RADFORD UNIVERSITY

RADFORD UNIVERSITY BOARD OF VISITORS
BUSINESS AFFAIRS & AUDIT COMMITTEE MEETING
1:30 P.M.
SEPTEMBER 15, 2016
BOARD ROOM
THIRD FLOOR – MARTIN HALL
RADFORD, VIRGINIA

DRAFT

AGENDA

• **CALL TO ORDER**	Ms. Mary Ann Hovis, *Chair*
• **APPROVAL OF AGENDA**	Ms. Mary Ann Hovis, *Chair*
• **APPROVAL OF MINUTES** May 5, 2016 **[TAB 1 - Page 3**	Ms. Mary Ann Hovis, *Chair*
• **REPORTS AND RECOMMENDATIONS**	
[Tab 2 - pg 57 ○ Report from the Auditor of Public Accounts **Tab 2.1 - 2015 RU Board Memo - pg. 57** **Tab 2.2 - FY2015 Report on Audit - pg.58** **Tab 2.3 - FY 2015 Intercollegiate Athletics Report-pg. 70** **Tab 2.4 - FY 2015 Commonwealth of Va Report - pg. 81**	Mr. Mike Reinholtz, *Acquisitions & Contract Management Specialty Team Director and Radford Audit Project Manager Auditor of Public Accounts*
Tab 3- pg 82 ○ University Auditor's Report	Ms. Margaret McManus, *University Auditor*
○ Write-Off of Past Due Accounts Report	Ms. Stephanie J. Jennelle, *Associate Vice President for Finance and University Controller*
○ Capital Project Update	Mr. Richard S. Alvarez, *Vice President for Finance and Administration and Chief Financial Officer*
○ JLARC Recommendations	Mr. Richard S. Alvarez, *Vice President for Finance and Administration and Chief Financial Officer*
• **ACTION ITEMS**	
○ 2015-16 Financial Performance Report and Recommendation to approve Radford University's 2016-17 Operating Budget	Mr. Richard S. Alvarez, *Vice President for Finance and Administration and Chief Financial Officer*
○ Recommendation to approve the 2016 Six-Year Plan Update	Mr. Richard S. Alvarez, *Vice President for Finance and Administration and Chief Financial Officer*

- **OTHER BUSINESS** Ms. Mary Ann Hovis, *Chair*

- **ADJOURNMENT** Ms. Mary Ann Hovis, *Chair*

****All start times for Committee meetings are approximate only. Meetings may begin either before or after the listed approximate start time as Committees are ready to proceed.**

Business Affairs and Audit Committee
Ms. Mary Ann Hovis, Chair
Ms. Krisha Chachra, Vice Chair
Mr. Robert A. Archer
Dr. Jay Brown
Mr. Mark S. Lawrence
Dr. Deb McMahon

MINUTES OF MAY 5, 2016

RADFORD
UNIVERSITY

BOARD OF VISITORS
BUSINESS AFFAIRS & AUDIT COMMITTEE MEETING
BOARD ROOM
MARTIN HALL – THIRD FLOOR
RADFORD, VIRGINIA
12:30 P.M.
MAY 6, 2016

DRAFT

MINUTES

COMMITTEE MEMBERS PRESENT

Dr. Javaid Siddiqi, Chair
Ms. Krisha Chachra, Vice Chair
Dr. Susan Whealler Johnston
Mr. Mark Lawrence
Mr. Randolph "Randy" J. Marcus

BOARD MEMBERS PRESENT

Mr. Anthony R. Bedell, Rector
Mr. Christopher Wade, Vice Rector
Ms. Mary W. Campbell
Ms. Callie M. Dalton
Dr. Kevin R. Dye
Ms. Mary Ann Hovis
Ms. Alethea "A.J." Robinson
Mr. Steve Robinson
Ms. Ruby W. Rogers
Ms. Georgia Anne Snyder-Falkinham
Ms. Hannah Gullickson, student representative (non-voting, advisory member)
Dr. Jerry M. Kopf, faculty representative (non-voting, advisory member)

OTHERS PRESENT

President Penelope W. Kyle
Mr. Richard Alvarez, Vice President for Finance & Administration and Chief Financial Officer
Mr. Joe Carpenter, Vice President for University Relations & Chief Communications Officer
Mr. Danny M. Kemp, Vice President for Information Technology & Chief Information Officer
Ms. Margaret McManus, University Auditor
Dr. Joe Scartelli, Interim Provost & Vice President for Academic Affairs
Michele N. Schumacher, Secretary to the Board of Visitors
Mr. Allen Wilson, Assistant Attorney General, Commonwealth of Virginia
Ms. Melissa Wohlstein, Vice President for University Advancement

Radford University faculty and staff

CALL TO ORDER

Dr. Javaid Siddiqi, Chair, formally called the meeting to order at 12:30 p.m. in the Board Room in Martin Hall on the campus of Radford University, Radford, Virginia.

APPROVAL OF AGENDA

Dr. Siddiqi asked for a motion to approve the May 6, 2016 Agenda, as published. Dr. Susan Whealler Johnston so moved and Mr. Mark S. Lawrence seconded, and the motion was unanimously approved.

APPROVAL OF MINUTES

Dr. Siddiqi asked for a motion to approve the minutes of the February 1, 2016, meeting of the Business Affairs & Audit Committee, as published. Mr. Mark S. Lawrence so moved and Ms. Krisha Chachra seconded, and the motion was unanimously approved.

REPORTS AND RECOMMENDATIONS

Report from the University Auditor

Ms. Margaret McManus, University Auditor, presented an oral report on the University's Discretionary Fund review for the quarter ended March 31, 2016. She noted that one hundred percent of expenditures were reviewed and all were found in compliance with the Board of Visitors' guidelines. Ms. McManus also provided a follow-up audit status. A copy of Ms. McManus' report is attached hereto as ***Attachment A*** and is made a part hereof.

Dr. Siddiqi thanked Ms. McManus for her report.

Report on Capital Projects

Mr. Richard Alvarez, Vice President for Finance & Administration and Chief Financial Officer, provided a capital project update report, and referred the Committee to the Capital Project Update found in their Committee materials. A copy of the Capital Project Update is attached hereto as ***Attachment B*** and is made a part hereof.

Dr. Siddiqi thanked Mr. Alvarez for his report.

ACTION ITEMS

Recommendation to the Board of Visitors of Approval of the Tuition and Fees for 2016-2017

Mr. Richard Alvarez, Chief Financial Officer and Vice President for Finance & Administration, made a presentation on the recommendations for Radford University 2016-2017 operating budget for the University and recommendations for 2016-2017 Tuition and Fees. He noted that actual student enrollments will not be confirmed until the Fall 2016 semester and as such the budget projections will continue to be monitored over the summer as potential students finalize their selections. He continued that the budget will not be approved until the September 2016 meeting.

Mr. Alvarez stated that the proposed tuition and fee recommendations take into account current economic factors and represent a conservative, sufficient, and prudent funding approach for the University in 2016-17. Giving full consideration to the legislative, economic, and enrollment-related factors for the 2016-17 academic year, tuition and mandatory fees are proposed to increase $272 (or 2.77 percent) for full-time in-state undergraduates and $69 (or 0.31 percent) for full-time out-of-state undergraduates. He reported that this recommendation represents a conservative, sufficient, and prudent funding approach for the University in 2016-17. A copy of Mr. Alvarez's presentation is attached hereto as ***Attachment C*** and is made a part hereof.

After a lengthy discussion concerning the effect the reduction of state funding has on the University, how changes in student enrollment affect budgetary concerns and the effect of tuition increases on students. Dr. Siddiqi called for a motion to recommend to Radford University's Board of Visitors approval of the resolution approving 2016-2017 Tuition and Fees as set forth in the Committee materials. Mr. Lawrence so moved and Mr. Randolph "Randy" J. Marcus seconded, and the motion was unanimously adopted. A copy of the Resolution is attached hereto as ***Attachment D*** and is made a part hereof.

Recommendation to approve Radford University's Emergency Operation Plan
Dr. Javaid noted that the next action item is approval of the Radford University Emergency Operation Plan. Mr. Alvarez reported that the Code of Virginia requires each institution of higher education to conduct a comprehensive review and revision of its crisis and emergency management plan every four years to ensure that the plan remains current. He informed the Committee that all sections of the Emergency Operations Plan were reviewed, including Radford University personnel changes, regional agency contact information, and EOP procedural revisions. It was noted that the only substantive change was that the Pandemic Plan was renamed and replaced with the University's Infectious Disease Outbreak Control Plan. The current review was completed in April 2016; and the next formal review of the EOP will be required in 2020. Dr. Siddiqi asked for a motion to recommend to Radford University's Board of Visitors approval of the resolution approving the Radford University Emergency Operations Plan dated May 2016. Ms. Chachra so moved and Mr. Lawrence seconded, and the motion was unanimously adopted. A copy of the resolution is attached hereto as ***Attachment E*** and is made a part hereof.

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:40 p.m.

Respectfully submitted,

Michele N. Schumacher
Secretary to the Board of Visitors

ATTACHMENT A

RADFORD UNIVERSITY
OFFICE OF AUDIT AND ADVISORY SERVICES
FOLLOW-UP AUDIT STATUS REPORT
BUSINESS AFFAIRS AND AUDIT COMMITTEE
MAY 2016
DRAFT

Audit: **IT – Micros**				
	Business Issue	Planned Action	Action Date	Status
5.0	The RU IT Security Standard requires backup media to be stored in an off-site location that is geographically separate and distinct from the primary location. The location for storage of backup media is not geographically separate and distinct from the location of the primary media. During an event that affects closely situated storage locations, the loss of primary and backup media would render data or system incapable of being recovered.	DoIT will research the feasibility and cost of off-site storage locations situated two miles or more from campus. Based on this research, an off-site strategy will be selected and implemented.	July 30, 2015 Revised to January 29, 2016	Complete
12.0	The RU IT Security Standard requires "biannual operating system level vulnerability scanning of sensitive IT systems in a frequency commensurate with sensitivity and risk". The use of "biannual" and "frequency commensurate with sensitivity and risk" in this way appears to impose two separate requirements. This lack of clarity could cause confusion for a user trying to establish a scan frequency and could result in noncompliance with the intent of the requirement.	DoIT will review the RU IT Security Standard and update the requirement for clarification.	July 1, 2015 Revised to January 29, 2016	Complete

RADFORD UNIVERSITY
OFFICE OF AUDIT AND ADVISORY SERVICES
FOLLOW-UP AUDIT STATUS REPORT
BUSINESS AFFAIRS AND AUDIT COMMITTEE
MAY 2016
DRAFT

Audit: **Small Purchase Charge Card – Point of Sale Transactions**				
	Business Issue	Planned Action	Action Date	Status
1.4	We noted certain SPCC purchasing practices that were allowed even though those practices were inconsistent with the University's policies and procedures. Specifically, the University's Food and Beverage Policy requires a Business Meal Certification Form to be completed for purchases that fall in the Official Business Function category. We noted two instances where snack/refreshment items were identified as being purchased for Official Business Functions, but the form was not required to be submitted.	The Controller's Office will review the Food and Beverage Policy and update it to clarify how snacks and refreshments should be procured and what documentation is required.	November 30, 2015 Revised to March 1, 2016 Revised to May 31, 2016	In process

ATTACHMENT B

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs & Audit Committee
May 5, 2016

Information Item
Capital Projects Update

Item:
Facilities Planning & Construction update on capital projects.

Background:
Currently, the University has five active capital projects in progress. Following is an update and project summary on each:

1. **<u>Center for the Sciences</u>**

Project Budget--$49,530,552
State Pooled Bond

Architect/Engineering Firm---EYP, Inc.
Washington, DC

Construction Manager--W.M. Jordan
Newport News, VA

Construction is complete for the 113,671 square foot Center for the Sciences (CFTS). This facility is constructed north of and connects to Curie Hall. The progressive facade design, while complementary to campus architecture, communicates the vision of both the University and the College of Science & Technology. The building includes teaching and research lab spaces, classrooms, faculty offices, a planetarium, a vivarium, and a museum of earth sciences.

The project is funded from the state-pooled bond program with a total project cost of $49,530,552. Three Guaranteed Maximum Price (GMP) contracts have been awarded to W. M. Jordan, bringing the total construction contract price to $39,741,671.

The Bureau of Capital Outlay Management (BCOM) provided the Certificate of Occupancy to RU on December 18, 2015, and classes were held in the CFTS starting January 19, 2016. All that remains are minor punch-list items and some select additional furnishings, along with the project closeout activities.

2. New Academic Building – College of Humanities & Behavioral Sciences

Project Budget-- $48,429,305
State Pooled Bond

Architect/Engineer Firm---Moseley Architects
Virginia Beach, VA

Construction Manager---S.B. Ballard
Virginia Beach, VA

The new College of Humanities & Behavioral Sciences academic building, which broke ground in August 2014, will provide academic space consisting of classrooms, offices, laboratories, and student/faculty collaborative areas. Among the departments of the college that will be accommodated in the new building are: Communications, Criminal Justice, Psychology, Sociology, Political Science, English, Foreign Language, History, Philosophy & Religious Studies, and the Office of the Dean. Notable features of the building include a vivarium, TV studios, an Emergency Operations Center simulation room, and a mock-trial room.

The building will don a progressive architectural façade facing East Main Street, while maintaining the campus historical forms on the quad side. The project budget of $48,429,305 (less equipment) and a building size of 143,600 square feet are planned. A Guaranteed Maximum Price (GMP) contract has been awarded to S. B. Ballard, the construction manager, in the amount of $40,040,993.

Foundations and structural steel erection for the building frame are complete, as are all floor slabs. Underground sanitary and storm sewer installation is complete. Masonry foundation walls and exterior masonry façade installation are complete. Roofing substrate installation is complete, as is exterior wall framing, curtain wall framing, and exterior sheathing. Slate roof installation is complete on the five-story section. Interior partition installation is mostly complete on all floors, with HVAC, plumbing, and electrical final installation well underway. Furniture delivery will begin in June.

The opening of this new academic building is targeted for late Summer 2016, with classes starting in Fall 2016.

3. Renovate Residence Halls Umbrella Project

Project Budget--$36,000,000
9c Bond

Architect/Engineer Firm (Phase 1) --VMDO
Charlottesville, VA

Contractor (Phase 1) --G&H Contracting
Salem, VA

Phase 1 of the residence hall renovations umbrella project, including Pocahontas, Bolling, Draper, and the chilled water loop, will be funded through a $36,000,000 blanket renovations authorization.

The three-building renovation scope provides for the replacement of plumbing piping, fixtures, fire alarm systems, electrical upgrades, accessibility improvements, asbestos abatement, and the addition of air conditioning and a fire-suppression system in each building, similar to the renovation scopes recently completed for Madison, Jefferson, Moffett, and Washington Halls.

In addition to the above project scopes, a multi-level lounge space is included in each building that allows open visibility from the building lobby area to a lower-level lounge. This transforming feature will give vibrant new life to these buildings built in the 1950s.

The project is broken into three pieces: chilled water loop installation, Bolling and Pocahontas renovation, and Draper renovation. A contract in the amount of $16,667,000 has been awarded to G&H Contracting for the renovation portion of the three residence halls.

The chilled water loop that serves the five Moffett Quad resident halls and Peters Hall is complete and functioning. The cooling tower at Moffett Hall will provide all of the winter cooling needs for these facilities without the use of energy-consuming mechanical cooling.

Pocahontas and Bolling Hall renovations achieved occupancy for students for the Fall 2015 semester.

The renovation of Draper Hall started after the May 2015 commencement. The 2nd and 3rd floors are finished with the exception of the final coat of paint, carpet, fan coil unit enclosures, and ceiling tiles in the hallways. The majority of the utilities are installed on the 1st floor. The three-story glass window is installed. Site work has begun, and the mechanical screen yard is under construction. The power switch-over and then generator will be functional before May 2016 graduation. The building is scheduled to be completed in

Summer 2016 for fall semester occupancy.

Phase 2 of the residence hall renovations umbrella project includes the upgrade of life safety systems for Muse Hall. The remaining balance on the umbrella capital project will be used to address the most critical infrastructure needs of Muse Hall, such as a new fire alarm system, replacement sprinkler standpipe system, new lightning protection system, replacement elevators, and upgrades to exit stairways.

The design A&E team of Waller/Todd/Sadler and LPA is well underway, with the preliminary submittal shipped to BCOM in February and the final submittal scheduled for May. The project is planned to be broken into an early demolition and electrical service package advertised for construction in mid-April, and a complete package advertised for construction in late May. Construction is scheduled to be complete for August 2017 move-in.

4. Whitt Hall Renovation

Project Budget--$8,933,000
State Pooled Bond

Architect/Engineer Firm---Clark-Nexsen
Roanoke/Norfolk, VA

The renovation project for Whitt Hall will provide for complete interior renovation, including new mechanical, electrical, and plumbing equipment. The windows, which are in poor thermal condition, will be replaced with multi-life sashes, returning the building to its original character.

The University undertook an intensive building envelope study to evaluate any hidden façade and infiltration issues. The study reviewed portions of the building's brick veneer, slate shingles, and wood trim. The study identified areas needing intensive repair/replacement, and these items have been incorporated into the project scope.

The AE has completed final design and the project was advertised for construction in March. The construction is scheduled to commence in June and take approximately one year.

5. Reed-Curie Renovation

Project Budget-- TBD

Architect/Engineer Firm--- TBD

The Reed-Curie renovation project was included in the preliminary state budget, as described in the RU six-year capital plan submission to the state. The project will completely renovate the existing science buildings to complement the recent addition of the Center for the Sciences, ultimately providing an overall state-of-the-art facility for all of RU’s basic science departments. Until final funding is approved, initial pre-programming studies have been performed, along with utility location studies in the area of the buildings. AE selection is underway, with advertisement for design services in March and Notice-to-Proceed for final design anticipated in July.

Action:
None; informational only.

ATTACHMENT C

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs and Audit Committee
May 5, 2016

Action Item
Recommendation for 2016-17 Tuition and Fees

Executive Summary:

At the spring meeting of the Board of Visitors, tuition and fee recommendations are considered for the upcoming fiscal year. Many factors are reviewed when preparing the proposed tuition and fee rates including: legislative actions by the General Assembly, enrollment projections, mandatory cost increases, the Virginia Plan for Higher Education, critical programmatic needs, institutional priorities, and the economic outlook. The proposed resolution covers undergraduate and graduate tuition rates, required fees, and room and board charges for the upcoming 2016-17 academic year.

The University must address unavoidable cost increases for planned state mandated employee salary increases, fringe benefit and health insurance rate changes, promotion and tenure compensation adjustments, safety and security, contractual escalators, technology infrastructure support, and the operating and maintenance of new facilities coming online. The proposed tuition and fees recommendations are not only necessary to cover the aforementioned increases, but also to maintain essential instructional levels of program support and student services.

The State's financial outlook has improved significantly since the beginning of the current 2014-16 biennium and, as a result, the state has renewed its investment in higher education through this legislative session. The support will make a noticeable difference in reversing the impacts of prior year funding declines in higher education. The legislature has consciously made education, at all levels, a pillar of which the Commonwealth can build upon. Subsequently, the current 2016-18 Biennial Conference Budget, which remains under consideration, includes an additional $1 billion in education funding, inclusive of more than $200 million of general fund earmarked for higher education.

The University's total enrollment is anticipated to fall slightly below current levels. While the University continues to do well in recruiting an increasingly diverse mix of incoming students, competition for in-state undergraduate students has become progressively more competitive. Projections will continue to be monitored over the summer as potential students finalize their selections, but actual enrollments will not be confirmed until the Fall 2016 semester.

Giving full consideration to the aforementioned legislative, economic, and enrollment related factors for the 2016-17 academic year, tuition and mandatory fees are proposed to increase $272, or 2.77 percent, for full-time in-state undergraduates and $69, or 0.31 percent, for full-time out-of-state undergraduates. This recommendation represents a conservative, sufficient, and prudent funding approach for the University in 2016-17.

<u>Authority for Setting Tuition and Fees</u>:

The current tuition policies identified in the 2015 Acts of Assembly, Chapter 665, Section 4-2.01.b state:

> *2. a) The Boards of Visitors or other governing bodies of institutions of higher education may set tuition and fee charges at levels they deem to be appropriate for all resident student groups based on, but not limited to, competitive market rates, provided that the total revenue generated by the collection of tuition and fees from all students is within the nongeneral fund appropriation for educational and general programs provided in this act.*
>
> *b) The Boards of Visitors or other governing bodies of institutions of higher education may set tuition and fee charges at levels they deem to be appropriate for all nonresident student groups based on, but not limited to, competitive market rates, provided that: i) the tuition and mandatory educational and general fee rates for nonresident undergraduate and graduate students cover at least 100 percent of the average cost of their education, as calculated through base adequacy guidelines adopted, and periodically amended, by the Joint Subcommittee Studying Higher Education Funding Policies, and ii) the total revenue generated by the collection of tuition and fees from all students is within the nongeneral fund appropriation for educational and general programs provided in this act.*
>
> *8. a) Except as provided in Chapters 933 and 943 of the 2006 Acts of Assembly, Chapters 594 and 616 of the 2008 Acts of Assembly, and Chapters 675 and 685 of the 2009 Acts of Assembly, mandatory fees for purposes other than educational and general programs shall not be increased for Virginia undergraduates beyond five percent annually, excluding requirements for wage, salary, and fringe benefit increases, authorized by the General Assembly. Fee increases required to carry out actions that respond to mandates of federal agencies are also exempt from this provision, provided that a report on the purposes of the amount of the fee increase is submitted to the Chairmen of the House Appropriations and Senate Finance Committees by the institution of higher education at least 30 days prior to the effective date of the fee increase.*
>
> *b) This restriction shall not apply in the following instances: fee increases directly related to capital projects authorized by the General Assembly; fee increases to support student health services; and other fee increases specifically authorized by the General Assembly.*

Additionally, while not yet approved, the 2016-18 Conference Budget contains additional language in Item 185-1c related to the Board approval of tuition rate during the 2016-18 biennium. Specifically, the language states:

> *C. Out of this appropriation, $1,482,976 the first year and $2, 163,111 the second year from the general fund is designated to support the goals of access, affordability, quality, and increased degrees. Given the increased investment from the general fund during this biennium, it is the expression of the General Assembly that the institution seeks to minimize tuition and fee increases for in-state undergraduate students. This language shall be in effect for the 2016-18 biennium only. The Board of Visitors shall set the tuition rates for the*

> *institution, and forward their action to the State Council of Higher Education for Virginia within three business days of such action. The Council shall analyze the Board's actions and report such analysis to the Chairmen of House Appropriations and Senate Finance Committees within three days of receipt, at which point, the Board's action shall be final. The Director of the Council shall report the final Board actions to the Chairmen by August 1, 2016 and August 1, 2017.*

As an additional reference, a historical summary of tuition and fee policy trends is outlined in the State Council of Higher Education for Virginia's (SCHEV) 2015-16 Tuition and Fees at Virginia's State-Supported Colleges and Universities annual report dated July 2015 (pages 7-9, http://www.schev.edu/Reportstats/TuitionFees/2015-16TFReport.pdf).

Development of Proposed Tuition and Fee Rates:

The proposed tuition and fee recommendations consider the legislative requirements outlined above, the University's Six-Year Plan, projected enrollment, the 2016-18 biennial budget, mandatory cost drivers, Board programmatic directives, and the overall economic outlook. The following depicts the process used to derive the 2016-17 tuition and fee recommendations and outlines the impact of each variable as it relates to the recommendation. Please refer to Schedule A for a summary of the necessary resources outlay for 2016-17.

Educational & General (E&G) Program

Six-Year Planning Processes and 2016-17 Budget Development:

The Virginia Higher Education Opportunity Act of 2011 (TJ21) was passed by the 2011 General Assembly and is based on recommendations from the Governor's Commission on Higher Education Reform, Innovation and Investment formed through Executive Order No. 9 issued in March 2010. The TJ21 legislation requires institutions of higher education to prepare and submit a "Six-Year Plan" by July 1st each year in accordance with criteria outlined by the Higher Education Advisory Committee (HEAC). This landmark legislation also codifies a funding framework for higher education and identifies specific goals such as 100,000 new undergraduate degrees by 2025, increased retention and degree completion, optimal year-round utilization of resources, and investments in STEM-H programs.

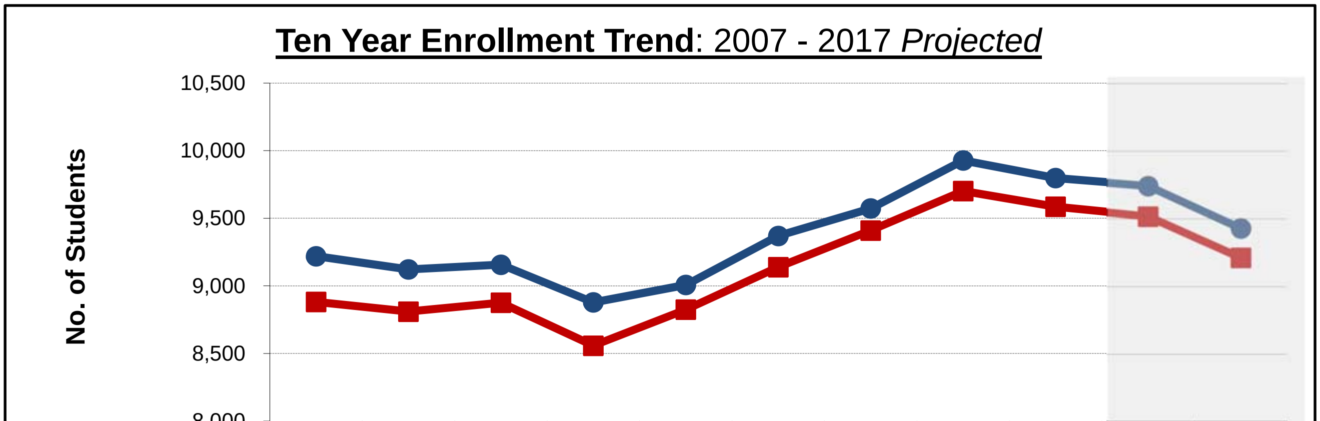
As an integral part of the six-year planning process, the University's internal annual budget development cycle provides the opportunity to reevaluate, in detail, the essential needs for the upcoming fiscal year and outline divisional priorities for the outlying years to inform the actual six-year plan. The budget development review engages key personnel and provides a consistent mechanism to prioritize funding requests and strategically aligns the institution's long-range goals with projected resources.

The University submitted the initial 2016-18 Six-Year Plan to SCHEV this fiscal year. The University will be required to resubmit the 2016-18 plan with any updates to SCHEV by July 1, 2016. The University's Six-Year Plan identifies the targeted objectives and strategies to achieve both state and institutional goals and provides a foundation for preparing tuition and mandatory fee recommendations for consideration by the Board of Visitors.

Enrollment Trend:

Within recent history, Radford University experienced a significant enrollment growth in total student population. Between Fall 2010 and Fall 2013 the University increased 877 full-time equivalent (FTE) students from 8,825 to 9,702 respectively. Since that time, total enrollment has declined slightly but is anticipated to level off.

Following is the 10-year history on enrollment trends based on student headcount and full-time equivalent (FTE):



	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 Proj	2016-17 Proj
Fall Headcount	9,220	9,122	9,157	8,878	9,007	9,370	9,573	9,928	9,798	9,743	9,430
Annual FTE	8,882	8,810	8,876	8,558	8,825	9,139	9,410	9,702	9,586	9,518	9,213

Considering Fall 2015 census data, guidance from SCHEV on enrollment trends, and demographic changes in the high school student pipeline, the 2016-17 proposed tuition and fees rates are based on a conservative enrollment target. These projections are less than that of the current year, but is a prudent decision given the current recruitment landscape. It is estimated enrollment, independent of other factors, will contribute a $1,333,867 decline in tuition revenue from originally projected 2015-16 levels. For illustrative purposes, to offset the impact of enrollment by itself, in-state tuition rates would need to increase, at minimum, by 2.27 percent in 2016-17.

While increases in tuition and fee revenue, whether receipted from enrollment growth or rate increases, reflect a significant portion of the resources needed to support student's cost of education, similarly state general fund support is needed to cover the remaining portion. In the past, as enrollments have grown specifically from in-state undergraduates, state general fund support for "new in-state seats" has not been allocated at the same proportion. This constrains the institution's ability to fully fund the needs of the institution. So while enrollment is a significant part of the discussion, so too is state general fund support.

Radford University is very reliant upon state general fund support due to the significant number of in-state undergraduate students served (94.2 percent as of Fall 2015). SCHEV's calculation identifies that the University's E&G program should be funded 62 percent by the state and 38 percent through institutional nongeneral fund sources (i.e. tuition, E&G fees, etc.). However, SCHEV's most recent calculation (September 2015) reflects an inversion with the University funding 61 percent from institutional nongeneral fund sources and 39 percent from state funding.

