Business Affairs and Audit Committee

March 2023

RADFORD UNIVERSITY

Board of Visitors

RADFORD UNIVERSITY

Board of Visitors

BUSINESS AFFAIRS AND AUDIT COMMITTEE
10:00 A.M.**
MARCH 23, 2023
KYLE HALL, ROOM 340, RADFORD, VA

DRAFT
AGENDA

• **CALL TO ORDER**	Mr. Marquett Smith, *Chair*
• **APPROVAL OF AGENDA**	Mr. Marquett Smith, *Chair*
• **AUDIT AND ADVISORY SERVICES**	
o Report from the Auditor of Public Accounts	Mr. Zachary Borgerding, *Audit Director, Reporting and Standards, and Radford University Project Manager*
o University Auditor's Report	Ms. Margaret McManus, *University Auditor*
• **FINANCE AND ADMINISTRATION**	
o Division Updates ▪ Capital and Information Technology Projects Update	Dr. Rob Hoover, *Vice President for Finance and Administration and Chief Financial Officer*
▪ Goals Update	Ms. Stephanie Jennelle, *Associate Vice President for Finance and University Controller*
o **Action item:** Recommendation to Certify Compliance with the Radford University Debt Management Policy	Ms. Stephanie Jennelle, *Associate Vice President for Finance and* University *Controller*
o **Action item:** Recommendation to Approve Third Quarter 2022-2023 University Operating Budget Adjustment	Dr. Rob Hoover, *Vice President for Finance and Administration and Chief Financial Officer*
o Financial Overview and Outlook	Dr. Rob Hoover, *Vice President for Finance and Administration and Chief Financial Officer*
• **OTHER BUSINESS**	Mr. Marquett Smith, *Chair*
• **ADJOURNMENT**	Mr. Marquett Smith, *Chair*

**** All start times for committees are approximate only. Meetings may begin either before or after the listed approximate start time as committee members are ready to proceed.**

<u>COMMITTEE MEMBERS</u>

Mr. Marquett Smith, Chair
Mr. Robert A. Archer, Vice Chair
Mrs. Jennifer Wishon Gilbert
Mr. Tyler Lester
Mr. David Smith

March 2023
Meeting Materials

RADFORD UNIVERSITY

Board of Visitors

RADFORD UNIVERSITY

Auditor's Communication of Results of Financial Statement Audit

For the Year Ended June 30, 2022

Area	Comments
Auditor's Opinion	We have issued an unmodified opinion on the University's financial statements for the year ended June 30, 2022. Based on the report of another auditor, we have also issued an unmodified opinion over the University's discretely presented foundation. Our opinion, dated March 13, 2023, is included in the University's fiscal year 2022 Financial Statement Report.
Emphasis of Matter	The opinion contains a paragraph emphasizing Governmental Accounting Standards Board (GASB) Statement 87 as a significant change in accounting principle. The opinion is not modified in respect to this matter.
Significant Audit Adjustments	All proposed audit adjustments were reviewed with management and recorded in the audited financial statements. Adjustments included: • $38.4 million reclassification from operating revenues to non-operating and $21.6 million elimination of revenues and expenses related to federal aid from the Coronavirus Response and Relief Supplemental Appropriations Act and the American Rescue Plan • $3.4 million reclassification of non-depreciable land to depreciable buildings related to purchase of properties leased from the foundation • $2.6 million recognition of lease assets and liabilities and $2.8 million beginning balance increase relating to implementation of GASB 87 • $2.2 million reclassification of capital appropriations 'due from' from unrestricted to restricted net position and removal of $2.2 million in related outflows from the Statement of Cash Flows • $3.8 million reclassification from net investment in capital assets to unrestricted net position • $3.3 million reclassification of scholarship allowance from dining to room contracts in auxiliary footnote
Scope of Work over Internal Controls and Compliance	We have also issued a separate report on Internal Controls and Compliance dated March 13, 2023. We obtained a sufficient understanding of internal control to plan our audit and to determine the nature, timing, and extent of testing performed. Our audit did not identify any matters that we consider to be material weaknesses in internal controls. However, we did report one finding that we determined to be a significant deficiency: • Improve Financial Reporting Review Processes The following is the status of prior year findings: • Improve Compliance over Enrollment Reporting (ongoing) • Promptly Return Unclaimed Aid to the Department of Ed (ongoing) • Improve Timeliness of Info System Access Removal (corrected) • Conduct IT Security Audits on Sensitive Systems (corrected)

Fraud and Illegal Acts	The University is required to communicate to us any known or suspected fraud. We inquired of management and interviewed staff throughout the University regarding their awareness of fraud or illegal acts, as well as any related risks. We brainstormed potential fraud risks as an audit team and developed audit procedures responsive to those risks. We found no indications of fraudulent transactions or illegal acts.
Auditor's Judgment about the Quality of Accounting Principles	We concur with management's application of accounting principles.
Management's Judgments and Accounting Estimates	We reviewed the basis for accounting estimates and these estimates appear to be reasonable based on available information and consistent with prior periods.
Material Alternative Accounting Treatments	There were no material alternative accounting treatments identified as a result of the audit.
Methods of Accounting for Significant Transactions and for Controversial or Emerging Areas	We did not identify unusual transactions or significant accounting policies in controversial or emerging issues.
Disagreements with Management on Financial Accounting and Reporting Matters	There were no disagreements with management about auditing, accounting, or disclosure matters.
Significant Accounting Policies	Other than implementation of GASB Statement 87, we did not identify material changes to accounting and reporting policies or standards during the year. New standards becoming effective during the year are discussed in Note 1 of the University's financial statements.
Future Audit Considerations/Other Observations	• Next year's audit will consider implications of Banner migration to a cloud environment. This year's audit scope included a review of IT service provider oversight and did not identify any findings or recommendations. • Next year's audit will consider new statewide procurement system implemented in fiscal year 2023. • The GASB has issued several statements that may impact the University's financial reporting in the future. We discussed these new standards with Management at an exit conference held on March 13, 2023.
Other Reports	APA has issued its Higher Education Comparative Report, which provides insights into how the University compares to other institutions throughout the Commonwealth. The Board of Visitors was included in the distribution. FORVIS has issued its NCAA agreed-upon procedures report, which is available within the Committee's materials.

Restriction on Use

This information is intended solely for the use of management and the Board of Visitors of Radford University and is not intended to be, and should not be, used by anyone other than these specified parties.

Radford University

Independent Accountant's Report on Applying Agreed-Upon Procedures Performed on the Intercollegiate Athletics Program as Required by NCAA Bylaw 3.2.4.17

June 30, 2022

Radford University
Intercollegiate Athletics Program
June 30, 2022

Contents

FORVIS

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Independent Accountant's Report on Applying Agreed-Upon Procedures

Bret Danilowicz, President
Radford University
Radford, Virginia
and
Commonwealth of Virginia Auditor of Public Accounts
and
Glenn Youngkin, Governor of Virginia
and
Members, Joint Legislative Audit and Review Commission

We have performed the procedures enumerated in Attachment B to this report on compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.17 for the year ended June 30, 2022. The management of Radford University (Institution) is responsible for compliance with the NCAA Bylaw 3.2.4.17.

The Institution has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of determining compliance with the NCAA Bylaw 3.2.4.17 as of and for the year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are described in Attachment B to this report.

We were engaged by the Institution to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the NCAA Bylaw 3.2.4.17. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Institution and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Institution, the Commonwealth of Virginia Auditor of Public Accounts, the Governor of Virginia, and the Members of the Joint Legislative Audit and Review Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

FORVIS, LLP

Houston, Texas
December 20, 2022

Radford University
Intercollegiate Athletics Program
Statement of Revenues and Expenses – Unaudited
Year Ended June 30, 2022

Attachment A

	Men's Basketball	Women's Basketball	Men's Other	Women's Other	Non-Program Specific	Total
Operating Revenues						
Ticket sales	$ 63,212	$ 13,368	$ 4,287	$ -	$ -	$ 80,867
Direct state or other government support	-	-	-	-	2,752,190	2,752,190
Student fees	-	-	-	-	9,282,614	9,282,614
Indirect institutional support	-	-	-	-	946,302	946,302
Guarantees	295,000	58,000	2,500	5,600	-	361,100
Contributions	81,478	12,128	297,613	62,539	556,940	1,010,698
In-Kind	16,500	5,170	53,725	11,100	8,296	94,791
NCAA distributions	-	-	-	-	441,586	441,586
Conference distributions (non-media and non-football bowl)	-	-	-	-	140,000	140,000
Program, novelty, parking, and concession sales	-	-	-	-	2,956	2,956
Royalties, licensing, advertisement and sponsorships	27,320	7,200	16,200	21,000	493,612	565,332
Athletics restricted endowment and investments income	4,176	10,921	34,371	54,221	-	103,689
Other operating revenue	60,000	-	-	-	6,305	66,305
Total Operating Revenues	547,686	106,787	408,696	154,460	14,630,801	15,848,430
Operating Expenses						
Athletic student aid	497,173	526,821	711,201	1,144,725	2,406	2,882,326
Guarantees	20,000	9,200	9,140	3,600	-	41,940
Coaching salaries, benefits, and bonuses paid by the Institution and related entities	676,091	378,052	803,531	827,156	-	2,684,830
Support staff/administrative compensation, benefits, and bonuses paid by the Institution and related entities	87,312	56,941	13,114	-	1,775,964	1,933,331
Severance payments	-	2,302	457,263	17,350	7,163	484,078
Recruiting	74,399	35,157	17,509	24,667	-	151,732
Team travel	105,858	101,892	158,329	286,921	-	653,000
Equipment, uniforms, and supplies	69,953	34,080	158,950	138,400	59,119	460,502
Game expenses	47,707	30,295	41,942	43,316	89,774	253,034
Fundraising, marketing and promotion	5,395	3,350	16,981	440	131,448	157,614
Spirit groups	14,035	14,035	-	-	-	28,070
Athletic facilities debt service, leases and rental fees	-	-	62,185	-	-	62,185
Direct overhead and administrative expenses	2,858	2,608	17,659	12,760	728,226	764,111
Indirect costs paid to the Institution by athletics	-	-	-	-	946,302	946,302
Medical expenses and insurance	-	-	11	1,533	280,775	282,319
Memberships and dues	535	1,055	2,369	3,084	37,988	45,031
Student-athlete meals (non-travel)	43,585	8,804	40,397	23,734	-	116,520
Other operating expenses	41,969	18,663	46,296	22,707	117,444	247,079
Total Operating Expenses	1,686,870	1,223,255	2,556,877	2,550,393	4,176,609	12,194,004
Excess (Deficiency) of Revenues Over (Under) Expenses	$ (1,139,184)	$ (1,116,468)	$ (2,148,181)	$ (2,395,933)	$ 10,454,192	$ 3,654,426

Other Reporting Items	
Total athletics-related debt	$ 163,956
Total institutional debt	$ 84,470,206
Value of athletics-dedicated endowments	$ 3,607,962
Value of institutional endowments	$ 62,590,797
Total athletics-related capital expenditures	$ 109,062

The accompanying Notes to the Statement of Revenues and Expenses – Unaudited are an integral part of this Statement.

Radford University
Intercollegiate Athletics Program
Notes to Statement of Revenues and Expenses – Unaudited
June 30, 2022

Note 1: Basis of Presentation

The accompanying Statement of Revenues and Expenses – Unaudited (Statement) has been prepared on the accrual basis of accounting. The purpose of the Statement is to present a summary of revenues and expenses of the Intercollegiate Athletics Programs (Athletics) of the Institution for the year ended June 30, 2022. The Statement includes those Athletics revenues and expenses made on behalf of Athletics by outside organizations not under the accounting control of the Institution. Because the Statement presents only a selected portion of the activities of the Institution, it is not intended to and does not present either the financial position, changes in financial position, or cash flows of the Institution as a whole, for the year then ended. Revenues and expenses directly identifiable with each category of sport presented are reported accordingly. Revenues and expenses not directly identifiable to a specific sport are reported under the category Non-Program Specific.

Note 2: Affiliated Organizations

The Statement includes transactions of the Radford University Foundation, Inc. (Foundation) made on behalf of the Athletics. The Athletics received $1,186,330 from the Foundation, which is comprised of $1,010,698 of Contributions and $103,689 of Athletics Restricted Endowment and Investment Income in the accompanying Statement. This amount also includes $71,943 contributed for the replacement of Radford's baseball field turf and other equipment. Due to NCAA reporting requirements, these capital expenses are recorded separately within Total Athletics-Related Capital Expenditures listed under the Statement's Other Reporting Items section. The Foundation has obligations under an installment purchase agreement relating to the renovation of the Institution's Baseball field. The balance of this installment purchase, $163,956 is listed under Other Reporting Items.

Note 3: Capital Assets

Capital assets consisting of buildings and equipment are stated at the estimated historical cost or actual cost where determinable. Capital assets are generally defined by the Institution as assets with an initial cost of $5,000 or greater and an estimated useful life of greater than one year. Donated capital assets are recorded at the acquisition value at the date of donation. Construction-in-progress expenses are capitalized at actual cost as the major capital assets and improvements are constructed. The costs of normal maintenance and repairs that do not add to an asset's value or materially extend its useful life are not capitalized. Depreciation is computed using the straight-line method over the estimated useful life of the asset with no residual value. The useful life is 40 years for buildings, 20 years for site improvements, and 2 to 25 years for equipment.

Depreciable capital assets	
Buildings	$ 31,595,010
Equipment	1,450,154
Site Improvements	7,050,842
Total depreciable capital assets	40,096,006
Less accumulated depreciation for	
Buildings	(18,261,207)
Equipment	(883,693)
Site Improvements	(4,219,641)
Total accumulated depreciation	(23,364,541)
Total capital assets for intercollegiate athletics, net of accumulated depreciation	$ 16,731,465

Note 4: Long-Term Debt

Long-term debt maturities relating to Athletics are as follows:

	Principal	Interest
2023	$ 57,623	$ 4,562
2024	59,555	2,631
2025	46,779	659
Total	$ 163,957	$ 7,852

Note 5: Allocation of Athletic Overhead Costs

The *Commonwealth's Appropriation Act* (§ 3-4.01 of Chapter 1283 of the 2020 General Assembly Session) requires that educational and general programs in institutions of higher education recover the full indirect cost of auxiliary enterprise programs. Therefore, the Institution assesses each auxiliary unit an "administrative fee" to recover institutional educational and general administrative costs. However, in fiscal year 2022, indirect costs of auxiliary enterprise programs were not recovered in accordance with additional language that stated, "institutions of higher education shall have the authority to reduce the recovery of the full indirect cost of auxiliary enterprise programs to the educational and general program for the 2020–2022 biennium as a result of the significant financial impact on auxiliary enterprise programs caused by the COVID-19 pandemic." In accordance with the NCAA's Agreed-Upon Procedures Guide, the value of these indirect costs is reported on the Statement in the operating revenues line item titled Indirect Institutional Support and the operating expenses line item titled Indirect Cost Paid to the Institution by Athletics.

Radford University
Intercollegiate Athletics Program
Notes to Statement of Revenues and Expenses – Unaudited
June 30, 2022

UNIVERSITY OFFICIALS

Carolyn R. Lepre, Ph.D.
Interim President

Stephanie J. Jennelle
Interim Vice President for Finance and Administration

Robert G. Lineburg
Director of Intercollegiate Athletics Programs

Radford University
Intercollegiate Athletics Program
Agreed-Upon Procedures
June 30, 2022

Attachment B

Our procedures and findings are described as follows:

Statement of Revenues and Expenses – Unaudited

1. We will obtain the Statement of Revenues and Expenses – Unaudited (Statement) (Attachment A) of Radford University (Institution) Intercollegiate Athletics Program (Athletics) for the year ended June 30, 2022, as prepared by management. We will compare the revenue and expense amounts reported on the Statement to the supporting schedules prepared by management of the Institution.

   Results and Findings: We obtained Attachment A, as prepared by management. We recalculated the amounts on Attachment A, compared the amounts on Attachment A to management's worksheets and traced the amounts on management's worksheets to the general ledger for the Institution without any differences greater than 4%.

2. We will compare a sample of operating revenue receipts and operating expenses obtained from the above Statement to adequate supporting schedules.

