
Notes receivable (net of allowance for doubtful accounts and discount of $429,599 and $65,044) (Notes 3, 19B)	1,243,956	469,890
Depreciable capital assets, net (Notes 4, 19D)	314,317,356	38,262,921
Nondepreciable capital assets (Notes 4, 19D)	40,066,131	6,189,472
Total noncurrent assets	357,996,443	115,677,753
Total assets	$ 503,718,702	$ 120,563,639
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources from net pension obligation (Note 13)	$ 8,519,201	$ -
Deferred outflows of resources from other post employment benefits (Note 15)	3,124,224	-
Deferred loss on long-term debt defeasance (Note 6)	229,273	-
Total deferred outflows of resources	$ 11,872,698	$ -

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

RADFORD UNIVERSITY
Statement of Net Position
As of June 30, 2019

	Radford University	Component Unit Radford University Foundation, Inc.
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses (Note 5)	$ 22,374,149	$ 785,360
Unearned revenue	4,374,496	103,452
Obligations under securities lending	8,212,054	-
Deposits held in custody for others	976,196	-
Current portion of long-term debt (Notes 6, 19E)	2,290,000	569,660
Current portion of other noncurrent liabilities (Note 7)	1,344,064	-
Current portion of other postemployment benefits (Note 15)	604,704	-
Trust and annuity obligations	-	61,416
Total current liabilities	40,175,663	1,519,888
Noncurrent liabilities		
Long-term debt (Notes 6, 19E)	47,585,347	33,361,942
Pension obligations (Note 13)	62,311,000	-
Other postemployment benefits (Note 15)	30,459,747	-
Trust and annuity obligations	-	340,612
Other noncurrent liabilities (Note 7)	6,010,380	-
Total noncurrent liabilites	146,366,474	33,702,554
Total liabilities	$ 186,542,137	$ 35,222,442
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources from net pension obligation (Note 13)	5,992,000	-
Deferred inflows of resources from other postemployment benefits (Note 15)	$ 10,460,033	$ -
Total deferred inflows of resources	$ 16,452,033	$ -
NET POSITION		
Net investment in capital assets	$ 304,863,931	$ 10,854,582
Restricted for:		
Expendable:		
Scholarships and other	556,404	14,220,815
Instruction and research	2,117,515	2,985,202
Loans	32,045	-
Other	1,956,000	14,208,239
Nonexpendable:		
Scholarships and other	-	31,327,385
Instruction and research	-	2,332,041
Other	-	4,604,715
Unrestricted	3,071,335	4,808,218
Total net position	$ 312,597,230	$ 85,341,197

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

RADFORD UNIVERSITY

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2019

	Radford University	Component Unit Radford University Foundation, Inc.
OPERATING REVENUES		
Student tuition and fees (net of scholarship allowance of $16,815,569)	$ 62,433,017	$ -
Gifts and contributions	-	3,253,784
Federal grants and contracts	8,411,751	-
State grants and contracts	1,146,367	-
Nongovernmental grants and contracts	201,627	-
Auxiliary enterprises (net of scholarship allowance of $13,406,707) (Note 8)	57,287,073	-
Other operating revenues	1,619,643	3,949,319
Total operating revenues	131,099,478	7,203,103
OPERATING EXPENSES		
Instruction	72,717,287	83,335
Research	604,062	-
Public service	3,195,341	-
Academic support	9,890,503	3,562,981
Student services	6,488,848	-
Institutional support	21,142,732	2,473,770
Operation and maintenance of plant	13,541,838	-
Depreciation (Note 4)	20,007,906	1,167,664
Student aid	6,100,394	1,693,398
Auxiliary activities (Note 8)	54,688,778	-
Total operating expenses (Note 9)	208,377,689	8,981,148
Operating loss	(77,278,211)	(1,778,045)
NONOPERATING REVENUES (EXPENSES)		
State appropriations (Note 10)	62,922,907	-
Federal student financial aid (Pell)	13,979,942	-
Interest income	2,361,703	2,255,417
Interest on capital asset-related debt	(1,536,443)	(1,189,414)
Gain (Loss) on capital assets	40,289	(58,561)
Nonoperating transfers to the Commonwealth	(416,791)	-
Other nonoperating revenues (expenses), net	68,670	
Net nonoperating revenues	77,420,277	1,007,442
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	142,066	(770,603)
Capital appropriations and gifts (Note 11)	19,458,768	40,010
Additions to permanent endowments	-	2,918,048
Additions to term endowments	-	323,468
Total other revenues	19,458,768	3,281,526
Increase in net position	19,600,834	2,510,923
Net position- beginning of year	292,996,396	82,830,274
Net position - end of year	$ 312,597,230	$ 85,341,197

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, 2019

CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	$	62,613,772
Grants and contracts		9,919,856
Auxiliary enterprises		57,447,243
Other receipts (other operating revenue)		1,559,674
Payments for salaries, wages and fringe benefits		(122,313,869)
Payments for services and supplies		(54,255,594)
Payments for utilities		(5,107,521)
Payments for scholarships and fellowships		(8,293,556)
Payments for noncapitalized plant improvements		(3,859,009)
Loans issued to students and employees		(364,322)
Collections of loans from students and employees		701,160
Net cash provided (used) by operating activities	$	(61,952,166)
CASH FLOWS FORM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	$	62,922,907
Non-General Fund transfers to Commonwealth		(416,791)
Federal Student Financial Aid (Pell)		13,886,053
Other non-operating receipts		68,670
Federal Direct Lending Program - receipts		57,748,597
Federal Direct Lending Program - disbursements		(58,023,282)
Agency and other receipts		633,977
Agency and other payments		(398,824)
Net cash provided (used) by noncapital financing activities	$	76,421,307
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital appropriations	$	18,324,859
Capital gifts		(350,313)
Proceeds from sale of capital assets		58,461
Purchases of capital assets and construction		(25,732,681)
Principal paid on capital debt, leases and installments		(2,192,566)
Interest paid on capital debt, leases and installments		(1,859,972)
Net cash provided (used) by capital financing activities	$	(11,752,212)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	$	2,361,703
Net cash provided by investing activities	$	2,361,703
Net increase in cash		5,078,632
Cash and cash equivalents - beginning of the year	$	123,024,549
Less: Securities Lending - Treasurer of Virginia (PY amount)		(7,064,864)
Net cash and cash equivalents - beginning of the year	$	115,959,685
Cash and cash equivalents - end of the year	$	121,038,317

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

Radford University
Statement of Cash Flows
For the Year Ended June 30, 2019

RECONCILIATION OF STATEMENT OF CASH FLOWS, STATEMENT OF NET POSITION

Statement of Net Position		
Cash and cash equivalents	$	129,250,371
Less: Securities lending - Treasurer of Virginia (CY amount)		(8,212,054)
Net Cash and cash equivalent	$	121,038,317

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

Operating loss	$	(77,278,211)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation expense		20,007,906
Changes in assets, liabilities, deferred outflows and deferred inflows:		
Receivables, net		(362,883)
Prepaid expenses		(3,088,106)
Inventory		34,216
Notes receivable, net		326,102
Other Postemployment benefits asset		(180,000)
Deferred outflow of resources from other post employment benefits		(291,374)
Deferred outflows of resources from net pension obiligation		2,084,689
Accounts payable and accrued expenses		723,929
Unearned revenue		814,685
Accrued compensated absences		85,635
Other post employment benefits obligaton		(4,741,988)
Net Pension obligation		(5,522,000)
Deferred inflow of resources from net pension liability		988,000
Deferred inflow of resources from post employment benefits		4,447,234
	$	(61,952,166)

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

Gift of capital assets	350,313
Amortization of bond premium/(discount) and gain/(loss) on debt refunding	(555,231)
Loss on disposal of capital assets	(18,172)

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

NOTES TO FINANCIAL STATEMENTS

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Notes to Financial Statements

Notes to Financial Statements

For the Year Ended June 30, 2019

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 17-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, 2019, the Foundation made distributions of $2,782,000 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.

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, 2019, the following GASB statements became effective: Statement 83, *Certain Asset Retirement Obligations;* Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.*

Statement 83, *Certain Asset Retirement Obligations,* addresses the reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability that is associated with the retirement of a capital asset. There may be legal obligations requiring government agencies to recognize a liability for certain tangible capital assets retirements. The implementation of Statement 83 had no impact on the financial statements for the year ended June 30, 2019.
Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* improves the disclosed information in government financial statements related to debt, including direct borrowings and direct placements. Note 6 summarizes debt held by the University.

