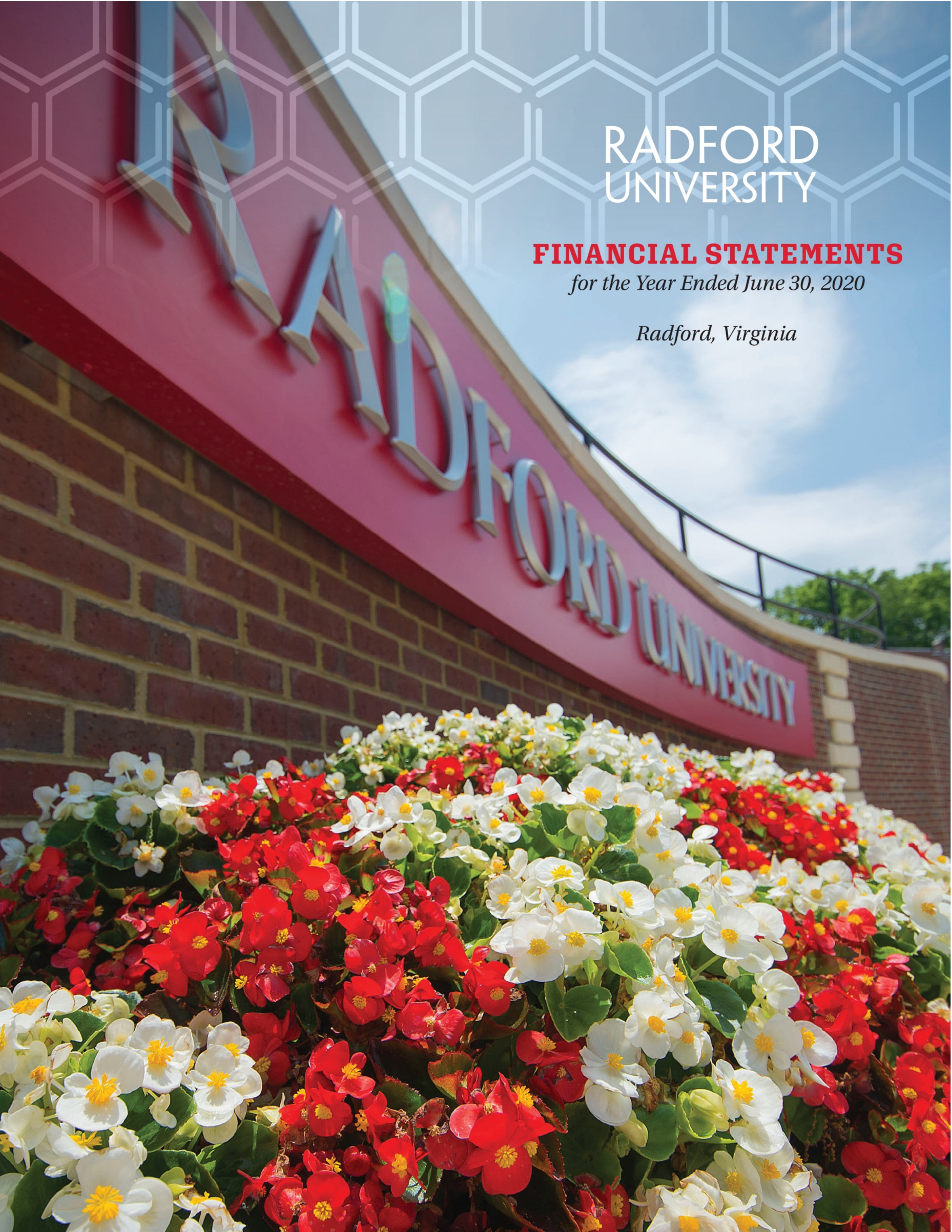
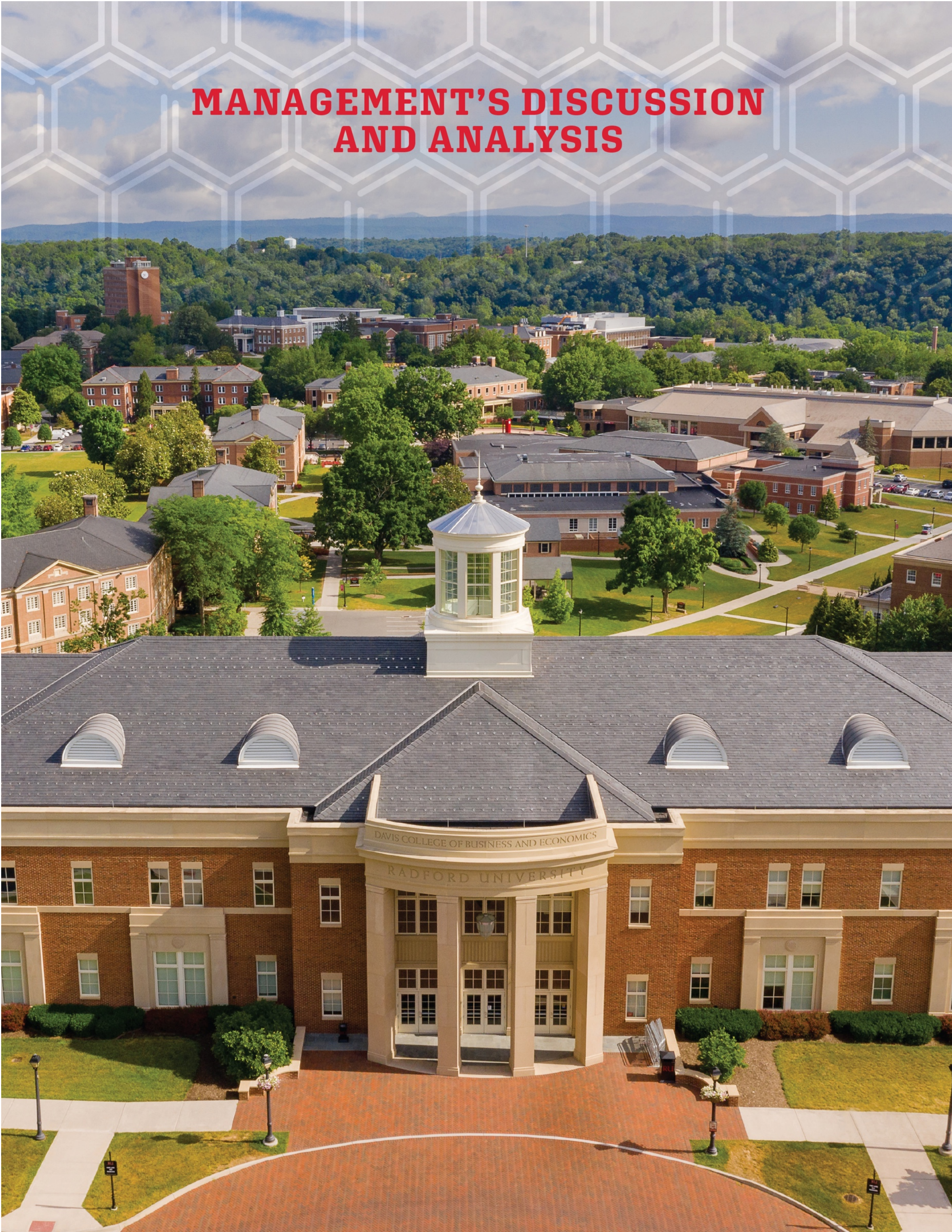


RADFORD
UNIVERSITY

FINANCIAL STATEMENTS
for the Year Ended June 30, 2020

Radford, Virginia

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 for the fiscal year ended June 30, 2020. Since this analysis includes highly summarized data, it should be read in conjunction with the accompanying financial statements, footnotes and other required supplementary information. The University's management is responsible for all financial information presented, including this discussion and analysis.

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

University Overview

Founded in 1910 as an all-women's college, Radford University became coeducational in 1972 and was granted university status by the Virginia General Assembly in 1979, Radford University is located in the New River Valley approximately 35 miles southwest of Roanoke, Virginia in the Blue Ridge Mountains. With a main campus in Radford, Virginia and a health sciences-focused educational site in Roanoke, Virginia, the University enrolls approximately 10,500 students, employs nearly 1,400 faculty and staff and has an annual budget of nearly $240 million.

Radford University serves the Commonwealth of Virginia and the nation through a wide range of academic, cultural, human service and research programs. Well known for its strong faculty/student bonds, innovative use of technology in the learning environment and vibrant student life on a beautiful 204-acre American classical campus, Radford University offers students many opportunities to get involved and succeed in and out of the classroom. The University offers 76 bachelor's degree programs in 47 disciplines, three associate degrees, and six certificates at the undergraduate level; 28 master's programs in 23 disciplines and six doctoral programs at the graduate level; and 14 post-baccalaureate certificates and one post-master's certificate. A Division I member of the NCAA and Big South Conference, Radford University competes in 16 men's and women's varsity athletics. With over 300 clubs and organizations, Radford University offers many opportunities for student engagement, leadership development and community service. In addition to robust academic offerings and engaging student experiences on the main campus located in Radford, Virginia, Radford University also offers a clinical-based educational experience for more than 1,000 students living and learning in Roanoke, Virginia as part of Radford University Carilion, a public-private partnership focused on the cutting-edge delivery of health sciences programming, outreach and service.

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.

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.

Fiscal year 2020 for Radford University, like all institutions of higher education, was a year like no other. Uniquely, Radford University began the fiscal year with the finalization of the merger of Jefferson College of Health Sciences, a division of Carilion Clinic, resulting in the formation of Radford University Carilion (RUC). Located in downtown Roanoke, Virginia, in the city's Innovation Corridor, RUC provides a rigorous real-world learning experience to students pursuing undergraduate and graduate degrees in the health sciences. RUC boasts a faculty of practicing clinicians who, in a clinical setting on the campus of Carilion Medical Center, teach students to care for patients, conduct research, and explore how to manage organizations. In March 2020, the unprecedented and unexpected COVID-19 pandemic severely altered campus operations. The University's administration quickly derived a plan to modify operations, to include, extending Spring Break for one week, the implementation of a remote/online instructional delivery model for the remaining portion of the spring semester as well as summer, and providing telework options for employees. With every decision made, the health, safety, and well-being of students, faculty and staff remained the University's top priority. At the Governor's direction, and out of an abundance of caution, the University halted all discretionary purchasing effective April 22, 2020. As noted throughout the report, Radford University received funding to help offset cost incurred as a result of the pandemic. The largest portion of funding received was from the Higher Education Emergency Relief Fund as authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act authorized at approximately $9 million. While 50 percent of that balance is committed to support emergency financial aid grants to students, the University is committed to ensuring the total allocation supports students. The majority of the institutional portion of funding received will be used in support of the residential and dining credits provided to students for the early departure from campus in the Spring. Though the institutional portion of funds could be used to cover any costs associated with significant changes made as a result of COVID-19, it was of critical importance to provide students with additional funds to help support their needs as, they too, were incurring unexpected cost.

Radford University remains steadfast in its commitment in becoming a premier, innovative university in the Commonwealth of Virginia and beyond with a keen focus on teaching, research and service. To the end, President Hemphill instituted a COVID-19 Contingency Planning Group who was charged to provide recommendations regarding the opening for Fall 2020. The approved plan reopened campus on July 27, 2020 with students moving into campus housing between August 1-11, 2020 and the first day of classes on August 12, 2020. This revised schedule as part of early opening allows for Radford University to complete all instruction on November 16, 2020 with final exams from November 17-20, 2020. Per President Hemphill, "the early opening was recommended and is being implemented due to public health concerns over a resurgence of COVID-19 in late fall. The early opening will provide an opportunity for Radford University to complete required instruction and related activities at an earlier date, while maintaining instructional days and meeting federal requirements, such as the United States Department of Education. This is yet another way in which Radford University is placing the health, safety, and well-being of students, faculty, and staff first and foremost, while remaining committed to our important mission and critical work."