   Results and Findings: No matters are reportable.

3. We will compare each major revenue and expense category over 10% of the total revenues or expenses in the Statement to prior year amounts and current year budgeted amounts. We will obtain and document an understanding of any significant variances greater than 10% from prior year amounts or current year budget estimates.

   Results and Findings:

   Current year actual versus prior year actual:

   - Direct state or other government support revenues increased by $2,752,190 in the current year, mainly due to Higher Education Emergency Relief (HEERF) funding that was received in the current year which was not received in the prior year.

   - Support staff/administrative compensation, benefits, and bonuses expenses paid by the Institution decreased by $313,518 due to the fluctuation of pension liability having a debit balance in the prior year and a credit balance in the current year, therefore, decreasing the related pension expense.

   Current year actual versus current year budget:

   - The Institution does not budget by the revenue and expense line items on the Statement. We compared the budget to actual for the budget, prepared in accordance with the Commonwealth of Virginia guidance and no matters are reportable.

Ticket Sales

4. For football and men's basketball ticket revenue, we will compare the detail of tickets sold, complimentary tickets provided, and unsold tickets to the related revenue reported by the Institution in the Statement and the related attendance figures and recalculate totals.

   Results and Findings: Statement line item was less than 4% of total revenues; therefore, no procedures were performed.

Student Fees

5. We will compare and agree student fees reported by the Institution in the Statement to student enrollments and recalculate totals.

   Results and Findings: No matters are reportable.

6. We will obtain and document an understanding of the Institution's methodology for allocating student fees to Athletics and inquire of the Institution's management as to whether there were any significant changes from prior year.

   Results and Findings: No matters are reportable.

7. If Athletics is reporting that an allocation of student fees should be countable as generated revenue, we will recalculate the totals of Athletics' methodology for supporting that they are able to count each sport. We will agree the calculation to supporting documents, such as seat manifests, ticket sales reports, and student fee totals.

   Results and Findings: The Institution does not perform an allocation; therefore, no procedures were performed.

Direct State or Other Governmental Support

8. We will compare the direct state or other governmental support recorded by the Institution during the reporting period with state appropriations, Institution authorizations, and/or other corroborative supporting documentation and recalculate totals.

   Results and Findings: No matters are reportable.

Direct Institutional Support

9. We will compare the direct institutional support recorded by the Institution during the reporting period with supporting budget transfers documentation and other corroborative supporting documentation and recalculate totals.

   Results and Findings: There were no revenues in this line item in the Statement; therefore, no procedures were performed.

Transfers Back to Institution

10. We will compare the transfers back to the Institution with permanent transfers back to the Institution from Athletics and recalculate totals.

    Results and Findings: There were no revenues in this line item in the Statement; therefore, no procedures were performed.

Indirect Institutional Support

11. We will compare the indirect institutional support recorded by the Institution during the reporting period with expense payments, cost allocation detail, and other corroborative supporting documentation and recalculate totals.

    Results and Findings: No matters are reportable.

Indirect Institutional Support – Athletic Facilities Debt Service, Lease and Rental Fees

12. We will compare the indirect institutional support – athletic facilities, debt service, lease and rental fees recorded by the Institution during the reporting period with expense payments, cost allocation detail, and other corroborative supporting documentation and recalculate totals.

    Results and Findings: There were no revenues in this line item in the Statement; therefore, no procedures were performed.

Guarantees

13. We will select a sample of one settlement report for away games during the reporting period and agree the selection to the Institution's general ledger and/or the Statement and recalculate totals.

    Results and Findings: Statement line item was less than 4% of total revenues; therefore, no procedures were performed.

14. We will select a sample of one contractual agreement pertaining to revenues derived from guaranteed contests during the reporting period and compare and agree the selection to the Institution's general ledger and/or the Statement and recalculate totals.

    Results and Findings: Statement line item was less than 4% of total revenues; therefore, no procedures were performed.

Contributions

15. We will obtain a listing of all contributions of money, goods, or services received directly by Athletics from any affiliated or outside organization, agency, or group of individuals (two or more). For any individual contributions greater than 10% of total contributions received, we will obtain, and review supporting documentation and recalculate totals.

Results and Findings: 100% of the contributions' balance on the Statement was contributions from the Radford University Foundation. We tested one contribution over 10% from the Foundation. No matters are reportable.

In-Kind

16. We will compare the in-kind revenue recorded by the Institution during the reporting period with a schedule of in-kind donations and recalculate totals.

    Results and Findings: Statement line item was less than 4% of total revenues; therefore, no procedures were performed.

Compensation and Benefits Provided by a Third Party

17. We will obtain the summary of revenues from affiliated and outside organizations (Summary) as of the end of the reporting period from the Institution and select a sample of one item from the Summary and compare and agree the selection to supporting documentation, the Institution's general ledger, and/or the Summary and recalculate totals.

    Results and Findings: There were no revenues in this line item in the Statement; therefore, no procedures were performed.

Media Rights

18. We will obtain and inspect agreements to understand the Institution's total media rights received by the Institution or through its conference offices as reported in the Statement.

    Results and Findings: There were no revenues in this line item in the Statement; therefore, no procedures were performed.

19. We will compare and agree the media rights revenues to a summary statement of all media rights identified, if applicable, and the Institution's general ledger and recalculate totals.

    Results and Findings: There were no revenues in this line item in the Statement; therefore, no procedures were performed.

NCAA Distributions

20. We will compare the amounts recorded in the Statement to general ledger detail for NCAA distributions and other corroborative supporting documents and recalculate totals.

    Results and Findings: Statement line item was less than 4% of total revenues; therefore, no procedures were performed.

Conference Distributions and Conference Distributions of Football Bowl Generated Revenue

21. We will obtain and read agreements related to the Institution's conference distributions and participation in revenues from tournaments during the reporting period for relevant terms and conditions.

    Results and Findings: Statement line item was less than 4% of total revenues; therefore, no procedures were performed.

22. We will compare and agree the related revenues to the Institution's general ledger and/or the Statement and recalculate totals.

    Results and Findings: Statement line item was less than 4% of total revenues; therefore, no procedures were performed.

Program Sales, Concessions, Novelty Sales, and Parking

23. We will obtain supporting schedules for revenue reported in the Statement from program sales, concessions, novelty sales, and parking and agree the amounts to the Statement and recalculate totals.

    Results and Findings: Statement line item was less than 4% of total revenues; therefore, no procedures were performed.

Royalties, Licensing, Advertisements, and Sponsorships

24. We will obtain and read agreements related to the Institution's participation in revenues from royalties, licensing, advertisements, and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions.

    Results and Findings: Statement line item was less than 4% of total revenues; therefore, no procedures were performed.

25. We will compare and agree the related revenues to the Institution's general ledger, and/or the Statement and recalculate totals.

    Results and Findings: Statement line item was less than 4% of total revenues; therefore, no procedures were performed.

Sports Camp Revenues

26. We will obtain and read sports camp contract(s) between the Institution and person(s) conducting Institution's sports camps or clinics during the reporting period to obtain an understanding of the Institution's methodology for recording revenues from sports camps.

    Results and Findings: There were no revenues in this line item in the Statement; therefore, no procedures were performed.

27. We will obtain schedules of camp participants and select a sample of one individual camp participant cash receipts from the schedule of sports camp participants and agree the selection to the Institution’s general ledger and/or the Statement and recalculate totals.

    Results and Findings: There were no revenues in this line item in the Statement; therefore, no procedures were performed.

Athletics Restricted Endowment and Investment Income

28. We will obtain and read endowment agreements (if any) to gain an understanding of the relevant terms and conditions.

    Results and Findings: Statement line item was less than 4% of total revenues; therefore, no procedures were performed.

29. We will compare and agree the classification and use of endowment and investment income reported in the Statement during the reporting period to the uses of income defined within the related endowment agreement and recalculate totals.

    Results and Findings: Statement line item was less than 4% of total revenues; therefore, no procedures were performed.

Other Operating Revenue

30. We will obtain support schedules for other revenue reported in the Statement and recalculate totals.

    Results and Findings: Statement line item was less than 4% of total revenues; therefore, no procedures were performed.

Football Bowl Revenues

31. We will obtain and read agreements related to the Institution’s revenues from post-season football bowl participation during the reporting period to gain an understanding of the relevant terms and conditions.

    Results and Findings: There were no revenues in this line item in the Statement; therefore, no procedures were performed.

32. We will compare and agree the related revenues to the Institution’s general ledger and/or Statements and recalculate totals.

    Results and Findings: There were no revenues in this line item in the Statement; therefore, no procedures were performed.

Athletic Student Aid

33. We will select a sample of students (if the Institution used CA software, the sample is the lesser of 10% or 40 student-athlete recipients; if the Institution did not use CA software, the sample is the lesser of 20% or 60 student-athlete recipients) from the listing of student aid recipients during the reporting period.

    Results and Findings: We selected a sample of 21 students from the listing of student aid recipients during the reporting period. No matters are reportable.

34. We will obtain individual student-account detail for each selection and compare total aid per the Institution's student information system to the student's detail in the Institution report that ties directly to the NCAA Membership Financial Reporting System.

    Results and Findings: No matters are reportable.

35. We will compare information for each student selected to their information reported in the NCAA's CA software or the NCAA Membership Financial Reporting System, using the following criteria:

    a. We will compare the equivalency value in the CA software for each student athlete (rounded to two decimal places) to supporting documentation.

    b. We will note whether grants-in-aid were calculated by using the revenue distribution equivalencies by sport and in aggregate (athletic grant amount divided by the full grant amount).

    c. We will note whether other expenses related to attendance (also known as gap money or cost of attendance) are excluded from grants-in-aid revenue distribution equivalencies. Only tuition, fees, room, board and course-related books were counted for grants-in-aid revenue distribution per Bylaw 20.02.7.

    d. We will note whether the grant amount represented the full cost of tuition for an academic year, rather than a semester.

    e. If an athlete participated in more than one sport, we will note whether the award was only included in one sport.

    f. We will note whether Athletics' grants were for sports in which the NCAA conducts championships competition, emerging sports for women and bowl subdivision football.

    g. We will note whether grants-in-aid were for sports that meet the minimum contests and participants' requirements of Bylaw 20.9.6.3.

    h. We will note whether any of the selected items represented grants to student-athletes listed on the calculation of revenue distribution equivalencies report as "exhausted eligibility" or "medical."

    i. We will note whether any sports were discontinued during the fiscal year.

j. We will note whether any of the student athletes selected had exhausted their Athletics' eligibility.

k. If a selected student received a Pell Grant, we will note whether the value of the grant was excluded from the calculation of equivalencies or the total dollar amount of student athletic aid expense for the Institution.

l. If a student received a Pell Grant, we will compare the student's total grant to the total number and total value of Pell Grants reported for revenue distribution purposes in the NCAA Membership Financial Reporting System.

Results and Findings: No matters are reportable.

36. We will recalculate the detail amounts of athletic student aid and agree it to the total per the Statement. We will recalculate totals for each sport and overall.

Results and Findings: No matters are reportable.

Guarantees

37. We will obtain and inspect a sample of one visiting institution's away-game settlement reports received by the Institution during the reporting period and agree related expenses to the general ledger and recalculate totals.

Results and Findings: Statement line item was less than 4% of total expenses; therefore, no procedures were performed.

38. We will obtain and inspect a sample of one contractual agreement pertaining to expenses recorded by the Institution during the reporting period from guaranteed contests and agree related expenses to the general ledger and/or Statement and recalculate totals.

Results and Findings: Statement line item was less than 4% of total expenses; therefore, no procedures were performed.

Coaching Salaries, Benefits and Bonuses Paid by the Institution and Related Entities

39. We will obtain and inspect a listing of coaches employed by the Institution and related entities during the reporting period and select a sample of coaches' contracts that will include football and men's and women's basketball from the above listing.

Results and Findings: The Institution has no football program; therefore, no football coaching salary selected. For all selected items, no matters are reportable.

40. We will compare and agree the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the Institution and related entities in the Statement during the reporting period.

Results and Findings: No matters are reportable.

41. We will obtain and inspect payroll summary registers for the reporting year for each selection. We will compare and agree payroll summary registers from the reporting period to the related coaching salaries, benefits, and bonuses paid by the Institution and related entities expense recorded by the Institution in the Statement during the reporting period.

    Results and Findings: No matters are reportable.

42. We will compare and agree the totals recorded to any employment contracts executed for the sample selected and recalculate totals.

    Results and Findings: No matters are reportable.

Coaching Other Compensation and Benefits Paid by a Third Party

43. We will obtain and inspect a listing of coaches employed by third parties during the reporting period and select a sample of coaches' contracts that will include football and men's and women's basketball from the above listing.

    Results and Findings: There were no expenses in this line item in the Statement; therefore, no procedures were performed.

44. We will compare and agree the financial terms and conditions of each selection to the related coaching other compensation and benefits paid by a third party and recorded by the Institution in the Statement during the reporting period.

    Results and Findings: There were no expenses in this line item in the Statement; therefore, no procedures were performed.

45. We will obtain and inspect payroll summary registers for the reporting year for each selection. We will compare and agree payroll summary registers from the reporting period to the coaching other compensation and benefits paid by third-party expenses recorded by the Institution in the Statement during the reporting period.

    Results and Findings: There were no expenses in this line item in the Statement; therefore, no procedures were performed.

Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the Institution and Related Entities

46. We will select a sample of one support staff/administrative personnel employed by the Institution and related entities during the reporting period.

    Results and Findings: No matters are reportable.

47. We will obtain and inspect reporting period summary payroll register for each selection. We will compare and agree related summary payroll register to the related support staff/ administrative salaries, benefits, and bonuses paid by the Institution and related entities expense recorded by the Institution in the Statement during the reporting period and recalculate totals.

    Results and Findings: No matters are reportable.

Support Staff/Administrative Other Compensation and Benefits Paid by a Third Party

48. We will select a sample of one support staff/administrative personnel employed by third parties during the reporting period.

    Results and Findings: There were no expenses in this line item in the Statement; therefore, no procedures were performed.

49. We will obtain and inspect reporting period summary payroll register for the selection. We will compare and agree the related summary payroll register to the related support staff/ administrative other compensation and benefits expense recorded by the Institution in the Statement during the reporting period and recalculate totals.

    Results and Findings: There were no expenses in this line item in the Statement; therefore, no procedures were performed.

Severance Payments

50. We will select a sample of one employee receiving severance payments by the Institution during the reporting period and agree the severance payment to the related termination letter or employment contract and recalculate totals.

    Results and Findings: Statement line item was less than 4% of total expenses; therefore, no procedures were performed.

Recruiting

51. We will obtain an understanding of the Institution's recruiting expense policies and compare to existing Institution and NCAA-related policies.

    Results and Findings: Statement line item was less than 4% of total expenses; therefore, no procedures were performed.

52. We will obtain general ledger detail of recruiting expenses and compare to amounts reported in the Statement and recalculate totals.

    Results and Findings: Statement line item was less than 4% of total expenses; therefore, no procedures were performed.

Team Travel

53. We will obtain an understanding of the Institution's team travel policies and compare to existing Institution and NCAA-related policies.

    Results and Findings: No matters are reportable.

54. We will obtain general ledger detail of team travel expenses and compare to amounts reported in the Statement and recalculate totals.

    Results and Findings: No matters are reportable.

Equipment, Uniforms, and Supplies

55. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and vouch to supporting documentation and recalculate totals.

    Results and Findings: Statement line item was less than 4% of total expenses; therefore, no procedures were performed.

Game Expenses

56. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and vouch to supporting documentation and recalculate totals.

    Results and Findings: Statement line item was less than 4% of total expenses; therefore, no procedures were performed.

Fundraising, Marketing, and Promotion

57. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and vouch to supporting documentation and recalculate totals.

    Results and Findings: Statement line item was less than 4% of total expenses; therefore, no procedures were performed.

Sports Camps Expenses

58. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and vouch to supporting documentation and recalculate totals.

    Results and Findings: There were no expenses in this line item in the Statement; therefore, no procedures were performed.

Spirit Groups

59. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and vouch to supporting documentation and recalculate totals.

    Results and Findings: Statement line item was less than 4% of total expenses; therefore, no procedures were performed.