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,* 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 consist 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, 2019, the University's prepaid expenses included items such as insurance premiums, membership dues, conference registrations, lease payments and publication subscriptions for fiscal year 2019 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, 2019, 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, 2019.

Noncurrent Liabilities
Noncurrent liabilities include the following:

- Principal amounts of notes and bonds payable and installment purchase obligations 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

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, 2019, 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 it 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 2019, 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.

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, 2019, 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, 2019.

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% 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, 2019.

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 2019.

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 2.2-4400, 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.

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 through 2.2-4517, 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.

Capital Appropriations
Capital appropriations consist of funding provided by the Commonwealth to the University from the 21st Century program and the Equipment Trust Fund, both managed by the Virginia College Building Authority (VCBA). Renovations to Reed Curie Hall were the source of $15.7m of fiscal year 2019 balance. See Note 11 for capital appropriation summary.

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 *Comprehensive Annual 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, 2019

Cash on hand and deposited with financial institutions	$6,579,982
Cash with the Treasurer of Virginia	114,458,335
Collateral held for Securities Lending	8,212,054
Total cash and cash equivalents	$129,250,371

NOTE 3: Accounts and Notes Receivable

Accounts Receivable at June 30, 2019

Student tuition and fees	$887,197
Auxiliary enterprises	1,240,699
Federal, state and nongovernmental grants and contracts	338,623
Other activities	212,399
	2,678,918
Less allowance for doubtful accounts	(496,749)
Net accounts receivable	$2,182,169

Notes receivable at June 30, 2019*:*

Current:	
Federal student loans	$1,473,245
Institutional student loans	195,821
	1,669,066
Less allowance for doubtful accounts	(456,372)
Net current notes receivable	$1,212,694
Noncurrent:	
Federal student loans	$1,565,337
Institutional student loans	108,218
	1,673,555
Less allowance for doubtful accounts	(429,599)
Net noncurrent notes receivable	$1,243,956

NOTE 4: Capital Assets

A summary of changes in the various capital asset categories for the year ending June 30, 2019, is presented as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Nondepreciable capital assets:				
Land	11,967,656	-	-	11,967,656
Construction in progress	9,320,997	22,527,361	3,749,883	28,098,475
Total nondepreciable capital assets	**21,288,653**	**22,527,361**	**3,749,883**	**40,066,131**
Depreciable capital assets:				
Buildings	451,518,607	3,013,909	-	454,532,516
Infrastructure	22,796,130	-	-	22,796,130
Intangibles	8,122,750	142,475	-	8,265,225
Equipment	38,869,867	2,357,045	1,070,970	40,155,942
Other improvements	14,702,298	1,330,814	-	16,033,112
Library materials	25,225,309	1,233,682	1,632,496	24,826,495
Total depreciable capital assets	**561,234,961**	**8,077,925**	**2,703,466**	**566,609,420**
Less accumulated depreciation:				
Buildings	156,434,783	14,235,188	-	170,669,971
Infrastructure	21,329,572	221,825	-	21,551,397
Intangibles	5,638,971	553,575	-	6,192,546
Equipment	27,523,249	2,754,213	1,052,798	29,224,664
Other improvements	7,936,531	547,897		8,484,428
Library materials	16,106,346	1,695,208	1,632,496	16,169,058
Total accumulated depreciation	**234,969,452**	**20,007,906**	**2,685,294**	**252,292,064**
Depreciable capital assets, net	**326,265,509**	**(11,929,981)**	**18,172**	**314,317,356**
Total capital assets, net	**347,554,162**	**10,597,380**	**3,768,055**	**354,383,487**

NOTE 5: Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following at June 30, 2019**:**

Employee salaries, wages and fringe benefits payable	$12,899,284
Vendors and suppliers accounts payable	6,415,887
Capital projects accounts and retainage payable	2,715,646
Due to Radford University Foundation	14,788
Accrued interest payable	328,544
Total accounts payable and accrued expenses	$22,374,149

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, 2019, 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

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, 2019, 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

Installment Purchase Obligations

The University completed obligations under an installment purchase agreement initiated in January 2009 during FY19. The capitalized value of the asset purchased under this installment purchase agreement is $114,460 and the repayment term is 10 years at an interest rate of 2.087%. The last payment was made in FY19 so the balance is now $0.

A summary of changes in long-term debt for the year ending June 30, 2019, is presented as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Governmental activities:						
Notes payable – pooled Bonds	$21,145,688	$ -	$1,141,274	$20,004,414	$1,030,000	$18,974,414
Bonds payable - 9c	31,235,617	-	1,364,684	29,870,933	1,260,000	28,610,933
Installment purchase obligations	12,566	-	12,566	-	-	-
*Total long-term debt	$52,393,871	$0	$2,518,524	$49,875,347	$2,290,000	$47,585,347

*No amounts considered direct borrowings or direct placements.

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

	Governmental Activities	
Fiscal Year Ending	Notes Payable Pooled Bonds	Bonds Payable - 9c
June 30, 2020	1,030,000	1,260,000
June 30, 2021	1,085,000	1,320,000
June 30, 2022	1,135,000	1,395,000
June 30, 2023	1,190,000	1,465,000
June 30, 2024	1,250,000	1,530,000
2025-2029	6,965,000	8,695,000
2030-2034	5,705,000	10,000,000
2035-2036	-	1,625,000
Unamortized Premium	1,644,415	2,580,932
Total	$20,004,415	$29,870,932

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

	Governmental Activities	
Fiscal Year Ending	Notes Payable Pooled Bonds	Bonds Payable - 9c
June 30, 2020	698,006	1,059,500
June 30, 2021	650,181	996,500
June 30, 2022	596,731	930,500
June 30, 2023	539,681	860,750
June 30, 2024	482,006	787,500
2025-2029	1,679,434	2,917,025
2030-2034	405,325	1,246,988
2035-2036	0	63,900
Total	$5,051,364	$8,862,663

Long-Term Debt Defeasance

During fiscal year 2017, the Commonwealth of Virginia, on behalf of the University, issued pooled bonds Series 2016A for $2,285,000 with interest rates of 3.0 to 5.0% to advance refund $2,305,000 of Series 2009B pooled bonds. The bonds, issued at a premium of $470,852, are used to provide funds for debt service savings for the Commonwealth. 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 $296,927 for the University, which is being amortized to interest expense over the life of the new debt. At June 30, 2019, $229,273 of the unamortized deferred loss is reported on the *Statement of Net Position* as a deferred outflow of resources.

The defeasance will reduce the University's total debt service obligation by $184,341 over 13 years. The debt service savings discounted at a rate of 1.849% results in an economic gain of $167,810.

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. On June 30, 2019, $2,305,000 from Series 2009B 9(d) VCBA pooled bonds was considered defeased and outstanding.

NOTE 7: Other Noncurrent Liabilities

The University's other noncurrent liabilities consist of accruals for compensated absences and federal loan program contributions refundable to the federal government. A summary of changes in other noncurrent liabilities for the year ending June 30, 2019, is presented as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Other liabilities:						
Accrued compensated absences	$3,962,265	711,041	625,406	$4,047,900	$1,344,064	$2,703,836
Federal loan program contributions refundable	3,306,544	-	-	3,306,544	-	3,306,544
Total other liabilities	$7,268,809	711,041	625,406	$7,354,444	$1,344,064	$6,010,380

NOTE 8: Auxiliary Activities

Auxiliary operating revenues and expenses consisted of the following at June 30, 2019:

Revenues	
Room contracts (net of scholarship allowances of $3,979,347)	$14,541,788
Dining service contracts (net of scholarship allowances of $3,223,892)	11,545,587
Comprehensive fee (net of scholarship allowances of $6,203,468)	20,993,259
Other student fees and sales and services	10,206,439
Auxiliary enterprises revenues	**$57,287,073**
Expenses	
Residential facilities	$12,830,330
Dining operations	16,732,340
Athletics	9,893,336
Other auxiliary activities	15,232,772
Auxiliary activities expenses	**$54,688,778**