The University reached significant milestones and accomplishments including:

- In March 2020, the University reached the historic milestone of 110 years of teaching excellence. The University has experienced many changes in 110 years, while continuing to embrace the tradition and envision the future of the University.
- The University unveiled the extensive renovation of Reed and Curie Halls in February 2020. The renovation includes 94,840 square feet of teaching and research facilities with state-of-the-art furnishing and equipment. The renovated structures complement the connecting Center for the Sciences to create a sophisticated and integrated science complex for the University.
- Due to the creation of the Tech Talent Investment Program (TTIP), a statewide workforce initiative, Radford University is expected to receive $17.3 million in funding over the next 20 years to produce nearly 400 additional graduates beyond current degree production. The program is a result of Amazon's construction of a second headquarters, HQ2, in Northern Virginia.
- Radford University established a new scholarship program, the Highlander Distinction Program, which is a four-year, renewable scholarship for incoming students studying on the main campus. The University will invest new financial aid in the amount of approximately $13 million over the next

four years. This program will award both merit-based and need-based awards.

- The University announced a partnership with the Appalachian College of Pharmacy (ACP) in February 2020 which will streamline the process for Doctor of Pharmacy graduates from ACP to enroll in the Master of Business Administration (MBA) program at Radford University.

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

- The University was recognized by The Princeton Review as one of the greenest campuses in 2020. It is the tenth consecutive year the University has been recognized for sustainability practices.
- The University was recognized by The Princeton Review as one of the 142 institutions in the "Best in the Southeast" section of the "2021 Best Colleges: Region by Region" list. This is the fourteenth consecutive year that the University has been featured as one of the "Best in the Southeast."
- The University was ranked 12th in the "Top Public Schools - Regional Universities South" by the U.S. News & World Report. The University also made progress in other rankings by the U.S. News & World report moving to 28th in the "Best Regional Universities South" and 40th in the Best Value Schools - Regional Universities South.
- The University was ranked 16th in the "2020 Best Colleges for Veterans" by U.S. News & World Report.
- Radford University Carilion (RUC) was ranked among the top Health Schools by U.S. News & World Report. In addition, six University graduate programs were ranked in U.S. News & World Report's 2021 Best Graduate Schools. The programs recognized were the Part-time Master of Business Administration (MBA), Master of Fine Arts (MFA), Doctor of Physical Therapy (DPT), Master of Occupational Therapy (MOT), Master of Science or Arts in Communication Sciences and Disorders with a concentration in Speech-Language Pathology and Doctor of Nursing Practice (DNP).
- 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.

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.

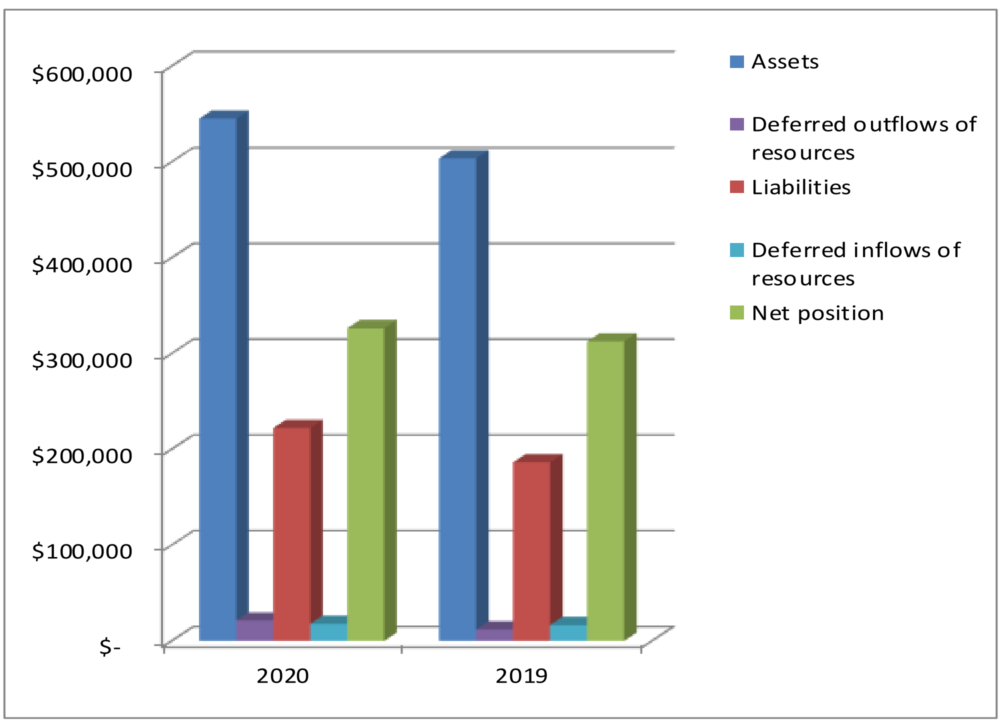
Statement of Net Position - Summary Schedule
($ shown in thousands)

The University's Statement of Net Position at June 30, 2020 and 2019 is summarized as follows:

	2020	2019	Change Amount	Change Percent
Assets:				
Current assets	$ 159,822	$ 145,722	$ 14,100	9.7
Capital assets, net	382,197	354,384	27,813	7.8
Other noncurrent assets	3,218	3,613	(395)	(10.9)
Total assets	$ 545,237	$ 503,719	$ 41,518	8.2
Deferred outflows of resources	$ 21,181	$ 11,873	$ 9,308	78.4
Liabilities:				
Current liabilities	$ 40,270	40,176	$ 94	0.2
Noncurrent liabilities	181,983	146,367	35,616	24.3
Total liabilities	$ 222,253	$ 186,543	$ 35,710	19.1
Deferred inflows of resources	$ 17,648	$ 16,452	$ 1,196	7.3
Net position:				
Net investment in capital assets	$ 303,208	$ 304,760	$ (1,552)	(0.5)
Restricted - expendable	4,044	4,662	(618)	(13.3)
Unrestricted	19,265	3,175	16,090	506.8
Total net position	$ 326,517	$ 312,597	$ 13,920	4.5

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, 2020 and 2019:



Total University assets increased by $41.5 million or 8.2 percent during fiscal year 2020, resulting in total assets of $545.2 million at year end. The increase in total assets is attributable to a $14.1 million increase in current assets in addition to a $27.8 million increase in capital assets.

The largest increase in current assets was in cash and cash equivalents of $13.8 million primarily due to an increase of $11.0 million in auxiliary reserve cash and $2.0 million in E&G funds with the Department of Treasury. Current assets also increased due to accounts receivable related to the CARES act ($3.8 million). These increases were partially offset by a decrease of $2.0 million in the Due from the Commonwealth amount. This decrease relates to less outstanding 21st century bond requisitions for Reed Curie Hall renovations. Capital assets are discussed in more detail in the following section, *Capital Asset and Debt Administration*, and in Note 4 of the *Notes to Financial Statements.*

Total liabilities increased by $35.7 million or 19.1 percent during fiscal year 2020. Noncurrent liabilities caused this increase as they increased $35.6 million. Long term debt increased in the amount of $29.3 million mainly related to a capital lease with the Radford University Foundation for residential housing. There was also a $12.2 million increase in pension obligations. These increases were partially offset by a $4.2 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*.

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 $21.2 million of deferred outflows of resources and $17.6 million of deferred inflows of resources on the *Statement of Net Position.* The deferred outflows of resources represent, in part, the fiscal year 2020 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, 2021. Deferred outflows of resources increased from the previous fiscal year $9.3 million due to an increase in the net difference between projected and actual earnings on pension plan investments, and an increase in the deferred outflows for other postemployment benefits. The deferred inflows of resources increased $1.2 million from June 30, 2019 as a result of an increase of deferred inflows from other postemployment benefits offset partially by a decrease in the net difference between projected and actual earnings on pension plan investments. 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, and the increase in total liabilities and deferred inflows of resources, combined to increase the University's net position by $13.9 million or 4.5 percent.

Capital Asset and Debt Administration

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

Note 4 of the *Notes to Financial Statements* describes the University's ongoing investment in capital assets. The value of the University's net capital assets totaled $382.2 million at the end of fiscal year 2020, an increase of $27.8 million or 7.8 percent over fiscal year 2019. Net additions and reductions to capital assets during fiscal year 2020 totaled $48.0 million (excluding depreciation). The construction of Reed Curie Hall renovations and the addition of a capital lease with the Radford University Foundation for residential housing account for the majority of the current year increase. Current year depreciation expense totaled $21.1 million.

Capital projects in progress carried commitments to construction contractors, architects and engineers totaling $1.5 million at June 30, 2020. 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 increased $29.3 million as the result of the capital lease in 2020. There were no additional bond issuances during the year ending June 30, 2020. 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)

	2020	2019	Change Amount	Change Percent
Operating revenues	$ 140,256	$ 131,099	$ 9,157	7.0
Less: Operating expenses	232,651	208,377	24,274	11.6
Operating loss	(92,395)	(77,278)	15,117	(19.6)
Nonoperating revenues (expenses)	91,308	77,420	13,888	17.9
Income before other revenues, expenses, gains, or losses	(1,087)	142	(1,229)	(865.5)
Other revenues, expenses, gains, or losses	15,007	19,459	(4,452)	(22.9)
Increase in net position	13,920	19,601	(5,681)	(29.0)
Net position - beginning of year	312,597	292,996	19,601	6.7
Net position - end of year	$ 326,517	$ 312,597	$ 13,920	4.5

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 2020 increased by $9.2 million as compared to fiscal year 2019. This increase was largely due to the additional revenue from student tuition and fees ($13.8 million). The tuition increase consists of $15.5 million from Radford University Carilion (RUC) as the merger took place July 1, 2019 and a $2.8 million increase for ASSET program tuition. These increases were partially offset by a $4.4 million decrease from in-state tuition. This increase in student tuition and fees was offset partially by a $5.9 million decrease in Auxiliary revenue. Auxiliary revenue is broken down by category in Note 8 of the *Notes to Financial Statements*.

Nonoperating revenues and expenses increased $13.9 million or 17.9 percent from fiscal year 2019. This increase was due to $7.8 million in Higher Education Emergency Relief funds as well as an increase in state appropriations of $5.2 million.

Capital appropriations and gifts caused the $4.5 million decrease in other revenues, expenses, gains or losses. This decrease is predominantly related to the Reed Curie Hall renovations which neared completion in 2020 as temporary occupancy was given in December 2019.