Athletic Facilities Debt Service, Leases and Rental Fees

60. We will obtain a listing of debt service schedules, lease payments, and rental fees for Athletics' facilities and agree to the general ledger. We will compare a sample of facility payments including the top two highest facility payments, to additional supporting documentation and recalculate totals.

    Results and Findings: Statement line item was less than 4% of total expenses; therefore, no procedures were performed.

Direct Overhead and Administrative Expenses

61. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and vouch to supporting documentation and recalculate totals.

    Results and Findings: No matters are reportable.

Indirect Costs Paid to the Institution by Athletics

62. We will obtain general ledger detail and compare to supporting documentation.

    Results and Findings: No matters are reportable.

Medical Expenses and Medical Insurance

63. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and vouch to supporting documentation and recalculate totals.

    Results and Findings: Statement line item was less than 4% of total expenses; therefore, no procedures were performed.

Memberships and Dues

64. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and vouch to supporting documentation and recalculate totals.

    Results and Findings: Statement line item was less than 4% of total expenses; therefore, no procedures were performed.

Other Operating Expenses and Transfers to Institution

65. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and vouch to supporting documentation and recalculate totals.

    Results and Findings: Statement line item was less than 4% of total expenses; therefore, no procedures were performed.

Student-Athlete Meals (Non-Travel)

66. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and vouch to supporting documentation and recalculate totals.

    Results and Findings: Statement line item was less than 4% of total expenses; therefore, no procedures were performed.

Football Bowl Expenses – Coaching Compensation/Bonuses

67. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and vouch to supporting documentation and recalculate totals.

    Results and Findings: There were no expenses in this line item in the Statement; therefore, no procedures were performed.

Football Bowl Expenses

68. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and vouch to supporting documentation and recalculate totals.

    Results and Findings: There were no expenses in this line item in the Statement; therefore, no procedures were performed.

Additional Minimum Agreed-Upon Procedures

69. We will compare and agree the sports sponsored reported in the NCAA Membership Financial Reporting System to the supporting equivalency calculations of the Institution. We will compare current year grants-in-aid revenue distributions equivalencies to prior year reported equivalencies per the Membership Financial Report submission and note any variances greater than 4%.

    Results and Findings: No matters are reportable.

70. We will obtain the Institution's Sports Sponsorship and Demographics Forms Report for the reporting year. We will validate that the countable sports reported by the Institution meet the minimum requirements set forth by Bylaw 20.9.6.3 for the number of contests and the number of participants in each contest that is counted toward meeting the minimum contest requirement. Once countable sports have been confirmed, we will ensure that the Institution has properly reported these sports as a countable for revenue distribution purposes within the NCAA Membership Financial Reporting System. We will compare the current year number of sports sponsored to prior year reported total per the Membership Financial Report submission.

    Results and Findings: No matters are reportable.

71. We will agree the total number of Division I student-athletes who, during the academic year, received a Pell Grant award and the total value of these Pell Grants reported in the NCAA Membership Financial Reporting system to a report, generated out of the Institution's financial aid system, of all student-athlete Pell Grants. We will compare the current year Pell Grants total to the prior year reported total per the Membership Financial Report submission and note any variance of student athletes.

    Results and Findings: No matters are reportable.

Minimum Agreed-Upon Procedures for Other Reporting Items

Excess Transfers to the Institution and Conference Realignment Expenses

72. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction to agree to supporting documentation and recalculate totals.

    Results and Findings: There were no excess transfers to the Institution or conference realignment expenses for the reporting period; therefore, no procedures were performed.

Total Athletics-Related Debt

73. We will obtain repayment schedules for all outstanding athletics-related debt during the reporting period and recalculate annual maturities. We will agree the total annual maturities and total outstanding athletic-related debt to supporting documentation and the general ledger.

    Results and Findings: No matters are reportable.

Total Institutional Debt

74. We will agree the total outstanding debt of the Institution to supporting documentation and the Institution's audited financial statements.

    Results and Findings: No matters are reportable.

Value of Athletics-Dedicated Endowments

75. We will obtain a schedule of all athletics-dedicated endowments maintained by Athletics, the Institution and affiliate organizations. We will agree the fair market value in the schedule(s) to supporting documentation and the general ledger.

    Results and Findings: No matters are reportable.

Value of Institutional Endowments

76. We will agree the fair market value of the Institution's endowments to supporting documentation and the general ledger.

    Results and Findings: No matters are reportable.

Total Athletics-Related Capital Expenditures

77. We will obtain a schedule of Athletics-related capital expenditures made by Athletics, the Institution and affiliated organizations during the reporting period.

    Results and Findings: No matters are reportable.

78. We will obtain general ledger detail and compare to the total expenses report. We will select a sample of one transaction and compare to supporting documentation and recalculate totals.

    Results and Findings: No matters are reportable.

RADFORD UNIVERSITY – OFFICE OF AUDIT & ADVISORY SERVICES
Information Technology Audit – DNS, DHCP, and Firewall
February 15, 2023

BACKGROUND

Three of the critical components used to secure Radford University's Information Technology (IT) infrastructure are Domain Name System (DNS), Dynamic Host Configuration Protocol (DHCP), and Firewalls. DNS maps the words that people use to locate a website to the numerical Internet Protocol (IP) address that a computer uses to locate that website. DHCP is a network management protocol that assigns a unique IP address to each device that connects to a network, allowing those devices to connect and exchange data. A firewall is a network security device that monitors and filters incoming and outgoing network traffic based on established security policies. It is a barrier between the University's internal network and the public Internet. These components are managed by Information Technology Services (ITS).

OBJECTIVE AND SCOPE

The objective of the audit was to assess the risks associated with the DNS, DHCP, and Firewall technologies and to provide recommendations to lower those risks.

The scope of this audit included the following technologies:

- DNS External
- DNS Filtering
- DNS Internal – Main Campus
- DNS Internal – RUC
- DHCP – Main Campus
- DHCP – RUC
- Firewall – Outside/Perimeter
- Firewall – Inside
- Firewall – Intrusion Prevention
- VPN Concentrator

The audit procedures included a review of the technologies noted above and a comparison of them against information technology security industry best practices.

This audit was conducted by Securance Consulting, who was contracted by the Office of Audit & Advisory Services.

CONCLUSION

At the time of the audit and relative to the controls and processes reviewed, they appeared adequate to provide reasonable assurance that the objective noted above is being met. However, we identified the following business issues.

BUSINESS ISSUES

The following issues were identified in this audit. Page 2 contains information on planned actions and action completion dates and, accordingly, that page is an integral part of this report.

1. Improvements were needed to the University's Minimum System Configuration Standard.
2. The console password on a physically secured networking device was not properly set.
3. Improvements are needed in the Internet edge firewall rules.
4. There is a potential vulnerability for unauthorized DNS and DHCP servers.

BUSINESS ISSUE	PLANNED ACTION	COMPLETION DATE
1. Improvements were needed to the University's Minimum System Configuration Standard. Although the University's Minimum System Configuration Standard required timely system patching, the document did not contain specific patch timing detail based on the severity and impact of the vulnerability to help ensure timeliness. Industry best practices indicate that the patch management process is more effective if guidelines are provided regarding the required time to apply a patch, based on the vulnerability.	1. ITS has updated the Minimum System Configuration Standard to include the vulnerability patch timelines and impacts.	Complete
2. The console password on a physically secured networking device was not properly set. Although there are several layers of physical controls in place to help prevent malicious activity, this could have allowed an individual with physical access to the device to have administrative terminal access which could compromise configurations and other security measures of the device.	2. ITS has properly set a console password to the networking device for additional protection. The password is also stored in the ITS vault.	Complete
3. Improvements are needed in the Internet edge firewall rules (configuration). Specifically, rules are not in place to explicitly prevent certain DNS threats. These rules would significantly bolster the security of the DNS services provided by the Cisco Umbrella firewall.	3. The current firewall configuration only allows the use of Open DNS and Google DNS. There are exceptions defined for four specific servers to allow these servers to function as internal DNS servers. ITS will remove the Google DNS rules and remove the exceptions during the firewall upgrade scheduled for May 2023.	June 1, 2023
4. There is a potential vulnerability for unauthorized (rogue) DNS and DHCP servers. Although the University already runs vulnerability scans, it does not review for DNS and DHCP services that are running. Not reviewing for these services could allow unauthorized DNS and DHCP services to run on the University's network undetected.	4. DHCP snooping is currently configured on the network switches as a mitigating control to help prevent DHCP servers from running on switch ports. ITS will enhance vulnerability scans and alerts to include rogue DHCP and DNS servers.	June 1, 2023

RADFORD UNIVERSITY

Office of Audit and Advisory Services

FOLLOW-UP AUDIT STATUS REPORT
BUSINESS AFFAIRS AND AUDIT COMMITTEE
MARCH 2023

Audit: Sponsored Programs and Grants Management					
Business Issue		Planned Action		Completion Date	Status
1.1	The University lacks a policy(ies) to define institutional base salary (IBS) and supplemental/extra-service pay. Such policy(ies) are required by the Uniform Guidance. Not having the required policy(ies) could result in unallowable compensation costs charged to Federal grants. NOTE: Effective August 2022, issues 1.1 and 1.2 (previously combined) were split out separately, at management's request.	1.1	Human Resources, after consultation with SPGM and the Controller's Office, will develop a policy to define institutional base salary. The new policy will be communicated campus-wide. NOTE: Effective August 2022, action plans for issues 1.1 and 1.2 (previously combined) were split out separately, at management's request.	October 31, 2021 Revised to May 1, 2022 Revised to December 31, 2022	Complete
1.3	One PR-40 form (the form that is used to authorize supplemental pay) documented a 50% allocation to the ASSET grant, but the payments were allocated 100% to the grant. After further inquiry, we determined that management completed the form incorrectly, and the charge to the grant was deemed to be in accordance with the original intent. However, because the form on file wasn't corrected, it gives the appearance of unallowable activity. Furthermore, the form contained numerous mark-outs, revisions, and hand-written notes, making it difficult to determine the intent of the personnel action.	1.3	To improve upon existing PR-40 business practices, Human Resources will develop procedures/guidelines for proper completion of the PR-40 form. The new procedures/guidelines will be communicated campus-wide.	March 31, 2021 Revised to March 31, 2022 Revised to June 30, 2022 Revised to January 6, 2023 Revised to March 31, 2023	In Process

RADFORD UNIVERSITY

Office of Audit and Advisory Services

FOLLOW-UP AUDIT STATUS REPORT
BUSINESS AFFAIRS AND AUDIT COMMITTEE
MARCH 2023

Audit: IT – Incident Response & Recovery			
Business Issue	**Planned Action**	**Completion Date**	**Status**
1.1 Improvements are needed in the University's Major Incident Response Procedure document. When compared to the National Institute of Standards and Technology (NIST) Special Publication (SP) 800-61, the document is missing certain information that helps ensure that the process is well-defined, documented, or tested. Specifically, the Major Incident Response Procedure and supplemental documents do not: • Explicitly state what actions are required to be taken based on the priority or severity of the incident. • Contain specific steps, based on the type of event, to ensure complete remediation. • Have scenarios and directions to contain and remediate each type of incident, to improve the University's readiness.	1.1 Information Technology Services (ITS) will review and update the University's Major Incident Response Procedure. These updates will include: • Additional details on required actions based on priority and severity of an event. • More detailed steps that can be followed to ensure remediation and restoration. • A small number of example scenarios with more specific directions to help improve readiness.	March 1, 2023	Complete

FOLLOW-UP AUDIT STATUS REPORT
BUSINESS AFFAIRS AND AUDIT COMMITTEE
MARCH 2023

Audit: APA Audit 06/30/2021					
Business Issue		Planned Action		Completion Date	Status
2.1.2	The University did not remove access to information systems in a timely manner in certain instances once employees no longer required the access. Untimely removal of access to information systems unnecessarily exposes the University to risks of improper activity from former and existing employees. Furthermore, untimely removal of access increases risk to the confidentiality and integrity of the University's information systems data. <u>Users with Critical Access</u> In October 2020, the system owner of the University's accounting and financial reporting system authorized access for ten users from Information Technology Services (ITS) to a form which allows them to make changes to employees' direct deposit information as part of a project to migrate from the Commonwealth's payroll system to the University's new payroll system. The University completed migration and implementation of the payroll system in July 2021; however, the University did not remove access for the ten ITS users until March 2022. The University's payroll system implementation was a one-time project requiring temporary access for an indeterminate period. As a result of the infrequency of large-scale system implementations, the University did not remove access upon completion. The data owner also did not identify the issue during the annual access certification because the University inadvertently excluded the access levels in question from the listings provided for review. The University should re-evaluate the annual access certification process to ensure it provides complete listings to system owners for review. Note: The full text of this issue is available at the [Radford University Report on Audit for FY 2021.]	2.1.2	ITS will also review and add additional controls to validate the listing provided to data and system owners in the annual access certification process. This will ensure that the listings provided are comprehensive of all applicable forms. This will be completed to be fully utilized for the November 2022 certification.	November 30, 2022	Complete

FOLLOW-UP AUDIT STATUS REPORT
BUSINESS AFFAIRS AND AUDIT COMMITTEE
MARCH 2023

Audit: APA Audit 06/30/2021 (Continued)					
Business Issue		Planned Action		Completion Date	Status
4.0	The University did not promptly return unclaimed student financial aid funds to ED within the required timeframe. In accordance with 34 CFR 668.164(l), if an institution attempts to disburse funds by check and the recipient does not cash the check, the institution must return the funds no later than 240 days after the date it issued that check or no later than 45 days after a rejected electronic funds transfer (EFT). Not returning funds timely can result in federal noncompliance and subject the institution to potential adverse actions affecting the institution's participation in Title IV aid programs. The University did not return $2,853 in unclaimed aid timely for aid year 2021. At the time we completed our audit, and after reviewing the full population of 47 students with aid outstanding, the University had not yet returned $374 to ED. Escheatment of the funds to the Commonwealth of Virginia rather than returning the funds to ED was the primary cause of the delay in returning the funds. The University should evaluate current policies and procedures for returning unclaimed student financial aid funds timely and implement corrective action to prevent future noncompliance. If the University is unable to successfully contact the federal aid recipient and the check remains uncashed or the EFT is rejected, the University should return the unclaimed funds to ED within the required timeframe.	4.0	The Office of Financial Aid and the Department of General Accounting are conducting a comprehensive review of current procedures for the timely return of funds. All necessary corrective action improvements will be finalized and validated by December 31, 2022.	December 31, 2022 Revised to March 31, 2023	In process

Business Affairs and Audit Committee

RADFORD
UNIVERSITY

Board of Visitors

March 23, 2023

Business Affair's Routine Financial Action Items

— Fall
- Approval – University Operating Budget
- Approval – Six-Year Plans

— Winter
- Certification – Compliance with University Debt Management Policy

— Spring/Summer
- Approval – Tuition and Fee Rates for Upcoming Academic Year

— As needed
- Approval – Operating Budget Adjustments

Capital Project Update

RADFORD
UNIVERSITY

Artis Center for Adaptive Innovation and Creativity


SUNBELT RENTALS
SKYTRAK
Genie

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs and Audit Committee
March 23, 2023

Information Item
Capital Projects and Information Technology Services Update

Item 1: Facilities Planning and Construction update on capital projects.

<u>Artis Center for Adaptive Innovation and Creativity</u>

Project Budget -- $101,651,000

Architect/Engineer Firm--- Hord Coplan and Macht

Construction Manager--- Skanska

The Artis Center for Adaptive Innovation and Creativity (Center) will address an array of significant existing programmatic and building deficiencies across a number of academic colleges. The approximately 178,000-square-foot multi-story building will include state-of-the-art instruction, laboratory, maker, studio, computer, and collaborative spaces that integrate the arts and health sciences, along with office and other academic support functions. Specialty spaces will include an instructional auditorium and support spaces, health science clinical lab spaces, painting and drawing studio spaces, and music and dance studio spaces. The project will be located in a prominent area of campus directly adjacent to East Main Street, and will respond aesthetically to the existing buildings along this important campus corridor.