NOTE 9: Expenses by Natural Classification

2019	Compensation and Benefits	Depreciation	Plant and Equipment	Scholarships and Fellowships	Services and Supplies	Utilities	Total
Instruction	64,323,677	-	1,822,036	433,626	6,137,948	-	72,717,287
Research	468,796	-	4,480	2,954	127,832	-	604,062
Public service	1,865,460	-	63,846	72,184	1,193,851	-	3,195,341
Academic support	8,339,252	-	197,782	6,048	1,347,421	-	9,890,503
Student services	4,574,210	-	46,551	-	1,868,087	-	6,488,848
Institutional support	16,883,122	-	259,072	-	4,000,538	-	21,142,732
Operation and maintenance of plant	5,976,781	-	452,528	-	4,187,248	2,925,281	13,541,838
Depreciation	-	20,007,906	-	-	-	-	20,007,906
Student aid	-	-	-	6,100,394	-	-	6,100,394
Auxiliary activities	16,086,722	-	1,012,714	1,678,350	33,728,752	2,182,240	54,688,778
Total	**118,518,020**	**20,007,906**	**3,859,009**	**8,293,556**	**52,591,677**	**5,107,521**	**208,377,689**

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, 2019, shall be reappropriated for expenditure in the first month of the next year, beginning on July 1, 2019, 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, 2019, including all supplemental appropriations and reversions:

Original Legislative Appropriation:	
Educational and General (E&G)	$51,845,521
Student Financial Assistance (SFA)	10,639,996
Supplemental Adjustments:	
Two Year College Transfer Grant Program	214,000
Virginia Military Survivors and Dependents Education Program	90,750
Virtual Library of Virginia (VIVA) allocation	30,481
E&G FY19 Carryforward – Transfer In	559,451
E&G Central Appropriation Adjustment	(2,818)
Financial Assistance for E&G Programs	73,731
Interest Earned on E&G Programs Revenue & CC Rebate	221,207
Fund for Excellence in Education	12,000
Central Appropriation Transfers:	
Health Insurance	473,191
Other Post-Employment Benefits	(8,192)
Performance Budgeting System	211
PIMS Funding	249

Line of Duty Premium	1,866
Cardinal Adjustment	(604)
VITA Bill Changes	(247)
Workers Compensation Premiums	12,294
Retirement	9,705
Reversion to the General Fund of the Commonwealth:	
E&G FY 20 Carryforward – *Planned*	(1,249,885)
Adjusted appropriation	**$62,922,907**

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 2019, 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, 2019.

VCBA 21st Century program	17,311,983
VCBA Equipment Trust Fund program	1,796,472
Capital donations	350,313
Capital appropriations and gifts	$19,458,768

A portion of the funding for these programs is reported as a receivable, due from the Commonwealth, at June 30, 2019, which consisted of the following:

VCBA 21st Century program	$2,900,566
VCBA Equipment Trust Fund program	1,744,271
Due from the Commonwealth	$4,644,837

NOTE 12: Commitments

At June 30, 2019, the University was a party to construction contracts totaling approximately $40 million of which $33.6 million has been incurred. Remaining commitments totaling $6.4 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 $6,500,000 for the year ended June 30, 2019, of which $1,662,000 was paid to the Foundation.

The University has, as of June 30, 2019, the following future minimum rental payments due under operating leases:

Fiscal Year Ending	Future Minimum Lease Payments
June 30, 2020	4,864,494
June 30, 2021	4,206,482
June 30, 2022	3,620,662
June 30, 2023	3,593,162
June 30, 2024	3,565,662
June 30, 2025-2029	14,262,650
	$34,113,112

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, creditable service 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, creditable service 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, creditable service 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.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010; they were vested as of January 1, 2013; and they have not taken a refund. **Hybrid Opt-In Election** VRS non-hazardous duty covered 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	**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** VRS non-hazardous duty covered 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	**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

Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	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.

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 pre-tax 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** State employees contribute 5% of their compensation each month to their member contribution account through a pre-tax 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** 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.
Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service 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.	**Creditable Service** Same as Plan 1.	**Creditable Service** **Defined Benefit Component:** Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service 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, creditable service is used to determine vesting for the employer contribution portion of the 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 creditable service. 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 creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service 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. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	**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%.	**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 creditable service earned, purchased or granted on or after January 1, 2013.	**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: The retirement multiplier for VaLORS employees is 1.70% or 2.00%.	**VaLORS:** The retirement multiplier for VaLORS employees is 2.00%.	**VaLORS:** Not applicable. **Defined Contribution Component:** Not applicable.
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** **<u>Defined Benefit Component:</u>** **VRS:** Same as Plan 2. **VaLORS:** Not applicable. **<u>Defined Contribution Component:</u>** 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 creditable service or at age 50 with at least 30 years of creditable service. **VaLORS:** Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	**Earliest Unreduced Retirement Eligibility** **VRS:** Normal Social Security retirement age with at least five years (60 months) of creditable service 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 creditable service 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 creditable service or age 50 with at least 10 years of creditable service. **VaLORS:** 50 with at least five years of creditable service.	**Earliest Reduced Retirement Eligibility** **VRS:** Age 60 with at least five years (60 months) of creditable service. **VaLORS:** Same as Plan 1.	**Earliest Reduced Retirement Eligibility** **Defined Benefit Component:** **VRS:** Age 60 with at least five years (60 months) of creditable service. **VaLORS:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.

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 creditable service in their plan. Prior creditable service 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, 2019, was 13.52% of covered employee compensation for employees in the VRS State Employee Retirement Plan. For employees in the VaLORS Retirement Plan, the contribution rate was 21.61% of covered employee compensation. These rates were based on an actuarially determined rates from an actuarial valuation as of June 30, 2017. 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 University to the VRS State Employee Retirement Plan were $6,444,398 and $6,266,600 for the years ended June 30, 2019, and June 30, 2018, respectively. Contributions from the University to the VaLORS Retirement Plan were $233,802 and $204,290 for the years ended June 30, 2019, and June 30, 2018, respectively.

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

At June 30, 2019, the University reported a liability of $60,586,000 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of $1,725,000 for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The University's proportion of the Net Pension Liability was based on the University's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the University's proportion of the VRS State Employee Retirement Plan was 1.119% as compared to 1.130% at June 30, 2017. At June 30, 2018, the University's proportion of the VaLORS Retirement Plan was 0.277% as compared to 0.304% at June 30, 2017.

For the year ended June 30, 2019, the University recognized pension expense of $4,027,000 for the VRS State Employee Retirement Plan and $72,000 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2017, and June 30, 2018, 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, 2019, the University 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	$ 3,663,000	$ 49,000
Net difference between projected and actual earnings on pension plan investments	1,582,000	28,000
Change in assumptions	-	60,000
Changes in proportion and differences between Employer contributions and proportionate share of contributions	481,000	129,000
Employer contributions subsequent to the measurement date	-	-
Total	$ 5,726,000	$ 266,000

Deferred Outflows of Resources	**VRS State Employee Retirement Plan**	**VaLORS Retirement Plan**
Differences between expected and actual experience	$ -	$ 1,000

Net difference between projected and actual earnings on pension plan investments	-	-
Change in assumptions	406,000	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,399,000	35,000
Employer contributions subsequent to the measurement date	6,444,398	233,802
Total	$ 8,249,398	$ 269,802

The University's contributions subsequent to the measurement date totaling $6,678,200 ($6,444,398 for VRS State Employee and $233,802 for VaLORS), and reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2020. 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 2020	$ 28,000	$ (106,000)
FY 2021	$ (882,000)	$ (85,000)
FY 2022	$ (2,898,000)	$ (37,000)
FY 2023	$ (169,000)	$ (2,000)
FY 2024	$ -	$ -

Actuarial Assumptions

The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.35%
Investment rate of return Expenses, including inflation*	7.0%, net of pension plan investment

* 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% 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 one year, 85% of rates; females set back one 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 one year; females set back one 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, 2017, 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)	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 nine 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%

The total pension liability for the VaLORS Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including Inflation	3.5% – 4.75%
Investment rate of return expenses, including inflation*	7.0%, net of pension plan investment

* 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% 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 one 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 one year with 1.0% increase compounded from ages 70 to 90; females set forward one year.