Mandatory Cost Increases:

2016 General Assembly Session Action

During the 2016 General Assembly Session, the Governor, House of Delegates, and Senate all renewed their commitment and support for higher education by offering funding proposals in support of universities and their students. In total, the Conference Budget contains approximately $200 million in general fund support for higher education and institutions across the Commonwealth in fiscal year 2016-17 alone. Radford University's portion of this funding is anticipated to be $5.6 million.

A portion of this funding will be used to offset the costs associated with a state mandated three percent salary increase and to address rising fringe benefit costs mostly related to health insurance rate changes of 9.6 percent. This cost will be mitigated slightly by decreases to the employer share of the Virginia Retirement System (VRS) contribution rates due to the lump sum payment planned for year-end 2015-16, which will repay VRS for deferred contributions accrued over the 2010-12 biennium.

The largest share of E&G funding support has been appropriated on behalf of Access, Affordability, and Completion. Funds have been allocated across the Universities as an incentive to deliver quality education, limit the impact of future tuition increases, and increase graduation rates among in-state students. In addition, the funding is also expected to be used to support college completion efforts for underrepresented student populations.

Similarly, the support provided for student financial assistance will be used for increased need-based aid at the undergraduate level, while the graduate aid will be used to further the University's graduate assistantship program. It should be noted that the undergraduate aid for 2017-18 has been allocated directly to SCHEV. Over the course of the next year, the financial aid funding model methodology is to be reviewed by the Higher Education Joint Subcommittee and allocations are likely to change over the next legislative session.

It is estimated that in 2016-17 the total cost for the state mandated salary increases and fringe benefit rate adjustments will total $2,518,571. The estimated incremental general fund support received for this purpose of $1,812,308 will assist in defraying the cost. However, the University will still need to provide an additional $706,263 to fully fund the mandated changes.

The following schedule reflects the anticipated funding from the 2016 General Assembly Session providing additional general fund support for the University in 2016-17:

2016 General Assembly Session Funding:

	2016-17
E&G - Educational & General	
2015-16 Central Account Realignment	$363,027
2016-17 Central Account Adjustment (a)	
Salary & Fringe Annualization	251,781
Workers Compensation	1,592
Health Insurance & VRS Rate Changes	700,177
2016-17 Central Systems & Insurance	19,146
2016-17 Access, Affordability & Completion	1,482,976
2016-17 3% Salary Increase (b)	839,612
2016-17 Interest Earning / Rebates (b)	180,000
Total E&G General Fund Recommendations	**$3,838,311**
SFA - Student Financial Assistance	
In-State Undergraduate Financial Aid	1,685,086
In-State Graduate Financial Aid	171,128
Total SFA General Fund Recommendations	**$1,856,214**
Total General Fund Recommendations	**$5,694,525**

Notes:

(a) Central Appropriation amounts are not included in the University's line item appropriation. Instead they are held centrally by the state and allocated after the start of the fiscal year. For this reason estimates have been provided as a placeholder.

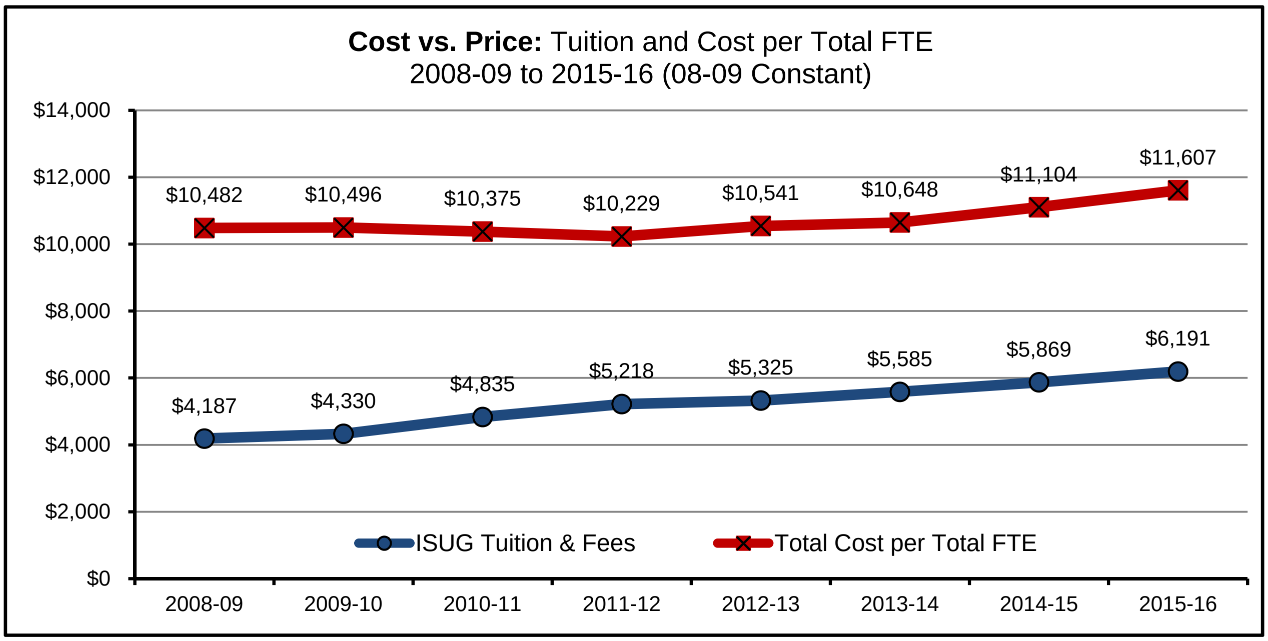
(b) The Conference Budget did not provide an institutional breakout for appropriations related to either the 3% Salary Increase or Interest Earnings. Therefore, the funding reflects an estimate proportionate to Radford University's projected share of total.

Other Mandatory Costs:

In addition to the state mandated items, the University must also address teaching and research faculty promotion and tenure contractual commitments, operation and maintenance of new and existing facilities, contractual escalators for technology and maintenance contracts, escalating utilities, and committed cost for previously approved projects. These initiatives, referred to as central cost commitments, combine to total $1,688,069. For additional details, Schedule A provides a breakdown of the mandatory cost requirements.

Division Program Requirements:

After an extensive review of division programmatic requirements and requests that were submitted by each Vice President, the total amount of funding needed across all operating divisions for programmatic needs in 2016-17 totals only $69,982. While many requests were submitted to further operational priorities, unfortunately due to significant mandatory cost factors and limited incremental revenue availability, only a handful were able to be addressed. Therefore, the allocation of these resources has been deemed necessary to fund the absolute highest priorities across each division and address only the most critical of needs.



Mandatory and programmatic cost increases can greatly impact tuition rates, i.e. price; however, the University has greatly limited their impact over the last few years. While in-state undergraduate tuition and fee rates have climbed $2,004 from 2008-09 to 2015-16 when adjusted for inflation (2008-09 Constant), the total cost per total FTE during the same period has risen $1,125; ultimately containing cost increases to a more modest pace.

Resource Reallocation:

The University continues to seek out reallocation opportunities to fund new initiatives in order to keep costs low and maintain value for the student population. The most notable reallocations slated for 2016-17 are related to program enhancement in the Division of Academic Affairs. In order to finalize the implementation of the mandated Pathways to Excellence programs, i.e. Chemistry, Criminal Justice, and RN-BSN, Academic Affairs will reallocate $520,800. In addition, Academic Affairs will be reallocating an additional $108,017 to fund the initiation of the M.S. in Data and Information Management (DAIM) program. The total funding required for this program will be $196,411. The balance of $88,394 will be covered by additional central University resources.

Out-of-State Tuition Outlook:

A proposed tuition increase for out-of-state undergraduates is not recommended for 2016-17. While recruitment efforts have been constant, there is an indication that the University is reaching a point of diminishing return relative to tuition rates. SCHEV's cost of education calculation demonstrates that out-of-state students (undergraduates and graduates) are currently covering 151 percent (SCHEV July 2015 Agenda Book, page RP6) of the average cost of education while only required to cover 100 percent.

If out-of-state tuition were increased at the proportional rate of in-state tuition, it is believed that at such a price, out-of-state enrollment may decline and overall impair the University's ability to attract and recruit such students. To generate an equivalent amount of additional tuition revenue from out-of-state students without a tuition increase, the University would need to bring in approximately 31 new full-time, full-paying out-of-state undergraduates.

E&G Summary:

Taking all of the above into consideration, the following represents the major factors considered in the proposed 2016-17 tuition rates by respective full-time student classification. The proposed recommendation considers (1) state guidelines outlined in the six-year plan, (2) mandatory cost increases such as salary, fringe benefit and health insurance adjustments, (3) reallocation and reduction strategies to mitigate the tuition increase, and (4) essential programmatic needs of the University to sustain critical instructional support and student services, especially given projected enrollment.

Refer to the Summary of Tuition and Fees for 2016-17, Schedule B at the end of this document, for the proposed rates. Part-time tuition rates are derived from the respective full-time tuition rate and can also be referenced in the Summary of Tuition and Fees for 2016-17.

Virginia Educator Tuition:

The Virginia Educator rate is a reduced tuition rate for Virginia elementary and secondary school personnel, regardless of residency status, and assists with maintaining certification and supporting continued improvement in the quality of education provided to the citizens of the Commonwealth. This policy was implemented by the University in recognition of the importance for Virginia educators to enhance their professional knowledge and skills through recertification.

To be eligible for the reduced tuition rate, educators (including teachers, administrators, counselors, librarians, coaches and other instructional support staff) must be a full-time contractual employee in a K-12 public or private school in the Commonwealth of Virginia. The courses must be for professional development (e.g. graduate degree, additional endorsements, or for re-licensure), not for planned career changes outside of education. Students pay approximately 77 percent of the approved standard in-state graduate per credit hour tuition rate. Refer to the Summary of Tuition and Fees for 2016-17, Schedule B at the end of this document, for the proposed rate.

Differential Tuition:

Differential tuition is recommended for specialized, high-demand, and/or costly programs. The current programs approved to charge differential tuition rates include: Master of Occupational Therapy (MOT), Doctor of Nursing Practice (DNP), Doctor of Physical Therapy (DPT), and Master of Fine Arts (MFA) in Design Thinking. Differential tuition was identified in the proposals submitted to the State Council for Higher Education (SCHEV) to support these programs.

Consistent with the traditional tuition rate changes proposed for 2016-17, a tuition increase is proposed for each differential tuition program. The comprehensive and other applicable fees will be in addition to the per-credit-hour fee unless otherwise noted.

Refer to the Summary of Tuition and Fees for 2016-17, Schedule B at the end of this document, for the proposed rate.

Technology Fee:

A technology fee was first approved in 2010-11 to assist with covering increasing costs associated with supporting technology services provided to students. This fee facilitates standardized student software requirements, such as Microsoft Office and antivirus protection. It also supports the increased demand on the campus network infrastructure, incremental cost for the student enterprise system, and emerging classroom technologies.

The fee is not recommended to increase in 2016-17. Refer to the Summary of Tuition and Fees for 2016-17, Schedule B at the end of this document, for the proposed rate.

Online Program Fee:

In the fall of 2010, the University offered its first, fully online degree program with the Doctor of Nursing Practice (DNP). Programs offered wholly online require specialized technology support and infrastructure. The online program fee is used to assist with supporting hardware, software, network infrastructure, and technical personnel costs associated with administering online programs. In 2012-13, the Master of Fine Arts (MFA) in Design Thinking became the second program authorized to require the online program fee.

The online program fee is recommended to remain at $25 per credit hour in 2016-17. Degree programs assessed the online program fee are not assessed the comprehensive fee. Additionally, this fee is not intended to be assessed to individual courses taught through distance education or other online channels. Refer to the Summary of Tuition and Fees for 2016-17, Schedule B at the end of this document, for the proposed rate.

Out-of-State Capital Fee:

The 2003 General Assembly required the establishment of a capital fee to be assessed to all out-of-state students at institutions of higher education in Virginia to pay a portion of the debt service on bonds issued under the 21st Century Program. The General Assembly increased the per credit hour fee in 2007, 2009, 2010, and 2012. The fee is not recommended to increase in 2016-17. Refer to the Summary of Tuition and Fees for 2016-17, Schedule B at the end of this document for the proposed rate.

Auxiliary Enterprises Program

Comprehensive Fee:

The comprehensive fee is used to support certain student services and programs and is paid by all enrolled students, except select fully online programs of study identified as exclusions. These auxiliary enterprise activities are required to be self-supporting and, as such, do not receive any state support. Therefore they must also maintain sufficient fund balances to provide their own operating support, renewal and replacement of equipment, and capital reserves.

The recommended 2.33 percent increase in the comprehensive fee is necessary to fund required increases in state mandated salary increases, fringe benefit and health insurance rate adjustments, maintenance and operating expenses, contract escalators, transit services, programmatic requirements, scholarships, and all associated indirect cost charges. The proposed increase also considers enrollment projections for the coming year and is below the 5.00 percent limit allowed in the state appropriations act.

Following is a description of each component of the comprehensive fee:

Athletics: The student fee supports the intercollegiate athletic program which includes athletic administration, intercollegiate varsity sports teams, travel, scholarships, operation and maintenance of facilities, auxiliary indirect cost, and equipment. This fee entitles students to free admission into all sporting events.

Auxiliary Building/Facilities: The student fee supports auxiliary operation and maintenance of facilities, facilities staff, maintenance reserve projects, leased properties, insurance, auxiliary indirect cost, and equipment.

Auxiliary Support: The student fee supports auxiliary support personnel, operations and direct student cost associated with the student RU Express/I.D. office, technology support, photocopying services, and student wages.

Debt Service: The student fee supports debt service payments for auxiliary construction and renovation projections such as the Student Recreation and Wellness Center.

Recreation: The student fee supports the personnel, operations, maintenance, and equipment of all student recreation and intramural facilities and fields.

Student Activities: The student fee supports student programs, clubs, organizations, activities, and events for groups such as R-Space, Student Government Association, Greek Life, Student Organization Assistance and Resources (SOAR), LEAD Scholars Program, etc. Students can attend most events free of charge or at greatly reduced rates, depending on the type of event.

Student Health: The student fee supports general medical services provided by the Radford University Student Health Center, normal counseling services provided by Radford University Student Counseling Center, the Disability Resource Office (DRO) and educational and support services provided by the RU SAVES (Substance Abuse and Violence Education Support) Office.

Student Union: The student fee supports administrative and student personnel, operations, maintenance, programmatic events, and equipment for the Bonnie Hurlburt Student Center and Heth Hall meeting rooms.

Transportation: The student fee supports unlimited access to the Radford Transit bus service for enrolled Radford University students. Connections to other transit services (e.g. Megabus, Smart Way Bus, Blacksburg Transit, etc.) may have separate user fees.

Refer to the Summary of Tuition and Fees for 2016-17, Schedule B at the end of this document, for the proposed rate.

Room Rates:

The proposed 2016-17 average double occupancy room rate increase of 3.00 percent is necessary to cover increased costs associated with scholarships, maintenance and operations, programmatic requirements, debt service payments, state mandated salary increases, fringe benefit and health insurance rate adjustments, student support services, and all associated indirect cost charges.

Currently, there are five different room types offered as part of the on-campus housing program. The room types include: standard double occupancy, traditional double occupancy, standard single occupancy, traditional single occupancy, and university managed apartments. Single occupancy room assignments are based upon availability and are not necessarily guaranteed.

Refer to the Summary of Tuition and Fees for 2016-17, Schedule B at the end of this document, for the proposed rates.

Board/Off-Campus Meal Plans:

The proposed 2016-17 board and off-campus meal plan rate increase of 3.00 percent is necessary to cover costs associated with the annual dining services contractual agreement and indirect cost charges. Students living on-campus must select one of the on-campus board plans as part of their housing agreement. Off-campus students may elect to participate in any of the approved meal plan options.

Please refer to the Summary of Tuition and Fees for 2016-17, Schedule B at the end of this document, for the proposed rates.

For reference, Schedule C is an excerpt from the 2015-16 Operating Budget Plan and Financial Overview, which includes comparative charts and graphs of tuition and fees at Virginia's public four-year institutions of higher education. Radford University is a best value as the third lowest total cost (tuition, fees, room and board) provider among Virginia's four-year public institutions.

Schedule A:
2016-17 Resource Allocation Analysis

	2016-17 Assumptions
REVENUE	
General Fund Changes	
2016-17 Central Accounts (Adjustment)	$953,550
2015-16 Central Fund (Alignment)	363,027
2016-17 Base Funding (Access & Completion)	1,482,976
2016-17 Central Systems & Insurance Changes	19,146
2016-17 Salary Increase - 3% Partial	839,612
2016-17 Interest Earnings/CC Rebate	180,000
Total GF Change	**3,838,311**
Nongeneral Fund Changes	
Enrollment Changes - *Estimated*	(1,333,867)
Tuition Increase - *Estimated*	1,772,152
Total NGF Changes	**438,285**
Total Revenue Changes	**$4,276,596**

	2016-17 Assumptions
EXPENSES	
Non-Discretionary Cost Increases	
Mandatory Costs	
Salary Adjustments	
2015-16 2% Sal Incr./Comp Adj - 4PPs	$196,379
2016-17 3% Salary Incr. - 12PPs	1,354,213
Fringe Adjustments	
Health Insurance/VRS Rate Changes	967,979
Central Cost Commitments	
AA Promotion & Tenure, Admissions, & DPT Clinicals	336,467
Utilities Increases	70,000
O&M New Facilities	373,197
IT, SA, & Finance Contractual Escalators	159,420
Transition Operating Support	224,550
Facilities - Life Safety & Storm Water	92,348
Admin Overhead/One-Time Operating/Recovery	432,087
Sub-Total Central Commitments	**4,206,640**
Division Recurring Requirements	**69,982**
Total Non-Discretionary Cost Increases	**$4,276,622**
REALLOCATIONS	
Pathways to Excellence & Program Start-up	
PTE - Chemistry, Criminal Justice, RN-BSN	$520,800
Provost's Reallocation - PTE	(520,800)
DAIM - Start-up	196,411
Provost's Reallocation - DAIM	(108,017)
Sub-Total Board Mandates & Start-ups	**88,394**
Total University Reallocations	**$88,394**
SURPLUS/(DEFICIT)	**($88,420)**

Schedule B:
Summary of Proposed 2016-17 Tuition and Fees

	Approved 2015-16	Proposed 2016-17	Dollar Increase	Percent Increase
Undergraduate				
In-state Undergraduate (full-time) - Recommendation for Tuition & Mandatory Fees is 2.77%				
Tuition	$6,788	$6,991	$203	2.99%
Mandatory Technology Fee	54	54	0	0.00%
Mandatory Comprehensive Fee	2,967	3,036	69	2.33%
Total In-state Undergraduate	**$9,809**	**$10,081**	**$272**	**2.77%**
Room - Standard Double	4,978	5,127	149	2.99%
Board - 19 Meal Plan	3,868	3,984	116	3.00%
Total In-state Undergraduate Living in University Housing	**$18,655**	**$19,192**	**$537**	**2.88%**
Out-of-state Undergraduate (full-time) - Recommendation for Tuition & Mandatory Fees is 0.31%				
Tuition	$18,626	$18,626	$0	0.00%
Mandatory Capital Fee	446	446	0	0.00%
Mandatory Technology Fee	54	54	0	0.00%
Mandatory Comprehensive Fee	2,967	3,036	69	2.33%
Total Out-of-state Undergraduate	**$22,093**	**$22,162**	**$69**	**0.31%**
Room - Standard Double	4,978	5,127	149	2.99%
Board - 19 Meal Plan	3,868	3,984	116	3.00%
Total Out-of-state Undergraduate Living in University Housing	**$30,939**	**$31,273**	**$334**	**1.08%**

Graduate

In-state Graduate (full-time) - Recommendation for Tuition & Mandatory Fees is 2.79%

	Approved 2015-16	Proposed 2016-17	Dollar Increase	Percent Increase
Tuition	$7,640	$7,868	$228	2.98%
Mandatory Technology Fee	54	54	0	0.00%
Mandatory Comprehensive Fee	2,967	3,036	69	2.33%
Total In-state Graduate	**$10,661**	**$10,958**	**$297**	**2.79%**

Out-of-State Graduate (full-time) - Recommendation for Tuition & Mandatory Fees is 0.35%

	Approved 2015-16	Proposed 2016-17	Dollar Increase	Percent Increase
Tuition	$16,394	$16,394	$0	0.00%
Mandatory Capital Fee	446	446	0	0.00%
Mandatory Technology Fee	54	54	0	0.00%
Mandatory Comprehensive Fee	2,967	3,036	69	2.33%
Total Out-of-state Graduate	**$19,861**	**$19,930**	**$69**	**0.35%**

Differential Tuition & Fees

Master of Occupational Therapy (MOT) In-State (per credit hour)

	Approved 2015-16	Proposed 2016-17	Dollar Increase	Percent Increase
Tuition	$324	$333	$9	2.78%
Mandatory Technology Fee[1]	3	3	0	0.00%
Mandatory Comprehensive Fee[1]	124	127	3	2.42%
Total In-state Graduate MOT	**$451**	**$463**	**$12**	**2.66%**

Master of Occupational Therapy (MOT) Out-of-State (per credit hour)

	Approved 2015-16	Proposed 2016-17	Dollar Increase	Percent Increase
Tuition	$865	$890	$25	2.89%
Mandatory Capital Fee[1]	19	19	0	0.00%
Mandatory Technology Fee[1]	3	3	0	0.00%
Mandatory Comprehensive Fee[1]	124	127	3	2.42%
Total Out-of-state Graduate	**$1,011**	**$1,039**	**$28**	**2.77%**

[1] For applicable differential tuition programs, students enrolled in 12 to 18 credit hours will be assessed up to the annualized rate of $1,518 per semester for the mandatory comprehensive fee, $27 per semester for the technology fee, and $223 per semester for the Out-of-State Capital Fee.

	Approved 2015-16	Proposed 2016-17	Dollar Increase	Percent Increase
Doctor of Nursing Practice (DNP) In-State (per credit hour)				
Tuition	$433	$445	$12	2.77%
Mandatory Technology Fee[1]	3	3	0	0.00%
Mandatory Online Program Fee[2]	25	25	0	0.00%
Total In-state Graduate DNP	**$461**	**$473**	**$12**	**2.60%**
Doctor of Nursing Practice (DNP) Out-of-State (per credit hour)				
Tuition	$884	$910	$26	2.94%
Mandatory Capital Fee[1]	19	19	0	0.00%
Mandatory Technology Fee[1]	3	3	0	0.00%
Mandatory Online Program Fee[2]	25	25	0	0.00%
Total Out-of-state Graduate DNP	**$931**	**$957**	**$26**	**2.79%**
Doctor of Physical Therapy (DPT) In-State (per credit hour)				
Tuition	$413	$424	$11	2.66%
Mandatory Technology Fee[1]	3	3	0	0.00%
Mandatory Comprehensive Fee[1]	124	127	3	2.42%
Total In-state Graduate DPT	**$540**	**$554**	**$14**	**2.59%**
Doctor of Physical Therapy (DPT) Out-of-State (per credit hour)				
Tuition	$858	$883	$25	2.91%
Mandatory Capital Fee[1]	19	19	0	0.00%
Mandatory Technology Fee[1]	3	3	0	0.00%
Mandatory Comprehensive Fee[1]	124	127	3	2.42%
Total Out-of-state Graduate DPT	**$1,004**	**$1,032**	**$28**	**2.79%**

[1] For applicable differential tuition programs, students enrolled in 12 to 18 credit hours will be assessed up to the annualized rate of $1,518 per semester for the mandatory comprehensive fee, $27 per semester for the technology fee, and $223 per semester for the Out-of-State Capital Fee.

[2] The online program fee applies to select differential tuition programs that are offered fully online. This fee is assessed on a per credit hour basis in lieu of the comprehensive fee.

	Approved 2015-16	Proposed 2016-17	Dollar Increase	Percent Increase
Master of Fine Arts in Design Thinking In-State (per credit hour)				
Tuition	$639	$657	$18	2.82%
Mandatory Technology Fee[1]	3	3	0	0.00%
Mandatory Online Program Fee[2]	25	25	0	0.00%
Total In-state Graduate DNP	**$667**	**$685**	**$18**	**2.70%**
Master of Fine Arts in Design Thinking Out-of-State (per credit hour)				
Tuition	$639	$657	$18	2.82%
Mandatory Capital Fee[1]	19	19	0	0.00%
Mandatory Technology Fee[1]	3	3	0	0.00%
Mandatory Online Program Fee[2]	25	25	0	0.00%
Total Out-of-state Graduate DNP	**$686**	**$704**	**$18**	**2.62%**

[1] For applicable differential tuition programs, students enrolled in 12 to 18 credit hours will be assessed up to the annualized rate of $1,518 per semester for the mandatory comprehensive fee, $27 per semester for the technology fee, and $223 per semester for the Out-of-State Capital Fee.

[2] The online program fee applies to select differential tuition programs that are offered fully online. This fee is assessed on a per credit hour basis in lieu of the comprehensive fee.

Part-time, 2016 Wintermester and Summer[3] Rates

	Approved 2015-16	Proposed 2016-17	Dollar Increase	Percent Increase
Tuition				
Undergraduate				
In-state	$283	$291	$8	2.83%
Out-of-state	776	776	0	0.00%
Graduate				
In-state	318	328	10	3.14%
Out-of-state	683	683	0	0.00%
In-state MOT	324	333	9	2.78%
Out-of-state MOT	865	890	25	2.89%
In-state DPT	413	424	11	2.66%
Out-of-state DPT	858	883	25	2.91%
In-state DNP	433	445	12	2.77%
Out-of-state DNP	884	910	26	2.94%
In-state MFA	639	657	18	2.82%
Out-of-state MFA	639	657	18	2.82%
Virginia Educator	245	251	6	2.45%
Other Mandatory Fees				
Technology Fee	3	3	0	0.00%
Out-of-state Capital Fee	19	19	0	0.00%
Online Program Fee[2]	25	25	0	0.00%
Comprehensive Fee	124	127	3	2.42%

[2] The online program fee applies to select differential tuition programs that are offered fully online. This fee is assessed on a per credit hour basis in lieu of the comprehensive fee.

[3] Summer III only - full-time students taking 12 to 18 credit hours are charged the annualized rate schedule instead of the per credit hour rate schedule.

Comprehensive Fee

	Approved 2015-16	Proposed 2016-17	Dollar Increase	Percent Increase
Mandatory Comprehensive Fee				
Athletics	$1,180	$1,180	$0	0.00%
Auxiliary Building/Facilities	240	248	8	3.33%
Auxiliary Support	185	194	9	4.86%
Debt Service	299	299	0	0.00%
Recreation	260	275	15	5.77%
Student Activities	124	129	5	4.03%
Student Health	297	312	15	5.05%
Student Union	265	276	11	4.15%
Transportation	117	123	6	5.13%
Total Comprehensive Fee	**$2,967**	**$3,036**	**$69**	**2.33%**

Fall & Spring Annual Room Rates[4]

	Approved 2015-16	Proposed 2016-17	Dollar Increase	Percent Increase
Room				
Traditional double	$4,408	$4,540	$132	2.99%
Standard double	4,978	5,127	149	2.99%
Traditional single	6,434	6,627	193	3.00%
Standard single	7,082	7,294	212	2.99%
University managed apartments	5,136	5,290	154	3.00%

[4] Notes:

a) Double occupancy rooms which remain tripled after the census date will receive a weekly 25 percent prorated credit on their respective room rate.

b) Summer rates are prorated based on the approved annualized rate for a standard room.

Fall & Spring Annual Board & Meal Plan Rates[5]

	Approved 2015-16	Proposed 2016-17	Dollar Increase	Percent Increase
On-Campus Board Plan				
Flex Plan	$3,752	$3,865	$113	3.01%
19 Meal Plan	3,868	3,984	116	3.00%
15 Meal Plan	3,764	3,877	113	3.00%
Off-Campus Meal Plan (optional)				
Flex Jr. Plan	$1,896	$1,953	$57	3.01%
65 Meal Plan	946	974	28	2.96%
90 Meal Plan	1,309	1,348	39	2.98%
5 Meal Plan	1,394	1,436	42	3.01%

[5] Notes:

a) Summer rates are prorated on the approved annualized rate.

b) Select board and meal plans may not be available each term.

Schedule C:
2015-16 Operating Budget Plan and Financial Overview

2015-16 Tuition and Fees Overview

Source: 2015-16 Operating Budget Plan and Financial Overview

Students are charged tuition that supports the Educational & General (E&G) program and comprehensive, room, and board fees that support the Auxiliary Enterprises program.