Revenues by Source Comparison
($ shown in thousands)

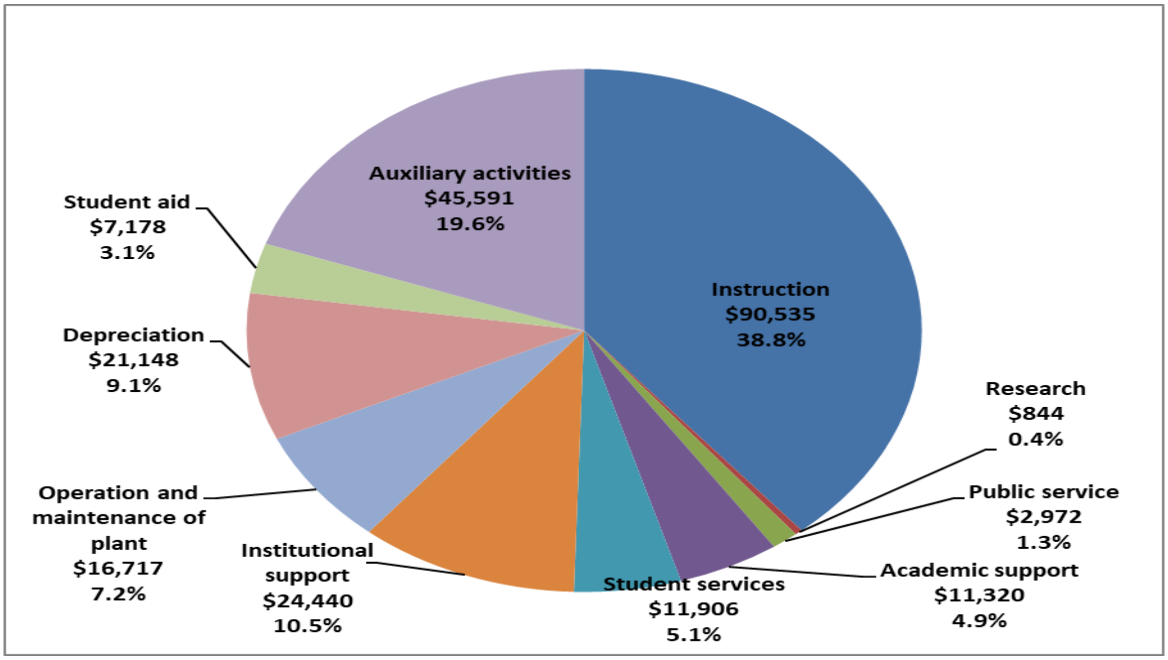
The following chart compares each major revenue source (both operating and nonoperating) for the previous two fiscal years:

			Change	
	2020	2019	Amount	Percent
Revenues by source:				
Student tuition and fees	$ 76,255	$ 62,433	$ 13,822	22.1
Federal, state, and nongovernmental grants and contracts	11,151	9,760	1,391	14.3
Auxiliary enterprises	51,357	57,287	(5,930)	(10.4)
Other operating	1,493	1,620	(127)	(7.8)
State appropriations	68,099	62,923	5,176	8.2
Other nonoperating*	23,209	14,497	8,712	60.1
Capital appropriations and gifts	15,007	19,458	(4,451)	(22.9)
Total revenues by source	$ 246,571	$ 227,978	$ 18,593	8.2

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

Revenues by Source
($ shown in thousands)

The following chart illustrates the percentage of the University's total revenue comprised by each major revenue source (both operating and nonoperating) for the year ended June 30, 2020.



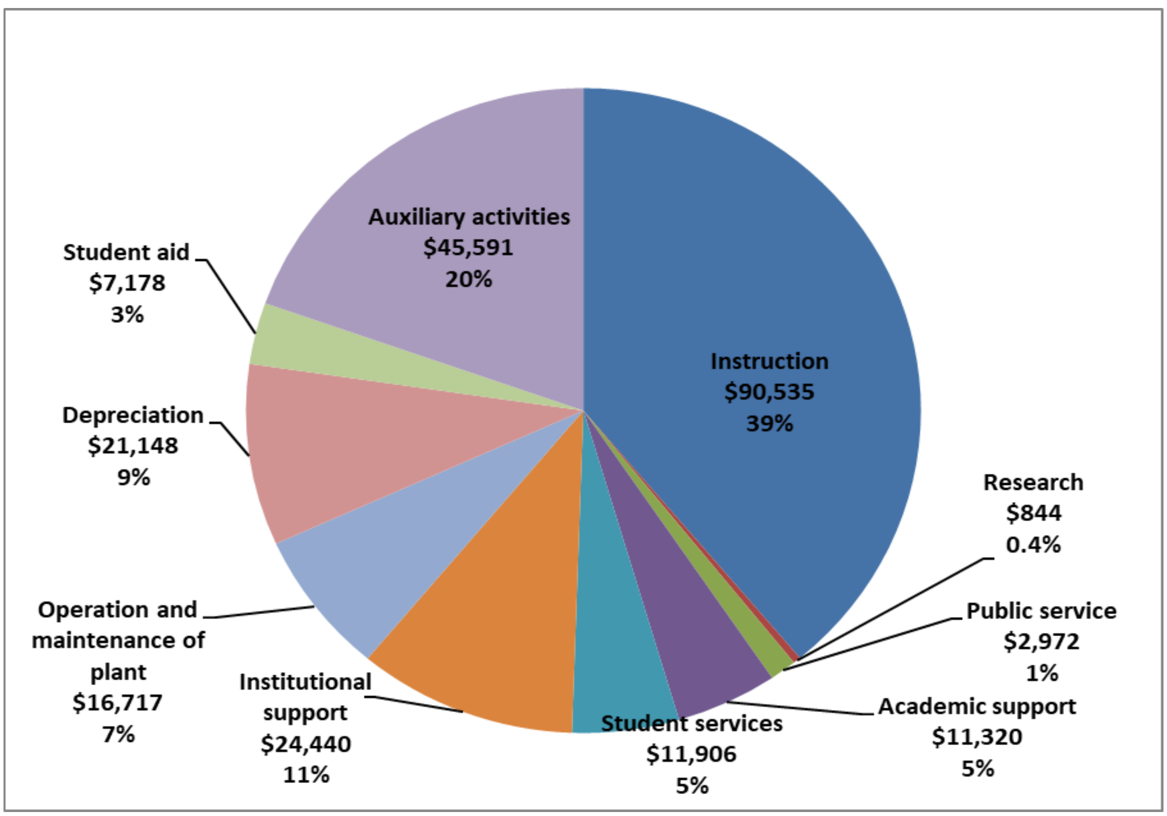
Expenses by Function Comparison
($ shown in thousands)

The following chart compares expenses by function for the fiscal years ended June 30, 2020 and 2019:

	2020	2019	Change Amount	Change Percent
Operating expenses:				
Instruction	$ 90,535	$ 72,717	$ 17,818	24.5
Research	844	604	240	39.7
Public service	2,972	3,195	(223)	(7.0)
Academic support	11,320	9,890	1,430	14.5
Student services	11,906	6,489	5,417	83.5
Institutional support	24,440	21,143	3,297	15.6
Operation and maintenance of plant	16,717	13,542	3,175	23.4
Depreciation	21,148	20,008	1,140	5.7
Student aid	7,178	6,100	1,078	17.7
Auxiliary activities	45,591	54,689	(9,098)	(16.6)
Total operating expenses	$ 232,651	$ 208,377	$ 24,274	11.6

Expenses by Function
($ shown in thousands)

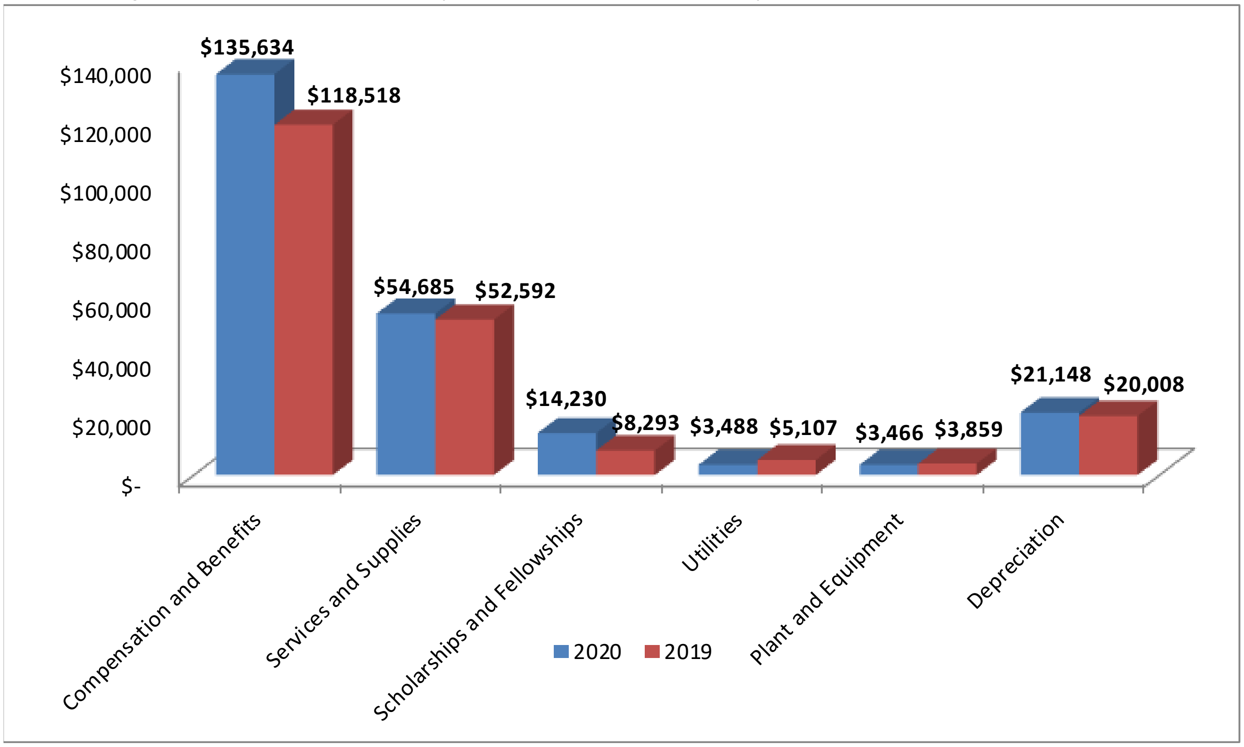
The following graphic illustration presents total expenses by function for fiscal year 2020.



Expenses by Natural Classification Comparison

($ shown in thousands)

The following chart compares expenses by natural classification for the years ended June 30, 2020 and 2019.



Operating expenses for fiscal year 2020 increased $24.3 million or 11.6 percent over fiscal year 2019. From a natural expense standpoint, compensation and benefits comprise 58.3 percent of the University's operating expenses and services and supplies accounts for 23.5 percent. Compensation and benefits contributed to the majority of the increase in operating expenses ($17.1 million), with services and supplies increasing $2.1 million and scholarships and fellowships increasing $5.9 million. The vast majority of these increases is due to the addition of Radford University Carilion (RUC) in 2020.

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)

	2020	2019	Change Amount	Change Percent
Net cash used by operating activities	$ (73,635)	$ (61,952)	$(11,683)	(18.9)
Net cash provided by noncapital financing activities	90,144	76,421	13,723	18.0
Net cash used by capital and related financing activities	(5,909)	(11,752)	5,843	49.7
Net cash provided by investing activities	2,364	2,361	3	0.1
Net increase in cash	12,964	5,078	7,886	155.3
Cash and cash equivalents - beginning of year	121,038	115,960	5,078	4.4
Cash and cash equivalents - end of year	$ 134,002	$ 121,038	$ 12,964	10.7

Overall, the University had a net increase in cash of $13.0 million from fiscal year 2019. The primary sources of cash for the University were student tuition and fees of $76.5 million, state appropriations of $68.1 million, auxiliary enterprise revenues at $51.4 million, and receipts for student loans of $66.8 million. The major uses of cash were employee compensation and benefits at $133.7 million, services and supplies of $55.4 million, student loan disbursements at $66.5 million and the purchase of capital assets and construction at $50.8 million. Investing activities remained steady compared to the prior year.

Net cash used by operating activities changed $11.3 million from fiscal year 2019. Increased tuition and fees (13.9m) were partially offset by decreases in grants and contracts (2.4m) and auxiliary (6.0). There were also increases in cash outflows for salaries, wages and benefits ($11.8), services and supplies ($1.2 million), scholarships and fellowships ($5.9 million), which were partially offset by a decrease in utilities (1.6m).

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 2020-21 operating budget was developed in consideration of projected enrollment levels, actions taken by the Governor and General Assembly during the 2020 session, Board-approved tuition and fee rates, the strategic goals of the University, and the economic outlook. This budget development cycle has been heavily burdened with the COVID-19 pandemic that will leave lasting effects on our University and global economy. The University's planning efforts focused heavily on creating an environment for our students to learn and engage safely in programs that prepare them for the future.

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

The Commonwealth's financial outlook was promising as the Governor's Biennial Budget was introduced in December 2019 and as the 2020 General Assembly session ended in March. The Commonwealth's unemployment rate was 2.6% in February 2020, the sixth lowest in the nation, and the state's revenue forecast was strong for the balance of 2019-20 (3.2% forecasted with year-to-date revenues growing at 6.2%). The positive financial outlook provided the Governor the ability to include significant investments to address funding for: housing affordability, early childhood education, K-12 education, and multiple higher education initiatives including increased funding for undergraduate financial aid and institution specific funding. The General Assembly also proposed an increase to the minimum wage rate, compensation increases for state employees, and an increase to the Commonwealth's total reserve funding.