The project scope provides for demolition of the existing Porterfield East and West Halls and McGuffey Hall and construction of the new building and building systems and components including HVAC, plumbing, electrical, fire alarm and detection, fire suppression, lightning protection, and elevators. The project replaces existing facilities and building systems that are fifty years old and are inadequate for today's learning environment and technologies. Significant utility impacts will be accommodated, along with erosion/sediment control and stormwater management requirements. The University is also aggressively pursuing certification through the US Green Building Council's Leadership in Energy and Environmental Design (LEED) program.

In April 2021, the University and Skanska entered into a Gross Maximum Price Contract (GMP) with early site and demolition work beginning in June 2021. Due to extenuating circumstances related to the effects of COVID-19, such as supply chain disruptions and limited workforce availability in southwest Virginia, Skanska has communicated a gap in funding from their executed GMP and subcontractor bids to complete the project. The University in collaboration with Skanska continue to seek ways to address funding concerns while construction continues.

The structural steel and elevated concrete floors on metal decking is complete, the exterior construction including framing and masonry is in progress, and placement of the membrane roof is in progress work. Mechanical, electrical and plumbing systems are being installed on levels one through three along with interior framing.

Renovation of Tyler and Norwood Halls

Project Budget -- $30,000,000

Architect/Engineer Firm--- Hanbury

The Master Plan identifies Norwood Hall and Tyler Hall as the next on-campus residence halls to be renovated. The renovation scope will provide for the replacement of plumbing piping, fixtures, HVAC systems, fire alarm systems, electrical upgrades, accessibility improvements, and asbestos abatement, similar to the renovation scopes recently completed for the Moffett Quad residence halls in 2016. The renovations will also include significant improvements to the first-floor building entries, student support areas (i.e. lounges, kitchen, study spaces), along with activating the porch areas for student gathering space. These renovations will give vibrant new life to these buildings built in the early 1900's.

Hanbury, the project design firm, has completed the early demolition design package to allow interior demolition work to begin 2023. Following preliminary design completion and cost estimate reviews, the total project budget originally anticipated at $17 million, is currently estimated at $30 million. The University's completion of a Feasibility Study and Preliminary Design work provided more clarity and verification of the scope of work required in each building. It became clear the project could not be completed, due in large part to the current market conditions, within the original estimated budget. Based on the information learned from these processes and current cost estimates, the University submitted a request and received approval to provide additional funding in December 2022. Final design is scheduled to be completed in April 2023. This timeline will allow bidding in late spring of 2023, with construction commencing in summer of 2023 with subsequent project completion July 2024. The request for bids on the interior demolition portion of the project was advertised on February 7, 2023. Bids were received on March 15, 2023 and opened on March 16, 2023, with an anticipated start date in late April.

Combined Heat and Power/Co-Generation Facility

Project Budget -- $16,000,000

Architect/Engineer Firm--- Trane

The Combined Heat and Power/Co-Generation Facility project would convert an existing building (the Art Annex) into a combined heat and power (CHP) facility for the campus. The conversion of the facility to CHP would consist of two 3.3-megawatt natural gas fired reciprocating engines. The engines would generate electricity for campus utilization while the waste heat generated from the equipment would supplement the University steam plant generation. The overall project costs for construction are approximately $16.0 million. The project is estimated to save the University $2.0 million in annual operating cost. The approved 2022-24 Biennial Budget included $11.2 million in general funds and $4.8 million in non-general funds for this project.

The Interconnect Agreement was submitted to the City of Radford for review and comment in March 2022. In August 2022, the University submitted a Federal Energy Regulatory Commission application for consideration of this project as a Qualifying Facility.

Improve Campus Utilities Infrastructure

Project Budget --- $15,425,000

The Improve Campus Utilities Infrastructure project will provide improvements to campus utility infrastructure, including upgrade and enhancements to basic utilities and overall building safety and security. The project will address infrastructure concerns in advance of planned future facility needs and will enhance the resiliency and redundancy of the campus enterprise in order to mitigate the increased impacts of various weather, economic, and other external events and factors. The approved 2022-24 Biennial Budget included $15.4 million in general funds for this project.

The project will allow for significant campus utilities improvements and upgrades for the safety and security of students, employees, and guests, as well as for the efficiency and effectiveness of the infrastructure future needs. Many of the basic campus utilities were originally installed between 100 and 75 years ago, as part of the City of Radford. As the campus has grown and the facility footprint has increased, these original utility systems and components have reached end of life. As resources have been available, various utility improvement and upgrade projects have been undertaken across campus. This approach has been partially successful, but only a small portion of the campus, at the most critical locations, have been updated.

The existing infrastructure systems and components included in the construction portion of the umbrella project include: water, stormwater, sanitary, steam, electrical, chilled water, information technology, fire alarm, access control and security, and accessibility.

University planning and evaluation of the access control and security systems have begun with the intent to select a future direction for the University's card access and security systems.

The University has engaged the architectural firm of Wiley and Wilson from Lynchburg to develop a campus medium voltage electrical master plan. Additional planning activities will begin following the completion of the medium voltage electrical master plan.

River Campus

The Master Plan identified development of the River Campus on University and City of Radford (City) properties adjacent to the New River. Stakeholder meetings have taken place, including academic and student affairs, and an initial visioning document has been compiled. The visioning document will serve to identify initial projects for execution, and planning and prioritization of further River Campus development projects.

The overall River Campus development includes zones for higher density public activities such as an amphitheater, event space, food and beverage areas, and associated support spaces; for quieter academic and passive recreation spaces; and for highly active recreation and student engagement areas.

An initial project was completed in Summer 2021 that included the greenway extension on University property adjacent to parking Lot Z and the New River. This project will also ultimately include outdoor seating, event areas, and spaces designed to accommodate informal gatherings. The design for a second phase in coordination with the City to link the University greenway to the City greenway is complete. Construction of the trail connector was completed June 2022.

Further development projects include more significant public projects such as an amphitheater and food services, along with more recreation-based projects such as access to the river for people and boats, climbing walls and bouldering, and zip lines and ropes courses. An architect-engineer firm, hired by the University, has performed a feasibility study for the preferred location for an amphitheater that is currently being evaluated for next steps in conjunction with the City of Radford.

The City of Radford has developed construction documents to rehabilitate the University Drive bridge across the Norfolk Southern tracks adjacent to East Main Street. As part of this project, the University has agreed to fund the replacement of the fencing and the addition of street lighting along the bridge. This project will serve as a significant improvement to the entry to the northern section of campus, and help highlight future River Campus development projects. Construction on the bridge continues by Fairfield Echols, the City's contractor. The replacement/repair of the expansion joints is complete. The sidewalk and pavement repairs have been completed. New street lighting has been installed. The old fencing has been removed and new frame work and bridge light pole installation has begun. Bridge lighting and fencing upgrades are anticipated to be completed mid-April 2023

The development of the River Campus will continue to be carefully executed in conjunction with the City.

<u>The Highlander (Hotel and Conference Center)</u>

Radford University Foundation collaborated with Jones Lang LaSalle and Preston Hollow for a hotel and conference center located at the corner of Tyler Avenue, Lawrence Street and Calhoun Street. The Highlander has approximately 125 hotel rooms, as well as, street level restaurant and coffee shop, business center, rooftop lounge, exercise center, conference center with meeting spaces, and adjacent parking. The hotel and conference center is anticipated to open in Spring 2023. As a reminder, this is a project of the Radford University Foundation and is included for reference purposes only.

Item 2: Information Technology Services (ITS) update on information technology projects.

<u>Website Redesign and Content Management System Change</u>

University Relations and Information Technology Services are working together on a website redesign project that will result in a complete update of the website with a focus on providing a meaningful experience for website visitors, particularly prospective students and their families. NewCity, a Blacksburg-based company, has been selected to complete the website redesign. NewCity is currently conducting research through on-site sessions, stakeholder interviews, and surveys. They will use this information, along with the work from our branding partner Vision Point, to design and develop a new site with a more intuitive navigation and structure. Modern Campus has been identified as the vendor for the backend content management systems (CMS), which will significantly enhance the ability to maintain and update the website after going live. Contract details are currently being finalized with ModernCampus. The project team will be working closely with the campus community to create updated site content that can be used once the design and development are complete. The anticipated launch of the new web presence is mid-fall 2023.

IT Security Operational Update

Security Awareness Training

The University's annual security awareness training launches in March 2023 and is an essential program aimed at maintaining a secure information technology environment. The IT Security Standard (5003s-01) requires employees and contractors with access to sensitive systems to receive information security awareness training annually. The program is designed to equip employees with a better understanding of common security threats and their responsibilities in protecting University IT systems and data.

The training is delivered through a system called Litmos using content created by the SANS Institute. Each year the available security modules are reviewed, and selections are made by the IT Security team to ensure relevance and effectiveness. Each module provides a short video followed by a series of questions. This year's training has a May completion deadline. Overall, the University's annual security awareness training program plays a significant role in reminding employees of their responsibility to protect University systems and data.

Endpoint Protection

Since 2019 Radford has been using Crowdstrike, an extended detection and response product, to protect our most critical endpoints and servers. Crowdstrike utilizes real-time indicators of attack, threat intelligence on the ever-changing methodology of hackers, and broad visibility into the endpoints it is protecting to provide trustworthy detections, automated protection, and prioritized observability of endpoint vulnerabilities. Starting this year, we will be expanding the coverage of Crowdstrike to an additional 400 endpoints, enhancing our ability to detect and respond to malicious attacks like ransomware and viruses.

Forms Automation Enhancements

To enhance process efficiencies across the University and move towards a more streamlined approach, Information Technology Services (ITS) has acquired a new tool called Kuali Build. This process automation tool is designed to reduce the number of paper forms that are routed across campus and improve the overall speed and accuracy of administrative workflows. We are currently in the process of configuring the system and training ITS staff on the utilization of Kuali Build. Form design and development will continue over the next year as we work to redevelop existing forms. As we move forward with this project, we will continue to seek input and feedback from the campus community to ensure that Kuali Build meets their needs and expectations.

Cognos Reporting Cloud Migration

Radford University employs IBM Cognos Analytics as a reporting tool for campus data, with the current system hosted on-premises using campus servers. To take advantage of the latest features and functionality of this tool, we have initiated a project to transition to an IBM-managed cloud service. The configuration of this system is underway, and migration of existing reports expected to be completed in the spring, with an anticipated transition to the cloud service in the summer. This transition will enhance the accessibility, scalability, and security of our reporting tool, improving our capacity to gather and analyze data.

Annual Lifecyle Replacements

Information Technology Services (ITS) is committed to maintaining and enhancing campus technology to maximize its value while keeping up with technological advances and mitigating obsolescence risks. To this end, we have initiated our annual upgrade cycle, which includes refreshing approximately 150 faculty and staff computers, upgrading hardware in eight classrooms, and updating networking hardware in several buildings across the campus.

Action: None. Informational only.

Goals Update

RADFORD UNIVERSITY

Finance and Administration Goals - FY 2022-2023

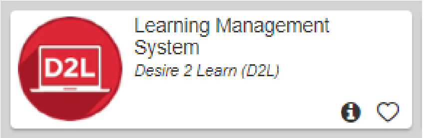
GOALS

1. STABILIZATION & DEVELOPMENT OF INTERNAL WORKFORCE
2. EXPAND RELEVANT DECISION-MAKING INFORMATION
3. ENHANCEMENT OF CAMPUS INFRASTRUCTURE

Stabilization and Development of Internal Workforce

RADFORD UNIVERSITY

Classification and Compensation Study



PHASE	DESCRIPTION	Classified & A/P Faculty Timeline						
		MAR	APR	MAY	JUNE	JULY	AUG	SEP
2	Comp Study							
3	Project Finalization & Recommendations							

Enhancement of Campus Infrastructure

RADFORD UNIVERSITY

Video Surveillance

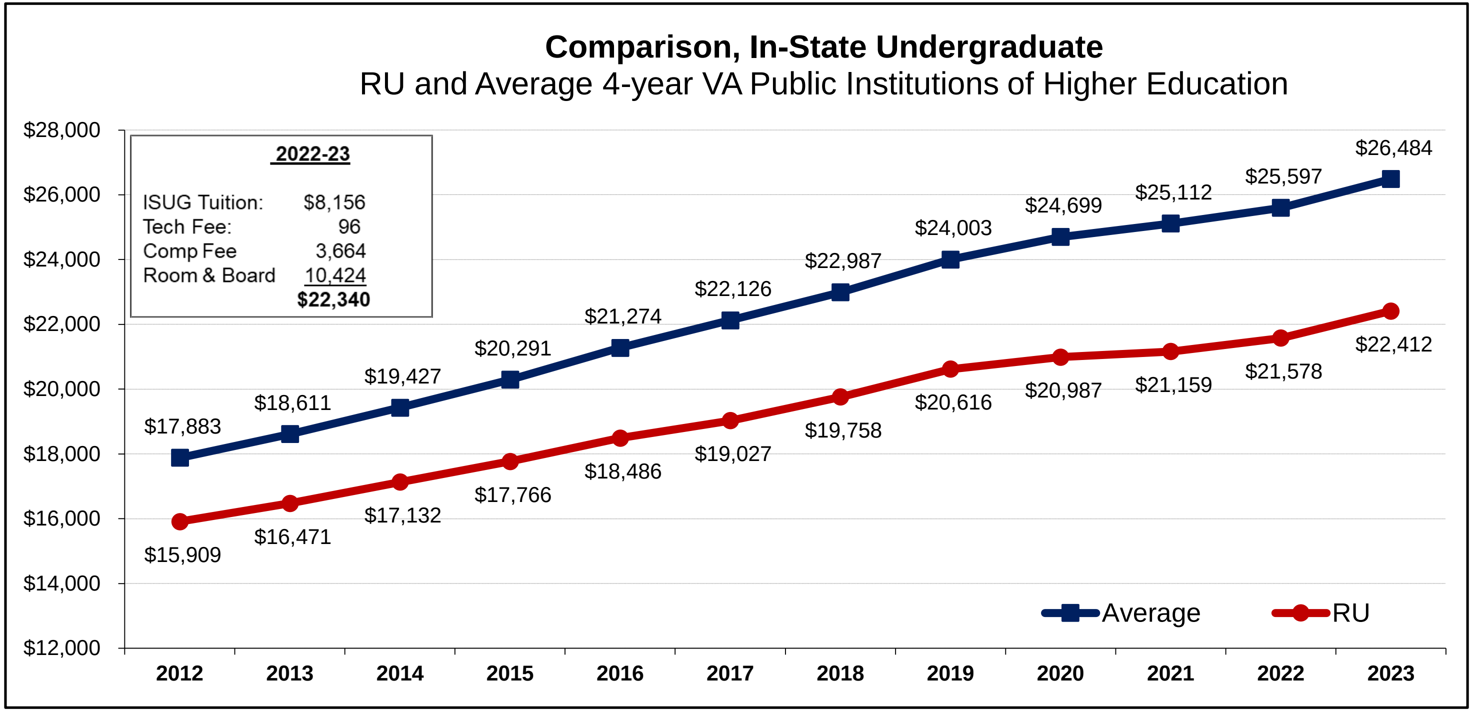
Surveillance

Body Cameras

Expand Relevant Decision-Making Information

RADFORD UNIVERSITY

Radford University Total Cost: Affordable Provider

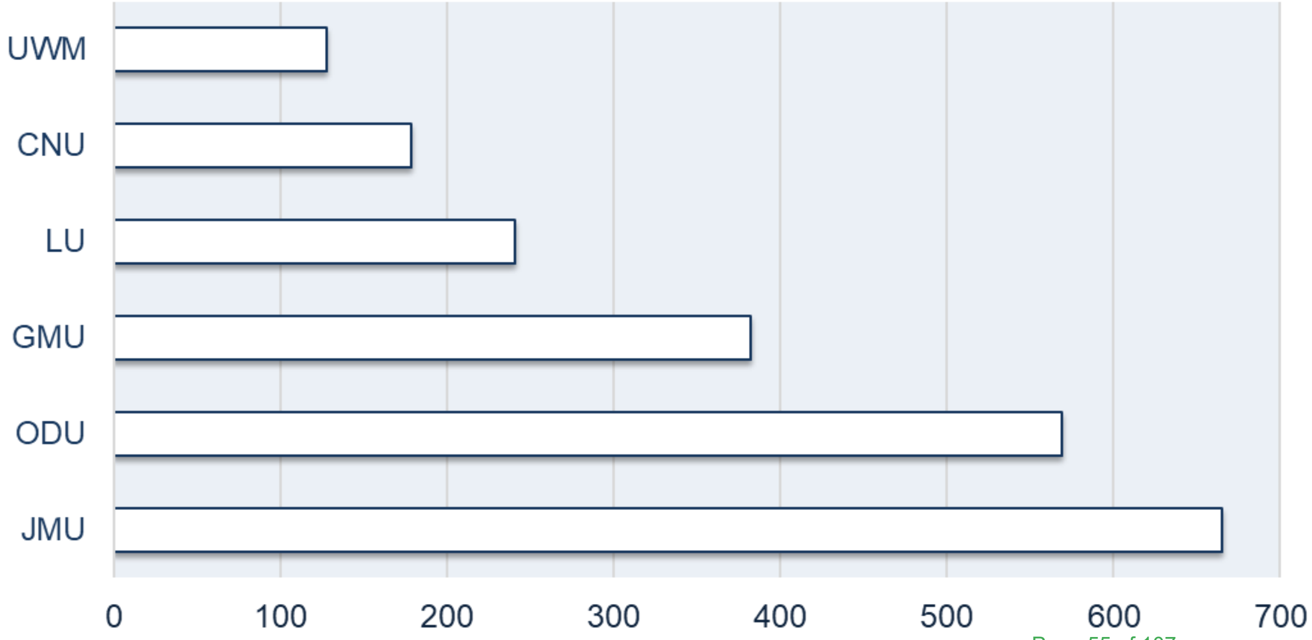


Rank	Inst.	2022-23
1	CWM	$ 37,798
2	UVA	$ 31,104
3	VMI	$ 30,588
4	VCU	$ 27,881
5	LU	$ 27,632
6	CNU	$ 27,415
7	GMU	$ 26,524
8	UMW	$ 25,890
9	VT	$ 25,422
10	JMU	$ 25,032
11	ODU	$ 24,558
12	UVA-W	$ 23,417
13	**RU**	**$ 22,340**
14	VSU	$ 21,198
15	NSU	$ 20,466