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

The actuarial assumptions used in the June 30, 2017, 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)	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 nine 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%

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, 2018, 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	$ 23,945,821	$ 2,047,161
Plan Fiduciary Net Position	18,532,189	1,423,980
Employers' Net Pension Liability (Asset)	$ 5,413,632	$ 623,181
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.39%	69.56%

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)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
Inflation			2.50%
* Expected arithmetic nominal return			7.30%

* The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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, 2018, the rate contributed by the University 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, 2018, on, all agencies are assumed 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 University'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 net pension liability using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
University's proportionate share of the VRS State Employee Retirement Plan Net OPEB Liability	$ 91,731,000	$ 60,586,000	$ 34,369,000

The following presents the University's proportionate share of the VaLORS Retirement Plan net pension liability using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
University's proportionate share of the VaLORS Employee Retirement Plan Net OPEB Liability	$ 2,449,000	$ 1,725,000	$ 1,127,000

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 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-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, 2019, the University had accrued retirement contributions payable to the pension plan of $268,948 including $255,742 payable to the VRS State Employee Retirement Plan and $13,206 payable to the VaLORS Retirement Plan. The payable is based on retirement contributions earned by University employees through June 30, 2019, 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%. Employees hired on or after July 1, 2010 (Plan 2) have an employer required contribution rate of 8.5% and an employee required contribution rate of 5%. 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 $2.7 million for the year ended June 30, 2019, of which $334,573 is reflected as a current liability on the *Statement of Net Position* at June 30, 2019. Contributions to the optional retirement plan were calculated using the base salary amount of approximately $27.6 million for fiscal year 2019.

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 $286,000 for fiscal year 2019.

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

General Information about the Group Life Insurance Program

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 OBEB 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 Schools 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. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to $8,279 effective July 1, 2018.

Contributions

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 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% 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, 2019, was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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. Contribution to the Group Life Insurance Program from the University were $399,544 and $411,571 for the years ended June 30, 2019, and June 30, 2018, respectively. Amounts include both the General State and VaLORS employees.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2019, the University reported a liability of $6,056,000, combined amount for General State and VaLORS employees, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018, and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered University's proportion of the Net GLI OPEB Liability was based on the covered University's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2018, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating University's proportion was 0.399% as compared to 0.406% at June 30, 2017. These amounts include both General State and VaLORS employee totals.

For the year ended June 30, 2019, the participating University recognized GLI OPEB expense of $36,000 combined for General State and VaLORS employees. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

Deferred Inflows of Resources	**General State Employees**	**VaLORS Employees**
Differences between expected and actual experience	$ 108,000	$ 2,000
Net difference between projected and actual earnings on GLI OPEB program investments	194,000	2,000
Change in assumptions	249,000	3,000
Changes in proportion	90,000	11,000
Employer contributions subsequent to the measurement date	-	-
Total	$ 641,000	$ 18,000

Deferred Outflows of Resources	**General State Employees**	**VaLORS Employees**
Differences between expected and actual experience	$ 292,000	$ 4,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	-
Change in assumptions	-	-
Changes in proportion	51,000	2,000
Employer contributions subsequent to the measurement date	393,833	5,711
Total	$ 736,833	$ 11,711

$399,544 reported as deferred outflows of resources related to the GLI OPEB resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2020. This amount includes both the State Employee Retirement Plan and VaLORS Retirement Plan. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year ended June 30	General State Employees	VaLORS Employees
FY 2020	$ (94,000)	$ (2,000)
FY 2021	$ (94,000)	$ (2,000)
FY 2022	$ (94,000)	$ (3,000)
FY 2023	$ (39,000)	$ (2,000)
FY 2024	$ 8,000	$ (2,000)
Thereafter	$ 15,000	$ (1,000)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation –	
General state employees	3.5% – 5.35%
Teachers	3.5% – 5.95%
SPORS employees	3.5% – 4.75%
VaLORS employees	3.5% – 4.75%
JRS employees	4.5%
Locality – General employees	3.5% – 5.35%
Locality – Hazardous Duty employees	3.5% – 4.7%
Investment rate of return expenses, including inflation*	7.0%, net of investment

* 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of the OPEB liabilities.

Mortality rates – General State Employees

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 one year, 85% of rates; females set back one 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 one year; females set back one 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, 2017, 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 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%

Mortality rates – Teachers

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 three 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, 2017, valuation were based on the results of an actuarial experience study for the four-year 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 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

Mortality rates – SPORS Employees

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 one 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 one 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 two years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017, 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 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%

Mortality rates – VaLORS Employees

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 one 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 one year with 1.0% increase compounded from ages 70 to 90; females set forward three years.

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017, 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 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%

Mortality rates – JRS Employees

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 one year, 85% of rates; females set back one 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 one year; females set back one 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, 2017, valuation were based on the results of an actuarial experience study for the four-year 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	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

Mortality rates – Largest 10 Locality Employers - General Employees

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 three 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 two years, 110% of rates; females 125% of rates

The actuarial assumptions used in the June 30, 2017, 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 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%

Mortality rates – Non-Largest 10 Locality Employers - General Employees

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 three 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 two years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017, 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 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%

Mortality rates – Largest 10 Locality Employers – Hazardous Duty Employees

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 one 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 one year with 1.0% increase compounded from ages 70 to 90; females set forward three years.

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

The actuarial assumptions used in the June 30, 2017, 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 10 Locality Employers – Hazardous Duty Employees

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 one 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 one year with 1.0% increase compounded from ages 70 to 90; females set forward three years.

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

The actuarial assumptions used in the June 30, 2017, 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 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%

Net GLI OPEB Liability
The net OPEB liability (NOL) for the Group Life Insurance Program represents the 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, 2018, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	$ 3,113,508
Plan Fiduciary Net Position	1,594,773
Employers' Net GLI OPEB Liability (Asset)	$ 1,518,735
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%

The total GLI 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 GLI OPEB liability 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
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 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)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
	Inflation		2.50%
	* Expected arithmetic nominal return		7.30%

* The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. 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, 2018, 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, 2018, on, employers are assumed 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.

Sensitivity of the University's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the University's proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, as well as what the University's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

University's proportionate share of the Group Life Insurance Program

Net OPEB Liability	**General State Employees**	**VaLORS Employees**
1.00% Decrease (6.00%)	$ 7,813,000	$ 100,000
Current Discount Rate (7.00%)	$ 5,979,000	$ 77,000
1.00% Increase (8.00%)	$ 4,489,000	$ 58,000

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-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 VRS Group Life Insurance OPEB Plan

At June 30, 2019, the University had accrued group life insurance contributions payable to the plan of $13,284. The payable is based on contributions earned by University employees through June 30, 2019, but not yet paid to the plan.

VRS Disability Insurance Program

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 OBEB 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:

<table>
<tr><th>DISABILITY INSURANCE PROGRAM (VSDP) PLAN PROVISIONS</th></tr>
<tr><td>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.</td></tr>
<tr><td>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 – 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.</td></tr>
</table>

- **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% 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%).
  - 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% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%).
- 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%.

Contributions

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, 2019, was 0.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 $265,075 and $285,583 for the years ended June 30, 2019, and June 30, 2018, respectively. Amounts include the total for both General State and VaLORS employees.

Disability Insurance Program (VSDP) OPEB Liabilities (Assets), VSDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the VSDP OPEB
At June 30, 2019, the University reported a liability (asset) of $(2,369,000) for its proportionate share of the Net VSDP OPEB Liability (Asset). This is the combined General State and VaLORS employee total. The Net VSDP OPEB Liability (Asset) was measured as of June 30, 2018, and the total VSDP OPEB liability used to calculate the Net VSDP OPEB Liability (Asset) was determined by an actuarial valuation as of that date. The University's proportion of the Net VSDP OPEB Liability (Asset) was based on the University's actuarially determined employer contributions to the VSDP OPEB plan for the year ended June 30, 2018, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the University's proportion was 1.052% as compared to 1.066% at June 30, 2017. These amounts include both General State and VaLORS employee totals.

For the year ended June 30, 2019, the University recognized VSDP OPEB expense of $122,000. Since there was a change in proportionate share between measurement dates, a portion of the VSDP OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to the VSDP OPEB from the following sources:

Virginia Sickness and Disability Program (VSDP)

Deferred Inflows of Resources	**General State Employees**	**VaLORS Employees**
Differences between expected and actual experience	$ 98,000	$ 2,000
Net difference between projected and actual earnings on VSDP OPEB Plan investments	137,000	3,000
Change in assumptions	137,000	3,000
Changes in proportion	53,000	-
Employer contributions subsequent to the measurement date	-	-
Total	$ 425,000	$ 8,000

Deferred Outflows of Resources	**General State Employees**	**VaLORS Employees**
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual earnings on VSDP OPEB plan investments	-	-
Change in assumptions	-	-
Changes in proportion	15,000	5,000
Employer contributions subsequent to the measurement date	258,554	6,520
Total	$ 273,554	$ 11,520

$265,074 reported as deferred outflows of resources related to the VSDP OPEB resulting from the University's contributions subsequent to the measurement date will be recognized as an adjustment of the Net VSDP OPEB Liability (Asset) in the Fiscal Year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VSDP OPEB will be recognized in VSDP OPEB expense in future reporting periods as follows:

Year ended June 30	**General State Employees**	**VaLORS Employees**
FY 2020	$ (88,000)	$ (1,000)
FY 2021	$ (88,000)	$ (1,000)
FY 2022	$ (89,000)	$ (1,000)
FY 2023	$ (47,000)	$ -
FY 2024	$ (44,000)	$ -
Thereafter	$ (54,000)	$ -

Actuarial Assumptions
The total VSDP OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation		2.5%
Salary increases, including		
Inflation –	General state employees	3.5% – 5.35%
	SPORS employees	3.5% – 4.75%
	VaLORS employees	3.5% – 4.75%
Investment rate of return		7.0%, net of OPEB 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of OPEB liabilities.