Tuition: Radford University's tuition, approved annually by the Radford University Board of Visitors, is divided into the following four major classifications:

- **In-state undergraduate**
- **Out-of-state undergraduate**
- **In-state graduate**
- **Out-of-state graduate**

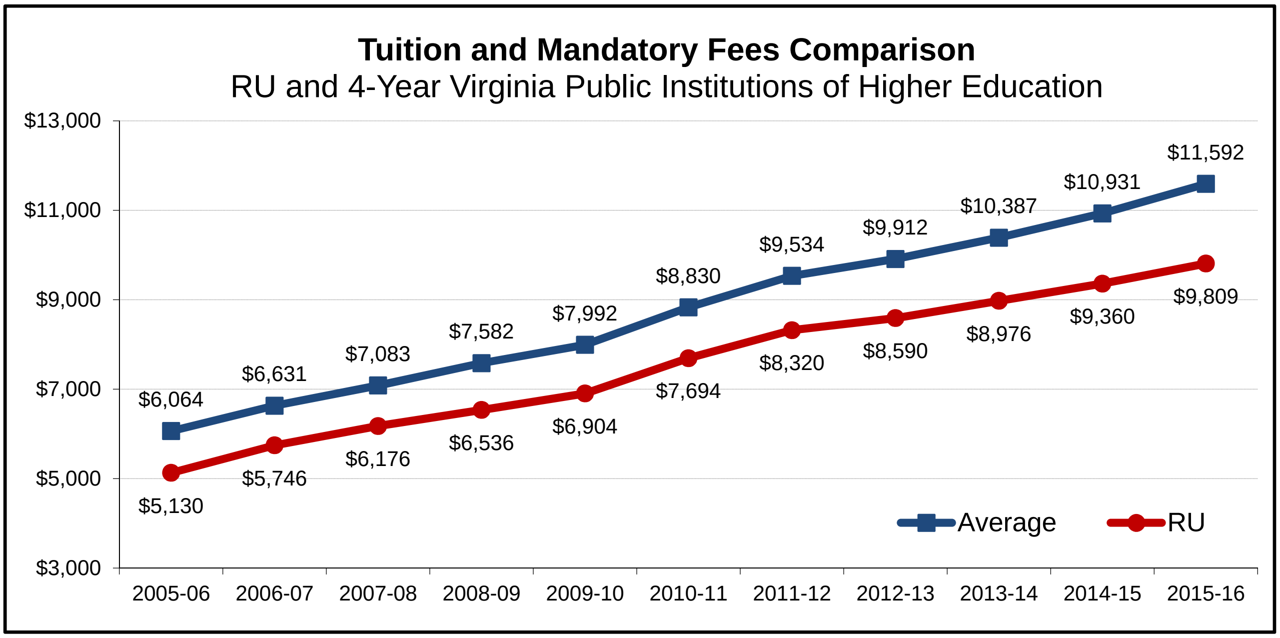
Radford University's Tuition and Mandatory Fee rates from fiscal years 2012 through 2016 are as follows:

Total Tuition and Mandatory Fees
In-State, Undergraduate Students

Rank	Institution	FY12	FY13	FY14	FY15	FY16	$ Change From FY15	% Change From FY15
1	College of William & Mary	$13,132	$13,570	$15,463	$17,656	$19,372	$1,716	9.7%
2	Virginia Military Institute	$13,184	$13,835	$14,404	$15,518	$16,536	$1,018	6.6%
3	University of Virginia	$11,576	$12,006	$12,458	$12,998	$14,468	$1,470	11.3%
4	Virginia Commonwealth University	$9,517	$9,885	$12,002	$12,398	$12,772	$374	3.0%
5	Christopher Newport University	$10,084	$10,572	$11,092	$11,646	$12,526	$880	7.6%
6	Virginia Tech	$10,509	$10,923	$11,455	$12,017	$12,485	$468	3.9%
7	Longwood University	$10,530	$10,890	$11,340	$11,580	$11,910	$330	2.8%
8	University of Mary Washington	$8,806	$9,246	$9,660	$10,252	$11,070	$818	8.0%
9	George Mason University	$9,266	$9,620	$9,908	$10,382	$10,952	$570	5.5%
10	James Madison University	$8,448	$8,808	$9,176	$9,662	$10,066	$404	4.2%
11	**Radford University**	**$8,320**	**$8,590**	**$8,976**	**$9,360**	**$9,809**	**$449**	**4.8%**
12	Old Dominion University	$8,144	$8,450	$8,820	$9,250	$9,768	$518	5.6%
13	University of Virginia at Wise	$7,721	$8,107	$8,509	$8,868	$9,220	$352	4.0%
14	Norfolk State University	$6,690	$6,760	$7,226	$7,552	$8,366	$814	10.8%
15	Virginia State University	$7,090	$7,420	$7,784	$8,002	$8,226	$224	2.8%
	Average[2]	**$9,534**	**$9,912**	**$10,387**	**$10,931**	**$11,592**	**$661**	**6.0%**

1 The institution adopted a new guaranteed tuition plan for incoming in-state undergraduates in 2013-14. The tuition charged in their freshman year is frozen for all four years of their undergraduate attendance.
2 Weighted average as calculated by SCHEV in order to account for variable increases at CWM and VCU

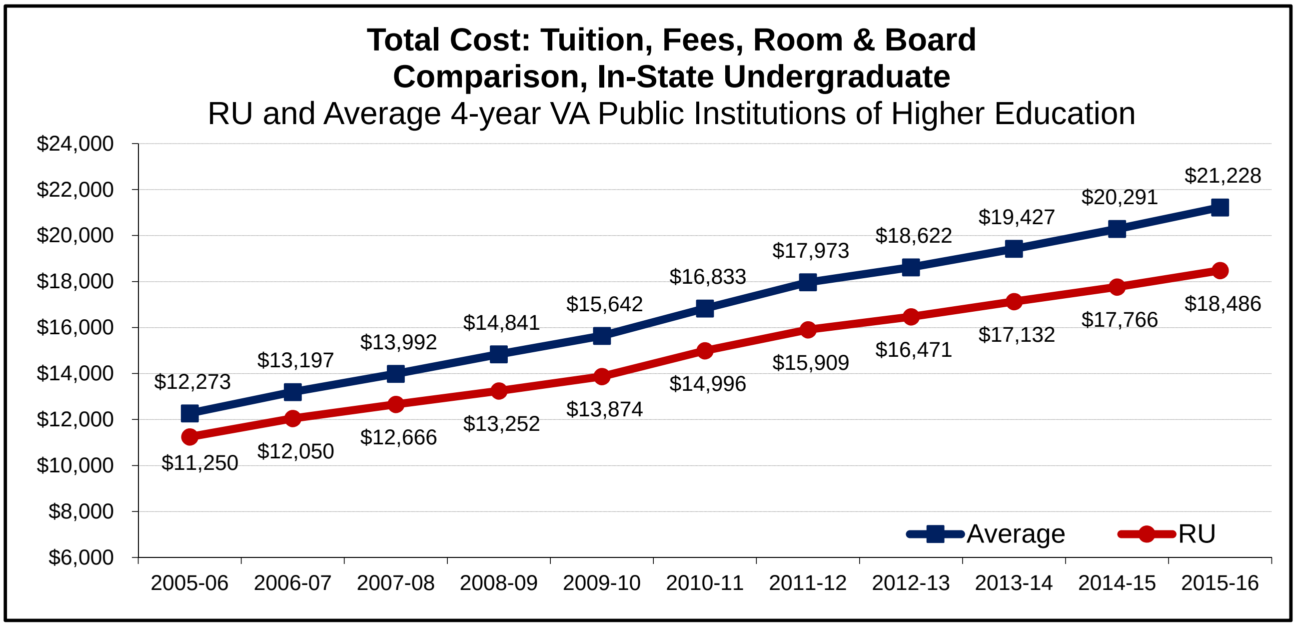
Tuition and Mandatory Fees: The charts and graphs shown reflect a multi-year comparison of tuition and mandatory fees for in-state undergraduate students among the 15 four-year public institutions in Virginia. Radford University's tuition and mandatory fees for 2015-16 are **15.4 percent ($1,783)** lower than the average tuition and mandatory fees at the other Virginia public four-year institutions of higher education.



TOTAL PRICE (TUITION, MANDATORY FEES, ROOM AND BOARD)

The charts, graphs, and tables on the following pages display the total price for in-state undergraduate students compared to the state average and other Virginia four-year public colleges and universities. For the 2015-16 academic year, Radford University's total cost (tuition, mandatory fees, room and board) is **12.9 percent ($2,742)** lower than the average total cost at the other Virginia public four-year institutions of higher education.

In-State, Undergraduate Students	2015-16 State Average	2015-16 RU Total Cost	$ RU Below Average	% RU Below Average
Tuition and Mandatory E&G Fees	$7,810	$6,842	($968)	-12.4%
Comprehensive Fee	$3,782	$2,967	($815)	-21.6%
Room & Board	$9,636	$8,677	($959)	-10.0%
Total	**$21,228**	**$18,486**	**($2,742)**	**-12.9%**



Total Tuition, Comprehensive Fees, Room & Board Fees In-State, Undergraduate Students								
Rank	**Institution**	**FY12**	**FY13**	**FY14**	**FY15**	**FY16**	$ Change From FY15	% Change From FY15
1	College of William & Mary[1]	$22,024	$22,888	$25,279	$28,000	$30,350	$2,350	8.4%
2	Virginia Military Institute	$20,630	$21,568	$22,492	$23,890	$25,202	$1,312	5.5%
3	University of Virginia	$20,612	$21,425	$22,175	$23,050	$24,869	$1,819	7.9%
4	Christopher Newport University	$19,612	$20,300	$21,050	$21,960	$23,140	$1,180	5.4%
5	Virginia Commonwealth University[1]	$18,163	$18,633	$21,084	$21,716	$22,358	$642	3.0%
6	Longwood University	$18,644	$19,338	$20,216	$20,836	$21,468	$632	3.0%
7	University of Mary Washington	$17,274	$18,086	$18,782	$19,682	$20,764	$1,082	5.5%
8	George Mason University	$17,666	$18,300	$18,898	$19,814	$20,762	$948	4.8%
9	Virginia Tech	$17,365	$18,177	$19,105	$19,941	$20,711	$770	3.9%
10	University of Virginia at Wise	$16,611	$17,547	$18,499	$19,208	$19,476	$268	1.4%
11	James Madison University	$16,788	$17,438	$18,049	$18,858	$19,462	$604	3.2%
12	Old Dominion University	$16,362	$16,997	$17,732	$18,518	$19,214	$696	3.8%
13	**Radford University**	**$15,909**	**$16,471**	**$17,132**	**$17,766**	**$18,486**	**$720**	**4.1%**
14	Virginia State University	$15,970	$17,100	$17,792	$18,130	$18,478	$348	1.9%
15	Norfolk State University	$14,617	$14,890	$15,600	$16,176	$17,336	$1,160	7.2%
	Average[2]	**$17,883**	**$18,611**	**$19,427**	**$20,291**	**$21,228**	**$937**	**4.6%**

1 The institution adopted a new guaranteed tuition plan for incoming in-state undergraduates in 2013-14. The tuition charged in their freshman year is frozen for all four years of their undergraduate attendance.

2 Weighted average as calculated by SCHEV in order to account for variable increases at CWM and VCU

ATTACHMENT C

2016-17
Tuition & Fee Recommendations

RADFORD UNIVERSITY

Business Affairs and Audit Committee May 2016

2016-17 Resource Allocation Analysis

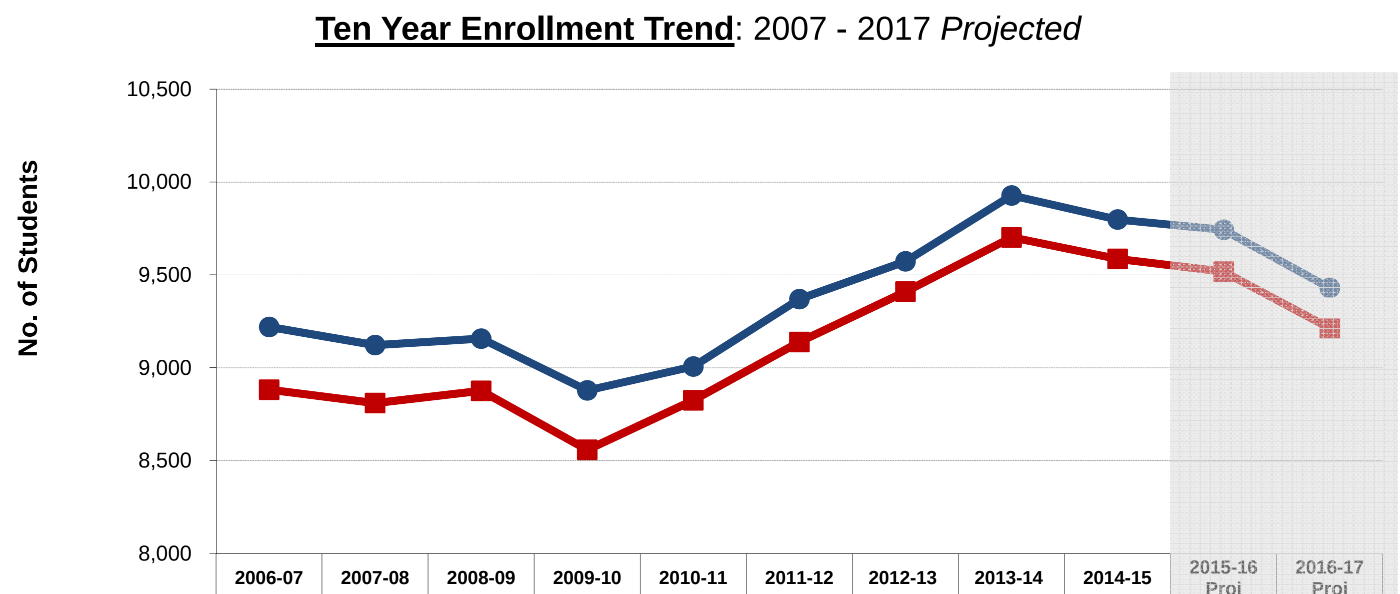
	2016-17 Assumptions
REVENUE	
General Fund Changes	
2016-17 Central Accounts (Adjustment)	$953,550
2015-16 Central Fund (Alignment)	363,027
2016-17 Base Funding (Access & Completion)	1,482,976
2016-17 Central Systems & Insurance Changes	19,146
2016-17 Salary Increase - 3% Partial	839,612
2016-17 Interest Earnings/CC Rebate	180,000
Total GF Change	**3,838,311**
Nongeneral Fund Changes	
Enrollment Changes - *Estimated*	(1,333,867)
Tuition Increase - *Estimated*	1,772,152
Total NGF Changes	**438,285**
Total Revenue Changes	**$4,276,596**

2016-17 Resource Allocation Analysis

	2016-17 Assumptions
EXPENSES	
Non-Discretionary Cost Increases	
Mandatory Costs	
Salary Adjustments	
2015-16 2% Sal Incr./Comp Adj - 4PPs	$196,379
2016-17 3% Salary Incr. - 12PPs	1,354,213
Fringe Adjustments	
Health Insurance/VRS Rate Changes	967,979
Central Cost Commitments	
AA Promotion & Tenure, Admissions, & DPT Clinicals	336,467
Utilities Increases	70,000
O&M New Facilities	373,197
IT, SA, & Finance Contractual Escalators	159,420
Transition Operating Support	224,550
Facilities - Life Safety & Storm Water	92,348
Admin Overhead/One-Time Operating/Recovery	432,087
Sub-Total Central Commitments	**4,206,640**
Division Recurring Requirements	**69,982**
Total Non-Discretionary Cost Increases	**$4,276,622**

	2016-17 Assumptions
REALLOCATIONS	
Pathways to Excellence & Program Start-up	
PTE - Chemistry, Criminal Justice, RN-BSN	$520,800
Provost's Reallocation - PTE	(520,800)
DAIM - Start-up	196,411
Provost's Reallocation - DAIM	(108,017)
Sub-Total Board Mandates & Start-ups	**88,394**
Total University Reallocations	**$88,394**
SURPLUS/(DEFICIT)	**($88,420)**

Enrollment Trends: 10-Year Trend



	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 Proj	2016-17 Proj
Fall Headcount	9,220	9,122	9,157	8,878	9,007	9,370	9,573	9,928	9,798	9,743	9,430
Annual FTE	8,882	8,810	8,876	8,558	8,825	9,139	9,410	9,702	9,586	9,518	9,213

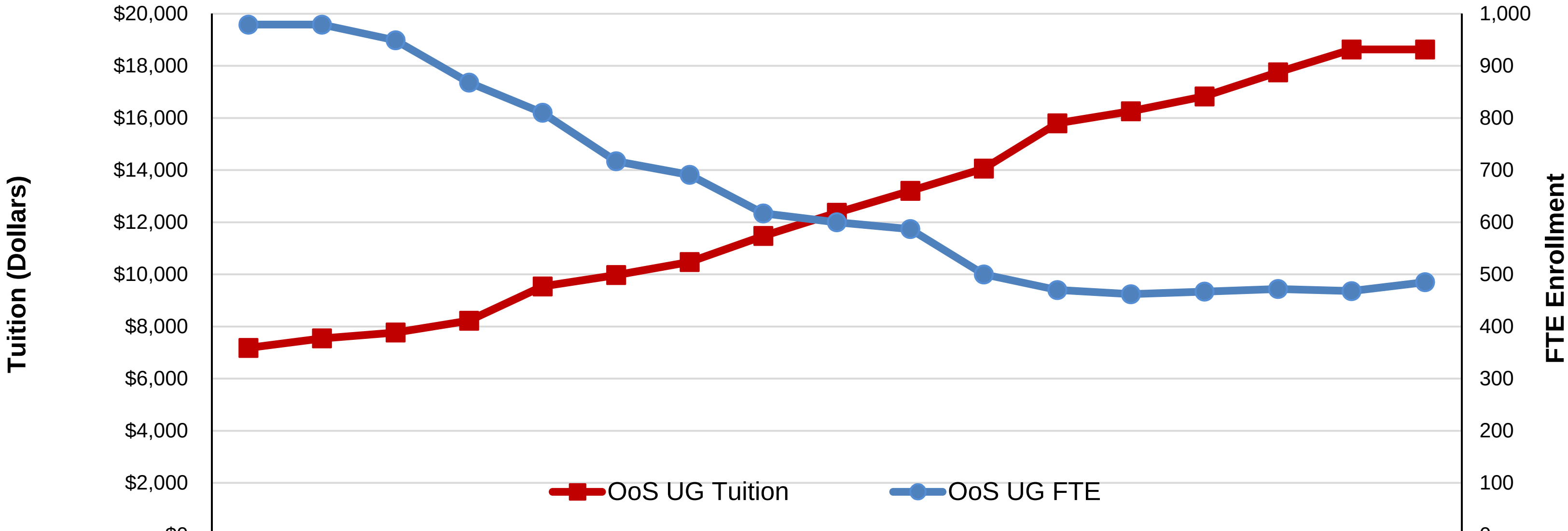
2016-17
Tuition & Fee
Rate Proposals

RADFORD UNIVERSITY

In-State Undergraduates Rates

	Approved 2015-16	Proposed 2016-17	Dollar Increase	Percent Increase
Undergraduate				
In-state Undergraduate (full-time) - **Recommendation for Tuition & Mandatory Fees is 2.77%**				
Tuition	$6,788	$6,991	$203	2.99%
Mandatory Technology Fee	54	54	0	0.00%
Mandatory Comprehensive Fee	2,967	3,036	69	2.33%
Total In-state Undergraduate	**$9,809**	**$10,081**	**$272**	**2.77%**
Room - Standard Double	4,978	5,127	149	2.99%
Board - 19 Meal Plan	3,868	3,984	116	3.00%
Total In-state Undergraduate Living in University Housing	**$18,655**	**$19,192**	**$537**	**2.88%**

Out-of-State Undergraduate:
Tuition & Enrollment Trends 2000 – 2016*



	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16
OoS UG Tuition	$7,180	$7,543	$7,768	$8,222	$9,538	$9,974	$10,473	$11,472	$12,360	$13,201	$14,060	$15,794	$16,256	$16,826	$17,751	$18,626	$18,626
OoS UG FTE	979	979	949	868	810	717	691	617	600	587	500	470	462	467	472	468	485

*2015-16 Estimated

Out-of-State Undergraduates Rates

	Approved 2015-16	Proposed 2016-17	Dollar Increase	Percent Increase
Undergraduate				
Out-of-state Undergraduate (full-time) - **Recommendation for Tuition & Mandatory Fees is 0.31%**				
Tuition	$18,626	$18,626	$0	0.00%
Mandatory Capital Fee	446	446	0	0.00%
Mandatory Technology Fee	54	54	0	0.00%
Mandatory Comprehensive Fee	2,967	3,036	69	2.33%
Total Out-of-state Undergraduate	**$22,093**	**$22,162**	**$69**	**0.31%**
Room - Standard Double	4,978	5,127	149	2.99%
Board - 19 Meal Plan	3,868	3,984	116	3.00%
Total Out-of-state Undergraduate Living in University Housing	**$30,939**	**$31,273**	**$334**	**1.08%**

Traditional Graduate Rates

	Approved 2015-16	Proposed 2016-17	Dollar Increase	Percent Increase
Graduate				
In-state Graduate (full-time) - **Recommendation for Tuition & Mandatory Fees is 2.79%**				
Tuition	$7,640	$7,868	$228	2.98%
Mandatory Technology Fee	54	54	0	0.00%
Mandatory Comprehensive Fee	2,967	3,036	69	2.33%
Total In-state Graduate	**$10,661**	**$10,958**	**$297**	**2.79%**
Out-of-State Graduate (full-time) - **Recommendation for Tuition & Mandatory Fees is 0.35%**				
Tuition	$16,394	$16,394	$0	0.00%
Mandatory Capital Fee	446	446	0	0.00%
Mandatory Technology Fee	54	54	0	0.00%
Mandatory Comprehensive Fee	2,967	3,036	69	2.33%
Total Out-of-state Graduate	**$19,861**	**$19,930**	**$69**	**0.35%**

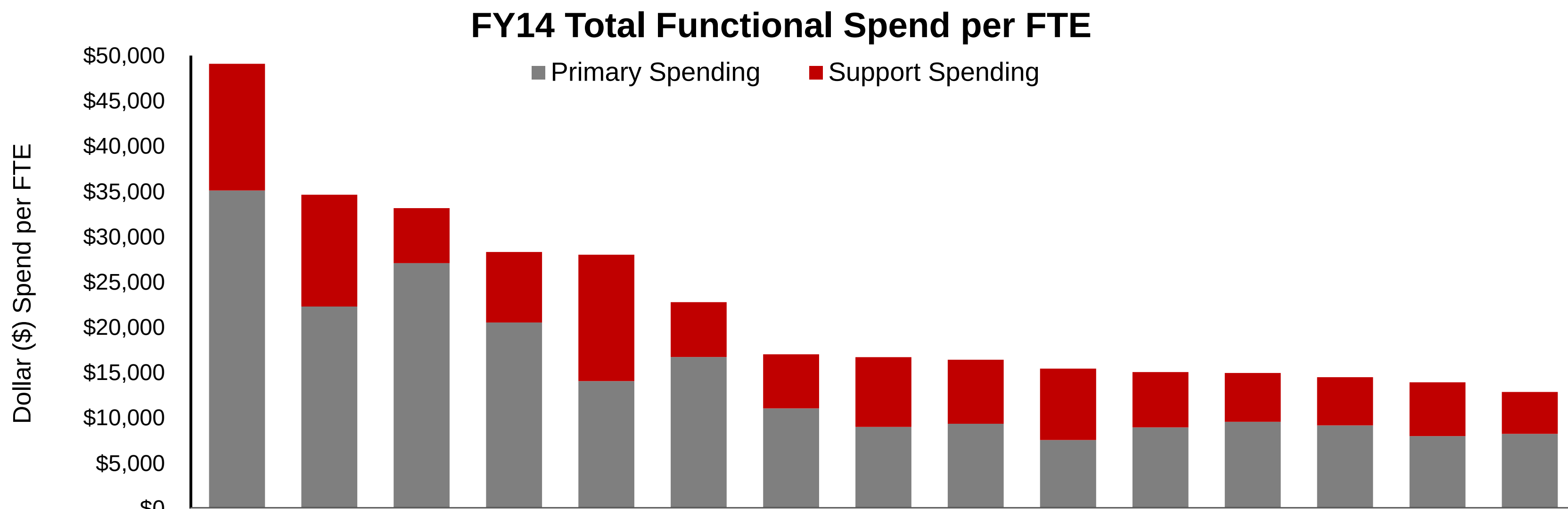
2015-16 VA Institutions Tuition & Fee Charges:
Tuition & Fees – Four Year Publics

Total Tuition and Mandatory Fees In-State, Undergraduate Students								
Rank	**Institution**	**FY12**	**FY13**	**FY14**	**FY15**	**FY16**	**$ Change From FY15**	**% Change From FY15**
1	College of William & Mary	$13,132	$13,570	$15,463	$17,656	$19,372	$1,716	9.7%
2	Virginia Military Institute	$13,184	$13,835	$14,404	$15,518	$16,536	$1,018	6.6%
3	University of Virginia	$11,576	$12,006	$12,458	$12,998	$14,468	$1,470	11.3%
4	Virginia Commonwealth University	$9,517	$9,885	$12,002	$12,398	$12,772	$374	3.0%
5	Christopher Newport University	$10,084	$10,572	$11,092	$11,646	$12,526	$880	7.6%
6	Virginia Tech	$10,509	$10,923	$11,455	$12,017	$12,485	$468	3.9%
7	Longwood University	$10,530	$10,890	$11,340	$11,580	$11,910	$330	2.8%
8	University of Mary Washington	$8,806	$9,246	$9,660	$10,252	$11,070	$818	8.0%
9	George Mason University	$9,266	$9,620	$9,908	$10,382	$10,952	$570	5.5%
10	James Madison University	$8,448	$8,808	$9,176	$9,662	$10,066	$404	4.2%
11	**Radford University**	**$8,320**	**$8,590**	**$8,976**	**$9,360**	**$9,809**	**$449**	**4.8%**
12	Old Dominion University	$8,144	$8,450	$8,820	$9,250	$9,768	$518	5.6%
13	University of Virginia at Wise	$7,721	$8,107	$8,509	$8,868	$9,220	$352	4.0%
14	Norfolk State University	$6,690	$6,760	$7,226	$7,552	$8,366	$814	10.8%
15	Virginia State University	$7,090	$7,420	$7,784	$8,002	$8,226	$224	2.8%
Average[2]		**$9,534**	**$9,912**	**$10,387**	**$10,931**	**$11,592**	**$661**	**6.0%**

1 The Institution adopted a new guaranteed tuition plan for incoming in-state undergraduates in 2013-14. The tuition charged in their freshman year is frozen for all four years of their undergraduate attendance.

2 Weighted average as calculated by SCHEV in order to account for variable increases at CWM and VCU

VA Institutions Functional Spend per FTE:
Source: IPEDS (2013-14) – Four Year Publics



	UVA	CWM	VT	VCU	VMI	GMU	VSU	UVA-W	NSU	UMW	CNU	JMU	ODU	LU	RU
Total Rank	15	14	13	12	11	10	9	8	7	6	5	4	3	2	1
Total Spending	49,110	34,658	33,183	28,339	28,051	22,806	17,060	16,731	16,450	15,466	15,094	14,984	14,530	13,961	12,900
Support Spending	13,984	12,339	6,061	7,783	13,963	6,058	5,978	7,700	7,063	7,877	6,111	5,373	5,325	5,943	4,626
Primary Spending	35,126	22,319	27,122	20,556	14,088	16,747	11,082	9,031	9,387	7,589	8,983	9,611	9,205	8,017	8,273

Questions?

RADFORD UNIVERSITY BOARD OF VISITORS
Resolution
May 6, 2016

Approval of 2016-17 Tuition and Fees

NOW, THEREFORE, BE IT RESOLVED that the Radford University Board of Visitors approves tuition and fees for the 2016-17 academic year as reflected in the Summary of Proposed 2016-17 Tuition and Fees beginning with the Fall 2016 semester and thereafter until otherwise adjusted by the Board of Visitors.