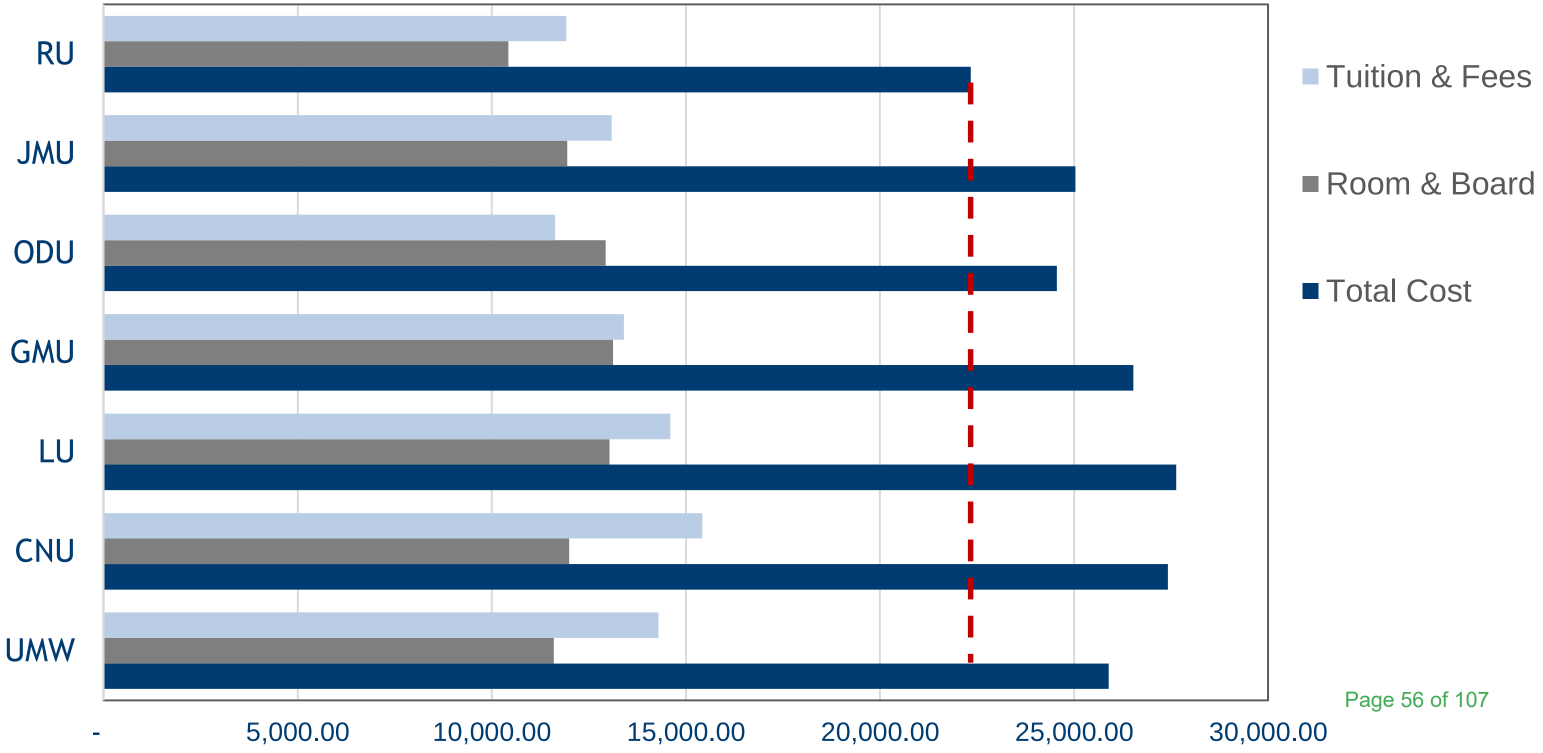
Average - $ 26,484

In-State Competitive Institutions

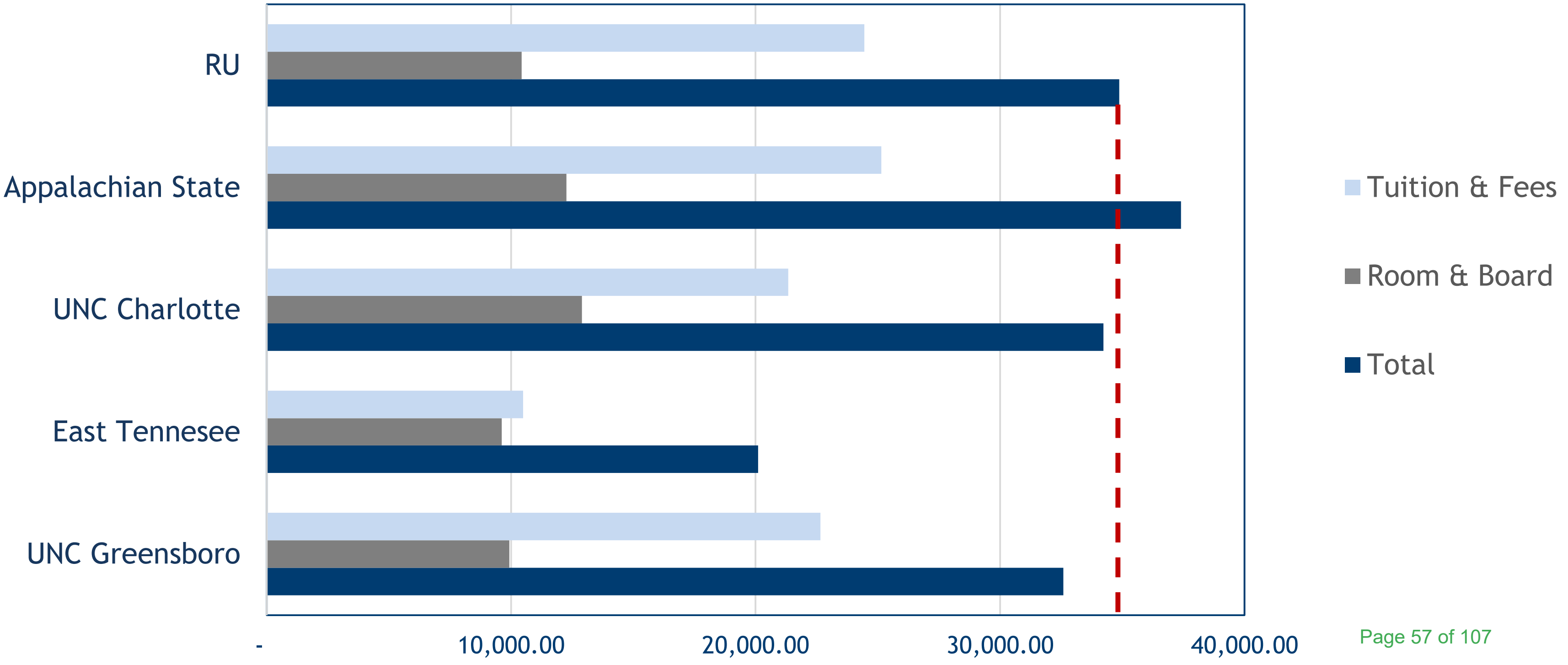
Of approximately 2,000 students admitted to RU



In-State Competitive Institutions: Total Cost



Out-of-State Competitive Institutions: Total Cost



Room and Board Plan Review Objectives

- Streamline options
- Simplify structure
- Align to student demand
- Enhance flexibility
- Create more inclusive rate

Current Board Structure

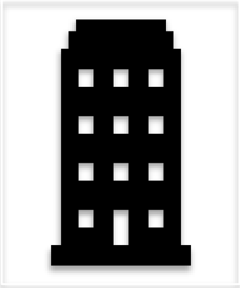
Residential

- Flex Plan
- 19 Meal Plan
- 15 Meal Plan
- Apartment Block

Commuter

- Flex Jr. Plan
- 65 Meal Plan
- 90 Meal Plan

Potential Board Structure



Residential

- Highlander All Access
- Highlander Residential

Commuter

- Highlander Junior
- Highlander Commuter

Current Room Structure

- Traditional
  - Muse
  - Single
  - Double
- Phase I
  - Floyd, Ingles, Peery, Stuart & Trinkle
  - Single
  - Double
- Phase II
  - Bolling, Draper, Jefferson, Madison, Moffett, Pocahontas & Washington
  - Single
  - Double
  - Super Suite
  - Deluxe Suite
- Apartments
  - All Campus owned Apts.
  - 1-bedroom with/without laundry
  - 2-bedroom with/without laundry
  - 3-bedroom with/without laundry
  - 4-bedroom with/without laundry
  - 5-bedroom with/without laundry

Potential Room Structure

- Residence Halls
  - Muse
    - Single
    - Double
  - Other
    - Single
    - Double
    - Suite
- University Apartments
  - Single
  - Multiple Occupancy

Debt Management Compliance

RADFORD UNIVERSITY

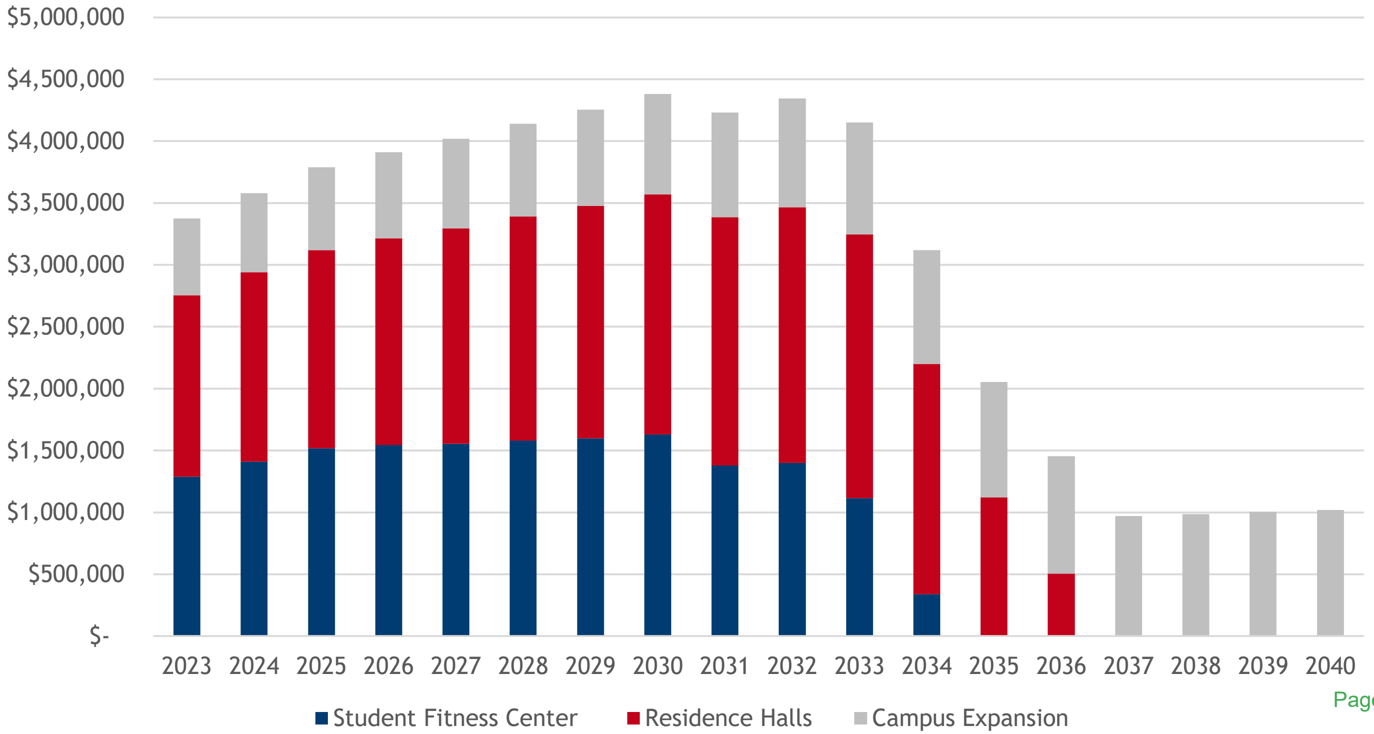
Debt Management Policy

- Outlines the University's philosophy on debt and ensures that existing and proposed debt issues are strategically managed consistent with financial resources in order to maintain a strong financial profile.

- The University utilizes a long-term strategic plan to establish institutional priorities and objectives, and incorporates the issuance of debt into its strategic plan to fund critical capital initiatives.

- Analyzing debt affordability is used to assist the University in determining the level of debt to be used as a financial resource for its capital program.