Mortality rates – General State Employees

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 one year, 85% of rates; females set back one 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 one year; females set back one 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, 2017, 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 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%

Mortality rates – SPORS Employees

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 one 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 one year with 1.0% increase compounded from ages 70 to 90; females set forward three years.

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017, 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 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%

Mortality rates – VaLORS Employees

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 one 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 one year with 1.0% increase compounded from ages 70 to 90; females set forward three years.

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017, 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 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%

Net VSDP OPEB Liability (Asset)

The net OPEB asset (NOA) for the Disability Insurance Program (VSDP) represents the 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, 2018, NOA amounts for the Disability Insurance Program (VSDP) is as follows (amounts expressed in thousands):

	Disability Insurance Program
Total VSDP OPEB Liability	$ 237,733
Plan Fiduciary Net Position	462,961
Employers' Net OPEB Liability (Asset)	($ 225,228)
Plan Fiduciary Net Position as a Percentage of the Total VSDP OPEB Liability	194.74%

The total VSDP 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 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

The long-term expected rate of return on 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 VRS 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)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
	Inflation		2.50%
	* Expected arithmetic nominal return		7.30%

* The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total VSDP OPEB liability was 7.00%. 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, 2018, 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, 2018, on, participating employers are assumed 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 Net VSDP OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the University's proportionate share of the net VSDP OPEB liability (asset) using the discount rate of 7.00%, as well as what the University's proportionate share of the net VSDP OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

University's proportionate share of the total VSDP Net OPEB Liability (Asset)	General State Employees	VaLORS Employees
1.00% Decrease (6.00%)	$ (2,234,000)	$ (49,000)
Current Discount Rate (7.00%)	$ (2,318,000)	$ (51,000)
1.00% Increase (8.00%)	$ (2,389,000)	$ (52,000)

VSDP OPEB Fiduciary Net Position
Detailed information about the Disability Insurance Program (VSDP) Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-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 Disability Insurance Program (VSDP) OPEB Plan
At June 30, 2019, the University had accrued Disability Insurance Program contributions payable to the plan of $10,794. The payable is based on contributions earned by University employees through June 30, 2019, but not yet paid to the plan.

State Employee Health Insurance Credit Program

General Information about the State Employee Health Insurance Credit Program

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 with at least 15 years of service credit, 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 employees 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.

Contributions
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, 2019, was 1.17% 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, 2017. 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 $890,646 and $926,207 for the years ended June 30, 2019, and June 30, 2018, respectively. Amounts include the total for both General State and VaLORS employees.

State Employee Health Insurance Credit Program OPEB Liabilities, State Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to State Employee Health Insurance Credit Program OPEB
At June 30, 2019, the University reported a liability of $10,257,000 for its proportionate share of the VRS State Employee Health Insurance Credit Program Net OPEB Liability. This is the combined amount for General State and VaLORS employees. The Net VRS State Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2018, and the total VRS State Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS State Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation as of that date. The University's proportion of the Net VRS State Employee Health Insurance Credit Program OPEB Liability was based on the University's actuarially determined employer contributions to the VRS State Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2018, relative to the total of the

actuarially determined employer contributions for all participating employers. At June 30, 2018, the University's proportion of the VRS State Employee Health Insurance Credit Program was 1.124% as compared to 1.156% at June 30, 2017. These amounts include both General State and VaLORS employee totals.

For the year ended June 30, 2019, the University recognized VRS State Employee Health Insurance Credit Program OPEB expense of $844,000. Since there was a change in proportionate share between measurement dates, a portion of the VRS State Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to the VRS State Employee Health Insurance Credit Program OPEB from the following sources:

Health Insurance Credit Program (HIC) Deferred Inflows of Resources	**General State Employees**	**VaLORS Employees**
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual earnings on State HIC OPEB plan investments	16,000	-
Change in assumptions	92,000	1,000
Changes in proportionate share	226,000	15,000
Employer contributions subsequent to the measurement date	-	-
Total	$ 334,000	$ 16,000

Deferred Outflows of Resources	**General State Employees**	**VaLORS Employees**
Differences between expected and actual experience	$ 6,000	$ -
Net difference between projected and actual earnings on State HIC OPEB plan investments	-	-
Change in assumptions	-	-
Changes in proportionate share	66,000	-
Employer contributions subsequent to the measurement date	877,894	12,752
Total	$ 949,894	$ 12,752

$890,646 reported as deferred outflows of resources related to the State Employee HIC OPEB resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the Net State Employee HIC OPEB Liability in the Fiscal Year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the State Employee HIC OPEB will be recognized in the State Employee HIC OPEB expense in future reporting periods as follows:

Year ended June 30	General State Employees	VaLORS Employees
FY 2020	$ (54,000)	$ (3,000)
FY 2021	$ (54,000)	$ (3,000)
FY 2022	$ (54,000)	$ (3,000)
FY 2023	$ (48,000)	$ (3,000)
FY 2024	$ (45,000)	$ (4,000)
Thereafter	$ (7,000)	$ -

Actuarial Assumptions

The total State Employee HIC OPEB liability for the VRS State Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation –	
General state employees	3.5% – 5.35%
SPORS employees	3.5% – 4.75%
VaLORS employees	3.5% – 4.75%
JRS employees	4.5%
Investment rate of return	7.0%, net of 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of the OPEB liabilities.

Mortality rates – General State Employees

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 one year, 85% of rates; females set back one 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 one year; females set back one 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, 2017, 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 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%

Mortality rates – SPORS Employees

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 one 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 one year with 1.0% increase compounded from ages 70 to 90; females set forward three years.

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017, 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 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%

Mortality rates – VaLORS Employees

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 one 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 one year with 1.0% increase compounded from ages 70 to 90; females set forward three years.

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017, 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 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 nine 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%

Mortality rates – JRS Employees

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 one year, 85% of rates; females set back one 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 one year; females set back one 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, 2017, valuation were based on the results of an actuarial experience study for the four-year 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	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

Net State Employee HIC OPEB Liability

The net OPEB liability (NOL) for the State Employee Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the VRS State Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

	State Employee HIC OPEB Plan
Total State Employee HIC OPEB Liability	$ 1,008,184
Plan Fiduciary Net Position	95,908
State Employee net HIC OPEB Liability (Asset)	$ 912,276
Plan Fiduciary Net Position as a Percentage of the Total State Employee HIC OPEB Liability	9.51%

The total State Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net State Employee HIC OPEB liability 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

The long-term expected rate of return on VRS 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 VRS 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)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
	Inflation		2.50%
	* Expected arithmetic nominal return		7.30%

* The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate
The discount rate used to measure the total State Employee HIC OPEB was 7.00%. 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 actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2018, the rate contributed by the University for the VRS State Employee 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, 2018, on, all agencies are assumed 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.

Sensitivity of the University's Proportionate Share of the State Employee HIC Net OPEB Liability to Changes in the Discount Rate
The following presents the University's proportionate share of the VRS State Employee Health Insurance Credit Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the University's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

University's proportionate share of the VRS State Employee HIC OPEB Plan

Net HIC OPEB Liability	**General State Employees**	**VaLORS Employees**
1.00% Decrease (6.00%)	$ 11,201,000	$ 143,000
Current Discount Rate (7.00%)	$ 10,128,000	$ 129,000
1.00% Increase (8.00%)	$ 9,205,000	$ 117,000

State Employee HIC OPEB Fiduciary Net Position
Detailed information about the VRS State Employee Health Insurance Credit Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-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 State Employee Health Insurance Credit Program OPEB Plan
At June 30, 2019, the University had accrued Health Insurance Credit Program contributions payable to the plan of $29,615. The payable is based on contributions earned by University employees through June 30, 2019, but not yet paid to the plan.