Summary of Proposed 2016-17 Tuition and Fees

	Approved 2015-16	Proposed 2016-17	Dollar Increase	Percent Increase
Undergraduate				
In-state Undergraduate (full-time) - Recommendation for Tuition & Mandatory Fees is 2.77%				
Tuition	$6,788	$6,991	$203	2.99%
Mandatory Technology Fee	54	54	0	0.00%
Mandatory Comprehensive Fee	2,967	3,036	69	2.33%
Total In-state Undergraduate	**$9,809**	**$10,081**	**$272**	**2.77%**
Room - Standard Double	4,978	5,127	149	2.99%
Board - 19 Meal Plan	3,868	3,984	116	3.00%
Total In-state Undergraduate Living in University Housing	**$18,655**	**$19,192**	**$537**	**2.88%**
Out-of-state Undergraduate (full-time) - Recommendation for Tuition & Mandatory Fees is 0.31%				
Tuition	$18,626	$18,626	$0	0.00%
Mandatory Capital Fee	446	446	0	0.00%
Mandatory Technology Fee	54	54	0	0.00%
Mandatory Comprehensive Fee	2,967	3,036	69	2.33%
Total Out-of-state Undergraduate	**$22,093**	**$22,162**	**$69**	**0.31%**
Room - Standard Double	4,978	5,127	149	2.99%
Board - 19 Meal Plan	3,868	3,984	116	3.00%
Total Out-of-state Undergraduate Living in University Housing	**$30,939**	**$31,273**	**$334**	**1.08%**

	Approved 2015-16	Proposed 2016-17	Dollar Increase	Percent Increase

Graduate

In-state Graduate (full-time) - **Recommendation for Tuition & Mandatory Fees is 2.79%**

	Approved 2015-16	Proposed 2016-17	Dollar Increase	Percent Increase
Tuition	$7,640	$7,868	$228	2.98%
Mandatory Technology Fee	54	54	0	0.00%
Mandatory Comprehensive Fee	2,967	3,036	69	2.33%
Total In-state Graduate	**$10,661**	**$10,958**	**$297**	**2.79%**

Out-of-State Graduate (full-time) - **Recommendation for Tuition & Mandatory Fees is 0.35%**

	Approved 2015-16	Proposed 2016-17	Dollar Increase	Percent Increase
Tuition	$16,394	$16,394	$0	0.00%
Mandatory Capital Fee	446	446	0	0.00%
Mandatory Technology Fee	54	54	0	0.00%
Mandatory Comprehensive Fee	2,967	3,036	69	2.33%
Total Out-of-state Graduate	**$19,861**	**$19,930**	**$69**	**0.35%**

Differential Tuition & Fees

Master of Occupational Therapy (MOT) In-State (per credit hour)

	Approved 2015-16	Proposed 2016-17	Dollar Increase	Percent Increase
Tuition	$324	$333	$9	2.78%
Mandatory Technology Fee[1]	3	3	0	0.00%
Mandatory Comprehensive Fee[1]	124	127	3	2.42%
Total In-state Graduate MOT	**$451**	**$463**	**$12**	**2.66%**

Master of Occupational Therapy (MOT) Out-of-State (per credit hour)

	Approved 2015-16	Proposed 2016-17	Dollar Increase	Percent Increase
Tuition	$865	$890	$25	2.89%
Mandatory Capital Fee[1]	19	19	0	0.00%
Mandatory Technology Fee[1]	3	3	0	0.00%
Mandatory Comprehensive Fee[1]	124	127	3	2.42%
Total Out-of-state Graduate	**$1,011**	**$1,039**	**$28**	**2.77%**

[1] For applicable differential tuition programs, students enrolled in 12 to 18 credit hours will be assessed up to the annualized rate of $1,518 per semester for the mandatory comprehensive fee, $27 per semester for the technology fee, and $223 per semester for the Out-of-State Capital Fee.

	Approved 2015-16	Proposed 2016-17	Dollar Increase	Percent Increase
Doctor of Nursing Practice (DNP) In-State (per credit hour)				
Tuition	$433	$445	$12	2.77%
Mandatory Technology Fee[1]	3	3	0	0.00%
Mandatory Online Program Fee[2]	25	25	0	0.00%
Total In-state Graduate DNP	**$461**	**$473**	**$12**	**2.60%**
Doctor of Nursing Practice (DNP) Out-of-State (per credit hour)				
Tuition	$884	$910	$26	2.94%
Mandatory Capital Fee[1]	19	19	0	0.00%
Mandatory Technology Fee[1]	3	3	0	0.00%
Mandatory Online Program Fee[2]	25	25	0	0.00%
Total Out-of-state Graduate DNP	**$931**	**$957**	**$26**	**2.79%**
Doctor of Physical Therapy (DPT) In-State (per credit hour)				
Tuition	$413	$424	$11	2.66%
Mandatory Technology Fee[1]	3	3	0	0.00%
Mandatory Comprehensive Fee[1]	124	127	3	2.42%
Total In-state Graduate DPT	**$540**	**$554**	**$14**	**2.59%**
Doctor of Physical Therapy (DPT) Out-of-State (per credit hour)				
Tuition	$858	$883	$25	2.91%
Mandatory Capital Fee[1]	19	19	0	0.00%
Mandatory Technology Fee[1]	3	3	0	0.00%
Mandatory Comprehensive Fee[1]	124	127	3	2.42%
Total Out-of-state Graduate DPT	**$1,004**	**$1,032**	**$28**	**2.79%**

[1] For applicable differential tuition programs, students enrolled in 12 to 18 credit hours will be assessed up to the annualized rate of $1,518 per semester for the mandatory comprehensive fee, $27 per semester for the technology fee, and $223 per semester for the Out-of-State Capital Fee.

[2] The online program fee applies to select differential tuition programs that are offered fully online. This fee is assessed on a per credit hour basis in lieu of the comprehensive fee.

	Approved 2015-16	Proposed 2016-17	Dollar Increase	Percent Increase
Master of Fine Arts in Design Thinking In-State (per credit hour)				
Tuition	$639	$657	$18	2.82%
Mandatory Technology Fee[1]	3	3	0	0.00%
Mandatory Online Program Fee[2]	25	25	0	0.00%
Total In-state Graduate DNP	**$667**	**$685**	**$18**	**2.70%**

	Approved 2015-16	Proposed 2016-17	Dollar Increase	Percent Increase
Master of Fine Arts in Design Thinking Out-of-State (per credit hour)				
Tuition	$639	$657	$18	2.82%
Mandatory Capital Fee[1]	19	19	0	0.00%
Mandatory Technology Fee[1]	3	3	0	0.00%
Mandatory Online Program Fee[2]	25	25	0	0.00%
Total Out-of-state Graduate DNP	**$686**	**$704**	**$18**	**2.62%**

[1] For applicable differential tuition programs, students enrolled in 12 to 18 credit hours will be assessed up to the annualized rate of $1,518 per semester for the mandatory comprehensive fee, $27 per semester for the technology fee, and $223 per semester for the Out-of-State Capital Fee.

[2] The online program fee applies to select differential tuition programs that are offered fully online. This fee is assessed on a per credit hour basis in lieu of the comprehensive fee.

Part-time, 2016 Wintermester and Summer[3] Rates

	Approved 2015-16	Proposed 2016-17	Dollar Increase	Percent Increase
Tuition				
Undergraduate				
In-state	$283	$291	$8	2.83%
Out-of-state	776	776	0	0.00%
Graduate				
In-state	318	328	10	3.14%
Out-of-state	683	683	0	0.00%
In-state MOT	324	333	9	2.78%
Out-of-state MOT	865	890	25	2.89%
In-state DPT	413	424	11	2.66%
Out-of-state DPT	858	883	25	2.91%
In-state DNP	433	445	12	2.77%
Out-of-state DNP	884	910	26	2.94%
In-state MFA	639	657	18	2.82%
Out-of-state MFA	639	657	18	2.82%
Virginia Educator	245	251	6	2.45%
Other Mandatory Fees				
Technology Fee	3	3	0	0.00%
Out-of-state Capital Fee	19	19	0	0.00%
Online Program Fee[2]	25	25	0	0.00%
Comprehensive Fee	124	127	3	2.42%

[2] The online program fee applies to select differential tuition programs that are offered fully online. This fee is assessed on a per credit hour basis in lieu of the comprehensive fee.

[3] Summer III only - full-time students taking 12 to 18 credit hours are charged the annualized rate schedule instead of the per credit hour rate schedule.

Comprehensive Fee

	Approved 2015-16	Proposed 2016-17	Dollar Increase	Percent Increase
Mandatory Comprehensive Fee				
Athletics	$1,180	$1,180	$0	0.00%
Auxiliary Building/Facilities	240	248	8	3.33%
Auxiliary Support	185	194	9	4.86%
Debt Service	299	299	0	0.00%
Recreation	260	275	15	5.77%
Student Activities	124	129	5	4.03%
Student Health	297	312	15	5.05%
Student Union	265	276	11	4.15%
Transportation	117	123	6	5.13%
Total Comprehensive Fee	**$2,967**	**$3,036**	**$69**	**2.33%**

Fall & Spring Annual Room Rates[4]

	Approved 2015-16	Proposed 2016-17	Dollar Increase	Percent Increase
Room				
Traditional double	$4,408	$4,540	$132	2.99%
Standard double	4,978	5,127	149	2.99%
Traditional single	6,434	6,627	193	3.00%
Standard single	7,082	7,294	212	2.99%
University managed apartments	5,136	5,290	154	3.00%

[4] Notes:

a) Double occupancy rooms which remain tripled after the census date will receive a weekly 25 percent prorated credit on their respective room rate.

b) Summer rates are prorated based on the approved annualized rate for a standard room.

Fall & Spring Annual Board & Meal Plan Rates[5]

	Approved 2015-16	Proposed 2016-17	Dollar Increase	Percent Increase
On-Campus Board Plan				
Flex Plan	$3,752	$3,865	$113	3.01%
19 Meal Plan	3,868	3,984	116	3.00%
15 Meal Plan	3,764	3,877	113	3.00%
Off-Campus Meal Plan (optional)				
Flex Jr. Plan	$1,896	$1,953	$57	3.01%
65 Meal Plan	946	974	28	2.96%
90 Meal Plan	1,309	1,348	39	2.98%
5 Meal Plan	1,394	1,436	42	3.01%

[5] Notes:

a) Summer rates are prorated on the approved annualized rate.

b) Select board and meal plans may not be available each term.

Resolution Approving the Radford University Emergency Operations Plan
May 6, 2016

WHEREAS, the Board of Visitors of Radford University is concerned with the health and well-being of its students, faculty and staff and desires that the best possible emergency service be available to them; and

WHEREAS, the President is concerned with the health and well-being of its students, faculty, and staff and desires that the best possible emergency service be available to them; and

WHEREAS, the *Code of Virginia § 23-9.2:9* states that all public institutions of higher education shall develop, adopt, and keep current a written crisis and emergency management plan; and

WHEREAS, the Radford University Board of Visitors adopted a resolution on September 4, 2008, approving the original Radford University Emergency Operations Plan; and

WHEREAS, every four years, each institution shall conduct a comprehensive review and revision of its crisis and emergency management plan to ensure the plan remains current, and the revised plan shall be adopted formally by the Board of Visitors; and

WHEREAS, such review shall be certified in writing to the Department of Emergency Management; and

WHEREAS, such a plan has been developed in coordination with the Virginia Department of Emergency Management with input from university departments and the City of Radford Emergency Management Agency;

NOW THEREFORE BE IT RESOLVED that the Radford University Board of Visitors, on this 6th day of May, 2016, does hereby officially adopt the Radford University Emergency Operations Plan dated May 2016, to include plans and procedures for both peace time and war-caused disasters.

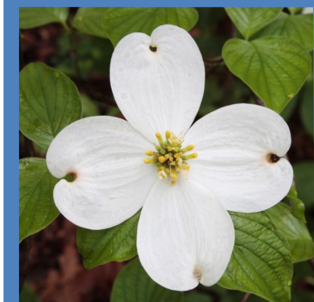
MATERIALS FROM AUDITOR OF
PUBLIC ACCOUNTS FOR
COMMONWEALTH OF VIRGINIA

RADFORD UNIVERSITY

Results of Financial Statement Audit

For the Year Ended June 30, 2015

Area	Comments
Auditor's Opinion	We have issued an unmodified opinion on the University's financial statements for the year ended June 30, 2015. Our opinion is included in the University's fiscal year 2015 Financial Statement Report.
Scope of Internal Control Work	We have issued a separate report on Internal Controls and Compliance. 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.
Compliance Testing	Testing performed in support of the Commonwealth of Virginia Single Audit Report found noncompliance with federal regulations related to the Student Financial Assistance Programs. We recommend that management improve compliance over enrollment reporting; perform and document monthly reconciliations; promptly process return of Title IV calculations; and improve notification of awards to students.
Fraud and Illegal Acts	We found no indications of fraudulent transactions or illegal acts.
Significant Audit Adjustments	Audit adjustments were required related to Capital Assets. Both audit adjustments resulted from misstatements made in error and are not considered internal control weaknesses.
Accounting Policies, Principles, Methods, and Estimates	• GASB Statement 68, *Accounting and Financial Reporting for Pensions*, became effective for the year ended June 30, 2015. • We concur with management's application of accounting principles. • We reviewed the basis for accounting estimates and these estimates appear to be reasonable based on available information and consistent with prior periods • There were no disagreements with management about auditing, accounting, or disclosure matters.




RADFORD UNIVERSITY

REPORT ON AUDIT
FOR THE YEAR ENDED
JUNE 30, 2015

Auditor of Public Accounts
Martha S. Mavredes, CPA
www.apa.virginia.gov
(804) 225-3350

AUDIT SUMMARY

Our audit of Radford University (University) for the year ended June 30, 2015, found:

- the financial statements are presented fairly, in all material respects;

- no internal control findings over financial reporting requiring management's attention; and

- instances of noncompliance or other matters required to be reported under Government Auditing Standards.

Our audit also included testing over the major federal program of the Student Financial Assistance Programs Cluster for the Commonwealth's Single Audit as described in the U.S. Office of Management and Budget Circular A-133 Compliance Supplement; and we found noncompliance in relation to this testing, which requires management's attention.

We have audited the basic financial statements of the University as of and for the year ended June 30, 2015, and issued our report thereon, dated May 18, 2016. Our report, included in the University's Annual Report, is available at the Auditor of Public Accounts' website at www.apa.virginia.gov and at the University's website at www.radford.edu.

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COMPLIANCE FINDINGS AND RECOMMENDATIONS

Improve Compliance Over Enrollment Reporting

The University did not properly report enrollment changes to the U.S. Department of Education using the National Student Loan Data System (NSLDS). For 15 out of 40 (38 percent) students, the University did not report the students to NSLDS within 30 days of the institution's determination of their status change. The University did not report the students timely because the Registrar's staff was unaware of this requirement.

In accordance with Code of Federal Regulations, Title 34 CFR §685.309(b)(2), unless the University expects to submit its next student status confirmation report within 60 days, the University must notify the U.S. Department of Education within 30 days of an enrollment change. Additionally, the NSLDS Enrollment Reporting Guide, published by the U.S. Department of Education, identifies specific parameters, which institutions must meet to achieve compliance with these reporting regulations.

Not properly and accurately reporting a student's enrollment status may interfere with establishing a student's loan status, deferment privileges, and grace periods. In addition, the accuracy of the data the University reports plays a large part in keeping Direct Loan records and other federal student records accurate and up to date.

The University should evaluate their existing policies and procedures for scheduling and completing enrollment updates to NSLDS so it ensures future compliance with federal requirements. In addition, the University should ensure that staff are informed of the federal requirements or training is identified for staff involved in the enrollment reporting process.

Perform and Document Monthly Reconciliations

The University did not include all required components in the reconciliation of accounting records for Direct Loan and Pell financial aid awards. Specifically, there is no reconciliation being performed between the financial aid and accounts receivable modules within their ERP system. Additionally, for Direct Loans, the Financial Aid Office did not reconcile the ending cash balance on the monthly School Account Statements to the University's financial records. The Financial Aid and Student Account Offices did not coordinate their efforts to ensure the reports were properly reconciled.

As described in the Federal Student Financial Aid requirements, internal reconciliations are performed to compare the business office records to financial aid office records for aid awarded to students. Also, in accordance with 34 CFR §685.300(b)(5), on a monthly basis, institutions must reconcile institutional records with Direct Loan funds from the Secretary of Education (Secretary) and Direct Loan disbursement records submitted to and accepted by the Secretary. This reconciliation must include the ending cash balance that represents the difference between the new drawdowns/payments and the actual disbursement information accepted by the Common Origination and Disbursement system.

By not reconciling federal student aid programs monthly as required, the University places itself at more risk of not identifying issues and resolving them before they become a systemic problem. Systemic problems could result in federal non-compliance and may lead to potential adverse actions and may impact participation by the University in Title IV programs.

The University should perform and retain sufficient documentation of their monthly reconciliations and resolve reconciling items between their financial systems and the Direct Loan Servicing System records in a timely manner to ensure compliance with federal regulations.

Promptly Process Return of Title IV Calculations

The University delayed up to five days before identifying two out of 14 (14 percent) students tested who unofficially withdrew from courses during the Fall 2014 semester. This was a result of a position vacancy. The Financial Aid Office did not routinely review for unofficial withdrawals for the Summer semester.

Code of Federal Regulations, 34 CFR §668.22 states when a recipient of Title IV grant or loan assistance withdraws from an institution during a period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date and return the money within a reasonable timeframe. All calculations of Title IV funds are required to be completed within 30 days of semester end, and funds are required to be returned within 45 days after the date that the institution determines the student has withdrawn.

Improperly identifying, calculating, and not returning unearned Title IV funds timely to the U.S. Department of Education may result in adverse actions and impact the Institution's participation in Title IV programs. The University should improve current processes to enable timely identification of withdrawals and, if necessary, prompt return of Title IV funds to the U.S. Department of Education within the prescribed 45-day timeframe.

Improve Notification of Awards to Students

The University did not provide notifications to students awarded aid of federal Direct Loan awards over weekends. The Student Accounts Office is required to provide written notification to students which include important details on the rights, options, and requirements of the student loan. The Student Accounts Office was not aware that the Financial Aid Office awarded students over the weekends. Consequently, the Student Accounts Office did not provide the notifications to these students.

Code of Federal Regulations, Title 34 CFR §668.165(a), requires institutions, prior to disbursing Title IV funds for any award year, to properly notify a student receiving direct loans, in writing, of the date and amount of the disbursement, the student's right to cancel all or a portion of a loan or loan disbursement, and the procedure and time by which the student must notify the institution that he or she wishes to cancel the loan.

Not properly notifying students in accordance with Code of Federal Regulations may result in adverse actions and impact the University's participation in Title IV programs. Additionally, improper notification could limit the amount of time a student or parent has to make an informed decision on whether to accept or reject a loan.

The University should improve its process for communicating the awarding and sending of written notifications to all students who receive federal Direct Loan awards as required by the Code of Federal Regulations.

Commonwealth of Virginia

Auditor of Public Accounts

Martha S. Mavredes, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

May 18, 2016

The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable Robert D. Orrock, Sr.
Chairman, Joint Legislative Audit
and Review Commission

Board of Visitors
Radford University

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the business-type activities and aggregate discretely presented component units of **Radford University** as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated May 18, 2016. Our report includes a reference to other auditors. We did not consider internal controls over financial reporting or test compliance with certain provisions of laws, regulations, contracts, and grant agreements for the financial statements of the component units of the University, which were audited by other auditors in accordance with auditing standards generally accepted in the United States of America, but not in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the section titled "Compliance Findings and Recommendations" in the findings entitled:

- Improve Compliance Over Enrollment Reporting;
- Perform and Document Monthly Reconciliations;
- Promptly Process Return of Title IV Calculations; and
- Improve Notification Awards to Students.

The University's Response to Findings

We discussed this report with management at an exit conference held on June 17, 2016. The University's response to the findings identified in our audit is described in the accompanying section titled "University's Response." The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Audit Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

AUDITOR OF PUBLIC ACCOUNTS

JMR/alh

Office of Vice President for Finance and Administration

RU
RADFORD
UNIVERSITY

June 22, 2016

P.O. Box 6920
Radford, VA 24142

(540) 831-5411
(540) 831-2573 (FAX)

www.radford.edu

Martha Mavredes, CPA
Auditor of Public Accounts
P.O. Box 1295
Richmond, VA 23218

Dear Ms. Mavredes:

We have reviewed the audit findings and recommendations for the year ended June 30, 2015 which were discussed during the financial statement audit exit conference. We understand that these findings were in relation to the testing over the major federal program of the Student Financial Assistance Programs Cluster for the Commonwealth's Single Audit.

Radford University acknowledges and concurs with the audit findings. The following contains management's response to each finding. We would like to note that immediate corrective action was taken to address issues of noncompliance, and the applicable offices are continuously reviewing their policies and procedures to ensure their operating effectiveness.

Improve Compliance Over Enrollment Reporting

To ensure that the University notifies the NSLDS promptly when students graduate and complies with the Code of Federal Regulations, the Registrar's Office has implemented new departmental procedures. These new procedures were effective immediately upon receiving the finding and were implemented beginning with the December 2015 commencement.

The new departmental procedures outline the notification process, the timeline in which it will be performed, and the responsible parties. Additionally, to stay abreast of changes to NSLDS reporting requirements, the Registrar and Associate Registrar now consult the NSLDS newsletter on a monthly basis, and consult with the Director of Financial Aid on a quarterly basis.

The Registrar's Office continues to monitor and validate the procedures and processes put into place to ensure their operating effectiveness on future terms. The Registrar is responsible for overseeing the corrective action, and the anticipated completion date is September 30, 2016.

Perform and Document Monthly Reconciliations

Previously, the Financial Aid and Student Accounts offices prepared monthly reconciliations between their respective financial records and outside systems, such as the Common Origination and Disbursement (COD) system and the Department of Education's Grant Management System (G5). These offices understand the synergy needed to ensure all required reconciliation elements are included. The two offices have met on multiple occasions and created a comprehensive shared desk procedure and reconciliation template that bridges their individual reconciliations into a comprehensive reconciliation review. The template has been used for multiple months and the desk procedure was effective May 2016. The procedures outline the process that will be conducted, the timeline in which it will be performed, and the responsible parties.

The Financial Aid and Student Accounts Offices continue to monitor and validate the procedures and processes put into place to ensure their operating effectiveness. The Director of Financial Aid is responsible for overseeing the corrective action, and the anticipated completion date is September 30, 2016.

Promptly Process Return of Title IV Calculations

The University strives to comply with the federal requirement that all determinations as to whether a student will be considered an unofficial withdrawal must be made within 30 days of the last day of the enrollment period. Although that deadline was missed for two students during the Fall 2014 semester due to a position vacancy, the calculation and return of funds for those students were made timely and in compliance with the federal regulations.

The Financial Aid Office has improved processes and procedures, effective December 2015, to ensure that reviews are done for unofficial withdrawals for Summer terms. The procedures, which include details that are term-specific, outline the process that will be conducted, the timeline in which it will be performed, and the responsible parties (to include backups).

The Financial Aid Office continues to monitor and validate the procedures and processes put into place to ensure their operating effectiveness. The Associate Director of Financial Aid is responsible for overseeing the corrective action, and the anticipated completion date is September 30, 2016.

Improve Notification of Awards to Students

Although the Student Accounts Office was diligent in sending the required notifications to all students awarded Federal Direct Loan aid Monday through Friday, it did not provide students the required notification when aid was awarded over weekends. The Student Accounts Office modified desk procedures to ensure all students are properly notified, regardless of when the aid is awarded. These processes and procedures were put into effect December 2015.

The Student Accounts Office continues to monitor and validate the procedures and processes put into place to ensure their operating effectiveness. The Assistant Manager of Student Accounts is responsible for overseeing the corrective action, and the anticipated completion date is September 30, 2016.

I would like to thank you and your staff for the valuable services that you provide.

Sincerely,

Richard S. Alvarez
Chief Financial Officer and Vice President for Finance & Administration

CC: Dr. Joseph Scartelli, Interim Provost and Vice President for Academic Affairs
Stephanie Jennelle, University Controller
Margaret McManus, University Auditor

UNIVERSITY OFFICIALS

RADFORD UNIVERSITY
Radford, VA

BOARD OF VISITORS
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UNIVERSITY OFFICERS

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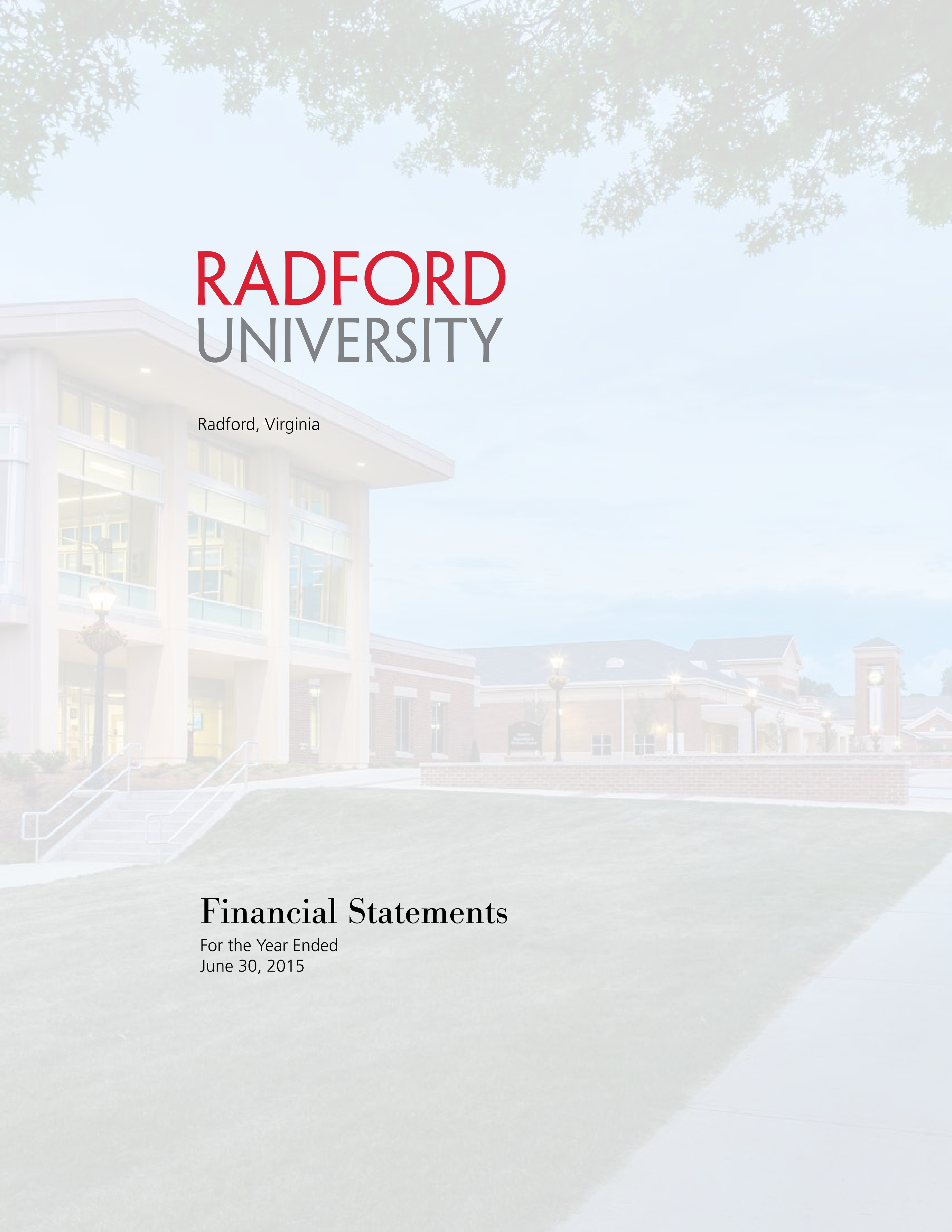
Vice President for Finance and Administration



RADFORD UNIVERSITY

Radford, Virginia

Financial Statements

For the Year Ended
June 30, 2015

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Management's Discussion and Analysis

(Unaudited)

Introduction

The following unaudited Management's Discussion and Analysis (MD&A) provides an overview of the financial position and results of activities of Radford University ("University") in an objective, easily readable format. This discussion includes an analysis of the University's financial condition and results of operations for the fiscal year ended June 30, 2015. Since this analysis includes highly summarized data, it should be read in conjunction with the accompanying financial statements, footnotes, and other required supplementary information. The University's management is responsible for all financial information presented, including this discussion and analysis.

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

University Overview

Founded in 1910 as an all-women's college, Radford University became coeducational in 1972 and was granted university status by the Virginia General Assembly in 1979. Today, the University is a flourishing coeducational, comprehensive public university that is student centered and focused on providing outstanding academic programs to its 9,743 students (fall 2015 headcount). Radford University's in-state undergraduate enrollment has increased a total of 871 students since fall 2010. This trend aligns with the Commonwealth's goal of 100,000 more undergraduate degrees by 2025 as outlined in the "Virginia Higher Education Opportunity Act of 2011 – Top Jobs for the 21st Century" (TJ21), the Statewide Strategic Plan (SSP), and the University's six-year plan.

The University offers excellent educational opportunities to students from all geographic regions of the Commonwealth of which 93.3 percent are Virginia residents and 35.5 percent of undergraduates are the first in their family to attend college. Because of its midsize, the University provides its students a winning combination of broad opportunities associated with a large university and highly personalized relationships considered the hallmark of a small institution.

Well known for its strong faculty/student collaboration, innovative use of technology in the learning environment, and vibrant student life on a beautiful residential campus, the University offers many opportunities for success in and out of the classroom. In addition to courses offered at its main campus, Radford University also extends its course offerings to students at the Roanoke Higher Education Center, Southwest Virginia Higher Education Center, New College Institute, and Carilion Roanoke Community Hospital. Through its six academic colleges, the University offers 67 degree programs in 38 disciplines as well as two certificates at the undergraduate level; 22 master's programs in 17 disciplines and three doctoral programs at the graduate level; 10 post-baccalaureate certificates and one post-master's certificate. A Division I member of the NCAA and Big South Athletic Conference, the University participates in 15 varsity sports – nine for women and six for men.