As COVID-19 began to escalate in mid-March, it became apparent there would be substantial and lasting economic impact. Without a clear understanding of the effect on the current or proposed biennial budget, Governor Northam recommended numerous amendments which unallotted general fund support for most new initiatives included in the Biennial Budget Bill. The University was impacted by amendments that unallotted tuition moderation funding, additional need-based student financial assistance, and operational support for RUC. In addition, the amendments deferred implementation of the minimum wage increase from January 1 to June 1, 2021. The proposed compensation increases were also effectively eliminated as they were tied to revenue targets that may not materialize in the post-COVID-19 environment.

The University evaluated the impact of the removal of the previously allotted funding by the Commonwealth and updated the financial outlook for 2020-21 based on the revised fund estimates. Most other cost increases were also deferred, but other traditional unavoidable cost increases such as promotion and tenure compensation adjustments, safety and security factors, and scholarship commitments could not.

Giving full consideration to the aforementioned items, the 2020-21 operating budget demonstrates a conservative use of University resources. The proposed budget identifies key operating efficiencies that help to address mandatory and unavoidable cost increases while maximizing funding opportunities for strategic plan initiatives.

The University significantly increased enrollment in Fall 2019 through success of the Competency Based Education program and the addition of Radford University-Carilion (RUC) allied health programs. While total student enrollment has increased, the in-state undergraduate student population on Radford main campus has not increased in recent years. The RU Main Campus Class of 2024 is composed of 1,267 new freshmen. Thirty-nine percent of the new freshmen class identify themselves as ethnic minorities, with 22.3 percent as African American and 8.7 percent as Hispanic/Latino. The RUC Class of 2024 is composed of 69 new freshmen. Fifteen percent of the new freshmen class identify themselves as ethnic minorities, with 4.3 percent as African American and 5.8 percent as Hispanic/Latino. The University remains focused on increasing undergraduate student enrollment through innovative transfer options, such as the Bridge Program, as well as increasing enrollment in high demand Health Sciences programs offered on both main campus and at RUC.

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

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

FINANCIAL STATEMENTS

RADFORD UNIVERSITY
Statement of Net Position
As of June 30, 2020

	Radford University	Component Unit Radford University Foundation, Inc.
ASSETS		
Current assets		
Cash and cash equivalents (Note 2)	$ 143,073,576	$ 1,440,168
Accounts receivable (net of allowance for doubtful accounts of $547,760) (Note 3)	5,975,084	-
Contributions receivable (net of allowance for uncollectible contributions and discount of $170,674) (Note 19A)		2,482,785
Due from the Commonwealth (Note 11)	2,590,205	-
Due from Federal Government	115,049	-
Inventory	346,541	-
Notes receivable (net of allowance for doubtful accounts of $440,851 and $-) (Notes 3, 19B)	1,001,091	33,181
Prepaid expenses	6,720,836	72,678
Other receivables	-	391,895
Total current assets	159,822,382	4,420,707
Noncurrent assets		
Investments (Note 19C)	-	65,939,646
Contributions receivable (net of allowance for uncollectible contributions and discount of $648,960) (Note 19A)	-	3,765,247
Other postemployment benefits (Note 15)	2,096,975	
Other assets	-	1,454,113
Funds held in trust by others	-	377
Notes receivable (net of allowance for doubtful accounts and discount of $413,642 and $55,811) (Notes 3, 19B)	1,120,918	436,949
Depreciable capital assets, net (Notes 4, 19D)	361,964,642	37,407,429
Nondepreciable capital assets (Notes 4, 19D)	20,233,027	6,217,684
Total noncurrent assets	385,415,562	115,221,445
Total assets	$ 545,237,944	$ 119,642,152
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources from net pension obligation (Note 13)	$ 16,831,508	$ -
Deferred outflows of resources from other post employment benefits (Note 15)	4,142,370	-
Deferred loss on long-term debt defeasance (Note 6)	206,722	-
Total deferred outflows of resources	$ 21,180,600	$ -

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

RADFORD UNIVERSITY
Statement of Net Position
As of June 30, 2020

	Radford University	Component Unit Radford University Foundation, Inc.
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses (Note 5)	$ 20,479,566	$ 447,726
Unearned revenue	4,850,945	210,817
Obligations under securities lending	9,071,125	-
Deposits held in custody for others	480,319	-
Current portion of long-term debt (Notes 6, 19E)	3,270,422	1,648,015
Current portion of other noncurrent liabilities (Note 7)	1,696,207	-
Current portion of other postemployment benefits (Note 15)	421,813	
Trust and annuity obligations	-	61,772
Total current liabilities	40,270,397	2,368,330
Noncurrent liabilities		
Long-term debt (Notes 6, 19E)	75,860,331	31,970,222
Pension obligations (Note 13)	74,477,188	-
Other postemployment benefits (Note 15)	26,256,914	-
Trust and annuity obligations	-	358,167
Other noncurrent liabilities (Note 7)	5,388,578	-
Total noncurrent liabilites	181,983,011	32,328,389
Total liabilities	$ 222,253,408	$ 34,696,719
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources from net pension obligation (Note 13)	4,180,550	
Deferred inflows of resources from other postemployment benefits (Note	$ 13,467,095	$ -
Total deferred inflows of resources	$ 17,647,645	$ -
NET POSITION		
Net investment in capital assets	$ 303,209,302	$ 10,287,713
Restricted for:		
Expendable:		
Scholarships and other	241,386	13,117,613
Instruction and research	1,738,563	2,755,756
Other	2,063,721	14,270,718
Nonexpendable:		
Scholarships and other		32,367,819
Instruction and research		2,332,041
Other		4,717,276
Unrestricted	19,264,519	5,096,497
Total net position	$ 326,517,491	$ 84,945,433

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, 2020

	Radford University	Component Unit Radford University Foundation, Inc.
OPERATING REVENUES		
Student tuition and fees (net of scholarship allowance of $20,756,624)	$ 76,254,606	$ -
Gifts and contributions	-	4,629,933
Federal grants and contracts	9,540,731	-
State grants and contracts	1,143,191	-
Nongovernmental grants and contracts	466,726	-
Auxiliary enterprises (net of scholarship allowance of $13,452,410) (Note 8)	51,357,339	-
Other operating revenues	1,493,654	2,616,436
Total operating revenues	140,256,247	7,246,369
OPERATING EXPENSES		
Instruction	90,535,251	24,074
Research	844,515	-
Public service	2,971,718	-
Academic support	11,319,860	2,560,546
Student services	11,906,238	-
Institutional support	24,438,854	2,406,995
Operation and maintenance of plant	16,717,202	-
Depreciation (Note 4)	21,148,403	1,199,284
Student aid	7,178,332	1,968,848
Auxiliary activities (Note 8)	45,590,472	-
Total operating expenses (Note 9)	232,650,845	8,159,747
Operating loss	(92,394,598)	(913,378)
NONOPERATING REVENUES (EXPENSES)		
State appropriations (Note 10)	68,099,589	-
Federal student financial aid (Pell)	14,653,365	-
Interest income	2,363,928	4,431
Interest on capital asset-related debt	(1,454,012)	(1,011,125)
Gain (Loss) on capital assets	3,162	19,219
Nonoperating transfers to the Commonwealth	(435,721)	-
Higher Education Emergency Relief Funds (CARES) (Note 20)	7,782,127	
Other nonoperating revenues (expenses), net	295,736	
Net nonoperating revenues	91,308,174	(987,475)
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(1,086,424)	(1,900,853)
Capital appropriations and gifts (Note 11)	15,006,685	48,109
Additions to permanent endowments	-	1,331,798
Additions to term endowments	-	125,181
Total other revenues	15,006,685	1,505,088
Increase in net position	13,920,261	(395,765)
Net position- beginning of year	312,597,230	85,341,198
Net position - end of year	$ 326,517,491	$ 84,945,433

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, 2020

CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	$	76,547,133
Grants and contracts		7,557,530
Auxiliary enterprises		51,409,674
Other receipts		1,410,080
Payments for salaries, wages and fringe benefits		(134,097,741)
Payments for services and supplies		(55,375,555)
Payments for utilities		(3,487,847)
Payments for scholarships and fellowships		(14,230,142)
Payments for noncapitalized plant improvements and equipment		(3,466,409)
Loans issued to students and employees		(141,216)
Collections of loans from students and employees		491,221
Federal Direct Lending Program - receipts		66,835,174
Federal Direct Lending Program - disbursements		(66,523,884)
Custodial and other receipts		1,079,091
Custodial and other payments		(1,642,048)
Net cash used by operating activities	$	(73,634,939)
CASHFLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	$	68,099,589
Non-General Fund appropriations		(435,721)
Federal Student Financial Aid (Pell)		14,789,902
Higher Education Emergency Relief Funds (CARES)		7,782,127
Other non-operating receipts		295,736
Federal Loan Contribution		(387,347)
Net cash provided by noncapital financing activities	$	90,144,286
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital appropriations	$	16,174,077
Capital gifts		81,500
Proceeds from sale of capital assets		11,869
Purchase of capital assets		(17,906,902)
Principal paid on capital debt, leases and installments		(2,515,323)
Interest paid on capital debt, leases and installments		(1,754,362)
Net cash used by capital financing activities	$	(5,909,141)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	$	2,363,928
Net cash provided by investing activities	$	2,363,928
Net increase in cash	$	12,964,134
Cash and cash equivalents - beginning of the year		129,250,371
Less: Securities Lending - Treasurer of Virginia		(8,212,054)
Net cash and cash equivalents - beginning of the year	$	121,038,317
Cash and cash equivalents - end of the year	$	134,002,451

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, 2020

RECONCILIATION OF STATEMENT OF CASH FLOWS, STATEMENT OF NET POSITION

Statement of Net Position		
Cash and cash equivalents	$	143,073,576
Less: Securities lending - Treasurer of Virginia (CY amount)		(9,071,125)
Net cash and cash equivalents	$	134,002,451

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

Operating loss	$	(92,394,598)
Depreciation expense		21,148,403
Changes in assets, liabilities, deferred outflows, and deferred inflows:		
Receivables, net		(3,792,915)
Due from Federal Government-Federal Direct Lending		311,290
Due from Federal Government-Federal Teach and SEOG grants		(67,080)
Prepaid expenses		766,493
Inventory		102,522
Notes receivable, net		334,641
Other postemployment benefits asset		272,025
Deferred outflows of resources from other postemployment benefits obligatic		(1,018,146)
Deferred outflows of resources from net pension obiligation		(8,312,307)
Accounts payable and accrued expenses		(59,603)
Unearned revenue		476,449
Deposits held in custody for others		(495,877)
Accrued compensated absences		117,688
Other postemployment benefits obligaton		(4,385,724)
Net pension obligation		12,166,188
Deferred inflows of resources from other postemployment benefits liability		3,007,062
Deferred inflows of resources from net pension liability		(1,811,450)
	$	(73,634,939)

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

Amortization of bond premium/discount and gain/loss on debt refunding	(509,207)
Loss on disposal of capital assets	(8,707)
Building capital lease	32,073,214
Capital donations	816,740
Capital projects accounts payable	901,082

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

NOTES TO FINANCIAL STATEMENTS

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Notes to Financial Statements

Notes to Financial Statements

For the Year Ended June 30, 2020

NOTE 1: Summary of Significant Accounting Policies

Reporting Entity

Radford University (the University) is a comprehensive university that is part of the statewide system of public higher education in the Commonwealth of Virginia (the Commonwealth). The University's Board of Visitors, appointed by the Governor, is responsible for overseeing governance of the University. The Commonwealth prepares a separate financial report that incorporates all agencies, higher education institutions, boards, commissions, and authorities over which the Commonwealth exercises or has the ability to exercise oversight authority. The University is a component unit of the Commonwealth and is included in the Commonwealth's general purpose financial statements.