Debt Composition

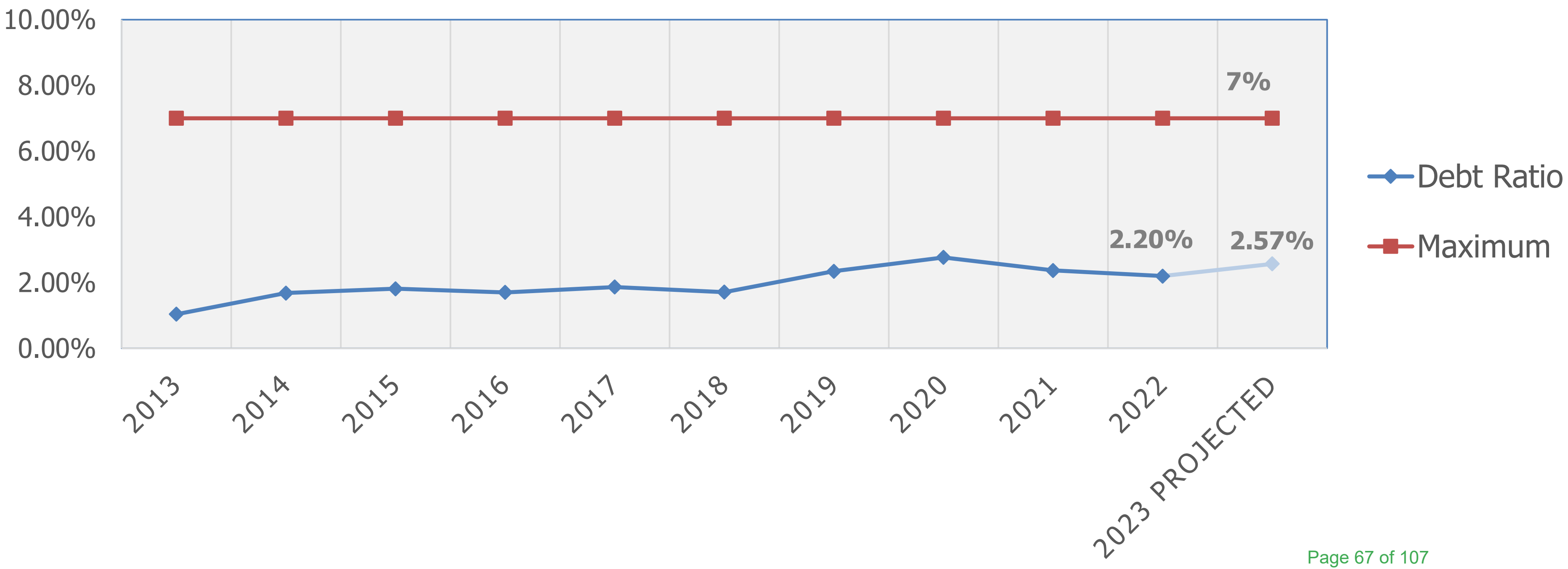


Debt Burden Ratio

- Ratio measures the University's debt service burden as a percentage of total operating expenses and identifies the maximum amount of debt that the University may have outstanding at any given time.
- The University debt burden ratio should not exceed seven (7) percent with the exception of instances where the debt obligations of revenue-producing capital projects are secured by income associated with the project. The target for this ratio is intended to maintain the University's long-term flexibility to finance existing requirements and new initiatives.

Annual Debt Service:	$ 5,959,027	*2.20%*
Total Operating Expenses:	$ 270,789,385	

Debt Burden Ratio Trend



Discussion

Radford University Board of Visitors
Business Affairs and Audit Committee
March 23, 2023

Action Item
Compliance with Debt Management Policy

Item:
Adoption of a Resolution certifying that Radford University is in compliance with its Debt Management Policy. In addition, this certification is required annually by the Secretary of Finance for the Commonwealth of Virginia as part of Institutional Performance reporting.

Background:
The 2005 Session of the General Assembly adopted, and the Governor signed, legislation that provides Radford University and all other public colleges and universities in the Commonwealth the opportunity to attain certain authority and autonomy to manage its academic and administrative affairs more efficiently and effectively through implementation of the Restructured Higher Education Financial and Administrative Operations Act. At its meeting on June 30, 2005, the Radford University Board of Visitors approved a Resolution of Commitment allowing the University to exercise restructured financial and operational authority as identified in the Restructuring Act.

The 2015 Virginia Acts of Assembly, Chapter 665 includes a requirement in the General Provisions related to Higher Education Restructuring. §4-9.01 requires, in part, that: *"Consistent with §23-9.6:1.01* [recodified as §23.1-206]*, Code of Virginia, the following education-related and financial and administrative management measures shall be the basis on which the State Council of Higher Education shall annually assess and certify institutional performance. Such certification shall be completed and forwarded in writing to the Governor and the General Assembly no later than October 1 of each even-numbered year. Institutional performance on measures set forth in paragraph D of this section shall be evaluated year-to-date by the Secretaries of Finance, Administration, and Technology as appropriate, and communicated to the State Council of Higher Education before October 1 of each even-numbered year. Financial benefits provided to each institution in accordance with § 2.2-5005 will be evaluated in light of that institution's performance."*

The Secretary of Finance collects information to fulfill the reporting requirements as they relate to paragraph D-Financial and Administrative Standards, specifically §4-9.01 d.2. which states: "*Institution complies with a debt management policy approved by its governing board that defines the maximum percent of institutional resources that can be used to pay debt service in a fiscal year, and the maximum amount of debt that can be prudently issued within a specified period."* To assess this measure, the Secretary of Finance is seeking a statement from the Board of Visitors certifying Radford University's compliance with said policy and the effective date of that policy.

Schedule A below provides the required ratio calculation and demonstrates the University is in compliance with its Debt Management Policy. Currently, as disclosed in the 2022 audited annual financial statements, the University's debt obligations including affiliated foundation total $84,342,626 which is mainly attributable to the Student Recreation and Wellness Center, Renovations of four Residence Hall projects, and the affiliated foundation property acquisition for student housing.

Schedule A

RADFORD UNIVERSITY
DEBT MANAGEMENT POLICY RATIO

The calculation reflects June 30, 2022 audited Financial Statements for Total Operating Expenses (as defined in the University's Debt Management Policy); however, Annual Debt Service reflects expected payments as of June 30, 2023.

Board Approved Ratios	Range	Formula	Audited Financial Statements as of 6/30/2022	
Debt Burden Ratio Max Annual Debt Service as % of Operating Expenses	**< 7%**	Annual Debt Service*	$5,959,027	2.20%
		Total Operating Expenses*	$270,789,385	

* Ratio includes Radford University Foundation

The Debt Management Policy also identifies that an annual report shall be prepared for review by the Board of Visitors. The notes to the annual financial statements provide the required elements to comply with the Debt Management Policy. Below are the Financial Statement Notes related to outstanding obligations that were prepared for the year ending June 30, 2022 (audited):

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, 2022, is summarized as follows:

Notes Payable - Pooled Bonds:	Interest Rates at Issuance	Maturity at Issuance
Student Fitness Center		
Series 2009B, $3.720 million par amount	2.00%-5.00%	September 1, 2029
Series 2016A, $2.285 million par amount – partial refunding of Series 2009B	3.00%-5.00%	September 1, 2029
Series 2011A, $4.235 million par amount	3.00%-5.00%	September 1, 2031
Series 2012B, $11.155 million par amount	3.00%-5.00%	September 1, 2032
Series 2013A, $4.865 million par amount	2.00%-5.00%	September 1, 2033
Series 2021B, $13.46 million par amount - partial refunding of Series 2011A, 2012B, 2013A	3.00%-5.00%	September 1, 2043

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, 2022, 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
Series 2020A, $16.030 million par amount	1.62% - 4.00%	June 1, 2040

A summary of changes in long-term debt for the year ending June 30, 2022, is presented as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Governmental activities:						
Notes payable - pooled bonds	$17,767,966	$-	$1,081,733	$16,686,233	$1,290,000	$15,396,233
Bonds payable - 9c	44,135,350	-	2,232,593	41,902,757	2,085,000	39,817,757
* Total long-term debt	$61,903,316	$-	$3,314,326	$58,588,990	$3,375,000	$55,213,990

	Governmental Activities			
	Notes Payable Pooled Bonds		Bonds Payable - 9c	
Fiscal Year Ending	Principal	Interest	Principal	Interest
June 30, 2023	1,290,000	255,116	2,085,000	1,284,606
June 30, 2024	1,410,000	215,516	2,170,000	1,186,557
June 30, 2025	1,520,000	195,383	2,270,000	1,092,406
June 30, 2026	1,545,000	181,380	2,365,000	999,556
2028-2032	7,590,000	449,149	13,760,000	3,050,244
2033-2037	1,455,000	19,832	10,295,000	887,106
2038-2041	-	-	3,010,000	113,531
Unamortized Premium	321,233	-	3,482,757	-
Total	$16,686,233	$1,481,628	$41,902,757	$9,515,913

Right-to-use Lease Obligations

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

For fiscal year 2022 the lease asset and liability increased with the implementation of GASB Statement 87 as this lease was remeasured as of the implementation date July 1, 2022 to reflect the present value of the future cash payments discounted at the University's incremental rate of 3.48%. The University then purchased two additional properties from the lease reducing the lease asset and liability. The lease presented below is the only direct debt lease as payments for principle and interest for the debt is made by the University.

A summary of changes in the lease liability for the year ending June 30, 2022, is presented as follows:

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Lease with Foundation	$16,742,331	$-	$3,580,841	13,161,490	$752,567	$12,408,923

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

Years	**Principal**	**Interest**	**Total Payment**	
2023	294,547	458,020	752,567	
2024	304,796	447,770	752,566	
2025	358,076	437,163	795,239	
2026	502,198	424,702	926,899	
2027	519,674	407,225	926,899	
2028-2032	2,882,560	1,751,936	4,634,496	
2033-2037	3,420,270	1,214,226	4,634,496	
2038-2042	4,058,285	576,211	4,634,496	
2043-2047	821,084	28,574	849,658	
Totals	13,161,490	5,745,825	18,907,316	Total Minimum Lease Payments

Long-Term Debt Defeasance

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

The advanced refunding resulted in a deferred accounting loss of $176,827 for the Series 2011 and 2012 bonds, and resulted in a deferred accounting gain of $258,622 for the series 2013 bonds refunded, which is being amortized to interest expense over the life of the new debt. The defeasance reduced the University's total debt service obligation by $1,202,463 for the 13 years after the bonds were issued. The debt service savings discounted at a rate of 1.144 percent for

2011A, 1.276 percent for 2012B and 1.391 percent for 2013A resulted in a total economic gain of $1,178,451. At June 30, 2022, $318,538 of deferred accounting losses are reported on the Statement of Net Position as a deferred outflow of resources. At June 30, 2022, $225,632 of the deferred accounting gains are reported on the Statement of Net Position as a deferred inflow of resources.

For financial reporting purposes, these notes payables are considered an in-substance defeasance and have therefore been removed from the long-term debt payable line item of the Statement of Net Position. The assets in escrow have similarly been excluded. As of June 30, 2022, $9,635,000 of the notes are considered defeased and outstanding.

NOTE 20E: Component Unit Financial Information

The following is a summary of the outstanding notes payable at June 30, 2022:

Note payable in monthly installments of $5,182.12 through May 2025, interest payable at LIBOR plus 1.48 percent (2.60% and 1.57%% at June 30, 2022 and 2021, respectively). Unsecured.	$163,956
Notes payable in monthly installments calculated on a 25-year amortization with a balloon payment of remaining amount in May 2028, with interest payable at LIBOR plus 0.82% with a floor of 1.57% beginning May 2021 (2.44% and 1.57% at June 30, 2022 and 2021, respectively). Secured by real estate and deposit accounts maintained by and investment property held with the institution. Additionally, secured by an assignment of leases and rents.	342,295
Notes payable in monthly installments calculated on a 17-year amortization with a balloon payment of remaining amount in June 2028, with interest payable at LIBOR plus 0.82% with a floor of 1.57% (1.94% and 1.57% at June 30, 2022 and 2021 respectively). Secured by real estate and deposit accounts maintained by and investment property held with the institution. Additionally, secured by an assignment of leases and rents.	389,977
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 (1.88% and 0.91% at June 30, 2022 and 2021, respectively). Secured by real estate and deposit accounts maintained by and investment property held	1,323,527

with the institution. Additionally, secured by an assignment of leases and rents.	
Notes payable in monthly interest only payments through April 2020, then monthly installments calculated on a 23-year amortization with a balloon payment of remaining amount In April 2025. Interest payable at 4.20%. Secured by real estate and deposit accounts maintained by and investment property held with the institution. Additionally, secured by an assignment of leases and rents.	9,418,047
Notes payable in monthly installments on a 15-year amortization with a balloon payment of remaining amount in June 2024, with interest payable at 3.72%. Secured by real estate and deposit accounts maintained by and investment property held with the institution. Additionally, secured by an assignment of leases and rents.	176,832
Notes payable in monthly interest only payments through December 2021 then monthly installments calculated on a 25- year amortization with a balloon payment of remaining amount in May 2026. Interest payable at 2.39%. Secured by real estate, an assignment of rents and a pledge on securities.	2,941,461
Total long-term debt	$14,756,095

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

2023	516,610
2024	686,710
2025	10,242,415
2026	2,697,842
2027 and thereafter	612,518
Total long-term debt	$14,756,095

Notes payables are subject to certain affirmative and negative covenants. Management believes the Foundation has complied with all covenants as of June 30, 2022.

Action:
Board of Visitors adoption of a Resolution of Compliance with the Radford University Debt Management Policy.

Radford University Board of Visitors
Resolution
Compliance with Debt Management Policy

WHEREAS, the 2005 Session of the General Assembly adopted, and the Governor signed, legislation that provides Radford University and all other public colleges and universities in the Commonwealth the opportunity to attain certain authority and autonomy to manage its academic and administrative affairs more efficiently and effectively through implementation of the Restructured Higher Education Financial and Administrative Operations Act, and

WHEREAS, on June 30, 2005, the Radford University Board of Visitors approved a Resolution of Commitment allowing the University to exercise restructured financial and operational authority as identified in the Restructuring Act, and

WHEREAS, the Governor has established financial and management measures on which annual assessment and certification of institutional performance will be evaluated, and

WHEREAS, the financial and management measures require the Radford University Board of Visitors to approve a Debt Management Policy, and

WHEREAS, the Radford University Board of Visitors approved such Debt Management Policy at its March 30, 2007, meeting; revisions to this policy were approved by the Board of Visitors at its August 23, 2007, November 12, 2010, and February 8, 2012 meetings, and

WHEREAS, Schedule A demonstrates that the University meets the requirements outlined in the Debt Management Policy; and

WHEREAS, the Board of Visitors must annually certify Radford University's compliance with the approved Debt Management Policy to the Secretary of Finance for the Commonwealth of Virginia;

NOW, THEREFORE, BE IT RESOLVED, this resolution approved by the Radford University Board of Visitors certifies that the University is in compliance with its Debt Management Policy.

2022-23 University Operating Budget Update

RADFORD UNIVERSITY

2022-23 Original Budget Summary

	Revenue			Expense		
	Base	One-Time	Total	Base	One-Time	Total
University Operating						
Education & General	$148,450	$8,251	$156,702	($148,450)	($8,251)	($156,702)
Student Financial Assistance	17,758		17,758	(17,758)		(17,758)
Sponsored Programs	8,962		8,962	(8,962)		(8,962)
Auxiliary Enterprise	68,517		68,517	(65,797)	(704)	(66,501)
Total University	**$243,688**	**$8,251**	**$251,939**	**($240,967)**	**($8,956)**	**($249,922)**

$ in Thousands

Current Year Fiscal Factors and Fluctuations

1) General Fund
- Routine mid-year financial aid allocations, central appropriations, and reappropriations

2) Business Level
- Fall and Spring final enrollment levels

3) Miscellaneous
- Relief Funds
- Reappropriations
- Strategic Investments

1) General Fund

Central Appropriation Adjustment

- Compensation and Fringe Alignment
- Virtual Library of Virginia
- Western Virginia Public Education Consortium