The University employs many "High Impact Practices" that include such offerings as undergraduate research, Scholar-Citizen Quality Enhancement Plan experiences, leadership courses and programs, the Honors Academy, and internship placements to name a few. Radford University also entered into a Guaranteed Admissions Agreement for Nursing with the Virginia Community College System (VCCS). The agreement will provide an efficient pathway for VCCS's Applied Science in Nursing (AAS) graduates to achieve a Bachelor's of Science in Nursing (BSN) degree from Radford University. The campus community supports a culturally diverse student population and offers more than 250 clubs and organizations for student participation, growth, leadership development, and community service. Students also have the opportunity to participate in faculty-led study abroad programs in 15 different countries.

Individual colleges and programs have reached significant milestones and received accolades for their accomplishments. The University's College of Business and Economics was recognized by The Princeton Review as one of "The Best 296 Business Schools: 2015 Edition" for the college's MBA program. Also, the baccalaureate and masters programs in the School of Social Work were re-accredited by the Council of Social Work Education (CSWE) in 2015 resulting in the University having one of four accredited masters programs and one of 13 accredited baccalaureate programs in social work in Virginia. The University established a new Bioethics Certification program, the first of its kind in Virginia, and partnered with the Jefferson College of Health Sciences and Virginia Tech Carilion School of Medicine to develop the Virginia Intercollegiate Anatomy Laboratory (VIAL). Additionally, the University's men's baseball team had a record-setting season resulting in the program's first berth to the NCAA national tournament bringing national attention to the team and University.

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

- In August 2015, Radford University was recognized by The Princeton Review as one of the 140 institutions in the "Best in the Southeast" section of in the "2016 Best

Statement of Net Position—Summary Schedule

($ shown in thousands)

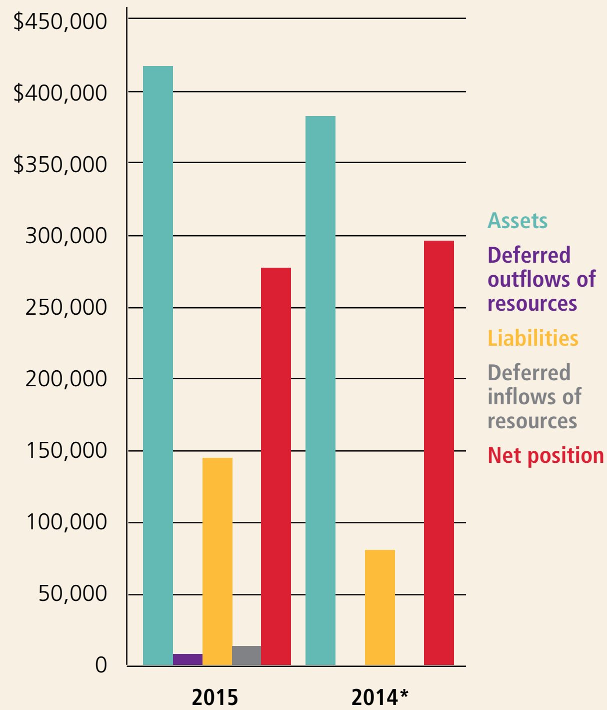
The University's Statement of Net Position at June 30, 2015 and 2014 is summarized as follows:

			Change	
	2015	*2014**	*Amount*	*Percent*
Assets:				
Current assets	$118,502	$123,087	$(4,585)	(3.7)
Capital assets, net	306,289	253,739	52,550	20.7
Other noncurrent assets	3,844	3,188	656	20.6
Total assets	$428,635	$380,014	$48,621	12.8
Deferred outflows of resources	$6,783	$ -	$6,783	100.0
Liabilities:				
Current liabilities	$37,462	$37,137	$325	0.9
Noncurrent liabilities	111,273	45,087	66,186	146.8
Total liabilities	$148,735	$82,224	$66,511	80.9
Deferred inflows of resources	$10,225	$ -	$10,225	100.0
Net Position:				
Net investment in capital assets	$265,004	$226,106	$38,898	17.2
Restricted—expendable	3,541	12,417	(8,876)	(71.5)
Unrestricted	7,913	59,267	(51,354)	(86.6)
Total net position	$276,458	$297,790	$(21,332)	(7.2)

Statement of Net Position—Comparative Chart

($ shown in thousands)

The chart below is a snapshot of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position for the fiscal years ended June 30, 2015 and 2014:



*Fiscal year 2014 amounts have not been restated. See Note 2 to the *Notes to Financial Statements* for restatement of net position.

Colleges: Region by Region" list. This is the eighth year since 2008 that the University has been featured as one of the "Best in the Southeast."

- The University was ranked 37th in the "South" region in the U.S. News & World Report's "2016 Best Regional Universities" report, which includes both public and private universities. Within this list, the University is ranked 15th among public universities. This is the fourth consecutive year that the University has received this recognition.
- The University was ranked 31st in the "2016 Best Colleges for Veterans-South" by the U.S. News & World Report.
- Confirming that the University provides one of the best values in the nation, the University was recognized by Washington Monthly magazine as one of the "Best Bang for the Buck" institutions for the third consecutive year. The University was ranked number one among Virginia universities in this report.

The University is dedicated to building and maintaining a sustainable, environmentally friendly campus. For the sixth consecutive year, the University was named one of the most environmentally responsible colleges in the United States according to "The Princeton Review's Guide to 353 Green Colleges: 2015 Edition." The University's rating was a result of significant strides in sustainability initiatives, including LEED (Leadership in Energy and Environmental Design) Gold certifications for campus buildings, development of a Climate Action Plan with a target climate neutrality date of 2040, and partnering with the City of Radford to provide the Radford Transit system.

Radford Transit, developed as a partnership with the City of Radford and operated by New River Valley Community Services, continues to experience considerable levels of growth. By the end of fiscal year 2015, Radford Transit had transported 374,000 passengers, reflecting a 6.1 percent increase in ridership from the previous year. Since inception, Radford Transit has transported a staggering 1.25 million passengers. Radford Transit will continue to serve the needs of students, employees, and community residents by giving full campus access and transportation to areas adjacent to the University, including the City of Radford, Fairlawn, Christiansburg, Blacksburg, and connections with the Smartway Bus and Megabus. These connections provide students and members of the community with multi-state bus routes and transportation to the Roanoke-Blacksburg Regional Airport. The success of the Radford Transit reinforces the University's commitment to its students, employees, community residents, and sustainable initiatives.

Statement of Net Position

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

Net position is classified into four major components: net investment in capital assets, restricted expendable, restricted nonexpendable, and unrestricted.

- **Net investment in capital assets**—Net investment in capital assets represents the University's total capital assets, net of accumulated depreciation, reduced by outstanding debt attributable to the acquisition, construction, or improvement of those assets. Debt incurred, but not yet expended for capital assets, net of accounts and retainage payable to be paid with unspent debt proceeds, is not included as a component of net investment in capital assets.
- **Restricted–expendable**—The expendable restricted component of net position includes resources the University is legally or contractually obligated to expend in accordance with restrictions imposed by external third parties.
- **Restricted–nonexpendable**—Restricted nonexpendable net position consists of endowment and similar type funds in which donors or other outside sources have stipulated that the principal is to be maintained in perpetuity and invested for the purpose of producing present or future income to be expended or added to the principal. As of June 30, 2015, the University does not have nonexpendable restricted net position.
- **Unrestricted**—The unrestricted component of net position represents resources used for transactions relating to academic departments and general operations of the University, and may be used at the discretion of the University's Board of Visitors to meet current expenses for any lawful purpose in support of the University's primary missions of instruction, research, and outreach. These resources are derived from student tuition and fees, state appropriations, recoveries of facilities and administrative (indirect) costs, and sales and services of auxiliary enterprises and educational departments. The auxiliary enterprises are self-supporting entities that provide services for students, faculty, and staff. Some examples of the University's auxiliaries are intercollegiate athletics and student residential and dining programs.

Change in net position is an assessment of whether the overall financial condition has improved or worsened during the year while sustained increases or decreases in net position over time are one indicator of the financial stability or instability of an organization.

GASB Statement 68, *Accounting and Financial Reporting for Pensions,* and Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date,* were effective for and implemented in fiscal year 2015. These reporting changes require the University to record its portion of pension liabilities and expenses of the Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' System (VaLORS) Retirement Plan. Prior to the implementation of Statements 68 and 71, VRS did not measure assets and pension benefit obligations separately for individual state institutions. Therefore, for the purpose of MD&A, fiscal year 2014 comparative numbers have not been restated. As a result of this change in reporting, the University has recorded its proportionate share of the net pension liability, pension expense, deferred outflows of resources, and deferred inflows of resources in the financial statements presented within. Note 1 of the *Notes to Financial Statements* includes information of the University's implementation of Statements 68 and 71. Note 14 of the *Notes to Financial Statements* and the *Required Supplementary Information* includes an overview of the pension plans available to University employees along with details on the pension obligation and related expense recognized and pension contributions made by the University.

Total University assets increased by $48.6 million or 12.8 percent during fiscal year 2015, resulting in total assets of $428.6 million at year end. The increase in total assets is attributable to a $53.2 million increase in noncurrent assets offset by a $4.6 million decline in current assets. Capital assets, net of accumulated depreciation, accounts for $52.6 million of the increase in noncurrent assets and reflects the ongoing expansion and renovation of facilities at the University as discussed in detail in the following section, *Capital Asset and Debt Administration* and in Note 5 of the *Notes to Financial Statements*. The largest decline in current assets was in cash and cash equivalents of $11.8 million primarily due to the expenditure of restricted cash and cash equivalents for ongoing capital asset construction net of debt proceeds received for the renovation of three residence halls. This decline was offset by a $5.2 million increase in the receivable due from the Commonwealth, which is related to the timing of several significant requisitions for capital projects near fiscal year end.

Total liabilities increased by $66.5 million or 80.9 percent during fiscal year 2015. Current liabilities increased minimally from the previous year while noncurrent liabilities accounted for $66.2 million of the change in total liabilities. The increase in noncurrent liabilities is primarily related to the implementation of GASB Statement 68, *Accounting and Financial Reporting for Pensions,* which resulted in the recognition of a noncurrent pension obligation for $58.0 million at June 30, 2015. Furthermore, long-term debt of the University increased as a result of a 9(c) general obligation bond issuance (Series 2015A) for the renovation of three residence halls. Further information regarding the debt issuance can be found in Note 7 of the *Notes to Financial Statements*.

As a result of the implementation of GASB Statement 68, *Accounting and Financial Reporting for Pensions,* and Statement 71, *Pension Transition for Contributions Made*

Statement of Revenues, Expenses, and Changes in Net Position—Summary Schedule
($ shown in thousands)

			Change	
	2015	*2014**	*Amount*	*Percent*
Operating revenues	$123,591	$120,700	$2,891	2.4
Less: Operating expenses	187,169	178,663	8,506	4.8
Operating loss	(63,578)	(57,963)	(5,615)	9.7
Nonoperating revenues (expenses)	65,881	62,216	3,665	5.9
Income before other revenues, expenses, gains, or losses	2,303	4,253	(1,950)	(45.8)
Other revenues, expenses, gains, or losses	38,052	19,064	18,988	99.6
Increase in net position	40,355	23,317	17,038	73.1
Net position—beginning of year	236,103	274,473	(38,370)	(14.0)
Net position—end of year	$276,458	$297,790	$(21,332)	(7.2)

*Fiscal year 2014 amounts have not been restated. See Note 2 to the *Notes to Financial Statements* for restatement of net position.

Subsequent to the Measurement Date, the University recognized $6.8 million of deferred outflows of resources and $10.2 million of deferred inflows of resources on the *Statement of Net Position*. The deferred outflows of resources represents, in part, the fiscal year 2015 contributions made by the University after the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The deferred inflows of resources represents the net difference between projected and actual earnings on pension plan investments. Note 14 of the *Notes to Financial Statements* and the *Required Supplementary Information* includes additional information regarding the University's deferred outflows of resources, deferred inflows of resources, and pension obligations.

The increase in total assets and deferred outflows of resources was less than the corresponding increase in total liabilities and deferred inflows of resources, thus the University's net position declined by $21.3 million or 7.2 percent. Net investment in capital assets increased $38.9 million which is a reflection of the University's continued investment in facilities and equipment to support the University's mission.

Capital Asset and Debt Administration

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

Note 5 of the *Notes to Financial Statements* describes the University's ongoing investment in capital assets. The value of the University's net capital assets increased to $306.3 million at the end of fiscal year 2015, an increase of $52.6 million or 20.7 percent over fiscal year 2014. Net additions and reductions to capital assets during fiscal year 2015 totaled $63.9 million (excluding depreciation). The continued construction of the Center for the Sciences, a new academic building for the College of Humanities and Behavioral Sciences, and residence hall renovations as well as the completion of the Student Fitness Center account for the majority of the current year capital activity. Current year depreciation expense totaled $15.4 million.

Capital projects in progress carried commitments to construction contractors, architects, and engineers totaling $7.0 million at June 30, 2015. These obligations represent the unperformed portion of construction contracts and, as such, have not been accrued as expenses or liabilities on the University's financial statements. Additional information regarding the University's commitments is included in Note 13 of the *Notes to Financial Statements*.

Financial stewardship requires the effective management of resources, including the use of long-term debt to finance capital projects. In fiscal year 2015, one bond was issued in the amount of $10.0 million for the renovation of three residence halls. Note 7 of the *Notes to Financial Statements* contains additional information about the long-term debt of the University.

Revenues by Source Comparison
($ shown in thousands)

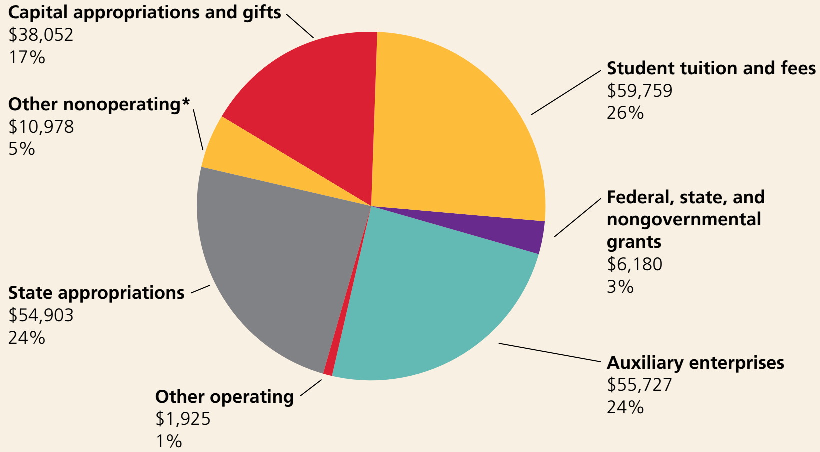
The following chart compares each major revenue source (both operating and nonoperating) for the previous two fiscal years:

	2015	2014	Change Amount	Change Percent
Revenues by source:				
Student tuition and fees	$59,759	$57,657	$2,102	3.6
Federal, state, and nongovernmental grants and contracts	6,180	5,494	686	12.5
Auxiliary enterprises	55,727	56,237	(510)	(0.9)
Other operating	1,925	1,312	613	46.7
State appropriations	54,903	53,420	1,483	2.8
Other nonoperating*	10,978	8,796	2,182	24.8
Capital appropriations and gifts	38,052	19,064	18,988	99.6
Total revenues by source	$227,524	$201,980	$25,544	12.6

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

Revenues by Source
($ shown in thousands)

The following chart illustrates the percentage of the University's total revenue comprised by each major revenue source (both operating and nonoperating) for the year ended June 30, 2015:



Statement of Revenues, Expenses, and Changes in Net Position

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

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

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

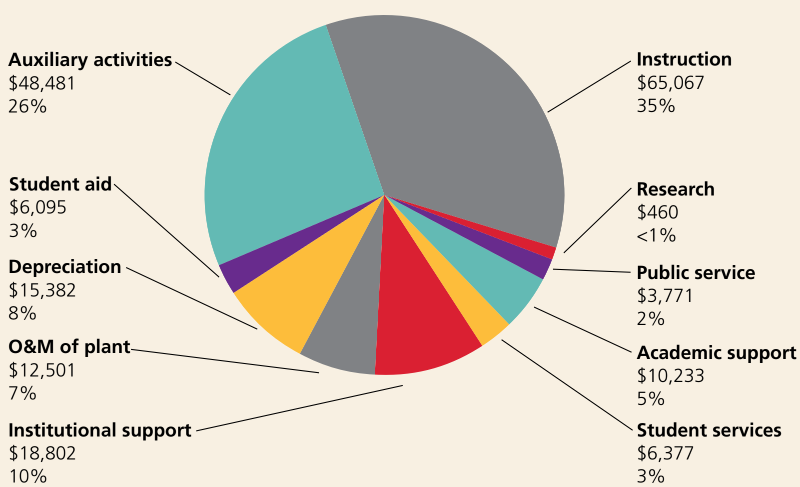
Expenses by Function Comparison
($ shown in thousands)

The following chart compares expenses by function for the fiscal years ended June 30, 2015 and 2014:

	2015	2014	Change Amount	Change Percent
Operating expenses:				
Instruction	$65,067	$63,145	$1,922	3.0
Research	460	292	168	57.5
Public service	3,771	3,214	557	17.3
Academic support	10,233	9,624	609	6.3
Student services	6,377	6,156	221	3.6
Institutional support	18,802	16,696	2,106	12.6
Operation and maintenance of plant	12,501	12,873	(372)	(2.9)
Depreciation	15,382	13,998	1,384	9.9
Student aid	6,095	5,907	188	3.2
Auxiliary activities	48,481	46,758	1,723	3.7
Total operating expenses	$187,169	$178,663	$8,506	4.8

Expenses by Function
($ shown in thousands)

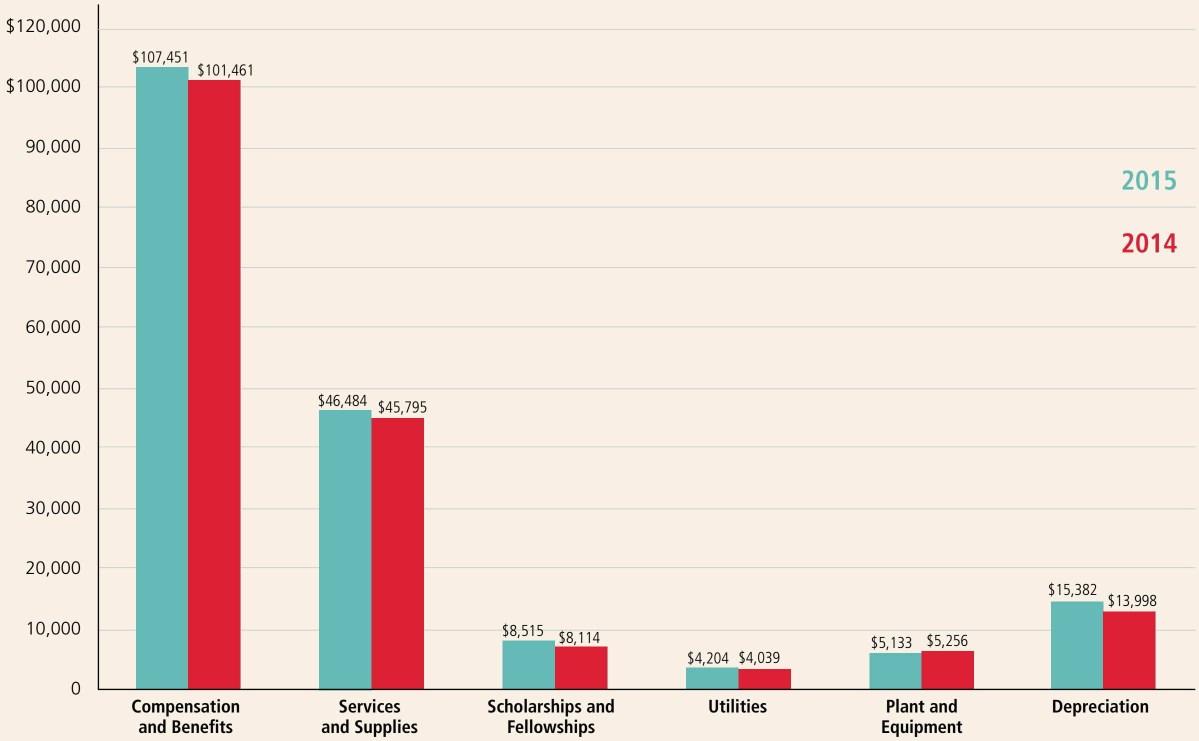
The following graphic illustration presents total expenses by function for fiscal year 2015:



Expenses by Natural Classification Comparison

($ shown in thousands)

The following chart compares expenses by natural classification for the years ended June 30, 2015 and 2014.



Operating revenues of the University consist primarily of student tuition and fees and revenues generated by various auxiliary enterprises. Operating revenues in total for fiscal year 2015 increased by $2.9 million as compared to fiscal year 2014. This increase was largely due to a $2.1 million increase in tuition and fees, net of scholarship allowances, $0.7 million increase in revenue from grants and contracts, and $0.6 million increase in other operating revenues, offset by a $0.5 million decline in auxiliary enterprises, net of scholarship allowances. The growth in revenues from tuition and fees is attributed to a Board of Visitors approved tuition and fee rate increase. To address continuing programmatic and instructional needs and to cover other mandatory cost increases including fringe benefit and health insurance rate adjustments, tuition rate increases ranged from 0.0 to 4.3 percent. In spite of the auxiliary comprehensive fee rate increase of 1.0 percent for fiscal year 2015, net auxiliary enterprise revenues declined by $0.5 million from the previous fiscal year. This was primarily attributable to a decline in the sale of dining plans to nonresidential students and an increase in residential credits issued to students living on campus.

Nonoperating revenues and expenses increased $3.7 million or 5.9 percent from fiscal year 2014 due to a $1.5 million increase in state appropriations, $1.0 million decline in nonoperating transfers to the Commonwealth, and $0.6 million increase in federal student financial aid (Pell). The growth in capital appropriations of $19.0 million was a result of an increase in capital construction funding, predominately related to the construction of the Center for the Sciences building and a new academic building for the College of Humanities and Behavioral Sciences funded via the 21st Century bond program.

Operating expenses for fiscal year 2015 increased $8.5 million or 4.8 percent over fiscal year 2014. From a natural expense standpoint, compensation and benefits comprises 57.4 percent of the University's operating expenses and services and supplies accounts for 24.8 percent. Compensation and benefits and depreciation contributed to the majority of the increase in operating expenses for 2015. Compensation and benefits increased $6.0 million or 5.9 percent. Generally, changes to expenses in this category are from three sources: increases or reductions in the number of personnel, annual salary increases, and the general trends in the costs of fringe benefits. The increase in compensation and benefits during fiscal year 2015 is largely due to the additional hire of full-time faculty and support positions and increases in fringe benefits and health insurance rates. Depreciation expense increased $1.4 million or 9.9 percent as a result of the completion of large capital projects including the Student Fitness Center. Operating expenses are presented on the *Statement of Revenues, Expenses, and Changes in Net Position* by their functional category. Expenses attributable to instruction and auxiliary activities comprise 34.8 and 25.9 percent, respectively, of total operating expenses.

Statement of Cash Flows—Summary Schedule

($ shown in thousands)

	2015	2014	Change Amount	Change Percent
Net cash used by operating activities	$(51,737)	$(44,494)	$(7,243)	16.3
Net cash provided by noncapital financing activities	66,541	63,028	3,513	5.6
Net cash used by capital and related financing activities	(21,195)	(16,040)	(5,155)	32.1
Net cash provided (used) by investing activities	(3,654)	1,695	(5,349)	(315.6)
Net increase (decrease) in cash	(10,045)	4,189	(14,234)	(339.8)
Cash and cash equivalents—beginning of year	111,567	107,378	4,189	3.9
Cash and cash equivalents—end of year	$101,522	$111,567	$(10,045)	(9.0)

The increase in operating expenses was greater than the increase in operating revenues resulting in an increase in the operating loss of $5.6 million. With the inclusion of state appropriations for the University in the nonoperating category, the University will routinely display an operating loss for the year. This operating loss is primarily covered by the state appropriations included in the nonoperating category as well as federal student financial aid (Pell), investment income, and capital appropriations.

Statement of Cash Flows

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

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

The first section, cash flows from operating activities, deals with operating cash flows and shows net cash used by operating activities of the University. The cash flows from noncapital financing activities section reflects cash received and disbursed for purposes other than operating, investing, and capital financing. Cash flows from capital and related financing activities presents cash used for the acquisition and construction of capital and related items. Included in cash flows from capital and related financing activities are plant fund activities (except for depreciation). Cash flows from investing activities reflects the cash flows generated from investments to include purchases, proceeds, and interest. The last section reconciles the operating loss reflected on the *Statement of Revenues, Expenses, and Changes in Net Position* for the fiscal year to net cash used by operating activities.

Overall, the University had a net decrease in cash of $10.0 million from fiscal year 2014. The primary sources of cash for the University were state appropriations of $54.9 million, student tuition and fees of $59.9 million, auxiliary enterprise revenues at $55.5 million, and receipts for student loans of $55.9 million. The major uses of cash were employee compensation and benefits at $108.3 million, services and supplies of $49.0 million, student loan disbursements at $55.6 million, and the purchase of capital assets at $60.7 million. Net cash used by capital and related financing activities reflects an increase of $5.2 million from the prior year as a result of an increase in capital asset purchases and decline in proceeds from capital debt offset in part by an increase in capital appropriations and gifts. Net cash used by operating activities increased $7.2 million from fiscal year 2014 as a result of an increase in cash outflows for operating expenses exceeding the increase of cash inflows from operating revenue. Net cash provided by investing activities decreased $5.3 million from the previous fiscal year primarily due to securities lending.

Economic Outlook

The University's administration continues to closely monitor the fiscal environment in which the University operates and reviews key assumptions in the annual update of the University's fiscal plan. The University's 2015-16 operating budget was developed with specific consideration to tuition and fees, projected enrollment, institutional priorities, legislative actions by the General Assembly, and a regionally forecasted economic outlook.

Each year the fiscal plan builds upon the existing multi-year strategic budget plans developed by each division.

This collaborative process provides the framework for the University's Six-Year Plan submission to the State and positions the institution for continued success. The fiscal plan addresses critical academic and student support programmatic needs, considers unavoidable cost increases, and continues the implementation of the goals outlined in Radford University's Strategic Plan, 7-17. It also considers the goals outlined in the Statewide Strategic Plan (SSP) as well as the "Virginia Higher Education Opportunity Act of 2011 - Top Jobs for the 21st Century" (TJ21).

With the Commonwealth continuing to face a variety of fiscal challenges in the coming year, the impact on general fund appropriation remains uncertain. Although the financial outlook has shown moderate improvement since the beginning of the 2014-16 biennium, the health of the regional economy continues to be monitored closely. It is very encouraging, however, that in the face of these statewide challenges the perennial approach to conservative and prudent planning exhibited by the University has the institution on track for continued success in fiscal year 2016.

Radford University remains committed to providing a quality, affordable educational experience represented by the fact that among Virginia's four-year public institutions, the University is the third lowest total cost (tuition, fees, room and board) provider for in-state undergraduate students. As a public institution of higher education in Virginia, providing affordable educational opportunities for in-state undergraduate students is a priority, thus Radford University continues to rely heavily on state general fund support for its Educational and General (E&G) program activities. During the 2015 General Assembly Session, the Governor, House, and Senate emphasized their commitment toward higher education by shielding institutions from deeper budget cuts. The state also provided funding to mitigate the original 2014-16 budget reduction and authorized a salary increase for all employees as well as a compression adjustment for classified employees. For fiscal year 2016, state general fund support for the E&G program accounts for $47.7 million of the total projected program revenues representing a 2.0 percent increase from the fiscal year 2015 adjusted budget. This increase in state general fund support reflects central appropriation adjustments for unavoidable cost increases such as health insurance and fringe benefits rate changes.

Radford University continues to enjoy a healthy demand for its academic programs among Virginia residents and first generation students. Reflective of Radford University's growth and diversity, the Class of 2019 is composed of 1,962 new freshmen from 318 Virginia high schools and 159 out-of-state and international high schools, and represents 21 nations. Almost one-third (32 percent) of Virginia residents in the class are from northern Virginia and more than 37 percent of the new freshmen are first generation college students. Over 32 percent of the new freshmen class identify themselves as ethnic minorities, with 16.6 percent as African American and 8.1 percent as Hispanic/Latino.

As a result of placing a continued emphasis on enrollment planning and management as well as implementing new master's and doctoral programs, the University has witnessed enrollment growth in recent years and plans to maintain these levels to ensure dependable fiscal resources.