Line of Duty Act Program
General Information about the Line of Duty Act Program

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 Disability Insurance Program 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) are 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.

Contributions
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, 2019, was $705.77 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017 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 $15,527 and $13,050 for the years ended June 30, 2019, and June 30, 2018, respectively.

Line of Duty Act Program (LODA) OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB

At June 30, 2019, the University reported a liability of $384,000 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2018, and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of that date. The University's proportion of the Net LODA OPEB Liability was based on the University's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2018, relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2018, the University's proportion was 0.123% as compared to 0.116% at June 30, 2017.

For the year ended June 30, 2019, the University recognized LODA OPEB expense of $34,000. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 55,000	$ -
Net difference between projected and actual earnings on LODA OPEB plan investments	-	1,000
Change in assumptions	-	44,000
Change in proportion	27,000	-
Employer contributions subsequent to the measurement date	15,527	-
Total	$ 97,527	$ 45,000

$15,527 reported as deferred outflows of resources related to the LODA OPEB resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the Fiscal Year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

Year ended June 30	VaLORS Employees
FY 2020	$ 4,000
FY 2021	$ 4,000
FY 2022	$ 4,000
FY 2023	$ 4,000
FY 2024	$ 4,000
Thereafter	$ 17,000

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.50%
Salary increases, including Inflation –	
General state employees	3.50% – 5.35%
SPORS employees	3.50% – 4.75%
VaLORS employees	3.50% – 4.75%
Locality employees	3.50% – 4.75%
Medical cost trend rates assumption –	
Under age 65	7.75% – 5.00%
Ages 65 and older	5.75% – 5.00%
Year of ultimate trend rate	Fiscal year ended 2024
Investment rate of return	3.89%, net of OPEB 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 3.89%. However, since the difference was minimal, a more conservative 3.89% investment return assumption has been used. Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.89% was used since it approximates the risk-free rate of return.

Mortality rates – General State Employees

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 one year, 85% of rates; females set back one 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 one year; females set back one 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, 2017 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 rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each age and service through 9 years of service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

Mortality rates – SPORS Employees

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 one 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 one year with 1.0% increase compounded from ages 70 to 90; females set forward three years.

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017, 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 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%

Mortality rates – VaLORS Employees

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 one 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 one year with 1.0% increase compounded from ages 70 to 90; females set forward three years.

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017, 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 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 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%

Mortality rates – Largest 10 Locality Employers With Public Safety Employees

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 one 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 one year with 1.0% increase compounded from ages 70 to 90; females set forward three years.

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017, 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 10 Locality Employers With Public Safety Employees

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 one 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 one year with 1.0% increase compounded from ages 70 to 90; females set forward three years.

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017, 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%

Changes to the LODA Program Associated with HB 1345 (2016) and HB 2243 (2017)

The following changes were made to the LODA Program as a result of legislation in 2016 and 2017, but were specifically not considered in the June 30, 2017 actuarial valuation results which were rolled forward to the measurement date of June 30, 2018. There is limited actuarial experience on which to base the adjustments and the combined impact of the changes was not considered to be material to the final results. These changes will be monitored and factored into future actuarial valuations for the LODA Program if and when sufficient experience develops.

- The discontinuance of spouse health care coverage, if a covered spouse divorces a disabled employee or a covered surviving spouse remarries.
- The potential for the periodic review of the disability status of a disabled employee.
- For those beneficiaries who become eligible for health care benefits as the result of a disability occurring after June 30, 2017, the suspension of health care benefits in years when the System certifies current income exceeds salary at the time of the disability, indexed for inflation.

Net LODA OPEB Liability

The net OPEB liability (NOL) for the Line of Duty Act Program (LODA) represents the 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, 2018, NOL amounts for the Line of Duty Act Program (LODA) is as follows (amounts expressed in thousands):

	Line of Duty Act Program
Total LODA OPEB Liability	$ 315,395
Plan Fiduciary Net Position	1,889
Employers' Net OPEB Liability (Asset)	$ 313,506
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	0.60%

The total LODA 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 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

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.89% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 7.00% assumption. Instead, the assumed annual rate of return of 3.89% 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, 2018.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.89%. 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, 2018, 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.

Sensitivity of the Covered University's Proportionate Share of the Net LODA OPEB Liability to Changes in the Discount Rate

The following presents the covered University's proportionate share of the net LODA OPEB liability using the discount rate of 3.89%, as well as what the covered University's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.89%) or one percentage point higher (4.89%) than the current rate:

Covered University's proportionate share of the total LODA Net OPEB Liability	VaLORS Employees
1.00% Decrease (2.89%)	$ 440,000
Current Discount Rate (3.89%)	$ 384,000
1.00% Increase (4.89%)	$ 339,000

Sensitivity of the Covered University's Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the Line of Duty Act Program (LODA) contains 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 net LODA OPEB liability using health care trend rate of 7.75% decreasing to 5.00%, as well as what the covered University's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.75% decreasing to 4.00%) or one percentage point higher (8.75% decreasing to 6.00%) than the current rate:

Covered University's proportionate share of the total LODA Net OPEB Liability	VaLORS Employees
1.00% Decrease (6.75% decreasing to 4.00%)	$ 328,000
Health Care Trend Rates (7.75% decreasing to 5.00%)	$ 384,000
1.00% Increase (8.75% decreasing to 6.00%)	$ 455,000

LODA OPEB Plan Fiduciary Net Position

Detailed information about the Line of Duty Act Program (LODA) Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Virginia State Health Plans Program for Pre-Medicare Retirees

Pre-Medicare Retiree Healthcare

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:

- You are a retiring state employee who is eligible for a monthly retirement benefit from the Virginia Retirement System (VRS);
- You start receiving (do not defer) your retirement benefit immediately upon retirement*;
- Your last employer before retirement was the Commonwealth of Virginia;
- 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;
- Your last employer before termination was the Commonwealth of Virginia;
- 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;
- 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 5,200 retirees and 91,800 active employees in the program in fiscal year 2018. 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.

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, 2018. 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 8.21% for medical and pharmacy and 4.0% for dental. The ultimate trend rates used were 5.0% for medical and pharmacy and 4.0% 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, 2018 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed
Effective Amortization Period	6.19 years
Discount Rate	3.87%
Projected Salary Increases	4.0%
Medical Trend Under 65	Medical & Rx: 8.21% to 5.00% Dental: 4.00% Before reflecting Excise tax

Year of Ultimate Trend	2025
Mortality	Mortality rates vary by participant status
Pre-Retirement:	RP-2014 Employee Rates 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 and females setback 1 year.
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, 2018.

Changes of Assumptions: The following actuarial assumptions were updated since the June 30, 2017 valuation based on recent experience:

- Spousal Coverage – reduced the rate from 50% to 35%
- Retiree Participation - reduced the rate from 70% to 60%

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 to 2020. Additionally, the discount rate was increased from 3.58% to 3.87% based on the Bond Buyers GO 20 Municipal Bond Index.

Pre-Medicare Retiree Healthcare OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2019, the University reported a liability of $14,367,451 for its proportionate share of the collective total Pre-Medicare Retiree Healthcare OPEB liability of $1.0 billion. The Pre-Medicare Retiree Healthcare OPEB liability was measured as of June 30, 2018, and was determined by an actuarial valuation as of June 30, 2018. The covered University’s proportion of the Pre-Medicare Retiree Healthcare OPEB liability was based on each employer’s healthcare premium contributions as a percentage of the total employer’s healthcare premium contributions for all participating employers. At June 30, 2018, the participating University’s proportion was 1.429% as compared to 1.453% at June 30, 2017. For the year ended June 30, 2019, the participating University recognized Pre-Medicare Retiree Healthcare OPEB expense of $300,626.