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

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

During the year ended June 30, 2020, the Foundation made distributions of $3,011,000 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, 2020, the following GASB statements became effective: Statement 84, *Fiduciary Activities;* Statement 90*, Majority Equity Interests – an amendment to GASB Statements 14 and 61;* and Statement 92, *Omnibus 2020,* only paragraphs 11 and 13 effective upon issuance – January 2020.

Statement 84, *Fiduciary Activities,* establishes criteria to identify and report fiduciary activities for state and local governments. Analysis for fiscal year 2020 showed no fiduciary activities to report for the University. The University chose to implement this statement even though the effective date was delayed.

Statement 90*, Majority Equity Interests, an amendment to GASB Statements 14 and 61* improves the consistency and comparability of government's reporting of majority equity interest in a legally separate organization. This is established to improve the relevance of financial statement information for certain component units. The University chose to implement this statement even though the effective date was delayed.

Statement 92, *Omnibus 2020,* only paragraphs 11 and 13 are effective upon issuance – January 2020, improves the consistency of authoritative literature and enhances comparability in accounting and financial reporting. This amended guidance applies to state and local governments.

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

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

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

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

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

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

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

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

Prepaid Expenses
As of June 30, 2020, the University's prepaid expenses included items such as insurance premiums, membership dues, conference registrations, lease payments and publication subscriptions for fiscal year 2020 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, 2020, 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, 2020.

Noncurrent Liabilities
Noncurrent liabilities include the following:

- Principal amounts of notes and bonds payable and a capital lease with maturities greater than one year
- Estimated amounts for accrued compensated absences
- Refundable contributions from the Federal government to fund the operations of the Perkins Loan Program and the Nursing Student Loan Program
- Estimated pension obligation for the University's defined benefit pension plans
- Estimated other postemployment benefits for the University's defined postemployment benefit plans

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, 2020, the University does not have nonexpendable restricted net position.

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

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense toward restricted resources before unrestricted resources.

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

Commonwealth Equipment and Capital Project Reimbursement Programs
The Commonwealth has established several programs to provide state-supported institutions of higher education with bond proceeds for financing the acquisition of instructional and research equipment and facilities. During fiscal year 2020, funding has been provided to the University from two programs: 21st Century and Equipment Trust Fund (ETF). The Commonwealth issues bonds and uses the proceeds to reimburse the University, and other institutions of higher education, for expenses incurred in the acquisition of equipment and facilities. The bond liability is assumed by the Commonwealth and is not reflected as a liability of the University.

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

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

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

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

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

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

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

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

NOTE 2: Cash and Cash Equivalents and Investments

The following information is provided with respect to the University's cash, cash equivalents, and investments and related risk disclosures as of June 30, 2020, 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, 2020.

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

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

Interest Rate Risk—The risk that changes in interest rates will adversely affect the fair value of an investment. The University does not have an interest rate risk policy and does not have investments or deposits that are sensitive to changes in interest rates as of June 30, 2020.

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 2020.

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.

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, 2020

Cash on hand and deposited with financial institutions	$ 7,371,545
Cash with the Treasurer of Virginia	126,630,906
Collateral held for Securities Lending	9,071,125
Total cash and cash equivalents	$ 143,073,576

NOTE 3: Accounts and Notes Receivable

Accounts Receivable at June 30, 2020

Student tuition and fees	$ 1,183,881
Auxiliary enterprises	920,093
Federal, state, and nongovernmental grants and contracts	4,228,696
Other activities	190,174
	6,522,844
Less allowance for doubtful accounts	(547,760)
Net accounts receivable	$ 5,975,084

Notes receivable at June 30, 2020:

Current:	
Federal student loans	$ 1,245,979
Institutional student loans	195,963
	1,441,942
Less allowance for doubtful accounts	(440,851)
Net current notes receivable	$ 1,001,091
Noncurrent:	
Federal student loans	$ 1,430,228
Institutional student loans	104,332
	1,534,560
Less allowance for doubtful accounts	(413,642)
Net noncurrent notes receivable	$ 1,120,918

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	28,098,475	11,819,521	31,652,625	8,265,371
Total nondepreciable capital assets	**40,066,131**	**11,819,521**	**31,652,625**	**20,233,027**
Depreciable capital assets:				
Buildings	454,532,516	30,087,214	-	484,619,730
Buildings - Capital Lease	-	32,073,214	-	32,073,214
Infrastructure	22,796,130	-	-	22,796,130
Intangibles	8,265,225	74,098	-	8,339,323
Equipment	40,155,942	3,000,236	954,147	42,202,031
Other improvements	16,033,112	2,323,157	-	18,356,269
Library materials	24,826,495	1,246,477	45,429	26,027,543
Total depreciable capital assets	**566,609,420**	**68,804,396**	**999,576**	**634,414,240**
Less accumulated depreciation:				
Buildings	170,669,971	14,520,403	-	185,190,374
Buildings - Capital Lease	-	1,016,404	-	1,016,404
Infrastructure	21,551,397	221,825	-	21,773,222
Intangibles	6,192,546	517,165	-	6,709,711
Equipment	29,224,664	2,576,917	945,440	30,856,141
Other improvements	8,484,428	630,272	-	9,114,700
Library materials	16,169,058	1,665,417	45,429	17,789,046
Total accumulated depreciation	**252,292,064**	**21,148,403**	**990,869**	**272,449,598**
Depreciable capital assets, net	**314,317,356**	**47,655,993**	**8,707**	**361,964,642**
Total capital assets, net	**354,383,487**	**59,475,514**	**31,661,332**	**382,197,669**

NOTE 5: Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following at June 30, 2020:

Employee salaries, wages, and fringe benefits payable	$ 14,094,998
Vendors and suppliers accounts payable	4,856,056
Capital projects accounts and retainage payable	901,082
Due to Radford University Foundation	319,303
Accrued interest payable	308,127
Total accounts payable and accrued expenses	$ 20,479,566

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, 2020, 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, 2020, 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

Capital Lease Obligation

In March 2018, the University entered into a 25-year capital lease with the Radford University Foundation, LLC to meet student housing demand. Due to existing housing commitments, a management agreement was entered between the Radford University Foundation and a third party to manage the properties. Therefore, the University's obligation regarding the capital lease was not effective until fiscal year 2020. The University has accounted for the acquisition of the various residential properties as a capital lease, and therefore has recorded the building as a depreciable capital asset, and has recorded a corresponding lease liability in long-term debt, both on its Statement of Net Position as of June 30, 2020.

A summary of changes in long-term debt for the year ending June 30, 2020, is presented as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Governmental activities:						
Notes payable - pooled bonds	$20,004,414	$ -	$1,167,800	$18,836,614	$1,085,000	$17,751,614
Bonds payable - 9c	29,870,933	-	1,424,685	28,446,248	1,320,000	27,126,248
Capital Lease	-	32,073,214	225,323	31,847,891	865,422	30,982,469
* Total long-term debt	$49,875,347	$32,073,214	$2,817,808	$79,130,753	$3,270,422	$75,860,331

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

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

	Governmental Activities			
	Notes Payable Pooled Bonds		Bonds Payable - 9c	
Fiscal Year Ending	Principal	Interest	Principal	Interest
June 30, 2021	1,085,000	650,181	1,320,000	996,500
June 30, 2022	1,135,000	596,731	1,395,000	930,500
June 30, 2023	1,190,000	539,681	1,465,000	860,750
June 30, 2024	1,250,000	482,006	1,530,000	787,500
June 30, 2025	1,295,000	433,581	1,600,000	718,950
2026-2030	7,225,000	1,418,254	9,035,000	2,579,213
2031-2035	4,150,000	232,925	9,180,000	914,600
2036	-	-	505,000	15,150
Unamortized Premium	1,506,614	-	2,416,248	-
Total	$18,836,614	$4,353,359	$28,446,248	$7,803,163

Payments of principal, interest, and executory costs on the capital lease for fiscal years subsequent to June 30, 2020 are as follows:

Fiscal Year	Total Payment
2021	1,798,724
2022	1,798,724
2023	1,798,724
2024	1,798,724
2025	1,857,118
2026-2030	10,161,485
2031-2035	10,161,485
2036-2040	10,161,485
2041-2045	5,927,533
Total Minimum Lease Payments	45,464,002
Less Executory Costs	0.00
Net Minimum Lease Payments	45,464,002
Less Interest	13,613,319
Present Value of Lease Payments	31,850,683

*Executory cost, including related property taxes and insurance, will also be paid by the University which averages a monthly cost of $10,300.00.

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, 2020, is presented as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Other liabilities:						
Accrued compensated absences	$4,047,900	856,785	739,097	$4,165,588	$1,331,258	$2,834,330
Federal loan program contributions refundable	3,306,544	-	387,347	2,919,197	364,949	2,554,248
Total other liabilities	$7,354,444	856,785	1,126,444	$7,084,785	$1,696,207	$5,388,578

NOTE 8: Auxiliary Activities

Auxiliary operating revenues and expenses consisted of the following at June 30, 2020:

Revenues	2020	Expenses	2020
Room contracts (net of scholarship allowances of $3,773,372)	$12,659,257	Residential facilities	$13,639,606
Dining service contracts (net of scholarship allowances of $3,210,849)	10,610,664	Dining operations	13,639,238
Comprehensive fee (net of scholarship allowances of $6,468,189)	20,106,476	Athletics	9,503,831
Other student fees and sales and services	7,980,942	Other auxiliary activities	8,807,797
Auxiliary enterprises revenues	$51,357,339	Auxiliary activities expenses	$45,590,472

NOTE 9: Expenses by Natural Classification

2020	Compensation and Benefits	Depreciation	Plant and Equipment	Scholarships and Fellowships	Services and Supplies	Utilities	Total
Instruction	76,302,755	-	1,751,994	229,556	12,250,946	-	90,535,251
Research	550,039	-	32,788	61,371	200,317	-	844,515
Public service	1,888,971	-	49,516	-	1,033,231	-	2,971,718
Academic support	9,971,559	-	131,906	-	1,216,395	-	11,319,860
Student services	5,723,737	-	43,178	3,957,500	2,181,823	-	11,906,238
Institutional support	22,307,786	-	345,406	-	1,785,662	-	24,438,854
Operation and maintenance of plant	6,468,982	-	266,560	-	7,536,155	2,445,505	16,717,202
Depreciation	-	21,148,403	-	-	-	-	21,148,403
Student aid	-	-	-	7,178,332	-	-	7,178,332
Auxiliary activities	12,419,476	-	845,061	2,803,383	28,480,210	1,042,342	45,590,472
Total	135,633,305	21,148,403	3,466,409	14,230,142	54,684,739	3,487,847	232,650,845

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, 2020, shall be reappropriated for expenditure in the first month of the next year, beginning on July 1, 2020, 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, 2020, including all supplemental appropriations and reversions:

Original Legislative Appropriation:	
Educational and General (E&G)	$52,873,981
Student Financial Assistance (SFA)	11,634,202
Supplemental Adjustments:	
Two Year College Transfer Grant Program	209,000
Virginia Military Survivors and Dependents Education Program	85,510
Sped End Pro 20-877	61,992
Virtual Library of Virginia (VIVA) allocation	16,540
Tuition Moderation Funding	1,659,000
General Operating Support	1,707,422
Tech Talent Investment Program	501,080
Institutional Support for Graduate Outcomes Survey	(6,000)
Personnel Management Information Systems	(5,663)
Interest Earned on E&G Programs Revenue & CC Rebate	235,775
E&G FY20 Carryforward – Transfer In	1,249,885
Central Appropriation Transfers:	
Health Insurance	
State Salary Increase	(230,784)
Other Post-Employment Benefits	1,685,755
Performance Budgeting System	(8,549)
PIMS Funding	244
Line of Duty Premiums	1,013
Cardinal Adjustment	1,866
VITA Bill Changes	9,444
Workers Compensation Premiums	1,696
Retirement	(3,317)
Reversion to the General Fund of the Commonwealth:	10,125
E&G FY20 Carryforward – Planned	
SFA Commonwealth Reversion	(3,522,576)
Adjusted appropriation	(68,052)
	$68,099,589

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 2020, 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, 2020.