Radford University has initiated an intensive retention and high impact practices effort to engage students immediately upon their arrival to campus. The University contracted with industry leader Noel Levitz to develop a holistic retention plan, is researching best practices for student assistance programs, implemented an undergraduate research initiative, is developing yoked instructional and student engagement opportunities, and is evaluating enhancements for career services and experiential learning opportunities. The University has always been an institution that fosters an environment in which all students can find success both inside and outside of the classroom. Furthermore, retention and graduation rates have historically been above the national average of comparable peer institutions. Enhancing these longstanding achievements is an integral focus for the institution over the next biennium.

Substantial progress was made on various capital projects during fiscal year 2015. For fiscal year 2016, the University is continuing to move forward with several major capital projects including two technologically advanced buildings, the Center for the Sciences and the new academic building for the College of Humanities and Behavioral Sciences. These facilities are expected to open in spring 2016 and fall 2016, respectively.

During the summer of 2014, the University initiated a multi-building residence hall renovation project for Pocahontas, Bolling, and Draper Halls. These buildings have similar structures and floor plans which provide synergy and cost savings during design and construction. Pocahontas and Bolling Halls re-opened in fall 2015 and Draper Hall will re-open in fall 2016. Additionally, the State authorized construction funding for the renovation of Whitt Hall which is scheduled to commence in spring 2016. The addition and enhancements of each of these structures will certainly result in exciting changes and improve the landscape of Radford University.

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

Financial Statements

Statement of Net Position

As of June 30, 2015

	Radford University	Component Unit Radford University Foundation, Inc.
ASSETS		
Current assets		
Cash and cash equivalents (Note 3)	$ 89,728,103	$ 689,940
Restricted cash and cash equivalents (Note 3)	10,036,396	-
Short-term investments (Notes 3, 20C)	101,261	51,737,630
Accounts receivable (net of allowance for doubtful accounts of $440,270) (Note 4)	2,262,480	-
Contributions receivable (net of allowance for uncollectible contributions and discount of $27,760) (Note 20A)	-	908,807
Due from the Commonwealth (Note 12)	10,197,412	-
Due from Federal Government	421,920	-
Inventory	465,794	-
Notes receivable (net of allowance for doubtful accounts of $220,998 and $ -) (Notes 4, 20B)	951,634	4,529
Prepaid expenses	4,337,359	22,710
Other assets	-	4,400,000
Other receivables	-	41,205
Total current assets	118,502,359	57,804,821
Noncurrent assets		
Restricted cash and cash equivalents (Note 3)	1,757,065	-
Long-term investments (Note 20C)	-	11,793,398
Contributions receivable (net of allowance for uncollectible contributions and discount of $78,183) (Note 20A)	-	630,561
Other assets	-	201,621
Notes receivable (net of allowance for doubtful accounts of $445,118 and $ -) (Notes 4, 20B)	2,086,509	32,979
Depreciable capital assets, net (Notes 5, 20D)	213,569,295	5,113,019
Nondepreciable capital assets (Notes 5, 20D)	92,719,945	3,601,153
Total noncurrent assets	310,132,814	21,372,731
Total assets	$ 428,635,173	$ 79,177,552
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources from net pension obligation	$ 6,782,774	$ -
Total deferred outflows of resources (Note 14)	$ 6,782,774	$ -

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

Statement of Net Position

As of June 30, 2015

	Radford University	Component Unit: Radford University Foundation, Inc.
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses (Note 6)	$ 26,079,520	$ 83,635
Unearned revenue	4,328,273	299,510
Obligations under securities lending	2,898,994	-
Deposits held in custody for others	654,011	-
Line of credit (Note 20E)	-	400,000
Current portion of long-term debt (Notes 7, 20F)	1,681,807	315,593
Current portion of other noncurrent liabilities (Note 8)	1,819,277	-
Trust and annuity obligations	-	58,355
Total current liabilities	37,461,882	1,157,093
Noncurrent liabilities		
Long-term debt (Notes 7, 20F)	48,935,146	904,070
Pension obligations (Note 14)	58,028,000	-
Trust and annuity obligations	-	447,619
Other noncurrent liabilities (Note 8)	4,310,345	-
Total noncurrent liabilities	111,273,491	1,351,689
Total liabilities	$ 148,735,373	$ 2,508,782
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources from net pension obligation	$ 10,225,000	-
Total deferred inflows of resources (Note 14)	$ 10,225,000	$ -
NET POSITION		
Net investment in capital assets	$ 265,004,265	$ 8,286,173
Restricted for:		
Expendable:		
Scholarships and fellowships	456,003	17,921,209
Instruction and research	1,888,479	3,140,934
Loans	136,086	-
Debt service	1,059,888	-
Other	-	12,810,625
Nonexpendable:		
Scholarships and fellowships	-	20,022,022
Instruction and research	-	2,222,090
Other	-	3,782,376
Unrestricted	7,912,853	8,483,341
Total net position	$ 276,457,574	$ 76,668,770

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

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2015

	Radford University	Component Unit Radford University Foundation, Inc.
OPERATING REVENUES		
Student tuition and fees (net of scholarship allowance of $11,887,474)	$ 59,758,918	$ -
Gifts and contributions	-	2,209,247
Federal grants and contracts	4,724,333	-
State grants and contracts	1,214,732	-
Nongovernmental grants and contracts	240,572	-
Auxiliary enterprises (net of scholarship allowance of $9,623,761) (Note 9)	55,727,305	-
Other operating revenues	1,925,183	791,712
Total operating revenues	123,591,043	3,000,959
OPERATING EXPENSES		
Instruction	65,066,771	14,953
Research	459,540	-
Public service	3,771,459	-
Academic support	10,233,006	1,981,701
Student services	6,376,722	-
Institutional support	18,802,530	1,682,098
Operation and maintenance of plant	12,501,520	-
Depreciation (Note 5)	15,382,004	221,324
Student aid	6,095,227	1,331,358
Auxiliary activities (Note 9)	48,480,668	-
Total operating expenses (Note 10)	187,169,447	5,231,434
Operating loss	(63,578,404)	(2,230,475)
NONOPERATING REVENUES (EXPENSES)		
State appropriations (Note 11)	54,903,268	-
Federal student financial aid (Pell)	11,538,278	-
Investment income	539,791	7,744,795
Interest on capital asset-related debt	(571,057)	(37,689)
Loss on capital assets	(118,567)	(26,810)
Nonoperating transfers to the Commonwealth	(410,257)	-
Net nonoperating revenues	65,881,456	7,680,296
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	2,303,052	5,449,821
Capital appropriations and gifts (Note 12)	38,052,015	447,640
Additions to permanent endowments	-	773,138
Additions to term endowments	-	33,985
Total other revenues	38,052,015	1,254,763
Increase in net position	40,355,067	6,704,584
Net position—beginning of year, as restated (Note 2)	236,102,507	69,964,186
Net position—end of year	$ 276,457,574	$ 76,668,770

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

RADFORD UNIVERSITY
Statement of Cash Flows
As of June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$	59,916,048
Grants and contracts		5,918,774
Auxiliary enterprises		55,548,654
Other receipts		1,876,428
Payments for salaries, wages, and fringe benefits		(108,311,966)
Payments for services and supplies		(48,976,802)
Payments for utilities		(4,203,750)
Payments for scholarships and fellowships		(8,515,356)
Payments for noncapitalized plant improvements and equipment		(5,133,573)
Loans issued to students and employees		(875,701)
Collections of loans from students and employees		1,039,798
Other payments		(20,000)
Net cash used by operating activities	$	(51,737,446)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	$	54,903,268
Non-General Fund appropriations		(410,257)
Federal student financial aid (Pell)		11,550,063
Federal loan contribution		(104,151)
Federal Direct Lending Program - receipts		55,926,674
Federal Direct Lending Program - disbursements		(55,647,887)
Agency and other receipts and payments, net		323,361
Net cash provided by noncapital financing activities	$	66,541,071
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from capital debt	$	9,963,156
Capital appropriations and gifts		32,460,157
Purchase of capital assets		(60,720,446)
Principal paid on capital debt and installments		(1,301,565)
Interest paid on capital debt and installments		(1,595,800)
Net cash used by capital and related financing activities	$	(21,194,498)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments		(4,318,932)
Proceeds from sale and maturities of investments		125,102
Interest on investments		539,791
Net cash used by investing activities	$	(3,654,039)
Net decrease in cash	$	(10,044,912)
Cash and cash equivalents—beginning of the year		111,566,476
Cash and cash equivalents—end of the year	$	101,521,564

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

Statement of Cash Flows

As of June 30, 2015

RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	$	(63,578,404)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense		15,382,004
Changes in assets, liabilities, and deferred outflows of resources:		
Accounts receivable, net		(413,800)
Inventory		(1,831)
Prepaid expenses		(1,124,732)
Notes receivable, net		176,472
Deferred outflows of resources for defined benefit pension plans		(776,774)
Accounts payable and accrued expenses		(1,369,691)
Unearned revenue		70,287
Advance from the Treasurer of Virginia		(20,000)
Accrued compensated absences		(80,977)
Net cash used by operating activities	$	(51,737,446)
NONCASH CAPITAL AND FINANCING ACTIVITIES:		
Gift of capital assets		423,413
Amortization of bond premium		(188,216)
Loss on disposal of capital assets		(98,147)

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

Notes to Financial Statements

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Notes to Financial Statements

NOTE 1: Summary of Significant Accounting Policies

Reporting Entity

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

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

During the year ended June 30, 2015, the Foundation made distributions of $2,337,000 to or on behalf of the University for both restricted and unrestricted purposes. Separate financial statements for the Foundation can be obtained by contacting the Radford University Foundation Administrative Office at P.O. Box 6893, Radford, Virginia 24142.

Basis of Presentation

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

GASB Statement 35, *Basic Financial Statements and Management's Discussion and Analysis of Public Colleges and Universities,* issued November 1999, establishes accounting and financial reporting standards for public colleges and universities within the financial reporting guidelines of GASB Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.* The standards are designed to provide financial information that responds to the needs of three groups of primary users of general purpose external financial reports: the citizenry, legislative and oversight bodies, and investors and creditors. The University is required under this guidance to include *Management's Discussion and Analysis, Financial Statements, Notes to Financial Statements,* and *Required Supplementary Information* in its financial statement presentation.

During the year ended June 30, 2015, the following GASB statements became effective: Statement 68, *Accounting and Financial Reporting for Pensions;* Statement 69, *Government Combinations and Disposals of Government Operations;* Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.*

Statement 68, *Accounting and Financial Reporting for Pensions,* establishes requirements for accounting and reporting of pensions provided to employees of state and local governments through pension plans administered by trusts that meet certain criteria. For pension plans not covered by the scope of Statement 68, the requirements of Statement 27, *Accounting for Pensions by State and Local Governmental Employers,* and Statement 50, *Pension Disclosures,* remain applicable. Statement 68 requires the University to recognize a pension obligation measured as the total pension liability less the amount of the pension plan's fiduciary net position. Total pension liability is determined as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees attributed to those employee's past periods of service. Pension liability, current year pension expense, and related deferred inflows and outflows of resources reported by the University have been determined on the same basis as reported to the University by the Virginia Retirement System (VRS, or the System). Statement 68 also establishes mandatory note disclosures and required supplementary information to establish consistency and transparency of pension transactions and related pension plan information.

Statement 69, *Government Combinations and Disposals of Government Operations,* establishes financial reporting standards related to and note disclosures for mergers, acquisitions, transfers of operations, and disposals of government operations. The University was not engaged in activity governed by Statement 69 during the year ended June 30, 2015.

Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date,* addresses the application of Statement 68 when contributions are made by state or local government employers, or nonemployer contributing entities, to a defined benefit pension plan after the measurement date of the institution's beginning net pension liability. The requirements of Statement 71, which were applied concurrently with those of Statement 68, eliminate the source of a potential material understatement of restated beginning net position and expense in the first year of implementation when contributions were made after the measurement date of the beginning net pension liability.

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

Basis of Accounting

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

Cash and Cash Equivalents

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

Investments

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

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

Accounts Receivable

Accounts receivable consist of charges for tuition and fees and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable also include amounts due from federal and state governments and nongovernmental sources, in connection with reimbursement of allowable expenses made pursuant to the University's grants and contracts. Accounts receivable are recorded net of allowance for doubtful accounts. See Note 4 for a detailed list of accounts receivable by major category.

Inventories

Inventories are valued at cost, generally determined on the first-in, first-out method, and consists primarily of fuel held for consumption.

Notes Receivable

Notes receivable consist of amounts due from the Federal Perkins Loan Program, Nursing Student Loan Program, and other student loan programs administered by the University. Notes receivable are recorded net of allowance for doubtful accounts. See Note 4 for a detailed list of notes receivable by major category.

Capital Assets

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

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

Interest expense incurred during the construction of capital assets is capitalized net of interest income earned on resources set aside for this purpose. The University incurred and capitalized net interest expense related to the construction of capital assets of $804,348 for the fiscal year ended June 30, 2015.

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

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

Accrued Compensated Absences

The amount of leave earned but not taken by salaried employees is recorded as a liability on the *Statement of Net Position*. The amount reflects, as of June 30, 2015, all unused annual, sick, compensatory, and recognition leave, as well as the amount payable upon termination under the Commonwealth of Virginia's sick leave payout policy. The applicable share of employer related taxes payable on the eventual termination payments is also included. See Note 8 for current and noncurrent amounts.

Unearned Revenue

Unearned revenue primarily includes amounts received prior to the end of the fiscal year for tuition and fees and certain auxiliary activities related to the period subsequent to June 30, 2015.

Noncurrent Liabilities

Noncurrent liabilities include the following:

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

See Notes 7, 8, and 14 for detailed information and amounts.

Pension Obligation

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' System (VaLORS) Retirement Plan; and the additions to/deductions from the VRS State Employee Retirement Plan's and the VaLORS Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 14 for general information about the pension plans and calculation of the net pension liability.

Deferred Outflows and Inflows of Resources

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

Net Position

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

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

- **Restricted–expendable**—The expendable restricted component of net position includes resources the University is legally or contractually obligated to expend in accordance with restrictions imposed by external third parties.
- **Restricted–nonexpendable**—Restricted nonexpendable net position consists of endowment and similar-type funds in which donors or other outside sources have stipulated that the principal is to be maintained in perpetuity and invested for the purpose of producing present or future income to be expended or added to the principal. As of June 30, 2015, the University does not have nonexpendable restricted net position.
- **Unrestricted**—The unrestricted component of net position represents resources used for transactions relating to academic departments and general operations of the University, and may be used at the discretion of the University's Board of Visitors to meet current expenses for any lawful purpose in support of the University's primary missions of instruction, research, and outreach. These resources are derived from student tuition and fees, state appropriations, recoveries of facilities and administrative (indirect) costs, and sales and services of auxiliary enterprises and educational departments. The auxiliary enterprises are self-supporting entities that provide services for students, faculty, and staff. Some examples of the University's auxiliaries are intercollegiate athletics and student residential and dining programs.

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

Federal Financial Assistance Programs

The University participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants, Federal Work-Study, Direct Lending, and Perkins Loan programs. Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, the Office of Management and Budget Revised Circular A-133, *Audit of States, Local Governments and Non-Profit Organizations,* and the Compliance Supplement.

Income Taxes

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

Revenue Classifications

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, net of scholarship allowances, and (3) federal, state, and nongovernmental grants and contracts.

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

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

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

Scholarship Discounts and Allowances

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

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

NOTE 2: Restatement of Net Position

Net position originally reported in the University's financial statements as of June 30, 2014, has been restated to reflect the implementation of GASB statements effective for the year ending June 30, 2015 and further evaluation of assets and liabilities.

Net position, June 30, 2104, as previously reported	$	297,790,582
Change in reporting for the implementation of GASB Statement 68, *Accounting and Financial Reporting for Pensions,* and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date:*		
Beginning net pension liability		(65,873,000)
Pension contributions during fiscal year 2014		3,626,000
Restatement to capital assets		558,925
Total prior period restatement		(61,688,075)
Net position, July 1, 2014, as restated	$	236,102,507

NOTE 3: Cash and Cash Equivalents and Investments

The following information is provided with respect to the University's cash, cash equivalents, and investments and related risk disclosures as of June 30, 2015, in accordance with GASB Statement 40, *Deposit and Investment Risk Disclosures:*

Custodial Credit Risk (category 3 deposits and investments)—The custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the University will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of the investment or collateral securities that are in possession of an outside party. The University had no category 3 deposits or investments as of June 30, 2015.

Credit Risk—The risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University is required to disclose the credit quality ratings of all investments subject to credit risk.

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

Interest Rate Risk—The risk that changes in interest rates will adversely affect the fair value of an investment. The University does not have an interest rate risk policy and does not have investments or deposits that are sensitive to changes in interest rates as of June 30, 2015.

Foreign Currency Risk—The risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The University had no foreign investments or deposits during fiscal year 2015.

Cash and Cash Equivalents

Pursuant to Section 2.2-1800, et seq., *Code of Virginia,* all state funds of the University are maintained by the Treasurer of Virginia, who is responsible for the collection, disbursement, custody, and investment of state funds. Cash deposits held by the University are maintained in accounts that are collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400, et seq., *Code of Virginia.* In accordance with GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting,* cash and cash equivalents represents cash with the Treasurer, cash on hand, temporary investments with original maturities of three months or less, and cash equivalents with the Virginia State Non-Arbitrage Program (SNAP). SNAP is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The financial institution that holds the University's local cash provides an interest bearing checking account that allows the University to earn a competitive rate of interest on 100 percent of its collected balances.

Investments

Management of the University's investments is governed by the University's investment policy as approved by the Board of Visitors. Authorized investments are set forth in the Investment of Public Funds Act, Section 2.2-4500 through 2.2-4517, et seq., *Code of Virginia.* Investments are categorized as short-term or long-term. Short-term investments have an original maturity of over 90 days but less than or equal to one year. Long-term investments have an original maturity greater than one year.

As of June 30, 2015	**Market Value**
Cash and cash equivalents:	
Cash on hand and deposited with financial institutions	$7,801,430
Cash with the Treasurer of Virginia	79,128,940
Collateral held for Securities Lending	2,797,733
Cash equivalents (State Non-Arbitrage Program)	11,793,461
Total cash and cash equivalents	$101,521,564
Restricted cash and cash equivalents:	
Current:	
Cash and cash equivalents (State Non-Arbitrage Program)	$10,036,396
Noncurrent:	
Cash and cash equivalents (State Non-Arbitrage Program)	1,757,065
Total restricted cash and cash equivalents	$11,793,461
Investments:	
Collateral held for Securities Lending (short-term)	$101,261

Securities Lending Transactions

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

NOTE 4: Accounts and Notes Receivable

Accounts receivable consisted of the following at June 30, 2015:

Student tuition and fees	$782,029
Auxiliary enterprises	535,787
Federal, state, and nongovernmental grants and contracts	1,136,651
Other activities	248,283
	2,702,750
Less allowance for doubtful accounts	(440,270)
Net accounts receivable	$2,262,480

Notes receivable consisted of the following at June 30, 2015:

Current:	
Federal student loans	$1,051,881
Institutional student loans	120,751
	1,172,632
Less allowance for doubtful accounts	(220,998)
Net current notes receivable	$951,634
Noncurrent portion:	
Federal student loans	$2,398,640
Institutional student loans	132,987
	2,531,627
Less allowance for doubtful accounts	(445,118)
Net noncurrent notes receivable	$2,086,509

NOTE 5: Capital Assets

A summary of changes in the various capital asset categories for the year ending June 30, 2015 is presented as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Nondepreciable capital assets:				
Land	$11,192,308	$775,348	-	$11,967,656
Construction in progress	52,857,943	61,854,504	33,960,158	80,752,289
Total nondepreciable capital assets	64,050,251	62,629,852	33,960,158	92,719,945
Depreciable capital assets:				
Buildings	266,453,817	33,654,999	21,190	300,087,626
Infrastructure	22,349,228	-	-	22,349,228
Intangibles	8,117,998	45,284	-	8,163,282
Equipment	34,522,305	3,003,770	2,570,319	34,955,756
Other improvements	10,685,689	263,143	-	10,948,832
Library materials	23,035,645	1,834,371	1,016,704	23,853,312
Total depreciable capital assets	365,164,682	38,801,567	3,608,213	400,358,036
Less accumulated depreciation for:				
Buildings	108,972,816	9,666,046	21,190	118,617,672
Infrastructure	20,390,667	314,267	-	20,704,934
Intangibles	3,560,217	563,121	-	4,123,338
Equipment	22,221,872	2,862,805	2,472,172	22,612,505
Other improvements	6,189,613	373,566	-	6,563,179
Library materials	13,581,618	1,602,199	1,016,704	14,167,113
Total accumulated depreciation	174,916,803	15,382,004	3,510,066	186,788,741
Depreciable capital assets, net	190,247,879	23,419,563	98,147	213,569,295
Total capital assets, net	$254,298,130	$86,049,415	$34,058,305	$306,289,240

NOTE 6: Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following at June 30, 2015:

Employee salaries, wages, and fringe benefits payable	$10,619,921
Vendors and suppliers accounts payable	3,572,360
Capital projects accounts and retainage payable	11,498,550
Accrued interest payable	388,689
Total accounts payable and accrued expenses	$26,079,520

NOTE 7: 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, 2015, is summarized as follows:

Notes Payable–Pooled Bonds:	Interest Rates	Final Maturity
Student Fitness Center		
Series 2009B, $3.720 million par amount	2.00% - 5.00%	September 1, 2029
Series 2011A, $4.235 million par amount	3.00% - 5.00%	September 1, 2031
Series 2012B, $11.155 million par amount	3.00% - 5.00%	September 1, 2032
Series 2013A, $4.865 million par amount	2.00% - 5.00%	September 1, 2033

Bonds Payable—9c

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

The composition of bonds payable at June 30, 2015, is summarized as follows:

Bonds Payable–9c:	Interest Rates	Final Maturity
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

Installment Purchase Obligations

The University has future obligations under an installment purchase agreement initiated in January 2009. The capitalized value of the asset purchased under this installment purchase agreement is $114,460 and the repayment term is 10 years at an interest rate of 2.087 percent.

A summary of changes in long-term debt for the year ending June 30, 2015, is presented as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Long-term debt:						
Notes payable–pooled bonds	$24,887,996	$ -	$925,155	$23,962,841	$855,000	$23,107,841
Bonds payable–9c	17,195,280	9,963,156	553,061	26,605,375	815,000	25,790,375
Installment purchase obligations	60,302	-	11,565	48,737	11,807	36,930
Total long-term debt	$42,143,578	$9,963,156	$1,489,781	$50,616,953	$1,681,807	$48,935,146

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

Fiscal Year Ending	Notes Payable Pooled Bonds	Bonds Payable—9c	Installment Purchase
June 30, 2016	$855,000	$815,000	$11,807
June 30, 2017	895,000	870,000	12,055
June 30, 2018	935,000	905,000	12,308
June 30, 2019	980,000	950,000	12,567
June 30, 2020	1,030,000	1,000,000	-
2021–2025	5,935,000	5,785,000	-
2026–2030	7,265,000	7,095,000	-
2031–2035	4,150,000	6,870,000	-
Unamortized Premium	1,917,841	2,315,375	-
Total	$23,962,841	$26,605,375	$48,737

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

Fiscal Year Ending	Notes Payable Pooled Bonds	Bonds Payable—9c	Installment Purchase
June 30, 2016	$890,831	$989,338	$956
June 30, 2017	847,931	934,700	708
June 30, 2018	802,181	894,100	455
June 30, 2019	756,256	848,850	197
June 30, 2020	710,956	801,350	-
2021–2025	2,767,681	3,213,450	-
2026–2030	1,428,778	1,915,412	-
2031–2035	232,927	626,900	-
Total	$8,437,541	$10,224,100	$2,316

NOTE 8: **Other Noncurrent Liabilities**

The University's other noncurrent liabilities consist of accruals for compensated absences and federal loan program contributions refundable to the federal government. A summary of changes in other noncurrent liabilities for the year ending June 30, 2015, is presented as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Other liabilities:						
Accrued compensated absences	$2,772,445	$4,004,739	$4,085,716	$2,691,468	$1,819,277	$872,191
Federal loan program contributions refundable	3,542,305	-	104,151	3,438,154	-	3,438,154
Total other liabilities	$6,314,750	$4,004,739	$4,189,867	$6,129,622	$1,819,277	$4,310,345

NOTE 9: **Auxiliary Activities**

Auxiliary operating revenues and expenses consisted of the following at June 30, 2015:

Revenues	
Room contracts (net of scholarship allowances of $2,390,780)	$11,608,273
Dining service contracts (net of scholarship allowances of $2,294,324)	11,239,952
Comprehensive fee (net of scholarship allowances of $4,938,657)	23,454,801
Other student fees and sales and services	9,424,279
Auxiliary enterprises revenue	$55,727,305

Expenses	
Residential facilities	$9,265,405
Dining operations	15,084,741
Athletics	9,213,050
Other auxiliary activities	14,917,472
Auxiliary activities expense	$48,480,668

NOTE 10: Expenses by Natural Classification

	Compensation and Benefits	Depreciation	Plant and Equipment	Scholarships and Fellowships	Services and Supplies	Utilities	Total
Instruction	$58,575,426	$ -	$1,845,193	$903,536	$3,742,616	$ -	$65,066,771
Research	271,113	-	38,073	-	150,354	-	459,540
Public service	1,744,919	-	47,890	8,440	1,970,210	-	3,771,459
Academic support	8,739,856	-	245,380	3,849	1,243,921	-	10,233,006
Student services	4,497,275	-	88,018	-	1,791,429	-	6,376,722
Institutional support	14,590,805	-	399,727	-	3,811,998	-	18,802,530
Operation and maintenance of plant	5,301,926	-	870,544	-	4,015,235	2,313,815	12,501,520
Depreciation	-	15,382,004	-	-	-	-	15,382,004
Student aid	-	-	-	6,095,227	-	-	6,095,227
Auxiliary activities	13,729,525	-	1,598,748	1,504,304	29,758,156	1,889,935	48,480,668
Total	$107,450,845	$15,382,004	$5,133,573	$8,515,356	$46,483,919	$4,203,750	$187,169,447

NOTE 11: State Appropriations

The University receives state appropriations from the General Fund of the Commonwealth. The Appropriation Act specifies that unexpended General Fund appropriations that remain on the last day of the current year, ending June 30, 2015, shall be reappropriated for expenditure in the first month of the next year, beginning on July 1, 2015, except as may be specifically provided otherwise by the General Assembly. The Governor may, at his discretion, unallot funds from the reappropriated balances that relate to unexpended appropriations. The following is a summary of state appropriations received by the University during the year ended June 30, 2015, including all supplemental appropriations and reversions:

Original legislative appropriation:	
Educational and general (E&G) programs	$46,021,317
Educational and general (E&G) legislative reduction	(1,113,249)
Student financial assistance	8,087,230
Supplemental adjustments:	
Virtual Library of Virginia (VIVA) allocation	11,971
Prior year NGF carryforward	665,335
Virginia Military Survivors and Dependents Education Program	70,970
Two Year College Transfer Grant Program	60,000
Financial assistance for E&G programs	32,740
Central appropriation transfers:	
Health insurance	302,657
Retirement contribution changes	738,216
Other transfers	26,952
Reversion to the General Fund of the Commonwealth	(871)
Adjusted appropriation	$54,903,268

NOTE 12: Capital Appropriations

The Commonwealth has established several programs to provide state-supported institutions of higher education with bond proceeds for financing the acquisition and replacement of instructional and research equipment and facilities. During fiscal year 2015, funding was provided to the University from two programs, 21st Century program and the Equipment Trust Fund, managed by the Virginia College

Building Authority (VCBA). The VCBA issues bonds and uses the proceeds to reimburse the University for expenses incurred in the acquisition of equipment and facilities.

The following is a summary of capital appropriations and gifts recognized by the University for the year ended June 30, 2015.

VCBA 21st Century program	$36,137,827
VCBA Equipment Trust Fund program	1,490,775
Capital donations	423,413
Capital appropriations and gifts	$38,052,015

A portion of the funding for these programs is reported as a receivable due from the Commonwealth at June 30, 2015, which consisted of the following:

VCBA 21st Century program	$8,966,015
VCBA Equipment Trust Fund program	1,231,397
Due from the Commonwealth	$10,197,412

NOTE 13: Commitments

At June 30, 2015, the University was a party to construction contracts totaling approximately $84.7 million of which $77.7 million has been incurred. Remaining commitments totaling $7.0 million represent the unperformed portion of the construction contracts and, as such, have not been accrued as expenses or liabilities on the University's financial statements.

The University is committed under various operating leases for land and buildings. In most cases, the University has renewal options on the leased assets for another similar term, and expects that, in the normal course of business, these leases will be replaced by similar leases. Operating leases do not give rise to property rights or lease obligations and, therefore, the results of the lease agreements are not reflected in the financial statements. A portion of the University's operating leases are lease agreements with the Radford University Foundation, Inc. (the Foundation), a component unit of the University. Rental expense was approximately $2,233,000 for the year ended June 30, 2015 of which $453,000 was paid to the Foundation.