At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to Pre-Medicare Retiree Healthcare from the following sources:

		Deferred Outflows	Deferred Inflows
(1)	Difference between actual and expected experience	$ -	$ 2,896,891
(2)	Changes in assumptions	-	5,746,292
(3)	Changes in proportion	439,728	329,850
(4)	Sub Total	439,728	8,973,033
(5)	Amounts associated with transactions subsequent to the measurement date	590,704	N/A
(6)	Total	$ 1,030,432	$ 8,973,033

$590,704 reported as deferred outflows of resources related to the Pre-Medicare Retiree Healthcare OPEB resulting from amounts associated with transactions subsequent to the measurement date will be recognized as a reduction of the total OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pre-Medicare Retiree Healthcare OPEB will be recognized in the Pre-Medicare Retiree Healthcare OPEB expense as follows:

Year End June 30:	
2020	$ (1,755,872)
2021	$ (1,755,872)
2022	$ (1,755,872)
2023	$ (1,755,872)
2024	$ (1,321,119)
Total Thereafter	$ (188,698)

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

The following presents the University's proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability using the discount rate of 3.87%, as well as what the University's proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.87%) or one percentage point higher (4.87%) than the current rate:

	1% Decrease (2.87%)	**Current Rate (3.87%)**	**1% Increase (4.87%)**
OPEB Liability	$15,372,774	$14,367,451	$13,411,479

Sensitivity of the University's Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the University's proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability using healthcare cost trend rate of 8.21% decreasing to 5%, as well as what the University's proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (7.21% decreasing to 4.0%) or one percentage point higher (9.21% decreasing to 6.0%) than the current rate:

	1% Decrease (7.21% decreasing to 4.00%)	**Trend Rate (8.21% decreasing to 5.00%)**	**1% Increase (9.21% decreasing to 6.00%)**
OPEB Liability	$12,814,844	$14,367,451	$16,192,451

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, 2019, 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, 2019, cash provided by the program totaled $57.7 million and cash used by the program totaled $58.0 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 Comprehensive Annual Financial Report.

NOTE 19: Component Unit Financial Information

(A) Contributions Receivable

The following summarizes the unconditional promises to give at June 30, 2019:

Current:	
Receivables due in less than one year	$2,439,666
Less allowance for uncollectible contributions	(152,632)
Net current contributions receivable	$2,287,034
Noncurrent:	
Receivables due in one to five years	$3,920,652
Receivables due in more than five years	701,883
Less discount to net present value	(659,179)
Less allowance for uncollectible contributions	(92,451)
Net noncurrent contributions receivable	$3,870,905
Total contributions receivable	$6,157,939

The discount rate used in 2019 was 5.66%. As of June 30, 2019, there were no conditional promises to give.

(B) Notes Receivable
The following is a summary of the notes receivable at June 30, 2019:

Note receivable due in monthly payments of $542 through May 2022 with interest receivable at 5.50% and secured by land and building.	$17,746
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 17. The Foundation has elected to record this receivable at fair value. Accordingly, the unearned discount on this receivable was $65,044 on June 30, 2019. For June 30, 2019, $10,750 of the note was forgiven in exchange for guaranteed daycare slots for employees of Radford University. The applicable discount rate at June 30, 2019, is 4%.	$190,956
Note receivable with interest bearing at a rate equal to LIBOR index plus 2% with a floor of 3.5% (4.967% at June 30, 2019) with amortization of 20 years and a balloon payment due five years after the date of the note, interest is subject to adjustment on December 1, 2017, and on that day every twelfth month thereafter through maturity.	278,624
Total notes receivable	$487,326

Notes receivable, current	$17,436
Notes receivable, noncurrent	469,890
Total notes receivable	$487,326

(C) Investments
Investments are comprised of the following as of June 30, 2019:

Cash and cash equivalents	$11,611,511
Equities	1,768,927
Mutual funds	588,628
Limited partnerships	51,392,817
Total investments	$65,361,883

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 other funds functioning as endowments, net assets without donor restrictions and net assets with donor restrictions.

(D) Capital Assets

A summary of land, buildings and equipment at cost, less accumulated depreciation, for the year ending June 30, 2019, is presented as follows:

Depreciable capital assets:	
Buildings	$41,051,338
Furniture and equipment	354,814
Land improvements	567,693
Total depreciable capital assets, at cost	$41,973,845
Less accumulated depreciation	(3,710,924)
Total depreciable capital assets, net of accumulated depreciation	$38,262,921
Nondepreciable capital assets	
Land	$3,863,037
Construction in progress	216,003
Collections of art	2,110,432
Total nondepreciable capital assets	$6,189,472
Total capital assets, net of accumulated depreciation	$44,452,393

(E) Long-Term Debt

The following is a summary of the outstanding notes payable at June 30, 2019:

Note payable in monthly installments calculated on a 10-year amortization with a balloon payment of remaining amount in May 2020, interest payable at LIBOR plus 1.48% (3.91% and 3.585 at June 30, 2019, and 2018, respectively). Unsecured.	$333,792
Note payable in monthly installments of $2,601 through November 2020, interest payable at 1.54%. Secured by deposit accounts maintained by and investment property held with the institution.	43,520

Notes payable in monthly installments calculated on a 25-year amortization with a balloon payment of remaining amount in May 2021, with Interest payable at LIBOR plus 0.82 (3.22% and 2.91% at June 30, 2019, and 2018, 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.	397,911
Notes payable in monthly installments calculated on a 20-year amortization with a balloon payment of remaining amount in May 2023, with Interest payable at LIBOR plus 0.82 (3.22% and 2.91% at June 30, 2019, and 2018 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.	446,379
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 (3.26% and 2.91% at June 30, 2019, and 2018, 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.	22,500,000
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.	10,000,000
Notes payable in monthly installments on a 15-year amortization with a balloon payment of remaining amount in June 2024, 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. Secured by real estate and assignment of leases and rent.	210,000
Total long-term debt	$33,931,602

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

2020	$569,660
2021	1,449,703
2022	1,087,670
2023	1,500,435
2024 and thereafter	29,324,134
Total long-term debt	$33,931,602

Notes payables are subject to certain affirmative and negative covenants. Management believes the Foundation has complied with all covenants as of June 30, 2019.

(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 $1,812,472 of in-kind services as of June 30, 2019.

(G) Operating Leases
The Foundation currently leases various properties, buildings, storage and parking lots to the University under separate leases, which totaled approximately $1,662,000 as of June 30, 2019. These leases will expire at various times through March 2021. 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, 2019, are as follows:

2020	$565,790
2021	203,477
2022	138,574
2023	41,173
2024 and thereafter	93,400
	$1,042,414

Included in the lease payments above are multiple lease agreements between the University and the Foundation with approximately $460,776 in future minimum rental payments at June 30, 2019.

NOTE 20: Subsequent Events

Effective July 10, 2019, Jefferson College of Health Sciences, a division of Carilion Clinic, merged with Radford University resulting in the formation of Radford University Carilion.

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 financial impact of the COVID-19 global outbreak has affected all corners of the equity and fixed income markets and the Radford University Foundation's investments, included in the Component Units - Statement of Net Position as of June 30, 2019, have not been immune. While Foundation management has yet to receive information from all of the Foundation's investment managers to determine the portfolio's value as of March 31, 2020, Foundation management does expect losses to exist in the portfolio and a decline in value to be present.

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, 2019, 2018, 2017, 2016, and 2015**

	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	1.119%	1.130%	1.098%	1.061%	1.005%
Employer's proportionate share of the net pension liability	$ 60,586,000	$ 65,837,000	$ 72,383,000	$ 64,986,000	$ 56,267,000
Employer's covered payroll	$ 46,243,818	$ 45,264,292	$ 43,206,118	$ 40,612,813	$ 38,332,872
Employer's proportionate share of the net pension liability as a percentage of employer's covered payroll	131.01%	145.45%	167.53%	160.01%	146.79%
Plan fiduciary net position as a percentage of the total pension liability	77.39%	75.33%	71.29%	72.81%	74.28%

Schedule is intended to show information for 10 years. Since 2019 is the fifth year for this presentation, there are only five 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 Retirement Plan
*For the Years Ended June 30, 2019, 2018, 2017, 2016, and 2015**

	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.277%	0.304%	0.290%	0.293%	0.261%
Employer's proportionate share of the net pension liability	$ 1,725,000	$ 1,996,000	2,246,000	$ 2,082,000	$ 1,761,000
Employer's covered payroll	$ 956,754	$ 1,047,748	1,002,575	$ 982,575	$ 918,334
Employer's proportionate share of the net pension liability as a percentage of employer's covered payroll	180.30%	190.50%	224.02%	211.89%	191.76%
Plan fiduciary net position as a percentage of the total pension liability	69.56%	67.22%	61.01%	62.64%	63.05%

Schedule is intended to show information for 10 years. Since 2019 is the fifth year for this presentation, there are only five 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, 2010 through 2019

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
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%
2011	$ 697,904	$ 697,904	$ -	$ 32,765,436	2.13%
2010	$ 1,635,446	$ 1,635,446	$ -	$ 32,895,794	4.97%

RADFORD UNIVERSITY
Schedule of Employer Contributions
VaLORS Retirement Plan
For the Years Ended June 30, 2010 through 2019