VCBA 21st Century program	$12,398,807
VCBA Equipment Trust Fund program	1,720,638
Capital donations	70,500
Capital donations – assets transferred in RUC merger	816,740
Capital appropriations and gifts	$15,006,685

A portion of the funding for these programs is reported as a receivable, due from the Commonwealth, at June 30, 2020, which consisted of the following:

VCBA 21st Century program	$870,289
VCBA Equipment Trust Fund program	1,719,916
Due from the Commonwealth	$2,590,205

NOTE 12: Commitments

At June 30, 2020, the University was a party to construction contracts totaling approximately $33.7 million of which $32.2 million has been incurred. Remaining commitments totaling $1.5 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 $5,700,000 for the year ended June 30, 2020 of which $689,000 was paid to the Foundation.

The University has, as of June 30, 2020, the following future minimum rental payments due under operating leases:

Fiscal Year Ending	Future Minimum Lease Payments
June 30, 2021	6,294,534
June 30, 2022	3,928,377
June 30, 2023	3,610,871
June 30, 2024	3,565,662
June 30, 2025	3,565,662
June 30, 2026-2028	10,696,987
	$31,662,093

NOTE 13: Defined Benefit Plans and Related Pension Obligation

General Information about the Pension Plan

Plan Description

All full-time, salaried permanent employees of state agencies are automatically covered by the VRS State Employee Retirement Plan or the VaLORS Retirement Plan upon employment. These plans are administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the

Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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

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

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

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

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

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

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

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.	**Cost-of-Living Adjustment (COLA) in Retirement** The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI- U and half of any additional increase (up to 2%), for a maximum COLA of 3%.	**Cost-of-Living Adjustment (COLA) in Retirement** *Defined Benefit Component:* Same as Plan 2. *Defined Contribution Component:* Not applicable.
Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	*Eligibility:* Same as Plan 1	*Eligibility:* Same as Plan 1 and Plan 2.
Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	*Exceptions to COLA Effective Dates:* Same as Plan 1	*Exceptions to COLA Effective Dates:* Same as Plan 1 and Plan 2.

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each state agency's contractually required employer contribution rate for the fiscal year ended June 30, 2020 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 state agency to the VRS State Employee Retirement Plan were $7,612,962 and $6,444,398 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions from the state agency to the VaLORS Retirement Plan were $239,665 and $233,802 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the state agency reported a liability of $72,307,220 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of $2,169,968 for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The state agency's proportion of the Net Pension Liability was based on the state agency's actuarially determined employer contributions to the pension plan for the year ended June 30, 2019, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the state agency's proportion of the VRS State Employee Retirement Plan was 1.144% as compared to 1.119% at June 30, 2018. At June 30, 2019, the state agency's proportion of the VaLORS Retirement Plan was 0.313% as compared to 0.277% at June 30, 2018.

For the year ended June 30, 2020, the state agency recognized pension expense of $9,420,683 for the VRS State Employee Retirement Plan and $272,611 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2018 and June 30, 2019 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, 2020, the state agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

VRS State Employee Retirement Plan	**Deferred Outflows**	**Deferred Inflows**
Differences between expected and actual experience	$ 1,506,668	$ 1,945,158
Net difference between projected and actual earnings on pension plan investments	-	1,807,813
Change in assumptions	5,699,521	-
Change in proportion and differences between employer contributions and proportionate share of contributions	1,473,649	305,453
Employer contributions subsequent to the measurement date	7,612,962	-
Total	$ 16,292,800	$ 4,058,424

VaLORS Retirement Plan	**Deferred Outflows**	**Deferred Inflows**
Differences between expected and actual experience	$ 21,928	$ 25,021
Net difference between projected and actual earnings on pension plan investments	-	34,406
Change in assumptions	123,019	3,252
Change in proportion and differences between employer contributions and proportionate share of contributions	154,095	59,447

Employer contributions subsequent to the measurement date	239,665	-
Total	$ 538,707	$ 122,126

The University's contributions subsequent to the measurement date totaling $7,852,627 ($7,612,962 for VRS State Employee and $239,665 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, 2021. 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 2021	$ 2,276,274	$ 86,513
FY 2022	$ 224,640	$ 87,093
FY 2023	$ 1,977,142	$ 158
FY 2024	$ 143,358	$ 3,152
FY 2025	$ -	$ -

Actuarial Assumptions

The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

The total pension liability for the VaLORS Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Update to a more current mortality table-RP2014 projected to 2020 and reduced margin for future improvement in accordance with experience.
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decrease rate from 50% to 35%
Discount Rate	Decrease rate from 7.00% to 6.75%

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2019, 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	$ 25,409,842	$ 2,190,025
Plan Fiduciary Net Position	19,090,110	1,495,990
Employers' Net Pension Liability (Asset)	$ 6,319,732	$ 694,035
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.13%	68.31%

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 ofReturn	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00 %	5.61 %	1.91 %
Fixed Income	15.00 %	0.88 %	0.13 %
Credit Strategies	14.00 %	5.13 %	0.72 %
Real Assets	14.00 %	5.27 %	0.74 %
Private Equity	14.00 %	8.77 %	1.23 %
MAPS - Multi -Asset Public Strategies	6.00 %	3.52 %	0.21 %
PIP- Private Investment Partnership	3.00 %	6.29 %	0.19 %
Total	**100.00 %**		**5.13 %**
	Inflation		2.50 %
	Expected arithmetic nominal return *		**7.63%**

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long- term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the state agency for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

Radford University's proportionate share Net Pension Liability	1.00% Decrease (5.75%)	Current Discount (6.75%)	1.00% Increase (7.75%)
VRS State Employee Retirement Plan	$ 106,218,691	$ 72,307,220	$ 43,799,930
VaLORS Retirement Plan	$ 3,047,396	$ 2,169,968	$ 1,445,065

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 2019 *Comprehensive Annual Financial Report* (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2019-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, 2020, the University had accrued retirement contributions payable to the pension plan of $368,713 including $355,471 payable to the VRS State Employee Retirement Plan and $13,242 payable to the VaLORS Retirement Plan. The payable is based on retirement contributions earned by University employees through June 30, 2020, but not yet paid to the plan.

NOTE 14: Defined Contribution Plans

Optional Retirement Plans

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

Total employer pension costs under optional retirement plans were approximately $2.9 million for the year ended June 30, 2020 of which $356,617 is reflected as a current liability on the *Statement of Net Position* at June 30, 2020. Contributions to the optional retirement plan were calculated using the base salary amount of approximately $30.2 million for fiscal year 2020.

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 $290,000 for fiscal year 2020.

NOTE 15: Postemployment Benefits

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

Group Life Insurance Program (GLI) Plan Description

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

<table>
<tr><th>GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS</th></tr>
<tr><td>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.</td></tr>
<tr><td>Benefit Amounts
The benefits payable under the Group Life Insurance Program have several components.
<u>Natural Death Benefit</u> – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
<u>Accidental Death Benefit</u> – The accidental death benefit is double the natural death benefit.
<u>Other Benefit Provisions</u> – 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</td></tr>
<tr><td>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.</td></tr>
<tr><td></td></tr>
</table>

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)
For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $8,463 effective June 30, 2020.

VRS Disability Insurance Program (VSDP) Plan Description

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

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

- **Income Replacement Adjustment** – The program provides for an income replacement adjustment to 80% for catastrophic conditions.
- **VSDP Long-Term Care Plan** – The program also includes a self-funded long-term care plan that assists with the cost of covered long-term care services.

Disability Insurance Program (VSDP) Plan Notes:

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

Cost-of-Living Adjustment (COLA)

- During periods an employee receives long-term disability benefits, the LTD benefit may be increased annually by an amount recommended by the actuary and approved by the Board.
  - Plan 1 employees vested as of 1/1/2013 – 100% of the VRS Plan 1 COLA (The first 3% 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%.

State Employee Health Insurance Credit Program (HIC) Plan Description

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

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

STATE EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS
Eligible Employees The State Employee Retiree Health Insurance Credit Program was established January 1, 1990 for retired state employees covered under VRS, SPORS, VaLORS and JRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: • Full-time and part-time permanent salaried state employees covered under VRS, SPORS, VaLORS and JRS.
Benefit Amounts The State Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees: • **<u>At Retirement</u>** – 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. • **<u>Disability Retirement</u>** – 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.

Line of Duty Act Program (LODA) Plan Description

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

The specific information for 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.

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

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

Following are eligibility requirements for Virginia Retirement System retirees:

- You are a retiring state employee who is eligible for a monthly retirement benefit from the Virginia Retirement System (VRS), and
- You start receiving (do not defer) your retirement benefit immediately upon retirement*, and
- Your last employer before retirement was the Commonwealth of Virginia, and
- You were eligible for (even if you were not enrolled) coverage as an active employee in the State Health Benefits Program until your retirement date (not including Extended Coverage/COBRA), and
- You enroll no later than 31 days from your retirement date.

*For VRS retirees, this means that your employing agency reported a retirement contribution or leave without pay status for retirement in the month immediately prior to your retirement date. Some faculty members may also be eligible if they are paid on an alternate pay cycle but maintain eligibility for active coverage until their retirement date.

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

- You are a terminating state employee who participates in one of the qualified Optional Retirement Plans, and
- Your last employer before termination was the Commonwealth of Virginia, and

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

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

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

This fund is reported as part of the Commonwealth's Healthcare Internal Service Fund. Benefit payments are recognized when due and payable in accordance with the benefit terms. Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes, and is administered by the Department of Human Resource Management. There were approximately 4,800 retirees and 89,000 active employees in the program in fiscal year 2019. 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, 2019. 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 7.00 percent for medical and pharmacy and 4.0 percent for dental. The ultimate trend rates used were 4.5 percent for medical and pharmacy and 4.0 percent for dental.

Valuation Date	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.
Measurement Date	June 30, 2019 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed
Effective Amortization Period	6.25 years
Discount Rate	3.51%
Projected Salary Increases	4.0%
Medical Trend Under 65	Medical & Rx: 7.00% to 4.50% Dental: 4.00% Before reflecting Excise tax
Year of Ultimate Trend	2029
Mortality	Mortality rates vary by participant status
Pre-Retirement:	RP-2014 Employee Rates; males setback 1 year, 85% of rates; females setback 1 year
Post-Retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year.
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, 2019.

Changes of Assumptions: The following actuarial assumptions were updated since the June 30, 2018 valuation based on recent experience:

- Spousal Coverage – reduced the rate from 35% to 25%
- Retiree Participation - reduced the rate from 60% to 50%

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 modified pre-retirement Mortality base rates to exclude age over 65 instead of apply mortality improvement projection scale BB. The excise tax was modified to reflect updated projection of the tax thresholds. Trend rates were updated based on economic conditions as of 6/30/2019. Additionally, the discount rate was decreased from 3.87% to 3.51% based on the Bond Buyers GO 20 Municipal Bond Index.

Contributions

Group Life Insurance Program (GLI)

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% 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, 2020 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 $457,653 and $399,544 for the years ended June 30, 2020 and June 30, 2019, respectively.

Virginia Disability Insurance Program (VSDP)

The contribution requirements for the Disability Insurance Program (VSDP) are governed by §51.1-1140 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the Disability Insurance Program (VSDP) for the year ended June 30, 2020 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 $318,790 and $265,075 for the years ended June 30, 2020 and June 30, 2019, respectively.

Health Insurance Credit Plan (HIC)

The contribution requirement for active employees is governed by §51.1-1400(D) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each state agency's contractually required employer contribution rate for the year ended June 30, 2020 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 $1,021,736 and $890,646 for the years ended June 30, 2020 and June 30, 2019, respectively.

Line of Duty Act (LODA)

The contribution requirements for the Line of Duty Act Program (LODA) are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the Line of Duty Act Program (LODA) for the year ended June 30, 2020 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 $15,527 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the University reported the following liabilities (assets) for its proportionate share of the liabilities (assets).