The University has, as of June 30, 2015, the following future minimum rental payments due under operating leases:

Fiscal Year Ending	Future Minimum Lease Payments
June 30, 2016	$617,137
June 30, 2017	305,833
June 30, 2018	93,703
June 30, 2019	18,099
June 30, 2020	3,016
	$1,037,788

NOTE 14: Defined Benefit Plans and Related Pension Obligation

Plan Description

Employees of the University are employees of the Commonwealth. All full-time, salaried permanent employees of the University upon employment have the option to participate in the VRS State Employee Retirement Plan or, if a campus police officer, the Virginia Law Officers' Retirement System (VaLORS) Retirement Plan.

These plans are single-employer plans treated as cost-sharing plans for financial reporting purposes. They are administered by the Virginia Retirement System (VRS, or the System) along with plans for other employer groups in the Commonwealth. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia,* as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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

Retirement Plan Provisions by Plan Structure

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1	**About Plan 2**	**About the Hybrid Retirement Plan**
Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members") • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

Eligible Members

Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

Hybrid Opt-In Election

VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

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

Eligible Members

Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

Hybrid Opt-In Election

Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

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

Eligible Members

Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- State employees*
- Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

***Non-Eligible Members**

Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Members of the Virginia Law Officers' Retirement System (VaLORS)

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

Retirement Contributions

State employees, excluding state elected officials, and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

Retirement Contributions

State employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.

Retirement Contributions

A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	**Creditable Service** Same as Plan 1.	**Creditable Service** **Defined Benefit Component:** Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. **Defined Contribution Component:** Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	**Vesting** Same as Plan 1.	**Vesting** **Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. **Defined Contribution Component:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible

		to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	**Calculating the Benefit** Same as Plan 1.	**Calculating the Benefit** **Defined Benefit Component:** Same as Plan 1. **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

Service Retirement Multiplier **VRS:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. **VaLORS:** The retirement multiplier for VaLORS employees is 1.70% or 2.00%.	**Service Retirement Multiplier** **VRS:** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013. **VaLORS:** The retirement multiplier for VaLORS employees is 2.00%.	**Service Retirement Multiplier** **Defined Benefit Component:** **VRS:** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. **VaLORS:** Not applicable. **Defined Contribution Component:** Not applicable.
Normal Retirement Age **VRS:** Age 65. **VaLORS:** Age 60.	**Normal Retirement Age** **VRS:** Normal Social Security retirement age. **VaLORS:** Same as Plan 1.	**Normal Retirement Age** **Defined Benefit Component:** **VRS:** Same as Plan 2. **VaLORS:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility **VRS:** Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. **VaLORS:** Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	**Earliest Unreduced Retirement Eligibility** **VRS:** Normal Social Security retirement age with at least five years (60 months) of creditable service or when age and service equal 90. **VaLORS:** Same as Plan 1.	**Earliest Unreduced Retirement Eligibility** **Defined Benefit Component:** **VRS:** Normal Social Security retirement age with at least five years (60 months) of creditable service or when age and service equal 90. **VaLORS:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility **VRS:** Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service. **VaLORS:** Age 50 with at least five years of creditable service.	**Earliest Reduced Retirement Eligibility** **VRS:** Age 60 with at least five years (60 months) of creditable service. **VaLORS:** Same as Plan 1.	**Earliest Reduced Retirement Eligibility** **Defined Benefit Component:** **VRS:** Age 60 with at least five years (60 months) of creditable service. **VaLORS:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Cost-of-Living Adjustment (COLA) in Retirement

The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

Eligibility:

For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

Exceptions to COLA Effective Dates:

The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

Cost-of-Living Adjustment (COLA) in Retirement

The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%), for a maximum COLA of 3%.

Eligibility:

Same as Plan 1.

Exceptions to COLA Effective Dates:

Same as Plan 1.

Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component:

Same as Plan 2.

Defined Contribution Component:

Not applicable.

Eligibility:

Same as Plan 1.

Exceptions to COLA Effective Dates:

Same as Plan 1.

Disability Coverage

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased, or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

Disability Coverage

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased, or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

Disability Coverage

State employees (including Plan 1 and Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

Purchase of Prior Service

Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave, or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement, and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

Purchase of Prior Service

Same as Plan 1.

Purchase of Prior Service

Defined Benefit Component:

Same as Plan 1, with the following exceptions:

- Hybrid Retirement Plan members are ineligible for ported service.
- The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.
- Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one year period, the rate for most categories of service will change to actuarial cost.

Defined Contribution Component:

Not applicable.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia,* as amended, but may be impacted as a result of funding provided to state agencies, including the University, by the Virginia General Assembly. Employees are required to contribute 5.0% of their compensation toward their retirement. Prior to July 1, 2012, the 5.0% member contribution was paid by the University. Beginning July 1, 2012 state employees were required to pay the 5.0% member contribution and the employer was required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. The University's contractually required contribution rate for the year ended June 30, 2015 was 12.33% of covered employee compensation for employees in the VRS State Employee Retirement Plan and 17.67% of covered employee compensation for employees in the VaLORS Retirement Plan. These rates were based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the VRS State Employee Retirement Plan was 15.80% and the actuarial rate for VaLORS Retirement Plan was 21.06%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the *Code of Virginia,* as amended, the contributions for the VRS State Employee Retirement Plan were funded at 78.02% of the actuarial rate and the contributions for the VaLORS Retirement Plan were funded at 83.88% of the actuarial rate for the year ended June 30, 2015. Contributions from the University to the VRS State Employee Retirement Plan were $5,064,188 and $3,338,333 for the years ended June 30, 2015 and June 30, 2014, respectively. Contributions from the University to the VaLORS Retirement Plan were $174,586 and $136,412 for the years ended June 30, 2015 and June 30, 2014, respectively.

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

At June 30, 2015, the University reported a liability of $56,267,000 for its proportionate share of the VRS State Employee Retirement Plan net pension liability and a liability of $1,761,000 for its proportionate share of the VaLORS Retirement Plan net pension liability. The University's total pension obligation as reported on the *Statement of Net Position* is $58,028,000 at June 30, 2015. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University's proportion of the net pension liability was based on the University's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the University's proportion of the VRS State Employee Retirement Plan was 1.005% as compared to 0.974% at June 30, 2013. At June 30, 2014, the University's proportion of the VaLORS Retirement Plan was 0.261% as compared to 0.258% at June 30, 2013.

For the year ended June 30, 2015, the University recognized pension expense of $4,294,000 for the VRS State Employee Retirement Plan and $168,000 for the VaLORS Retirement Plan, which had a combined total of $4,462,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2015, the University reported deferred outflows of resources related to the VRS State Employee Retirement Plan and the VaLORS Retirement Plan from the following sources:

Deferred Outflows of Resources	**VRS State Employee Retirement**	**VaLORS Plan**	**Total**
Changes in proportion and differences between employer contributions and proportionate share of contributions	$1,524,000	$20,000	$1,544,000
Employer contributions subsequent to the measurement date	5,064,188	174,586	5,238,774
Total	$6,588,188	$194,586	$6,782,774

At June 30, 2015, the University reported deferred inflows of resources related to the VRS State Employee Retirement Plan and the VaLORS Retirement Plan from the following sources:

Deferred Inflows of Resources	VRS State Employee Retirement	VaLORS Plan	Total
Net difference between projected and actual earnings on pension plan investments	$10,043,000	$182,000	$10,225,000
Total	$10,043,000	$182,000	$10,225,000

A total of $5,238,774 of reported deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	VRS State Employee Retirement	VaLORS Plan	Total
June 30, 2016	$1,982,000	$38,000	$2,020,000
June 30, 2017	1,982,000	38,000	2,020,000
June 30, 2018	2,045,000	42,000	2,087,000
June 30, 2019	2,510,000	44,000	2,554,000
	$8,519,000	$162,000	$8,681,000

Actuarial Assumptions

The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

**Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.*

Mortality rates:

Pre-Retirement:
RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 2 years and females were set back 3 years.

Post-Retirement:
RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with females set back 1 year.

Post-Disablement:
RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of withdrawals for less than 10 years of service
- Decrease in rates of male disability retirement
- Reduce rates of salary increase by 0.25% per year

The total pension liability for the VaLORS Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

**Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.*

Mortality rates:

Pre-Retirement:
RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 5 years and females were set back 3 years.

Post-Retirement:
RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with females set back 1 year.

Post-Disablement:
RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for females under 10 years of service
- Increase in rates of disability
- Decrease service related disability rate from 60% to 50%

Net Pension Liability

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2014, net pension liability amounts for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan are as follows (amounts expressed in thousands):

	VRS State Employee Retirement	**VaLORS Plan**
Total pension liability	$21,766,933	$1,824,577
Plan fiduciary net position	16,168,535	1,150,450
Employers' net pension liability	$5,598,398	$674,127
Plan fiduciary net position as a percentage of total pension liability	74.28%	63.05%

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. equity	19.50%	6.46%	1.26%
Developed non U.S equity	16.50%	6.28%	1.04%
Emerging market equity	6.00%	10.00%	0.60%
Fixed income	15.00%	0.09%	0.01%
Emerging debt	3.00%	3.51%	0.11%
Rate sensitive credit	4.50%	3.51%	0.16%
Non rate sensitive credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public real estate	2.25%	6.12%	0.14%
Private real estate	12.75%	7.10%	0.91%
Private equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
	Inflation		2.50%
	*Expected arithmetic nominal return		8.33%

*Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the University for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
University's proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	$82,425,000	$56,267,000	$34,332,000

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
University's proportionate share of the VaLORS Retirement Plan Net Pension Liability	$2,407,000	$1,761,000	$1,231,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS State Employee Retirement Plan's Fiduciary Net Position or the VaLORS Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2014 *Comprehensive Annual Financial Report* (CAFR). A copy of the 2014 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2015, the University had accrued retirement contributions payable to the pension plan of $207,215 including $197,470 payable to the VRS State Employee Retirement Plan and $9,745 payable to the VaLORS Retirement Plan. The payable is based on retirement contributions earned by University employees through June 30, 2015, but not yet paid to the plan.

NOTE 15: Defined Contribution Plans

Optional Retirement Plans

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

Total employer pension costs under optional retirement plans were approximately $2.7 million for the year ended June 30, 2015 of which $355,218 is reflected as a current liability on the *Statement of Net Position* at June 30, 2015. Contributions to the optional retirement plan were calculated using the base salary amount of approximately $27.6 million for fiscal year 2015.

Deferred Compensation Plan

Employees of the University are employees of the Commonwealth. State employees may participate in the Commonwealth's deferred compensation plan. Participating employees can contribute to the plan each pay period with the Commonwealth matching up to $20 per pay period. The dollar amount of the match may change depending on the funding available in the Commonwealth's budget. The deferred compensation plan is a qualified defined contribution plan under Section 401(a) of the *Internal Revenue Code*. Employer contributions under the deferred compensation plan were approximately $312,000 for fiscal year 2015.

NOTE 16: Postemployment Benefits

The Commonwealth sponsors postemployment benefit programs that are administered by VRS. These programs, a statewide group life insurance program and the Virginia Sickness and Disability Program's long-term care plan, provide postemployment benefits to eligible retired and terminated employees. Health care credits are also provided to offset the monthly health insurance premiums for retirees who have at least 15 years of service. Information related to these plans is available at the statewide level in the Commonwealth's *Comprehensive Annual Financial Report*.

NOTE 17: Grants and Contracts Contingencies

The University received grants for specific purposes that are subject to review and audit by the grantor agencies. Claims against these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditures of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the University. In addition, the University is required to comply with the various federal regulations issued by the Office of Management and Budget. Failure to comply with certain system requirements of these regulations may result in questions concerning the allowance of related direct and indirect charges pursuant to such agreements. As of June 30, 2015, the University estimates that no material liabilities will result from such audits or questions.

NOTE 18: Federal Direct Lending Program

The University participates in the Federal Direct Lending Program. Under this program, the University receives funds from the U.S. Department of Education for Stafford and Parent PLUS Loan Programs and disburses these funds to eligible students. The funds can be applied to outstanding tuition and fee charges or refunded directly to the student. These loan proceeds are treated as student payments with the University acting as a fiduciary agent for the student. Therefore, the receipt of the funds from the federal government is not reflected in the federal government grants and contracts total on the *Statement of Revenues, Expenses, and Changes in Net Position*. The activity is included in the noncapital financing section of the *Statement of Cash Flows*. For the fiscal year ended June 30, 2015, cash provided by the program totaled $55.9 million and cash used by the program totaled $55.6 million.

NOTE 19: Risk Management and Employee Health Care Plans

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

NOTE 20: Component Unit Financial Information

(A) Contributions Receivable

The following summarizes the unconditional promises to give at June 30, 2015:

Current:	
Receivables due in less than one year	$936,567
Less allowance for uncollectible contributions	(27,760)
Net current contributions receivable	$908,807
Noncurrent:	
Receivables due in one to five years	$694,100
Receivables due in more than five years	14,644
Less discount to net present value	(64,353)
Less allowance for uncollectible contributions	(13,830)
Net noncurrent contributions receivable	$630,561
Total contributions receivable	$1,539,368

The discount rate used in 2015 was 5.66 percent. As of June 30, 2015, there were no conditional promises to give.

(B) Notes Receivable

Note receivable due in monthly payments of $542 through May 2022 with interest receivable at 5.50 percent and secured by land and building.

Note receivable, current	$4,529
Note receivable, noncurrent	32,979
Total note receivable	$37,508

(C) Investments

Investments are comprised of the following as of June 30, 2015:

Short-term:	
Cash and cash equivalents	$890,939
Equities	1,192,815
Investment company	49,653,876
Total short-term	$51,737,630
Long-term:	
Cash and cash equivalents	$21,243
Mutual and money market funds	669,479
Investment company	11,102,676
Total long-term	$11,793,398
Total investments	$63,531,028

(D) Capital Assets

A summary of land, buildings, and equipment at cost, less accumulated depreciation, for the year ending June 30, 2015 is presented as follows:

Depreciable capital assets:	
Buildings	$6,469,423
Furniture and equipment	426,982
Vehicles	42,760
Land improvements	500,994
Total depreciable capital assets, at cost	$7,440,159
Less accumulated depreciation	(2,327,140)
Total depreciable capital assets, net of accumulated depreciation	$5,113,019
Nondepreciable capital assets:	
Land	$1,524,351
Construction in progress	7,820
Collections of art	2,068,982
Total nondepreciable capital assets	$3,601,153
Total capital assets, net of accumulated depreciation	$8,714,172

(E) Line of Credit

The following is a summary of the outstanding line of credit at June 30, 2015:

Line of credit agreement renewed March 27, 2015 with a principal amount up to $1,500,000 and interest payable monthly at LIBOR plus 1.61 percent (1.79 percent at June 30, 2015). Outstanding principal is due at maturity on May 30, 2016. The line of credit is secured by real estate and substantially all accounts held by Radford University Foundation, Inc. with the financial institution.	$400,000

(F) Long-Term Debt

The following is a summary of the outstanding notes payable at June 30, 2015:

Note payable in monthly installments of $10,439 through May 2020 with interest payable at LIBOR plus 1.48 percent (1.67 percent at June 30, 2015), outstanding principal due upon maturity, unsecured	$590,695
Note payable in monthly installments of $17,532 through July 2018, with interest payable at 2.01 percent, unsecured	628,968
Total long-term debt	$1,219,663

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

2016	$315,593
2017	321,716
2018	327,906
2019	140,581
2020	113,867
Total long-term debt	$1,219,663

(G) Subsequent Events

The line of credit, which had a balance of $400,000 at June 30, 2015, was paid off July 7, 2015.

On June 16, 2015 the Executive Committee of the Foundation approved the investment of up to $2.5 million in the Harvest Intrexon Limited Partnership to be funded over a three to five year period. On September 2, 2015, the Foundation disbursed $125,000 as part of the first call for this investment.

On September 17, 2013 the Board of Directors of the Foundation agreed to provide a non-interest loan of $300,000 to Radford Child Development (RCD) if certain requirements and conditions were met. On October 23, 2015 the Executive Committee of the Foundation determined that RCD was in compliance with the first set of requirements and conditions and agreed to issue $150,000 to RCD prior to October 31, 2015. The remaining $150,000 is expected to be disbursed by January 1, 2016 upon completion of the remaining requirements and conditions to the satisfaction and approval of the Board of Directors of the Foundation.

Required Supplementary Information

Schedule of Employer's Share of Net Pension Liability
VRS State Employee Retirement Plan
*For the Year Ended June 30, 2015**

	2015
Employer's proportion of the net pension liability	1.005%
Employer's proportionate share of the net pension liability	$56,267,000
Employer's covered-employee payroll	$38,332,872
Employer's proportionate share of the net pension liability as a percentage of covered-employee payroll	146.79%
Plan fiduciary net position as a percentage of the total pension liability	74.28%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

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

Schedule of Employer's Share of Net Pension Liability
VaLORS Retirement Plan
*For the Year Ended June 30, 2015**

	2015
Employer's proportion of the net pension liabilty	0.261%
Employer's proportionate share of the net pension liabilty	$1,761,000
Employer's covered-employee payroll	$918,334
Employer's proportionate share of the net pension liabilty as a percentage of covered-employee payroll	191.76%
Plan fiduciary net position as a percentage of the total pension liability	63.05%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

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

Schedule of Employer Contributions
For the Year Ended June 30, 2015

Plan	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Employer's covered employee payroll	Contributions as a percentage of covered employee payroll
VRS State employee	$ 4,978,145	$ 5,023,564	$ (45,419)	$ 40,612,813	12.37%
VaLORS employee	$ 173,054	$ 173,054	$ -	$ 982,575	17.61%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Changes of benefit terms

There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Changes of assumptions

The following changes in actuarial assumptions were made for the VRS State Employee Retirement Plan effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of withdrawals for less than 10 years of service
- Decrease in rates of male disability retirement
- Reduce rates of salary increase by 0.25% per year

The following changes in actuarial assumptions were made for the VaLORS Retirement Plan effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for females under 10 years of service
- Increase in rates of disability
- Decrease service related disability rate from 60% to 50%

Commonwealth of Virginia

Auditor of Public Accounts

Martha S. Mavredes, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

May 18, 2016

The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable Robert D. Orrock, Sr.
Chairman, Joint Legislative Audit
and Review Commission

Board of Visitors
Radford University

INDEPENDENT AUDITOR'S REPORT

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component unit of Radford University, a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component unit of the University, which is discussed in Notes 1 and 20. Those financial statements were audited by another auditor whose report thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit of the University, is based on the report of the other auditor.

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

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

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

Opinion

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and aggregate discretely presented component unit of Radford University as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Notes 1 and 2 to the financial statements, the University implemented Governmental Accounting Standards Board (GASB) Statements No. 68 and No. 71, related to pension accounting and financial reporting for employers. Our opinion is not modified with respect to this matter.

Correction of 2014 Financial Statements

As discussed in Note 2 of the financial statements, the fiscal year 2014 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 10, the Schedule of Employer's Share of Net Pension Liability on pages 50 through 51, the Schedule of Employer Contributions on page 52, and the Notes to Required Supplementary Information on page 53, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated May 18, 2016, on our consideration of Radford University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the University's internal control over financial reporting and compliance.

Martha S. Mavredes

AUDITOR OF PUBLIC ACCOUNTS

JMR/alh

RADFORD UNIVERSITY

Radford, Virginia

BOARD OF VISITORS
As of June 30, 2015

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ADMINISTRATIVE OFFICERS

Penelope W. Kyle
President

Richard S. Alvarez
Vice President for Finance and Administration

RADFORD UNIVERSITY

INTERCOLLEGIATE ATHLETICS PROGRAMS

FOR THE YEAR ENDED

JUNE 30, 2015

Auditor of Public Accounts
Martha S. Mavredes, CPA
www.apa.virginia.gov
(804) 225-3350

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Commonwealth of Virginia

Auditor of Public Accounts

Martha S. Mavredes, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

January 14, 2016

The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable Robert D. Orrock, Sr.
Vice-Chairman, Joint Legislative Audit
And Review Commission

Penelope W. Kyle
President, Radford University

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the President of **Radford University** solely to assist the University in evaluating whether the accompanying Schedule of Revenues and Expenses of Intercollegiate Athletics Programs of the University is in compliance with National Collegiate Athletic Association (NCAA) Constitution 3.2.4.15, for the year ended June 30, 2015. University management is responsible for the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs (Schedule) and the Schedule's compliance with NCAA requirements. This agreed-upon procedures engagement was conducted in accordance with generally accepted government auditing standards. The sufficiency of the procedures is solely the responsibility of the University. Consequently, we make no representation regarding sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Agreed-Upon Procedures Related to the
Schedule of Revenues and Expenses of Intercollegiate Athletics Programs

Procedures described below were limited to material items. For the purpose of this report, and as defined in the agreed-upon procedures, items are considered material if they exceed one-half of one percent of total revenues or total expenses, as applicable. The procedures that we performed and our findings are as follows:

Internal Controls

1. We reviewed the relationship of internal control over Intercollegiate Athletics Programs to internal control reviewed in connection with our audit of the University's financial statements. In addition, we identified and reviewed those controls unique to Intercollegiate Athletics Programs, which were not reviewed in connection with our audit of the University's financial statements.

2. Intercollegiate Athletics Department management provided a current organizational chart. We also made certain inquiries of management regarding control consciousness, the use of internal audit in the department, competence of personnel, protection of records and equipment, and controls regarding information systems with the information technology department.

3. Intercollegiate Athletics Department management provided us with their procedures for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the University's Intercollegiate Athletics Programs. We tested these procedures as noted below.

Affiliated and Outside Organizations

4. Intercollegiate Athletics Department management identified all intercollegiate athletics-related affiliated and outside organizations and provided us with copies of audited financial statements for each such organization for the reporting period.

5. Intercollegiate Athletics Department management prepared and provided to us a summary of revenues and expenses for or on behalf of the intercollegiate athletics programs by affiliated and outside organizations included in the Schedule.

6. Intercollegiate Athletics Department management provided to us any additional reports regarding internal control matters identified during the audits of affiliated and outside organizations performed by independent public accountants. We were not made aware of any internal control findings.

Schedule of Revenues and Expenses of Intercollegiate Athletics Programs

7. Intercollegiate Athletics Department management provided to us the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs for the year ended June 30, 2015, as prepared by the University and shown in this report. We recalculated the addition of the amounts in the Schedule, traced the amounts on the Schedule to management's worksheets, and agreed the amounts in management's worksheets to the Intercollegiate Athletics Department's accounts in the accounting records. We noted no material differences between the amounts in the Intercollegiate Athletics Department's accounting records and the amounts on the worksheets. We discussed

the nature of work sheet adjustments with management and are satisfied that the adjustments are appropriate. Certain amounts in the Schedule were reclassified to conform with new reporting guidance issued by the NCAA.

8. We compared each major revenue and expense account over ten percent of total revenues or total expenses, respectively, to prior period amounts and budget estimates. No variances exceeded one million dollars or ten percent of prior period amounts or budget estimates.

Revenues

9. Revenue related to ticket sales was deemed immaterial for detailed testing.

10. We obtained an understanding of the institution's methodology for allocating student fees to intercollegiate athletics programs. We compared student fees reported in the Schedule to amounts reported in the accounting records and an expected amount based on fee rates and enrollment. We found these amounts to be substantially in agreement.

11. Intercollegiate Athletics Department management provided us with a listing of settlement reports and game guarantee agreements for away games during the reporting period. We reviewed these settlement reports and guarantee agreements for selected games and agreed selected amounts to proper posting in the accounting records and supporting documentation.

12. Intercollegiate Athletics Department management provided us with a listing of all contributions of moneys, goods or services received directly by the Intercollegiate Athletics Programs from any affiliated or outside organization, agency or group of individuals that constitutes ten percent or more of all contributions received during the reporting period. Except for contributions received from the Radford University Foundation, Inc., an affiliated organization, we noted no individual contribution which constituted more than ten percent of total contributions received for Intercollegiate Athletics Programs. We reviewed contributions from the Foundation, which exceeded ten percent of all contributions, and agreed them to supporting documentation.

13. Intercollegiate Athletics Department management did not initially identify in-kind contributions during the reporting period. While making inquiries regarding operations, we identified an immaterial amount of in-kind revenue, which we agreed to supporting documentation to ensure reasonable valuation of the in-kind contributions reported in the adjusted Schedule.

14. Intercollegiate Athletics Department management provided us with a listing and copies of all agreements related to participation in revenues from tournaments,

conference distributions, and NCAA distributions. We gained an understanding of the terms of the agreements and agreed selected amounts to proper posting in the accounting records and supporting documentation.

15. Intercollegiate Athletics Department management provided us with a listing and copies of all agreements related to participation in revenues from royalties, licensing, advertisements, and sponsorships. We gained an understanding of the terms of the agreements and agreed selected amounts to proper posting in the accounting records and supporting documentation.

16. Other revenue reported in the Schedule was deemed to be immaterial for detailed testing.

Expenses

17. Intercollegiate Athletics Department management provided us a listing of institutional student aid recipients during the reporting period. Because the University used the NCAA Compliance Assistant software to prepare athletic aid detail, we selected 10 percent of individual student-athletes across all sports and agreed amounts from the listing to their award letters. We agreed each student's information to ensure accurate reporting in the NCAA Membership Financial Reporting System. We also ensured that the total aid amount for each sport materially agreed to amounts reported as Financial Aid in the student accounting system.

18. Intercollegiate Athletics Department management provided us with a listing of settlement reports and game guarantee agreements for home games during the reporting period. This amount was deemed to be immaterial for detailed testing.

19. Intercollegiate Athletics Department management provided us with a listing of coaches, support staff, and administrative personnel employed and paid by the University during the reporting period. We selected and tested individuals, including men's and women's basketball coaches, and compared amounts paid during the fiscal year from the payroll accounting system to their contract or other employment agreement document. We found that recorded expenses equaled amounts paid as salary and bonuses and were in agreement with approved contracts or other documentation.

20. Intercollegiate Athletics Department management provided us with a listing of severance payments made during the reporting period. This amount was deemed to be immaterial for detailed testing.

21. We discussed the Intercollegiate Athletics Department's recruiting expense and team travel policies with Intercollegiate Athletics Department management and documented an understanding of those policies. We compared these policies to

existing University and NCAA policies and noted substantial agreement of those policies.

22. We selected a sample of disbursements for equipment, uniforms, and supplies, game expenses, fundraising, marketing, and promotion, spirit groups, direct overhead and administration, medical expenses and medical insurance, and other operating expenses. We compared and agreed the selected operating expenses to adequate supporting documentation. We found all reviewed amounts to be properly approved and reasonable to intercollegiate athletics. After reclassification of certain amounts improperly coded as Sports Equipment, Uniforms, and Supplies to Direct Overhead and Administrative Expenses, these transactions were properly recorded in the Schedule.

23. Debt service payments, lease payments, and rental fees for athletics facilities for the reporting year were deemed to be immaterial for detailed testing.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs or any of the accounts or items referred to above. Accordingly, we do not express such an opinion. Had we performed additional procedures or had we conducted an audit of any financial statements of the Intercollegiate Athletics Department of Radford University in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to the University. This report relates only to the accounts and items specified above and does not extend to the financial statements of Radford University or its Intercollegiate Athletics Department taken as a whole.

This report is intended solely for the information and use of the President and the University and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Martha S. Mavredes

AUDITOR OF PUBLIC ACCOUNTS

EMS/alh

RADFORD UNIVERSITY
SCHEDULE OF REVENUES AND EXPENSES OF INTERCOLLEGIATE ATHLETICS PROGRAMS
For the year ended June 30, 2015

	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Operating revenues:					
Ticket sales	$ 43,914	$ 8,605	$ 776	$ -	$ 53,295
Student fees	-	-	-	11,056,511	11,056,511
Guarantees	260,000	34,000	19,500		313,500
Contributions	23,047	34,218	109,017	28,804	195,086
In-Kind	7,550	-	-	3,903	11,453
NCAA distributions	17,087	750	-	480,242	498,079
Conference distributions (Non Media or Bowl)	-	-	-	83,180	83,180
Royalties, licensing, advertisement and sponsorships	3,658	2,067	30,125	345,257	381,107
Other operating revenue	363	81	4,400	15,981	20,825
Total operating revenues	355,619	79,721	163,818	12,013,878	12,613,036
Operating expenses:					
Athletic student aid	372,686	458,053	2,268,926	3,501	3,103,166
Guarantees	5,500	1,500	1,000	-	8,000
Coaching salaries, benefits, and bonuses paid by the University and related entities	494,119	310,199	1,454,450	-	2,258,768
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities	64,310	53,951	8,703	2,118,621	2,245,585
Severance payments	-	-	921	-	921
Recruiting	83,963	58,884	111,600	-	254,447
Team travel	174,285	92,852	595,120	-	862,257
Sports equipment, uniforms, and supplies	31,838	29,969	265,918	130,523	458,248
Game expenses	49,399	27,803	16,020	47,602	140,824
Fundraising, marketing and promotion	1,848	1,342	4,589	92,851	100,630
Spirit groups	34,062	34,097	-	-	68,159
Athletic facility debt service	-	-	14,364	12,764	27,128
Direct overhead and administrative expenses	1,222	33,719	53,743	871,964	960,648
Indirect cost paid to the institution by athletics	-	-	-	891,818	891,818
Medical expenses and insurance	-	-	569	292,359	292,928
Memberships and dues	3,615	2,195	5,785	33,330	44,925
Other operating expenses	522	1,965	27,869	45,665	76,021
Total operating expenses	1,317,369	1,106,529	4,829,577	4,540,998	11,794,473
Excess (deficiency) of revenues over (under) expenses	$ (961,750)	$ (1,026,808)	$ (4,665,759)	$ 7,472,880	$ 818,563

Other Reporting Items:	
Total athletics-related debt	$ 51,053
Total institutional debt	$ 50,616,953
Value of athletics-dedicated endowments	$ 3,445,582
Value of institutional endowments	$ 52,724,448

The accompanying Notes to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs are an integral part of this Schedule.