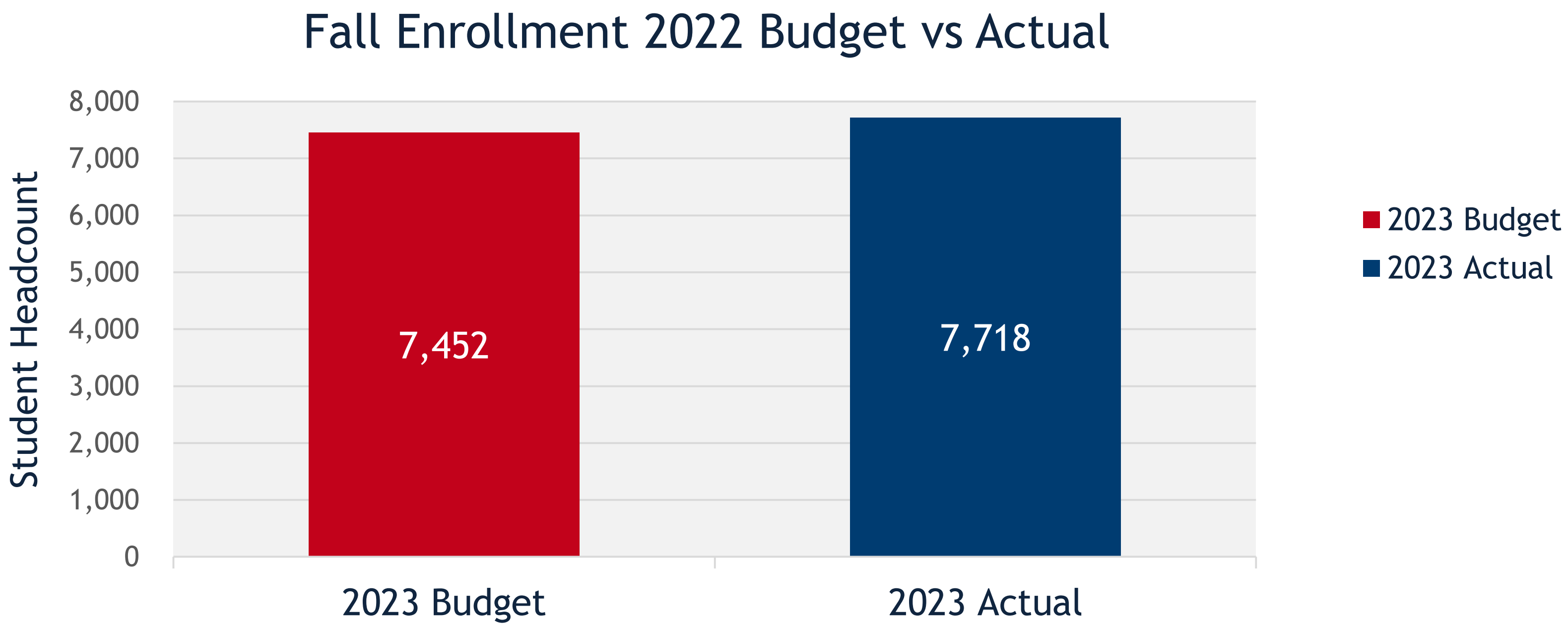
Student Financial Assistance Increase

- Reappropriations
- Virginia Military Survivors and Dependent Education Program
- College Transfer Grant

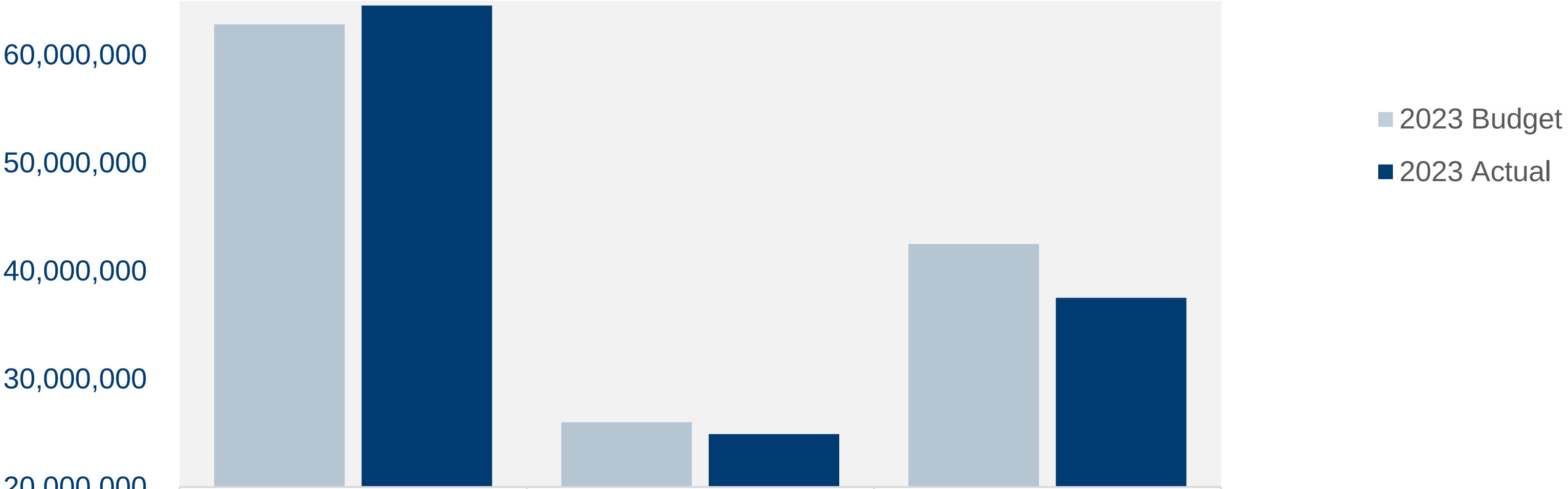
Sponsored Project Funding

- Constructive Dialog Institute
- Education Teacher Support Grant
- Mental Health Workforce Pilot Program

2) Business Level



2) Business Level



	Tuition and Fees	Comprehensive Fee	Other Auxiliary
2023 Budget	62,842,288	26,009,099	42,508,274
2023 Actual	64,572,532	24,910,060	37,540,977

3) Miscellaneous

Relief Funds

- ARPA
- GEERF
- HEERF III
- GEAR UP

Reappropriations

- Undergraduate Student Financial Aid

Strategic Investments

- Miscellaneous

Revenue Budget Changes

Education and General Programs

Original Budget	General Fund	Business Levels	Misc.	Adjusted Budget
$156.7	$.3 ↑	$1.6 ↑	—	$158.6

**Dollars in millions*

Revenue Budget Changes

Student Financial Assistance

Original Budget	General Fund	Business Levels	Misc.	Adjusted Budget
$17.8	$.6	—	$6.9	$25.3

*Dollars in millions

Revenue Budget Changes

Sponsored Programs

Original Budget	General Fund	Business Levels	Misc.	Adjusted Budget
$9.0	$.1	—	—	$9.1

*Dollars in millions

Revenue Budget Changes

Auxiliary Enterprises

Original Budget	General Fund	Business Levels	Misc.	Adjusted Budget
$68.5	__	($6.3)	__	$62.2

**Dollars in millions*

2022-23 Total Adjusted Budget Summary

	Revenue			Expense		
	Original	Adjustments	Total	Original	Adjustments	Total
University Operating						
Education & General	$156,702	$1,918	$158,619	($156,702)	($1,918)	($158,619)
Student Financial Assistance	17,758	7,554	25,312	(17,758)	(7,554)	(25,312)
Sponsored Programs	8,962	118	9,080	(8,962)	(118)	(9,080)
Auxiliary Enterprise	68,517	(6,293)	62,224	(66,501)	1,505	(64,996)
Total University	**$251,939**	**$3,297**	**$255,236**	**($249,922)**	**($8,086)**	**($258,008)**

$ in Thousands

2022-23 Operating Budget Comparison

	Budget			Actual through January 31, 2023		
	Revenue	Expense	Surplus/(Deficit)	Revenue	Expense	Surplus/(Deficit)
University Operating						
Education & General	$158,619	($158,619)	($0)	$104,866	($76,764)	$28,102
Student Financial Assistance	25,312	(25,312)	0	18,830	(14,888)	3,943
Sponsored Programs	9,080	(9,080)	0	2,344	(3,142)	(798)
Auxiliary Enterprise	62,224	(64,996)	(2,772)	51,813	(41,321)	10,492
Total University	**$255,236**	**($258,008)**	**($2,772)**	**$177,854**	**($136,115)**	**$41,739**

$ in Thousands

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs and Audit Committee
March 24, 2023

Action Item
Approval of the Radford University 2022-23 Third Quarter Operating Budget Adjustment

Item:

Board of Visitors approval of the Radford University's 2022-23 third quarter operating budget adjustment and review of the actual activity as of January 31, 2023.

Summary:

The University has examined the fiscal impact of the 2022-23 fall enrollment results, general fund allocations, as well as miscellaneous one-time revenues on the institutional operating budget. Due to the materiality of the impact on the University's operating budget, a third quarter budget adjustment is necessary to align revised revenue forecasts.

University operating revenues are projected to be above forecast by $3.3 million. Actual 2022-23 fall enrollment was 4.5% more than budgeted resulting in larger than projected tuition and fee revenue. Although the enrollment was larger than anticipated, the change of the student population mix, notably seat-based students, results in lower than projected revenues for Auxiliary Enterprises. Other operating revenues are more than projected due to supplemental relief funding for student financial aid that was reappropriated from the prior fiscal year, as well as supplemental general fund allocations.

An accompanying outline of adjustments is also provided in the 2022-23 Financial Performance Report (Schedule A) which summarizes the adjusted operating budget and related activity through January 31, 2023 and the University Operating Budget (Schedule B) which breaks down the recommended adjustments.

Education and General (E&G):

The original 2022-23 revenue budget for E&G was forecasted at $156.7 million. The revised budget recommendation is $158.6 million, an increase of $1.9 million. The revised revenue forecast is reflective of the following adjustments.

General Fund
The University is estimating a $0.3 million increase in general fund operating revenue related to an alignment of central appropriations funding, as well as supplemental funding for the Western Virginia Public Consortium and Virtual Library of Virginia interlibrary loan program.

Non-General Fund
The University is estimating a $1.6 million increase in E&G operating revenue related to non-general fund business level factors due to higher than anticipated enrollment levels for accelerated online programs. E&G operating expense budgets are estimated to be increased by $0.9 million to accommodate instructional costs. The remaining revenue of $0.7 million results in a miscellaneous E&G operating expense adjustment to support University strategic investments.

Student Financial Assistance (SFA):

The original revenue budget for SFA was $17.8 million. The revised revenue and expense budgets are $25.3 million concurrently, an increase of $7.6 million. The revised revenue forecast is reflective of the following adjustments.

General Fund
General Fund appropriations for Virginia Military Survivors and Dependent Education Program, the College Transfer Grant program, as well as, the reappropriation of graduate fellowship and undergraduate financial aid increased by $0.6 million over the originally budget amount. These are routine supplemental allocations that vary by year.

Non-General Fund
Non-general fund miscellaneous adjustments are recommended for undergraduate student financial aid allocations to account for a $6.9 million revenue increase over the original budget amount. Undergraduate financial aid allocation increased by $0.2 million as a result of a reappropriation from 2021-22 and by $6.7 million as a result of COVID-19 relief funding. Further information outlining the details of the relief funding are provided in the remainder of this section.

The Coronavirus Aid, Relief, and Economic Security Act or, CARES Act, was passed by Congress and the bill allotted $2.2 trillion to provide fast and direct economic aid to the American people negatively impacted by the COVID-19 pandemic. Of that money, approximately $14.0 billion was given to the Office of Postsecondary Education as the Higher Education Emergency Relief Fund, or HEERF. The University portion of the HEERF III funding for 2021-22 was $16.9 million for student financial aid, of which, $0.1 million was reappropriated in 2022-23.

Congress set aside approximately $3.0 billion of the $30.75 billion allotted to the Education Stabilization Fund through the CARES Act for the Governor's Emergency Education Relief Fund (GEERF). The Department has awarded these grants to States (governor's offices) based on a formula stipulated in the legislation. The University received $1.3 million in GEERF funding in 2020-21. The University also received $0.9 million in GEERF II funding in 2021-22 which was reappropriated in 2022-23. The funding will be awarded as need-based financial assistance.

The American Rescue Plan Act of 2021 (ARPA) State and Local Recovery Funds for Higher Education allotted $100,000,000 to the State Council of Higher Education for Virginia (SCHEV) for need-based financial aid for in-state undergraduate students from low- and moderate-income households at public institutions of higher education. The University's portion of the 2022-23 funding is $5.6 million for student financial aid.

GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs) is a $22.0 million seven-year grant funded by the U.S. Department of Education and administered by the State Council of Higher Education for Virginia (SCHEV). The program is designed to significantly increase the number of low-income students who are prepared to enter and succeed in postsecondary education. The University received $35,000 in GEAR UP funding in 2022-23.

The University is recognizing the revenue and expense of the relief funding in SFA. Refer to the Financial Performance Report (Schedule A) for a summary and the University Operating Budget (Schedule B) for details on the proposed budget adjustments.

Sponsored Programs:

The original revenue and expense budgets for Sponsored Programs were each $9.0 million. With general fund allocations from various agencies within the Commonwealth for special projects, a budget adjustment of $0.1 million is being recommended resulting in revised revenue and expense Sponsored Program budgets of $9.1 million concurrently.

Auxiliary Enterprises:

The original budget for Auxiliary Enterprises was $68.5 million in revenue and $66.5 million in expense. The revised revenue budget is $62.2 million, a decrease of $6.3 million which is due to enrollment changes in seat-based programs. The revised expense budget is projected at $65.0 million, a decrease of $1.5 million. These adjustments decrease the planned reserve contribution by $4.8 million resulting in an estimated reserve draw of $2.8 million. Further review and reductions in expense budget will be ongoing throughout the remainder of the fiscal year to limit the reserve draw as a result of the revenue estimates. The revised budgets are reflective of the following adjustments.

Non-General Fund
The University is estimating a decrease in Auxiliary Enterprise operating revenue, specifically to comprehensive fees of $1.1 million, as well as, room sales of $3.6 million, book sales of $0.1 million, and meal plan sales of $1.5 million.

Auxiliary Enterprise miscellaneous adjustments recommended include a decrease of operating expense budgets by $2.9 million due to greater than anticipated turnover and vacancy and scholarship allocation savings, as well as increases for strategic investments that include funding to Athletics of $0.4 million for marketing and Student Affairs of $0.7 million student services, retention and accessibility.

Refer to the Financial Performance Report (Schedule A) for a summary and the University Operating Budget (Schedule B) for details on the proposed budget adjustments.

Preliminary Financial Performance Report:

The Financial Performance Report (FPR) is more commonly presented at the September Board of Visitors meeting reflecting the prior fiscal year's budget and actual financial activity. The FPR is generated from annual budget projections and actual accounting data recorded in Banner Finance. The actual accounting data is recorded using a modified accrual basis of accounting which recognizes revenue when received rather than when earned and expenditures when posted rather than when payment is issued.

As shown on the Financial Performance Report (Schedule A), the Original Budget reflects the 2022-23 budget of $251.9 million approved by the Board of Visitors at the September 2022 meeting. The Revised Budget reflects 2022-23 recommended mid-year revenue adjustments totaling $3.3 million. While there are a number of factors that influenced the recommended mid-year adjustments they are primarily attributed to actual 2022-23 enrollment levels and relief funding.

The revised budget of $255.2 million is sufficient to sustain University operations for the remainder of 2022-23 while utilizing limited or no Auxiliary Enterprise reserves. As aforementioned, Auxiliary Enterprises will be under review throughout the remainder of the fiscal year to limit the reserve draw resulting from the revised revenue budget.

Actual expenditure activity for the period ending January 31, 2023, totals $177.9 million, which is consistent with projections. The vast majority of the outstanding expense budget balance relates to anticipated third and fourth quarter compensation.

Action:

Radford University Board of Visitors approval of the 2022-23 third quarter operating budget adjustment as presented in Schedule B for the University Operating Budget**.**

RADFORD UNIVERSITY BOARD OF VISITORS
Resolution
March 24, 2023

Approval of the Radford University 2022-23 Operating Budget Adjustment

BE IT RESOLVED, the Radford University Board of Visitors approves the third quarter adjustments to the 2022-23 operating budget as presented in Schedule B for the University Operating Budget.