GLI	$ 6,346,825
VSDP	(2,096,975)
HIC	10,338,029
LODA	415,080
PMRH	9,578,793

The OPEB Liabilities (assets) were measured as of June 30, 2019 and the total OPEB liabilities used to calculate the OPEB Liabilities (assets) were determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The Pre-Medicare Retiree Healthcare OPEB liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2019. LODA contributions are pay-as-you-go. The University's proportion of the DHRM Pre-Medicare Retiree Healthcare OPEB liability was based on its healthcare premium contributions as a percentage of the total employer's healthcare premium contributions for all participating employers. OPEB liabilities (assets) were based on the employer's actuarially determined employer contributions to the OPEB program for the year ended June 30, 2019, relative to the total of the actuarially determined for all participating employers. At June 30, 2019, the participating University's proportion is listed below:

	GLI	VSDP	HIC	LODA	PMRH
June 30, 2018	0.399%	1.052%	1.124%	0.123%	1.429%
June 30, 2019	0.390%	1.069%	1.120%	0.116%	1.411%

For the year ended June 30, 2020, the participating University recognized the following OPEB expenses for these programs. Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense was related to deferred amounts from changes in proportion. Amounts include general state and VaLORS employees.

GLI	$ 118,410
VSDP	162,671
HIC	857,846
LODA	35,596
PMRH	(1,076,320)

At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to the OPEB programs from the following sources:

GLI	**Deferred Outflows**	**Deferred Inflows**
Differences between expected and actual experience	$ 422,103	$ 82,324
Net difference between projected and actual earnings on OPEB program investments	-	130,369
Change in assumptions	400,702	191,385
Change in proportion	48,428	205,096
Employer contributions subsequent to the measurement date	457,653	-
Total	$ 1,328,886	$ 609,174

VSDP	**Deferred Outflows**	**Deferred Inflows**
Differences between expected and actual experience	$ 268,486	$ 84,413
Net difference between projected and actual earnings on OPEB program investments	-	80,980
Change in assumptions	38,060	119,428
Change in proportion	16,509	71,488
Employer contributions subsequent to the measurement date	318,790	-
Total	$ 641,845	$ 356,309

HIC	**Deferred Outflows**	**Deferred Inflows**
Differences between expected and actual experience	$ 5,634	$ 125,605
Net difference between projected and actual earnings on OPEB program investments	-	4,061
Change in assumptions	212,751	70,792
Change in proportion	64,588	243,107
Employer contributions subsequent to the measurement date	1,021,736	-
Total	$ 1,304,709	$ 443,565

	Deferred Outflows	**Deferred Inflows**

LODA

Differences between expected and actual experience	$ 60,331	$ (1)
Net difference between projected and actual earnings on OPEB program investments		822
Change in assumptions	19,476	35,983
Change in proportion	23,316	18,512
Employer contributions subsequent to the measurement date	15,527	-
Total	$ 118,650	$ 55,316

PMRH	**Deferred Outflows**	**Deferred Inflows**
Difference between expected and actual experience	$ -	$ 4,860,403
Net difference between projected and actual earnings on OPEB program investments	-	-
Change in assumptions	-	6,636,331
Change in proportion	340,467	505,997
Amounts associated with transactions subsequent to the measurement date	407,813	-
Total	$ 748,280	$ 12,002,731

The following amounts are reported as deferred outflows of resources related to each OPEB program resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability (asset) in the Fiscal Year ending June 30, 2021.

GLI	$457,653
VSDP	318,790
HIC	1,021,736
LODA	15,527
PMRH	407,813

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

GLI

Year ended June 30	**Total**
FY 2021	$ (5,803)
FY 2022	(5,798)
FY 2023	49,418

FY 2024		93,261
FY 2025		101,785
Thereafter		29,195

VSDP

Year ended June 30		Total
FY 2021	$	(39,308)
FY 2022		(39,293)
FY 2023		3,744
FY 2024		6,971
FY 2025		7,141
Thereafter		27,491

HIC

Year ended June 30		Total
FY 2021	$	(45,483)
FY 2022		(45,490)
FY 2023		(39,234)
FY 2024		(34,713)
FY 2025		2,996
Thereafter		1,332

LODA

Year ended June 30		Total
FY 2021	$	6,610
FY 2022		6,611
FY 2023		6,738
FY 2024		6,874
FY 2025		6,914
Thereafter		14,060

PMRH

Year ended June 30		Total
FY 2021	$	(2,680,282)
FY 2022		(2,680,282)
FY 2023		(2,680,282)
FY 2024		(2,251,623)
FY 2025		(1,133,137)
Thereafter		(236,659)

Actuarial Assumptions

The total OPEB liability for all VRS programs was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation 2.5 percent

Salary increases, including inflation –

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

Medical cost trend rates assumption (LODA)
Under age 65 7.25%-4.75%
Ages 65 and older 5.50%-4.75%

Year of ultimate trend rate (LODA)
Post-65 Fiscal year ended 2023
Pre-65 Fiscal year ended 2028

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

Investment rate of return (LODA) 3.50 Percent, net of investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75% (3.50% for LODA). However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities for GLI, VSDP and HIC. For LODA, since the difference was minimal, a more conservative 3.50% investment return assumption has been used. Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.50% was used since it approximates the risk-free rate of return.

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

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

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – Teachers (GLI)

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – JRS Employees (GLI, HIC)

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in the discount rate which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

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

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

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

The actuarial assumptions used in the June 30, 2018 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%

Net OPEB Liability (Asset)

The net OPEB liability (NOL) or net OPEB asset (NOA) for the VRS administered programs 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, 2019, NOL and NOA amounts are as follows (amounts expressed in thousands):

	GLI	VSDP	HIC	LODA
Total OPEB Liability	$ 3,390,238	$ 292,046	$ 1,032,094	$ 316,626
Plan Fiduciary Net Position	1,762,972	488,241	109,023	2,839
Employers' Net OPEB Liability (Asset)	$ 1,627,266	$ (196,195)	$ 923,071	$ 358,787
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	52.00%	167.18%	10.56%	0.79%

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

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

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00 %	5.61 %	1.91 %
Fixed Income	15.00 %	0.88 %	0.13 %
Credit Strategies	14.00 %	5.13 %	0.72 %
Real Assets	14.00 %	5.27 %	0.74 %
Private Equity	14.00 %	8.77 %	1.23 %
MAPS - Multi -Asset Public Strategies	6.00 %	3.52 %	0.21 %
PIP- Private Investment Partnership	3.00 %	6.29 %	0.19 %
Total	**100.00%**		**5.13%**
	Inflation		2.50 %
	Expected arithmetic nominal return *		7.63 %

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Long-Term Expected Rate of Return (LODA)

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.50% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.50% 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, 2019.

Discount Rate

The discount rate used to measure the total GLI and HIC OPEB liability (asset) was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the University for the OPEB programs 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, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

The discount rate used for LODA was 3.50%. 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, 2019, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

The discount rate used to measure VSDP OPEB liability (asset) was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, 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, 2019, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VSDP OPEB Program's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total VSDP OPEB liability.

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

The following presents the University's proportionate share of the net GLI, VSDP and HIC OPEB liability (asset) using the discount rate of 6.75%, net OPEB LODA liability using the discount rate of 3.50% and the University's proportionate share of the Total OPEB liability for PMRH using the discount rate of 3.51% as well as what the University's proportionate share of the OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

GLI

Net OPEB Liability (Asset)		Total
1.00% Decrease (5.75%)	$	8,337,973
Current Discount Rate (6.75%)		6,346,825
1.00% Increase (7.75%)		4,732,062

VSDP

Net OPEB Liability (Asset)		Total
1.00% Decrease (5.75%)	$	(1,904,036)
Current Discount Rate (6.75%)		(2,096,975)
1.00% Increase (7.75%)		(2,267,919)

HIC

Net OPEB Liability		Total
1.00% Decrease (5.75%)	$	11,457,946
Current Discount Rate (6.75%)		10,338,029
1.00% Increase (7.75%)		9,375,559

LODA

Net OPEB Liability	Total
1.00% Decrease (2.50%)	$ 481,522
Current Discount Rate (3.50%)	415,080
1.00% Increase (4.50%)	362,528

PMRH

OPEB Liability	Total
1.00% Decrease (2.51%)	$ 10,245,967
Current Discount Rate (3.51%)	9,578,793
1.00% Increase (4.51%)	8,953,103

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

Because the Line of Duty Act Program (LODA) and Pre-Medicare Retiree Healthcare Program (PMRH) contain provisions for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered University's proportionate share of the OPEB liability using health care trend rate of 7.75% decreasing to 4.75% for LODA, and 7.00% decreasing to 4.50% for PMRH, as well as what the covered University's proportionate share of the OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower or one percentage point higher than the current rate:

LODA

Net OPEB Liability	Total
1.00% Decrease (6.75% decreasing to 3.75%)	$ 350,946
Trend Rate (7.75% decreasing to 4.75%)	415,080
1.00% Increase (8.75% decreasing to 5.75%)	495,959

PMRH

OPEB Liability	Total
1.00% Decrease (6.00% decreasing to 3.50%)	$ 8,554,263
Trend Rate (7.00% decreasing to 4.50%)	9,578,793
1.00% Increase (8.00% decreasing to 5.50%)	10,791,325

Fiduciary Net Position

Detailed information about the Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the OPEB programs:

At June 30, 2020, the University had the following contributions payable to the plans. The payable is based on contributions earned by University employees through June 30, 2020, but not yet paid to the plan.

GLI	$ 15,736
VSDP	12,532
HIC	34,524

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, 2020, 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, 2020, cash provided by the program totaled $66.8 million and cash used by the program totaled $66.5 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, 2020:

Current:	
Receivables due in less than one year	$2,653,459
Less allowance for uncollectible contributions	(170,674)
Net current contributions receivable	$2,482,785
Noncurrent:	
Receivables due in one to five years	$3,990,337
Receivables due in more than five years	423,870
Less discount to net present value	(560,676)
Less allowance for uncollectible contributions	(88,284)
Net noncurrent contributions receivable	$3,765,247
Total contributions receivable	$6,248,032

The discount rate used in 2020 was 5.66 percent. As of June 30, 2020, there were no conditional promises to give.

(B) Notes Receivable

The following is a summary of the notes receivable at June 30, 2020:

Note receivable due in monthly payments of $542 through May 2022 with interest receivable at 5.50 percent and secured by land and building.	$12,077
Note receivable that is a non-interest bearing with deferred payments for the first five years and $25,000 annual payment for years six through seventeen. The Foundation has elected to record this receivable at fair value. Accordingly, the unearned discount on this receivable was $55,810 on June 30, 2020. For June 30, 2020, $10,000 of the note was forgiven in exchange for guaranteed daycare slots for employees of Radford University. The applicable discount rate at June 30, 2020 is 4%.	190,190
Note receivable with interest bearing at a rate equal to LIBOR index plus 2 percent with a floor of 3.5 percent (3.96% at June 30, 2020) with amortization of twenty 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 12th month thereafter through maturity.	267,863
Total notes receivable	$470,130

Notes receivable, current	$33,181
Notes receivable, noncurrent	436,949
Total notes receivable	$470,130

(C) Investments

Investments are comprised of the following as of June 30, 2020:

Cash and cash equivalents	$5,343,116
Equities	1,945,887
Mutual funds	38,466,723
Limited partnerships	20,183,920
Total investments	$65,939,646

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, in addition to other funds with and without donor restrictions.