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
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%
2011	$ 41,347	$ 41,347	$ -	$ 807,556	5.12%
2010	$ 85,638	$ 85,638	$ -	$ 769,302	11.13%

Notes to Required Supplementary Information VRS State Employee and VaLORS Retirement Plans For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made for the VRS - State Employee Retirement Plan effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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%

The following changes in actuarial assumptions were made for the VaLORS Retirement Plan effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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%

Group Life Insurance Program (GLI)

Radford University
Schedule of Employer's Share of Net OPEB Liability
Group Life Insurance Program
For the Years Ended June 30, 2019 and 2018*

General State and VaLORS Employees	2019	2018
Employer's proportion of the net GLI OPEB liability	0.399%	0.406%
Employer's proportionate share of the net GLI OPEB liability	$ 6,056,000	$ 6,109,000
Employer's covered payroll	$ 75,501,140	$ 74,422,092
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.02%	8.21%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	51.22%	48.86%

Schedule is intended to show information for 10 years. Since 2019 is the second year for this presentation, only two 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.*

Radford University
Schedule of Employer Contributions
Group Life Insurance Program (GLI)
For the Years Ended June 30, 2019 through 2018
General State and VaLORS Employees

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2019	$ 399,544	$ 399,544	-	$ 77,221,642	0.52%
2018	$ 392,606	$ 392,606	-	$ 75,501,140	0.52%

Schedule is intended to show information for 10 years. Since 2019 is the second year for this presentation, only two years of data is available. However, additional years will be included as they become available.

Notes to Required Supplementary Information Group Life Insurance Program (GLI) For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

General State Employees

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%

Teachers

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

SPORS Employees

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%

VaLORS Employees

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%

JRS Employees

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

Largest 10 Locality Employers - General Employees

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%

Non-Largest 10 Locality Employers - General Employees

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 exded 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%

Largest 10 Locality Employers – Hazardous Duty Employees

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%

Non-Largest 10 Locality Employers – Hazardous Duty Employees

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%

Virginia Disability Insurance Program (VSDP)

Radford University Schedule of Employer's Share of Net OPEB Liability
Disability Insurance Program (VSDP)
For the Years Ended June 30, 2019 and 2018*
General State and VaLORS Employees

	2019	2018
Employer's proportion of the net VSDP OPEB liability (asset)	1.052%	1.066%
Employer's proportionate share of the net VSDP OPEB liability (asset)	$ (2,369,000)	$ (2,189,000)
Employer's covered payroll	$ 41,323,569	$ 40,043,228
Employer's proportionate share of the net VSDP OPEB liability (asset) as a percentage of its covered payroll	-5.73%	-5.47%
Plan fiduciary net position as a percentage of the total VSDP OPEB liability (asset)	194.74%	186.63%

Schedule is intended to show information for 10 years. Since 2019 is the second year for this presentation, only two 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.*

Radford University Schedule of Employer Contributions
Disability Insurance Program (VSDP)
For the Years Ended June 30, 2019 and 2018
General State and VaLORS Employees

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2019	$ 265,075	$ 265,075	-	$ 43,505,213	0.61%
2018	$ 272,736	$ 272,736	-	$ 41,323,569	0.66%

Schedule is intended to show information for 10 years. Since 2019 is the second year for this presentation, only two years of data is available. However, additional years will be included as they become available.

Notes to Required Supplementary Information Disability Insurance Program (VSDP) For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

General State Employees:

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	Increased rate from 14% to 25%

SPORS Employees:

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
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

VaLORS Employees:

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	Decreased rate from 50% to 35%

Health Insurance Credit Program (HIC)

Radford University Schedule of Employer's Share of Net OPEB Liability
Health Insurance Credit Program (HIC)
For the Years Ended June 30, 2019 and 2018*
General State and VaLORS Employees

	2019	2018
Employer's proportion of the net HIC OPEB liability	1.124%	1.156%
Employer's proportionate share of the net HIC OPEB liability	$ 10,257,000	$ 10,522,000
Employer's covered payroll	$ 75,501,070	$ 74,400,678
Employer's proportionate share of the net HIC OPEB liability as a percentage of its covered payroll	13.59%	14.14%
Plan fiduciary net position as a percentage of the total HIC OPEB liability	9.51%	8.03%

Schedule is intended to show information for 10 years. Since 2019 is the second year for this presentation, only two 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.*

Radford University Schedule of Employer Contributions
Health Insurance Credit Program (HIC)
For the Years Ended June 30, 2019 and 2018
General State and VaLORS Employees

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2019	$ 890,646	$ 890,646	-	$ 77,213,560	1.15%
2018	$ 890,913	$ 890,913	-	$ 75,501,070	1.18%

Schedule is intended to show information for 10 years. Since 2019 is the second year for this presentation, only two years of data is available. However, additional years will be included as they become available.

Notes to Required Supplementary Information Health Insurance Credit Program (HIC) For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

General State Employees:

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%

SPORS Employees:

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%

VaLORS Employees:

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%

JRS Employees:

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

Line of Duty Act (LODA)

Radford University Schedule of Employer's Share of Net OPEB Liability
Line of Duty Act Program (LODA)
For the Years Ended June 30, 2019 and 2018*

VaLORS Employees	2019	2018
Employer's proportion of the net LODA OPEB liability	0.123%	0.116%
Employer's proportionate share of the net LODA OPEB liability	$ 384,000	$ 304,000
**Covered-Employee payroll	$ 923,422	$ 969,949
Employer's proportionate share of the net LODA OPEB liability as a percentage of its covered-employee payroll	41.58%	31.34%
Plan fiduciary net position as a percentage of the total LODA OPEB liability	0.60%	1.30%

Schedule is intended to show information for 10 years. Since 2019 is the second year for this presentation, only two 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.*

Radford University Schedule of Employer Contributions
Line of Duty Act Program (LODA)
For the Years Ended June 30, 2019 and 2018
VaLORS Employees

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2019	$ 15,527	$ 15,527	-	$ 1,045,085	1.49%
2018	$ 13,050	$ 13,050	-	$ 923,422	1.41%

Schedule is intended to show information for 10 years. Since 2019 is the second year for this presentation, only two years of data is available. However, additional years will be included as they become available.

Notes to Required Supplementary Information Line of Duty Act Program (LODA) For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

General State Employees:

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%

SPORS Employees:

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%

VaLORS Employees:

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%

Employees In The Largest 10 Locality Employers With Public Safety Employees

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 10 Locality Employers With Public Safety Employees

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

Radford University Schedule of Employer's Share of Total OPEB Liability
Commonwealth of Virginia State Health Plans Program for Pre-Medicare Retirees
For the Year Ended June 30, 2019 and 2018*

	2019	2018
Employer's proportion of the collective total OPEB liability	1.429%	1.453%
Employer's proportionate share of the collective total OPEB liability	$ 14,367,451	$ 18,871,439
Employer's covered-employee payroll	$ 82,495,920	$ 80,950,899
Employer's proportionate share of the collective total OPEB liability as a percentage of its covered-employee payroll	17.42%	23.31%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only two 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.*

Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2019

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, 2017 valuation based on recent experience:

- Spousal Coverage – reduced the rate from 50% to 35%
- Retiree Participation - reduced the rate from 70% to 60%

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 to 2020. Additionally, the discount rate was increased from 3.58% to 3.87% based on the Bond Buyers GO 20 Municipal Bond Index.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Commonwealth of Virginia

Auditor of Public Accounts

Martha S. Mavredes, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

April 24, 2020

The Honorable Ralph S. Northam
Governor of Virginia

The Honorable Thomas K. Norment, Jr.
Chairman, 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, 2019, 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 reports of the other auditor.

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 financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable 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, 2019, 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 3 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 99 through 101; the Schedule of Employer's Share of Net OPEB Liability, the Schedule of Employer Contributions, and the Notes to the Required Supplementary Information for the Group Life Insurance, Disability Insurance, Health Insurance Credit and Line of Duty programs on pages 102 through 112; and the Schedule of Employer's Share of Total OPEB Liability and the Notes to the Required Supplementary Information for the Pre-Medicare Retiree Healthcare program on pages 112 through 113. 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 April 24, 2020, 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 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.

Martha S. Mavredes
AUDITOR OF PUBLIC ACCOUNTS

ZLB/clj

UNIVERSITY OFFICIALS

UNIVERSITY OFFICIALS

RADFORD UNIVERSITY

Radford, Virginia

As of June 30, 2019

RADFORD
UNIVERSITY