Radford University
Financial Performance Report
For the Period Ending January 31, 2023

Dollars in Thousands

	Annual Budget for 2022-23			July 1, 2022 to January 31, 2023	
	Original (a)	**Adjustments** (b)	**Revised** (c)	**YTD Actuals** (d)	**Remaining**
Educational and General Programs					
Revenues					
General Fund	$90,477	$260	$90,737	$40,531	50,206
Tuition and Fees	62,842	1,730	64,573	62,052	2,521
All Other Income	3,382	(72)	3,310	2,284	1,026
Total Revenues	$156,702	$1,918	$158,619	$104,866	$53,753
Expenditures					
Instructional & Academic Support	($97,180)	$617	($96,563)	($52,459)	($44,104)
Public Service Programs	(750)	0	(750)	(180)	($570)
All Other Support Programs	(58,771)	(2,535)	(61,306)	(24,125)	($37,181)
Total Expenses	($156,702)	($1,918)	($158,619)	($76,764)	($81,856)
Reserve Draw (Deposit)	0	0	0	(28,102)	$28,102
NET	**$0**	**$0**	**$0**	**$0**	**$0**
Student Financial Assistance					
Revenue	$17,758	$7,554	$25,312	$18,830	$6,482
Expenditures	(17,758)	(7,554)	(25,312)	(14,888)	(10,425)
Reserve Draw (Deposit)	0	0	0	(3,943)	3,943
NET	**$0**	**$0**	**$0**	**$0**	**$0**
Sponsored Programs					
Revenue	$8,962	$118	$9,080	$2,344	$6,736
Expenditures	(8,962)	(118)	(9,080)	(3,142)	(5,937)
Reserve Draw (Deposit)	0	0	0	798	(798)
NET	**$0**	**$0**	**$0**	**$0**	**$0**
Auxiliary Enterprises					
Revenues	$68,517	($6,293)	$62,224	$51,813	$10,411
Expenditures	(66,501)	1,505	(64,996)	(41,321)	(23,675)
Reserve Draw (Deposit)	(2,016)	4,789	2,772	(10,492)	13,265
NET	**$0**	**$0**	**$0**	**$0**	**$0**
Total University					
Revenues	**$251,939**	**$3,297**	**$255,236**	**$177,854**	**$77,382**
Expenses	**(249,922)**	**(8,086)**	**(258,008)**	**(136,115)**	**(121,893)**
Reserve Draw (Deposit)	**(2,016)**	**4,789**	**2,772**	**(41,739)**	**44,511**
NET	**$0**	**$0**	**$0**	**$0**	**$0**

Notes:

(a) Original Budget - Reflects the 2022-23 Operating Budget as of July 1, 2022 which was approved by the Board at the September 2022 meeting. Both recurring and one-time operating budgets are included.

(b) Adjustments - Reflects the recommended adjustments to the Original Budget. All recommended adjustments are one-time.

(c) Revised - Reflects the revised 2022-23 Operating Budget inclusive of all recommended adjustments.

(d) Actual Revenue and Expense Activity Through January 31, 2023.

Radford University
University Operating Budget
2022-23

Dollars in Thousands

	Original Total Budget (a)	Proposed Adjustments (b): Technical Adj.	General Fund: Re-Approp.	General Fund: Other Allocations	Business Level Factors: Student Levels	Business Level Factors: Sales & Service	Miscellaneous: ARPA	Miscellaneous: HEERFIII	Miscellaneous: GEERF	Miscellaneous: GEAR UP	Miscellaneous: Re-Approp.	Miscellaneous: Strategic Investments	Adjusted Total Budget (c)
Educational and General Programs													
Revenues													
General Fund	$90,477	$0		$260 [d], [e]									$90,737
Tuition and Fees	62,842	0			1,730 [e]								64,573
All Other Income	3,382	0			(72) [e]								3,310
Revenue	$156,702	$0	$0	$260	$1,658	$0	$0	$0	$0	$0	$0	$0	$158,619
Expenditures													
Instructional & Academic Support	(97,930)	1,534 [d]		(8) [d]	(908) [d], [e]								(97,313)
All Other Support Programs	(58,771)	(1,534) [d]		(252) [d], [e]								(749) [e]	(61,306)
Expenditures	($156,702)	$0	$0	($260)	($908)	$0	$0	$0	$0	$0	$0	($749)	($158,619)
Reserve Draw (Deposit)	0	0	0	0	(749) [d], [e]	0	0	0	0	0	0	749 [e]	0
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Student Financial Assistance													
Revenue	$17,758	$0	$543 [d]	$96 [d]			$5,598 [d]	$126 [d]	$962 [d]	$35 [d]	$194 [d]		$25,312
Expenditures	(17,758)	0	(543) [d]	(96) [d]			(5,598) [d]	(126) [d]	(962) [d]	(35) [d]	(194) [d]		(25,312)
Reserve Draw (Deposit)	0	0	0	0	0	0	0	0	0	0	0	0	0
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Sponsored Programs													
Revenue	$8,962	$0		$118 [d]									$9,080
Expenditures	(8,962)	0		(118) [d]									(9,080)
Reserve Draw (Deposit)	0	0	0	0	0	0	0	0	0	0	0	0	0
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Auxiliary Enterprises													
Revenues	$68,517	$0			($1,099) [e]	($5,228) [e]						$34 [d]	$62,224
Expenditures	(66,501)	(338) [d]			$1,392 [e]	1,492 [e]						(1,042) [d]	(64,996)
Reserve Draw (Deposit)	(2,016)	338 [d]	0	0	(293) [e]	3,736 [e]	0	0	0	0	0	1,008 [d]	2,772
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Total University													
Revenues	**$251,939**	**$0**	**$543**	**$474**	**$559**	**($5,228)**	**$5,598**	**$126**	**$962**	**$35**	**$194**	**$34**	**$255,236**
Expenses	**(249,922)**	**(338)**	**(543)**	**(474)**	**484**	**1,492**	**(5,598)**	**(126)**	**(962)**	**(35)**	**(194)**	**(1,791)**	**(258,008)**
Reserve Draw (Deposit)	**(2,016)**	**338**	**0**	**0**	**(1,043)**	**3,736**	**0**	**0**	**0**	**0**	**0**	**1,757**	**2,772**
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Notes:

(a) Original Total Budget - Reflects the 2022-23 Operating Budget as of July 1, 2022 which was approved by the Board at the September 2022 meeting. Both recurring and one-time operating budgets are included.
(b) Adjustments - Reflects the recommended adjustments to the Original Total Budget. All recommended adjustments are one-time.
(c) Adjusted Total Budget - Reflects the revised 2022-23 Operating Budget inclusive of all recommended adjustments.
(d) Amount already adjusted prior to quarter three in Banner.
(e) Amount to be adjusted in quarter three in Banner.

2023-24

Fiscal Outlook

RADFORD UNIVERSITY

2023-24 Budgeting Considerations

Economic Outlook

Mandatory Cost Increases

Legislative Actions

Enrollment

Economic Outlook

- Virginia economy continues to rebound from the pandemic and conditions are favorable
- Commonwealth's annual average employment growth – 2.6% (City of Radford named as a location of fastest growth)
- Strong state revenue forecast
- Inflationary impacts on goods and services as well as supply chain disruption

Legislative Actions

Item	Executive Budget Proposal	House Amendments	Senate Amendments
Base Operation and Student Financial Aid - Institution Specific			
Affordable Access	-	$3.9M and Tuition 1% increase limitation	$3.8M
Undergraduate financial aid	Additional $8.3M	No Change	Additional Affordable Access of $5.5 M
Graduate student financial assistance	-	-	-
Other Operating Budget - All Institutions			
Salary Increases	5% salary increase for full-time, adjunct, and graduate teaching effective June 10, 2023	Additional 2% salary increase (total 7%) plus additional 1/2 % funding for institution specific pay actions	Additional 2% salary increase (total 7%)
Bonus -Full-Time Employees	$1,500 per employee plus up to 10% of base pay effective December 1, 2023.	Redirect to permanent raises	Reduce bonus by $500 per employee (or $1,000)
Employer Health Insurance Premiums	No increase to premiums	No Change	No Change
Fringe Benefit Employer Contribution	No increase to premiums	Increase to Retiree Health Care Credit COLA	No Change
Other Central System Charges	Increase in Unemployment Costs Increase in Cardinal Financials Increase in Line of Duty	No Change	No Change
Other Operating Budget - Institution Specific			
Nursing Workforce	-	-	Additional $530k
Capital Outlay- Institution Specific			
Maintenance Reserve - E&G	-	Additional $383,654	-

Mandatory Cost Increases

In addition to state mandated items, the University must also address mandatory cost pressures including:

- Contractual operating commitments
- State central cost allocations
- Operation and maintenance of new and existing facilities
- Contractual escalators for technology and maintenance contracts
- Escalating utilities
- Committed cost for previously approved projects
- Teaching and Research Faculty promotion and tenure contractual commitments

Enrollment Projections

As Non-General Fund support becomes a larger portion of the University budget, enrollment projections greatly impact the fiscal plan. The following student composition factors are critical when projecting enrollment:

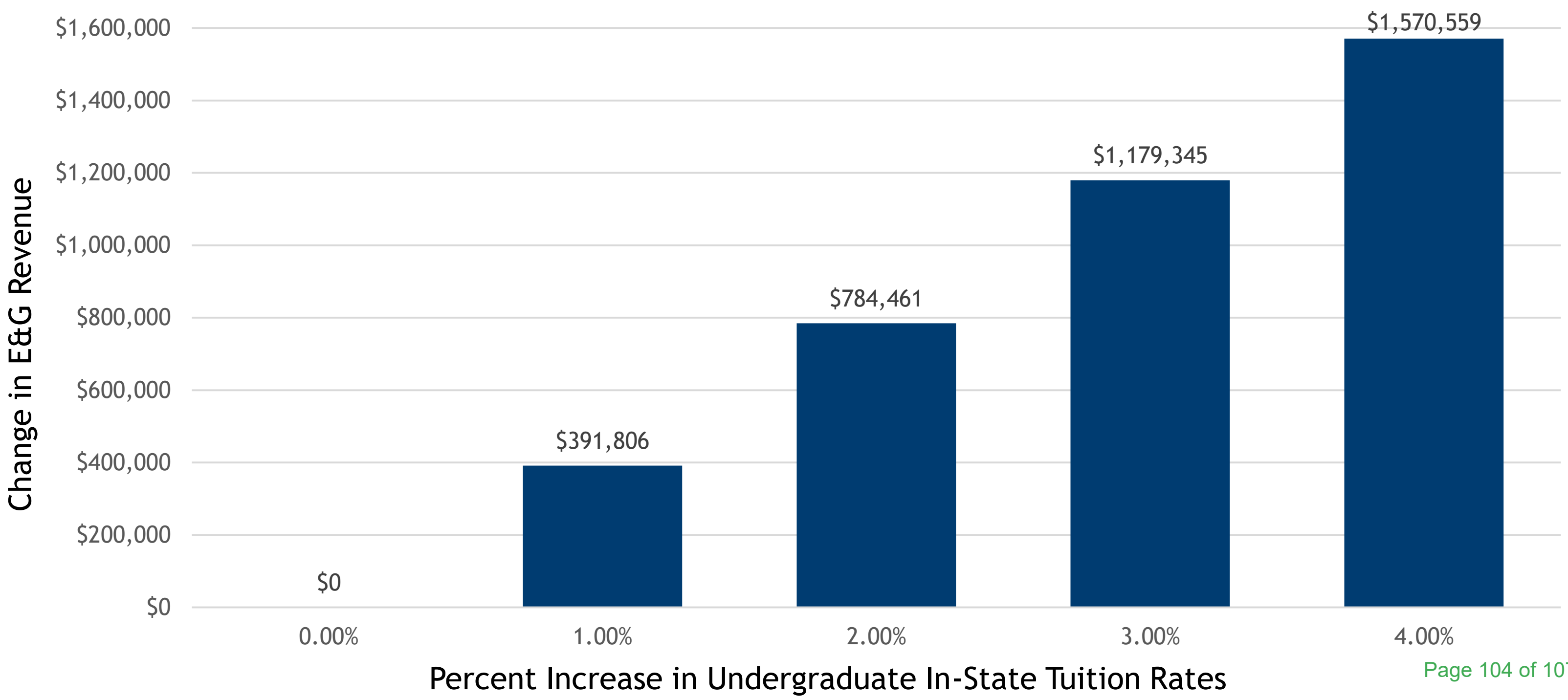
- In-State
- Main Campus
- Undergraduate
- On-Campus
- Online
- Out-of-State
- Radford University Carilion
- Graduate
- Off-Campus
- Seat-Based

FY2024 Fiscal Impact Analysis

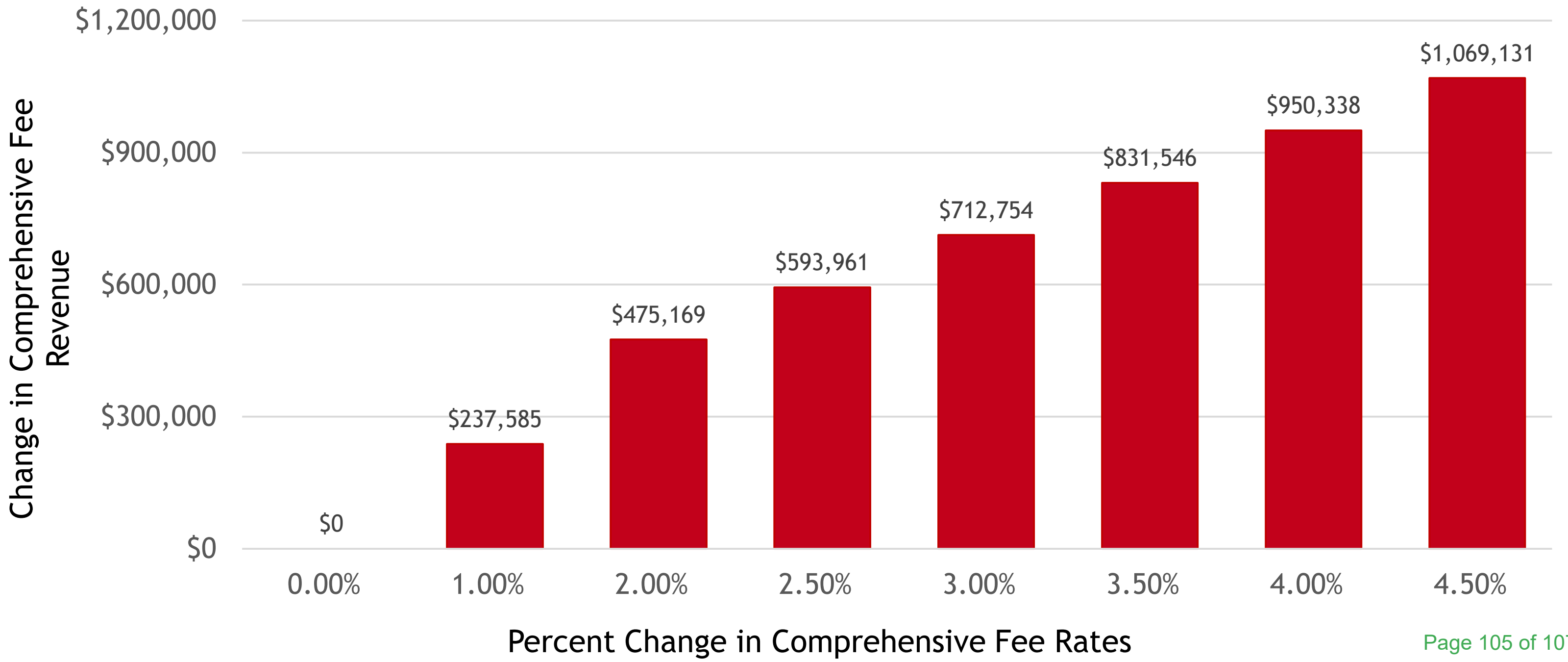
Potential FY2024 Tuition Rate Increase (estimates)	0.00%	1.00%	2.00%	3.00%	4.00%
FY2024 Projected Revenue Change					
Tuition and Enrollment Change	($4,452)	($4,066)	($3,686)	($3,300)	($2,918)
General Fund Change - Central Appropriations	2,884	2,884	2,884	2,884	2,884
General Fund Change - Affordable Access	3,800	3,800	3,800	3,800	3,800
Total Revenue Change	**$2,232**	**$2,618**	**$2,998**	**$3,384**	**$3,766**
FY2024 Projected Expense Change					
Compensation & Fringe Adjustments (incl 7% salary increase)	$7,021	$7,021	$7,021	$7,021	$7,021
Mandatory Costs	$1,114	$1,114	$1,114	$1,114	$1,114
Internal Realignments	($4,751)	($4,751)	($4,751)	($4,751)	($4,751)
Total Expense Change	**$3,384**	**$3,384**	**$3,384**	**$3,384**	**$3,384**
Recurring Surplus/(Deficit)	**(1,152)**	**(766)**	**(386)**	**(0)**	**382**
One-time Funding	1,152	766	386	0	(382)
Total Surplus/(Deficit)	**$0**	**$0**	**$0**	**$0**	**$0**

$ in Thousands

Impact of Tuition Changes



Impact of Comprehensive Fee Changes



Discussion

End of Board of Visitors Materials