(D) Capital Assets

A summary of land, buildings, and equipment at cost, less accumulated depreciation, for the year ending June 30, 2020 is presented as follows:

Depreciable capital assets:	
Buildings	$41,379,999
Furniture and equipment	366,194
Land improvements	571,444
Total depreciable capital assets, at cost	$42,317,637
Less accumulated depreciation	(4,910,208)
Total depreciable capital assets, net of accumulated depreciation	$37,407,429
Nondepreciable capital assets	
Land	$3,863,037
Construction in progress	241,356
Collections of art	2,113,291
Total nondepreciable capital assets	$6,217,684
Total capital assets, net of accumulated depreciation	$43,625,113

(E) Long-Term Debt

The following is a summary of the outstanding notes payable at June 30, 2020:

Note payable in monthly installments of $5,182.12 through May 2025, interest payable at LIBOR plus 1.48 percent (1.65% and 3.88% at June 30, 2020 and 2019, respectively). Unsecured.	$280,837
Note payable in monthly installments of $2,601 through November 2020, interest payable at 1.54 percent. Secured by deposit accounts maintained by and investment property held with the University.	12,775
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 (0.98% and 3.22% at June 30, 2020 and 2019, respectively). Secured by real estate and deposit accounts maintained by and investment property held with the University. Additionally, secured by an assignment of leases and rents.	385,539
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 (1.01% and 3.22% at June 30, 2020 and 2019 respectively). Secured by real estate and deposit accounts maintained by and investment property held with the University. Additionally, secured by an assignment of leases and rents.	427,625

Notes payable in monthly interest only payments through April 2020, then monthly installments calculated on a 23-year amortization with a balloon payment of the remaining amount in April 2025. Interest payable at LIBOR plus 0.82 (0.98% and 3.22% at June 30, 2020 and 2019, respectively). Secured by real estate and deposit accounts maintained by and investment property held with the University. Additionally, secured by an assignment of leases and rents.	22,354,863
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 University. Additionally, secured by an assignment of leases and rents.	9,957,285
Notes payable in monthly installments on a 15-year amortization with a balloon payment of remaining amount in June 2024, with interest payable at 3.72%. Secured by real estate and deposit accounts maintained by and investment property held with the University. Additionally, secured by an assignment of leases and rents.	199,313
Total long-term debt	$33,618,237

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

2021	$1,648,015
2022	1,271,838
2023	1,656,079
2024	1,446,507
2025 and thereafter	27,595,798
Total long-term debt	$33,618,237

Notes payables are subject to certain affirmative and negative covenants. Management believes the Foundation has complied with all covenants as of June 30, 2020.

(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 $1,756,600 of in-kind services as of June 30, 2020.

(G) Operating Leases

The Foundation currently leases various properties, buildings, storage and parking lots to the University under separate leases, which totaled approximately $1,453,657 as of June 30, 2020. 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, 2020 are as follows:

2021	$588,246
2022	146,163
2023	46,291

2024	20,580
2025 and thereafter	73,860
	$875,140

(H) Subsequent Event

Subsequent to the date of Radford University's Foundation's audit report, approximately $16.8 million of the previously reported $22.4 million notes payable was paid in relation to the University's campus expansion project. This directly correlates to the University's issuance of the Series 2020A 9(c) bonds totaling $16.0 million.

NOTE 20: Coronavirus Relief Funding

During the fiscal year, the University was awarded $9.1 million from the CARES Act for the Higher Education Emergency Relief Fund (HEERF). $4.55 million will be used to provide students with emergency hardship support related to the disruption of campus operations due to COVID-19. The remaining $4.55 million, which will be drawn in fiscal year 2021, will be used to primarily cover costs associated with refunding student housing and dining charges in the Spring 2020 semester. As of June 30, 2020, the University had spent $4.0 million on emergency aid to students and issued $3.8 million in housing and dining refunds.

The University was also awarded $221,769 in Coronavirus Relief Funding (CRF) as federal pass-through funds from the Commonwealth of Virginia during the fiscal year. The funds were primarily used for expenses incurred to facilitate distance learning, including technological improvements, in connection with University closing in the Spring as well as expenses incurred for public safety measures (i.e. cleaning, disinfecting, personal projective equipment, etc.) to enable compliance with COVID-19 precautions.

NOTE 21: Merger with Jefferson College of Health Sciences

On July 10, 2019, the merger between Radford University and Jefferson College of Health Sciences, a part of Carilion Clinic, was finalized. This merger resulted in the formation of Radford University Carilion (RUC). RUC is located in Roanoke, Virginia, and serves students seeking undergraduate and graduate degrees in the health sciences. Carilion transferred certain assets, liabilities, personnel and all related operations of Jefferson College to Radford University at this time. Controllable assets in the amount of $816,740 were transferred to Radford University in the merger. These assets consisted of medical and office equipment at the Jefferson College location.

NOTE 22: Subsequent Events

In November 2020, the Commonwealth of Virginia, on behalf of the University, issued $16,030,000 of general obligation revenue bonds for the acquisition of property for campus expansion related to residential student housing (Series 2020A). Interest rates at issuance range from 1.625 percent to 4.000 percent with a last maturity of June 1, 2040. This bond issuance directly correlates with the capital lease entered into with the Radford University Foundation. This bond sale will allow the University to purchase a majority of the property currently encompassed under the capital lease, thus reducing that obligation.

In February 2021, the University participated in the Educational Facilities Revenue Refunding Bonds, Series 2021 issued by the Virginia College Building Authority (VCBA) under its Pooled Bond Program. The total principal amount of these notes is $13.46 million. The proceeds of these notes were used to refund $12.5 million of outstanding notes. Interest payments on the notes will be made semi-annually, with coupons ranging from 0.48 to 1.910 percent. Principal payments are made annually with the final payment due September 1, 2033. The refunding generated $1.178 million in net present value savings.

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, 2020, 2019, 2018, 2017, 2016, and 2015**

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

Schedule is intended to show information for 10 years. Since 2020 is the sixth year for this presentation, there are only six 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, 2020, 2019, 2018, 2017, 2016, and 2015**

	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.313%	0.277%	0.304%	0.290%	0.293%	0.261%
Employer's proportionate share of the net pension liability	$ 2,169,968	1,725,000	1,996,000	2,246,000	2,082,000	1,761,000
Employer's covered payroll	$ 1,094,298	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	198.30%	180.30%	190.50%	224.02%	211.89%	191.76%
Plan fiduciary net position as a percentage of the total pension liability	68.31%	69.56%	67.22%	61.01%	62.64%	63.05%

Schedule is intended to show information for 10 years. Since 2020 is the sixth year for this presentation, there are only six 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, 2011 through 2020

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
2020	$ 7,612,962	$ 7,612,962	$ -	$ 56,308,891	13.52%
2019	$ 6,444,398	$ 6,444,398	$ -	$ 47,714,545	13.51%
2018	$ 6,238,291	$ 6,238,291	$ -	$ 46,243,818	13.49%
2017	$ 6,106,153	$ 6,106,153	$ -	$ 45,264,292	13.49%
2016	$ 6,078,232	$ 6,078,232	$ -	$ 43,206,118	14.07%
2015	$ 5,043,111	$ 5,043,111	$ -	$ 40,901,142	12.33%
2014	$ 3,399,941	$ 3,399,941	$ -	$ 38,812,116	8.76%
2013	$ 3,169,199	$ 3,169,199	$ -	$ 36,178,066	8.76%
2012	$ 1,107,142	$ 1,107,142	$ -	$ 34,014,776	3.25%
2011	$ 697,904	$ 697,904	$ -	$ 32,765,436	2.13%

RADFORD UNIVERSITY
Schedule of Employer Contributions
VaLORS Retirement Plan
For the Years Ended June 30, 2011 through 2020

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
2020	$ 239,665	$ 239,665	$ -	$ 1,109,047	21.61%
2019	$ 233,802	$ 233,802	$ -	$ 1,094,298	21.37%
2018	$ 201,397	$ 201,397	$ -	$ 956,754	21.05%
2017	$ 220,551	$ 220,551	$ -	$ 1,047,748	21.05%
2016	$ 188,891	$ 188,891	$ -	$ 1,002,575	18.84%
2015	$ 175,205	$ 175,205	$ -	$ 991,540	17.67%
2014	$ 136,302	$ 136,302	$ -	$ 920,958	14.80%
2013	$ 129,797	$ 129,797	$ -	$ 877,007	14.80%
2012	$ 58,214	$ 58,214	$ -	$ 812,193	7.17%
2011	$ 41,347	$ 41,347	$ -	$ 807,556	5.12%

Notes to Required Supplementary Information
For the Year Ended June 30, 2020
VRS State Employee and VaLORS Retirement Plans

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

Radford University

Schedule of University's Share of OPEB Liability (Asset)

For the Year Ended June 30, 2018 through June 30, 2020

Plan	Date	Proportion of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset)	University's Covered Payroll	University's proportionate share of the OPEB liability (asset) as a percentage of its covered payroll **	Plan fiduciary net position as a percentage of the total OPEB liability (asset) **
GLI	2020	0.390%	$ 6,346,825	$ 77,221,642	8.22%	52.00%
GLI	2019	0.399%	$ 6,056,000	$ 75,501,140	8.02%	51.22%
GLI	2018	0.406%	$ 6,109,000	$ 74,422,092	8.21%	48.86%
VSDP	2020	1.069%	$ (2,096,975)	$ 43,505,213	-4.82%	167.18%
VSDP	2019	1.052%	$ (2,369,000)	$ 41,323,569	-5.73%	194.74%
VSDP	2018	1.066%	$ (2,189,000)	$ 40,043,228	-5.47%	186.63%
HIC	2020	1.120%	$ 10,338,029	$ 77,213,560	13.39%	10.56%
HIC	2019	1.124%	$ 10,257,000	$ 75,501,070	13.59%	9.51%
HIC	2018	1.156%	$ 10,522,000	$ 74,400,678	14.14%	8.03%
LODA	2020	0.116%	$ 415,080	$ 1,045,085	39.72%	0.79%
LODA	2019	0.123%	$ 384,000	$ 923,422	41.58%	0.60%
LODA	2018	0.116%	$ 304,000	$ 969,949	31.34%	1.30%
PMRH	2020	1.411%	$ 9,578,793	$ 93,151,753	10.28%	
PMRH	2019	1.429%	$ 14,367,451	$ 82,495,920	17.42%	
PMRH	2018	1.453%	$ 18,871,439	$ 80,950,899	23.31%	

Schedule is intended to show information for 10 years. Since 2020 was the third year for this presentation, only three 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 University's Contributions
For the Year Ended June 30, 2018 through June 30, 2020

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

Schedule is intended to show information for 10 years. Since 2020 was the third year for this presentation, only three years of data is available. However, additional years will be included as they become available.

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

Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2020
Pre-Medicare Retiree Health (PMRH)

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

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

Changes of assumptions – The following actuarial assumptions were updated since the June 30, 2018 valuation based on recent experience:

- Spousal Coverage – reduced the rate from 35% to 25%
- Retiree Participation - reduced the rate from 60% to 50%

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 modified pre-retirement Mortality base rates to exclude age over 65 instead of apply mortality improvement projection scale BB. The excise tax was modified to reflect updated projection of the tax thresholds. Trend rates were updated based on economic conditions as of 6/30/2019.

Additionally, the discount rate was decreased from 3.87% to 3.51% based on the Bond Buyers GO 20 Municipal Bond Index.

Notes to Required Supplementary Information
For the Year Ended June 30, 2020
GLI, VSDP, HIC, LODA

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Teachers (GLI)

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

SPORS Employees (GLI, VSDP, HIC, LODA)

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

VaLORS Employees (GLI, VSDP, HIC, LODA)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience

Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%
Discount Rate	Decrease rate from 7.00% to 6.75% (N/A for LODA)

JRS Employees (GLI, HIC)

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

Largest Ten Locality Employers - General Employees (GLI)

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

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

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

Largest Ten Locality Employers – Hazardous Duty Employees (GLI)

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

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

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

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

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

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

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

Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

May 26, 2021

The Honorable Ralph S. Northam
Governor of Virginia

The Honorable Kenneth R. Plum
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, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the component unit of the University that were audited by another auditor upon whose report we are relying, were audited in accordance with auditing standards generally accepted in the United States of America, but not in accordance with Government Auditing Standards.

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

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

Opinion

In our opinion, based on our audit and the report of another auditor, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and discretely presented component unit of Radford University as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated May 26, 2021, on our consideration of Radford University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the University's internal control over financial reporting and compliance.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

ZLB/clj

As of June 30, 2020

BOARD OF VISITORS

UNIVERSITY OFFICERS

Brian O. Hemphill, Ph.D. *President*

Chad A. Reed
Vice President for Finance and Administration

RADFORD
UNIVERSITY