RADFORD UNIVERSITY
NOTES TO SCHEDULE OF REVENUES AND EXPENSES OF INTERCOLLEGIATE ATHLETICS PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2015

1. BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenses of Intercollegiate Athletic Programs has been prepared on the accrual basis of accounting. The purpose of the Schedule is to present a summary of current revenues and expenses related to the University's Intercollegiate Athletic Programs for the year ended June 30, 2015. The Schedule includes those intercollegiate athletics revenues and expenses made on behalf of the University's athletic programs by outside organizations not under the accounting control of the University. Because the Schedule presents only a selected portion of the University's activities, it is not intended to and does not present the financial position, changes in financial position or changes in cash flow 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."

2. AFFILIATED ORGANIZATIONS

The Schedule includes transactions of the Radford University Foundation, Inc. made on behalf of the athletics program. The Intercollegiate Athletic Program received $195,086 from the Radford University Foundation, Inc., which are included in revenue as "contributions" in the accompanying schedule.

3. LONG-TERM DEBT

Installment Purchase Obligations

The Intercollegiate Athletic Program has future obligations under installment purchase agreement initiated in January 2009. The book value of the asset purchased under the installment purchase agreement is $114,460 and the repayment term is ten years at an interest rate of 2.087 percent. A summary of the future obligations under these agreements as of June 30, 2015 is as follows:

Fiscal Year Ending	Principal	Interest
June 30, 2016	11,807	956
June 30, 2017	12,055	708
June 30, 2018	12,308	455
June 30, 2019	12,567	197
Total	$48,737	$2,316

4. UNIVERSITY ADMINISTRATIVE FEE

The Commonwealth's Appropriation Act requires that educational and general programs in institutions of higher education recover the full indirect cost of auxiliary enterprise programs. Therefore, the University assesses each auxiliary unit an "administrative fee" to recover institutional educational and general administrative costs. In fiscal year 2015, this charge to the athletics' departments amounted to $891,818 and is included in the "Indirect cost paid to institution by athletics" expense line as Non-Program Specific.

5. 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 University 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 estimated fair market 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 two to 25 years for equipment.

A summary of capital asset balances for the year ending June 30, 2015, follows:

Depreciable capital assets:	
Buildings	$30,298,943
Equipment	1,275,176
Site Improvements	5,183,714
Total depreciable capital assets	36,757,833
Less accumulated depreciation for:	
Buildings	(12,879,861)
Equipment	(582,921)
Site Improvement	(2,803,071)
Total accumulated depreciation	(16,265,853)
Total capital assets for intercollegiate athletics, net of accumulated depreciation	$20,491,980

RADFORD UNIVERSITY

Radford, Virginia

BOARD OF VISITORS
(as of June 30, 2015)

Michael A Wray, Rector

Kevin R. Dye, Vice Rector

Michele N. Schumacher, Secretary

Anthony R. Bedell
Mary Waugh Campbell
Krisha Chachra
Matthew B. Crisp
Callie M. Dalton
Susan Whealler Johnston
Randolph "Randy" J. Marcus
Alethea "A.J." Robinson
Steve A. Robinson
Ruby W. Rogers
Javaid Siddiqi, Ph.D.
Georgia Anne Snyder-Falkinham
Christopher Wade

UNIVERSITY OFFICIALS
(as of January 14, 2016)

Penelope W. Kyle, President

Richard S. Alvarez, Vice President for Finance and Administration

Richard G. Lineburg, Director of Intercollegiate Athletics Programs

LINK TO THE COMMONWEALTH OF VIRGINIA SINGLE AUDIT REPORT FOR THE YEAR ENDED JUNE 30, 2015:

http://www.apa.virginia.gov/reports/CommonwealthOfVirginiaSingleAudit15.pdf

MATERIAL FROM UNIVERSITY AUDITOR

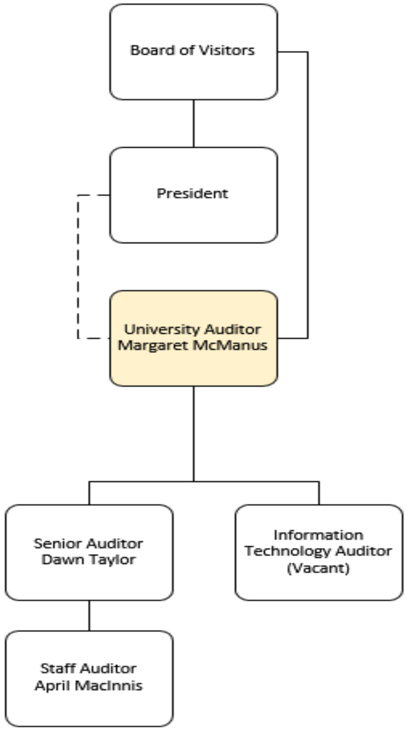
Board of Visitors Orientation

RADFORD UNIVERSITY

July 21, 2016

Audit & Advisory Services

Organizational Structure



Difference between External & Internal Auditors

External Auditors

Auditor of Public Accounts (APA)
"State Auditors"

- Based in Richmond; dual reporting to General Assembly and Joint Legislative Audit & Review Commission (JLARC)
- Perform annual financial statement audit, state-wide audits, NCAA agreed-upon procedures

Internal Auditors

Office of Audit and Advisory Services
"Internal Audit"

- University employees on campus; dual reporting to President and Board of Visitors
- Mission and scope of work defined by Board-approved Charter

Mission

To assist the Board of Visitors, the President, and senior management of Radford University by:

- Independently examining and evaluating operations and ongoing control processes of the university.
- Providing counsel and recommendations for improvement whenever issues are identified.

Our Charter - Approved by the Board of Visitors and defines:

- Mission
- Authority
- Scope of Work
- Responsibility
- Independence and Accountability
- Standards of Audit Practice

Areas of Focus and Priorities

Audits

- Planned audits based on risk assessment
- Annual audit projects

Advisory Services

- Multiple projects as resource for University

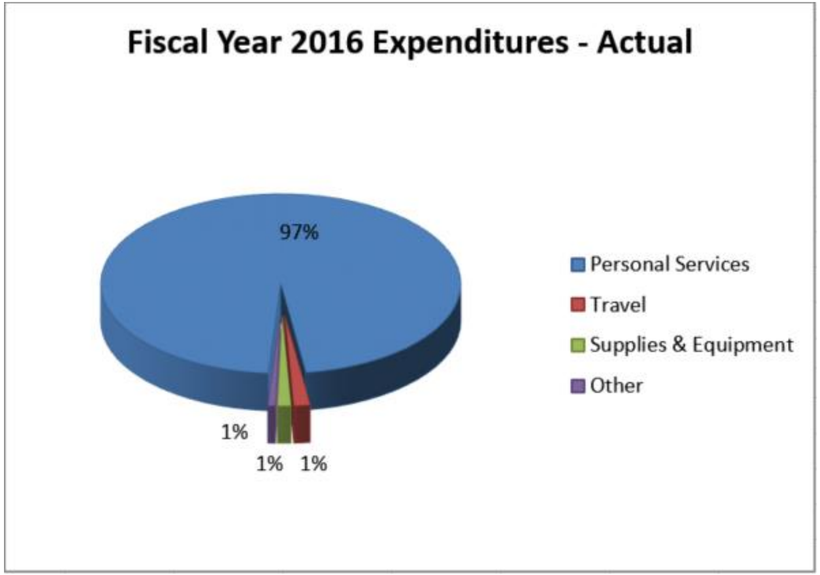
Follow-up on Audit Issues

- Internal
- External

Investigations

- State Fraud, Waste, & Abuse Hotline
- Other investigations

Budget



Fiscal Year 2016 Budget – Actual

Budget Category	Budget Amount	%
Personal Services	$ 419,341	97%
Travel	$ 6,315	1%
Supplies & Equipment	$ 5,237	1%
Other	$ 2,955	1%
Total	$ 433,848	100%

Upcoming Challenges

- Filling Information Technology Auditor position
- Lack of on-site legal counsel

RADFORD UNIVERSITY
OFFICE OF AUDIT AND ADVISORY SERVICES

<u>CHARTER</u>

MISSION

Internal Auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of an organization. The mission of the Office of Audit and Advisory Services is to assist the Board of Visitors, the President, and senior management of Radford University by independently examining and evaluating the operations and ongoing control processes of the university, providing counsel and recommendations for improvement whenever they are identified. In these activities, the Office of Audit and Advisory Services assists the university in meeting its mission, goals, and objectives in an effective and efficient manner. Consequently, the Office of Audit and Advisory Services is an integral part of the overall internal control structure of the university.

SCOPE OF WORK

The scope of work for Audit and Advisory Services is to ascertain that the system of internal control, as designed and represented by management, is adequate and functioning in a manner to provide reasonable assurance regarding the:

- Achievement of the university's objectives;
- Effectiveness and efficiency of operations and programs;
- Reliability and integrity of financial and operational information;
- Safeguarding of assets; and
- Compliance with policies, standards, procedures, contracts, and applicable laws and regulations.

These reviews and evaluations of internal control are advisory in nature. The university's management continues to be responsible for establishing and maintaining an adequate internal control system.

INDEPENDENCE AND ACCOUNTABILITY

To provide the requisite independence, Audit and Advisory Services personnel report to the University Auditor, who is administratively responsible to the President and functionally accountable to the Business Affairs and Audit Committee of the Board of Visitors. Any decision to terminate the University Auditor must be approved by the Business Affairs and Audit Committee.

AUTHORITY

The University Auditor as well as the Audit and Advisory Services staff are authorized to:

- Have unrestricted access to all functions, records, property, and personnel.
- Have full and free access to the President and/or the Business Affairs and Audit Committee.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel in units of the university where they perform audits, as well as other specialized services from within or outside the university.

The University Auditor as well as the Audit and Advisory Services staff are not authorized to:

- Perform any operational duties for the university or its affiliates.

- Initiate or approve accounting transactions external to the Office of Audit and Advisory Services.

- Direct the activities of any university employee not employed by Audit and Advisory Services, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the audit team.

- Develop or write policies or procedures that they may later be called upon to evaluate. Draft materials developed by management may be reviewed for propriety and/or completeness; however, ownership of, and responsibility for these materials remains with management.

RESPONSIBILITY

The University Auditor as well as the Audit and Advisory Services Staff have responsibility to:

- Develop an annual audit plan based on relative risk and submit that plan to management and the Business Affairs and Audit Committee for review and approval.

- Implement the annual audit plan, as approved, including any special tasks or projects assigned by management and the Business Affairs and Audit Committee.

- Maintain a professional audit staff with sufficient knowledge, skills, and experience to meet the requirements of this *Charter*.

- Evaluate and assess significant merging/consolidating functions and new or changing systems, services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.

- Perform special studies, reviews, or investigations requested by management.

- Perform consulting and advisory services related to governance, risk management, internal controls, or other areas of interest and concern

- Report to appropriate levels of management significant issues related to the processes for controlling the activities of the university, including potential improvements to those processes.

- Correspond and follow up with management to ensure that corrective action is taken on findings and recommendations in the operations reviewed.

- Assist in the investigation of significant suspected fraudulent activities within the university and notify management and the Business Affairs and Audit Committee of the results.

- Consider the scope of work of the external auditors, as appropriate, for the purpose of providing optimal audit coverage to the university at a reasonable overall cost.

- Periodically provide to the Business Affairs and Audit Committee information on the status and results of the annual audit plan, the results of activities and operations reviewed, and the sufficiency of office resources. Reports from “special request” audits may have more limited distribution.

STANDARDS OF AUDIT PRACTICE

The Office of Audit and Advisory Services will adhere to the Institute of Internal Auditors mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing in the performance of its activities. Each member of the office is expected to consistently demonstrate high standards of conduct and ethics as well as appropriate judgment, independence and discretion. Members maintain a professional image and protect auditee confidences and confidential information.

Adopted by the Board of Visitors on September 19, 2014.

RADFORD UNIVERSITY
OFFICE OF AUDIT AND ADVISORY SERVICES
Fiscal Year 2016 Activity Report

Projects During Past Year

AUDITS & INVESTIGATIONS - Completed
Small Purchase Charge Card - Point of Sale Transactions
State Hotline Investigations (four cases)

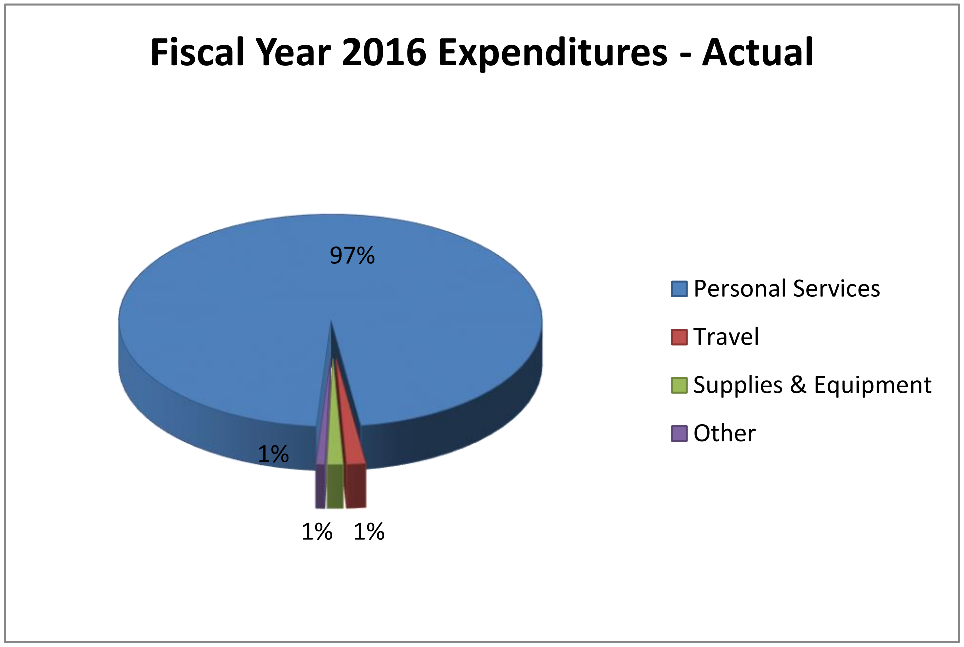
AUDITS & INVESTIGATIONS - In Process
Contract Audit - Student Health and Counseling Services
Information Technology Audit - PeopleAdmin
Information Technology Audit - Building Automation System
Revenue Collection Point Audit - Graduate Admissions
Departmental Audit - School of Teacher Education and Leadership
Other Investigations (two cases)

ANNUAL AUDIT PROJECTS - Completed
Cash Counts (14 funds)
Inventory - June 30, 2015
Payroll Reviews (4 quarters)
University Discretionary Fund Reviews (4 quarters)
Follow-up on Internal Audit Report Issues
Follow-up on Auditor of Public Accounts (APA) Comments

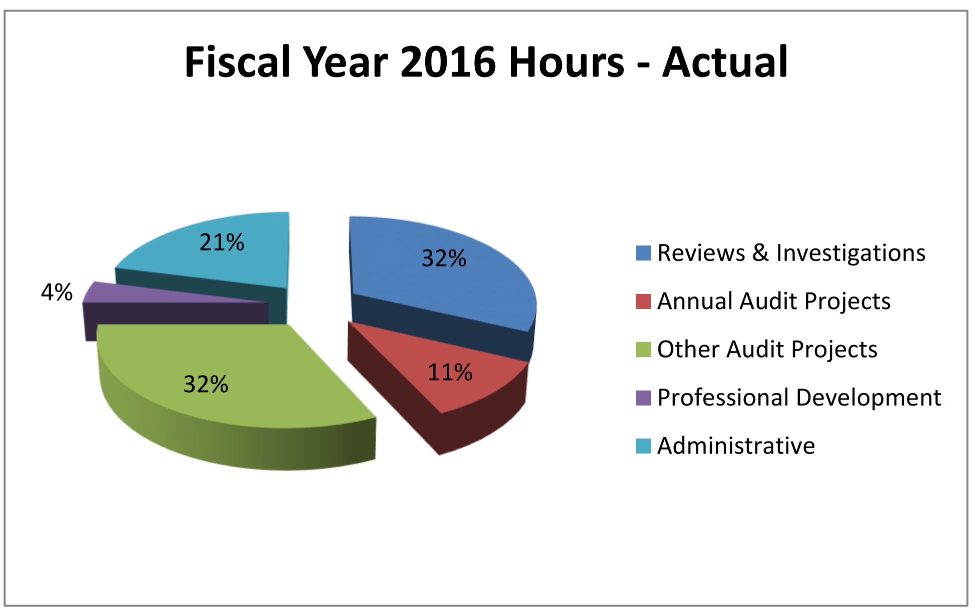
OTHER AUDIT PROJECTS - Completed
Indirect Audit Activities
Coordination of APA Audit
Approximately 115 University & Management Support Projects

RADFORD UNIVERSITY

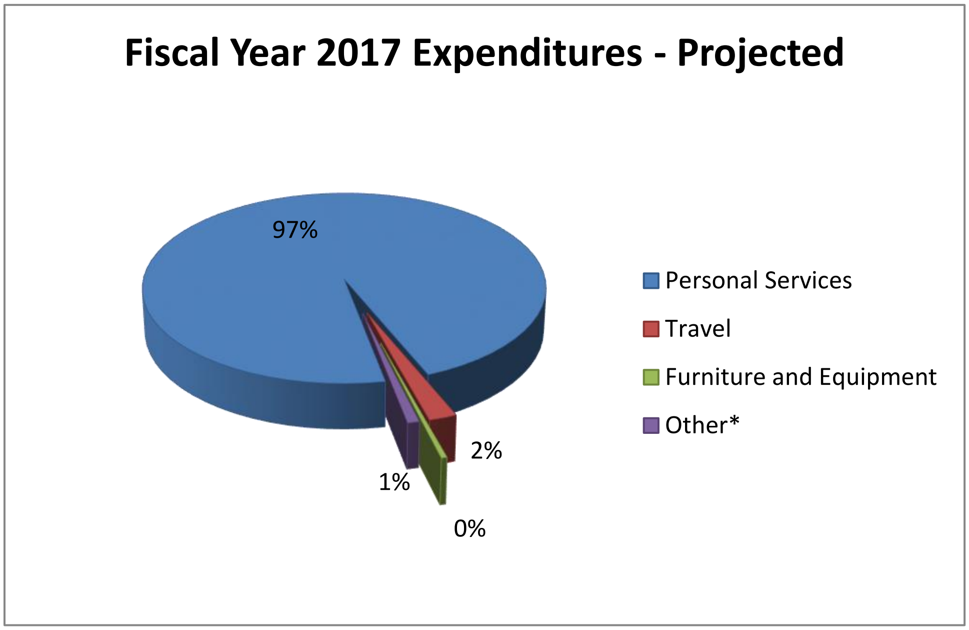
OFFICE OF AUDIT AND ADVISORY SERVICES



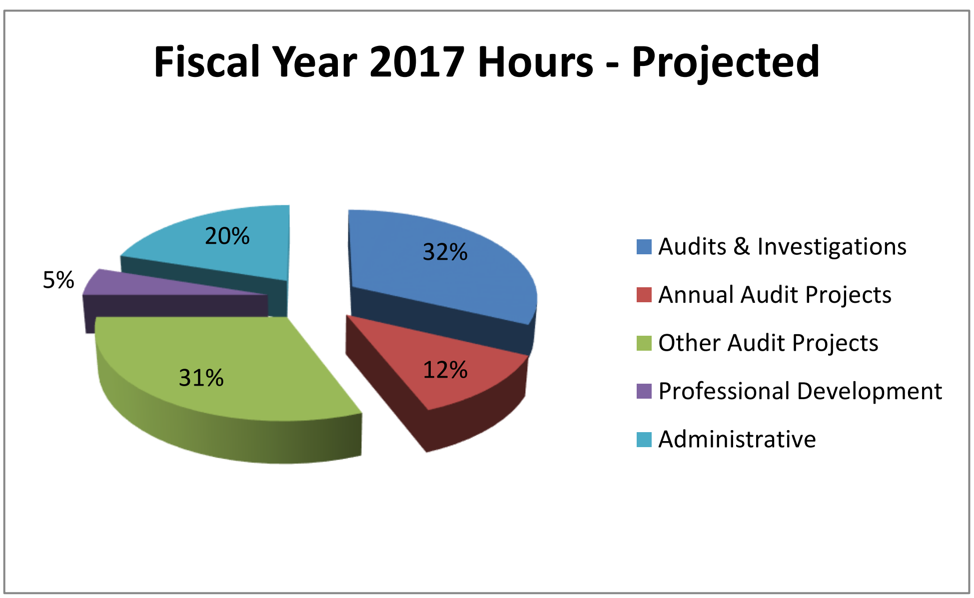
* Includes expenditures for contractual services, printing/postage/copier, telecommunications, and supplies & materials.



RADFORD UNIVERSITY
OFFICE OF AUDIT AND ADVISORY SERVICES



* Includes expenditures for contractual services, printing/postage/copier, telecommunications, and supplies & materials.



RADFORD UNIVERSITY
OFFICE OF AUDIT AND ADVISORY SERVICES
BALANCED SCORECARD
Fiscal Year 2016

#	Measurement Goal/Criteria	Goal	Results
	Personnel		
1.	Maintain acceptable percentage of staff members with professional certifications or advanced degrees.	Between 75%-100%	75%
2.	Each staff member obtains an acceptable number of professional continuing education hours per calendar year.	Between 40-60 hours	54 hours
	Productivity		
3.	Maintain an acceptable "administrative time" utilization ratio, based on hours worked.	25% or less	21%
	Reporting		
4.	Provide the Business Affairs and Audit Committee with periodic status updates.	Between 3-4 times/year	4 times
5.	Maintain an average acceptable turnaround rate for distributing the draft report to management for signature (i.e. time between audit exit conference and distribution of draft report for signature).	10 business days	1 business day
	Quality and Effectiveness		
6.	Maintain satisfactory results ("good" or 'excellent") on audit project customer satisfaction surveys.	Between 80%-100%	100%
7.	Maintain an acceptable percentage of business issues accepted by management.	Between 90%-100%	100%

RADFORD UNIVERSITY
OFFICE OF AUDIT AND ADVISORY SERVICES
Fiscal Year 2017 Audit Plan

AUDITS & INVESTIGATIONS

Projects from Prior Year In Progress
- Contract Audit - Student Health and Counseling Services
- Information Technology Audit - PeopleAdmin
- Information Technology Audit - Building Automation System
- Revenue Collection Point Audit - Graduate Admissions
- Departmental Audit - School of Teacher Education and Leadership

Departmental Audit
Revenue Collection Point Audit

State Hotline Investigations

Other Investigations

ANNUAL AUDIT PROJECTS

Cash Counts
Inventory
Payroll Reviews
Fixed Asset Verifications
University Discretionary Fund Reviews
Follow-up on Internal Audit Report Issues
Follow-up on Auditor of Public Accounts (APA) Comments

OTHER AUDIT PROJECTS

Indirect Audit Activities
APA Audit Coordination
University & Management Support Projects

RADFORD UNIVERSITY
OFFICE OF AUDIT AND ADVISORY SERVICES
FOLLOW-UP AUDIT STATUS REPORT
BUSINESS AFFAIRS AND AUDIT COMMITTEE
SEPTEMBER 2016

Audit: **IT – Account Management – Active Directory**				
	Business Issue	Planned Action	Action Date	Status
3.2 (a)	Temporary accounts, such as courtesy accounts, are not set to automatically expire after a predetermined period, beyond which access to these accounts is not needed. In addition, temporary access is established without an approval from the System Owner. **(A)**	DoIT will implement an Identity Management system with the capability of creating temporary and guest accounts with automatic expiration at a documented date.	August 1, 2014 Revised to November 1, 2014 Revised to July 1, 2015 Revised to August 31, 2015 Revised to January 15, 2016 Revised to April 29, 2016	Complete
4.2 (b)	As required by the RU IT Security Standard, it appears that system administrators have both an administrative account and at least one regular user account. However, because of the current set-up of the global groups, it appears that administrators do not have to use their administrator accounts to perform administrative tasks. Specifically, we found that five out of eight administrative global groups tested contained regular user accounts. Therefore, those regular accounts had administrative privileges. Furthermore, out of those five groups, four of them contained both an administrative account and a regular account for the same user.	As part of the Identity and Access Management project, DoIT will conduct a more extensive review and cleanup of all global groups in non-sensitive systems.	August 1, 2014 Revised to December 1, 2014 Revised to July 1, 2015 Revised to December 1, 2015 Revised to June 30, 2016 Revised to March 31, 2017	In Process

RADFORD UNIVERSITY
OFFICE OF AUDIT AND ADVISORY SERVICES
FOLLOW-UP AUDIT STATUS REPORT
BUSINESS AFFAIRS AND AUDIT COMMITTEE
SEPTEMBER 2016
DRAFT

Audit: **IT – Micros**				
	Business Issue	Planned Action	Action Date	Status
6.0	During our review of ID card access to data centers, we noted that there is a lack of a formal policy and procedure to govern the process and to guide those granting access to buildings. The lack of a formal policy and procedure results in inconsistency in approving and granting access.	The Division of Finance and Administration will establish a formal University Door Access policy, to address access via ID card and via key.	June 15, 2016 Revised to January 31, 2017	In Process

Audit: **Small Purchase Charge Card – Point of Sale Transactions**				
	Business Issue	Planned Action	Action Date	Status
1.4	We noted certain SPCC purchasing practices that were allowed even though those practices were inconsistent with the University's policies and procedures. Specifically, the University's Food and Beverage Policy requires a Business Meal Certification Form to be completed for purchases that fall in the Official Business Function category. We noted two instances where snack/refreshment items were identified as being purchased for Official Business Functions, but the form was not required to be submitted.	The Controller's Office will review the Food and Beverage Policy and update it to clarify how snacks and refreshments should be procured and what documentation is required.	November 30, 2015 Revised to March 1, 2016 Revised to May 31, 2016	Complete

Audit: **Auditor of Public Accounts – FY 2015**				
	Business Issue	Planned Action	Action Date	Status
1.0	The University did not properly report enrollment changes to the U.S. Department of Education using the National Student Loan Data System (NSLDS). For 15 out of 40 (38%) students, the University did not report the students to NSLDS within 30 days of the institution's determination of their status change. The University did not report the students timely, because the Registrar's staff was unaware of this requirement.	To ensure that the University notifies the NSLDS promptly when students graduate and complies with the Code of Federal Regulations, the Registrar's Office has implemented new departmental procedures. The new departmental procedures outline the notification process, the timeline in which it will be	September 30, 2016	Complete

Audit: **Auditor of Public Accounts – FY 2015**				
	Business Issue	Planned Action	Action Date	Status
	In accordance with the Code of Federal Regulations, Title 34 CFR §685.309(b)(2), unless the University expects to submit its next student status confirmation reporting within 60 days, the University must notify the U.S. Department of Education within 30 days of an enrollment change. Additionally, the NSLDS Enrollment Reporting Guide, published by the U.S. Department of Education, identifies specific parameters, which institutions must meet to achieve compliance with these reporting regulations.	performed, and the responsible parties.		
4.0	The University did not provide notifications to students awarded aid of Federal Direct Loan awards over weekends. The Student Accounts Office is required to provide written notification to students, which include important details on the rights, options, and requirements of the student loan. The Student Accounts Office was not aware that the Financial Aid Office awarded students over the weekends. Consequently, the Student Accounts Office did not provide the notifications to these students. Code of Federal Regulations, Title 34 CFR §668.165(a), requires institutions, prior to disbursing Title IV funds for any award year, to properly notify a student receiving direct loans, in writing, of the date and amount of the disbursement, the student's right to cancel all or a portion of a loan or loan disbursement, and the procedure and time by which the student must notify the institution that he or she wishes to cancel the loan.	The Student Accounts Office modified and implemented desk procedures to ensure all students are properly notified, regardless of when the aid is awarded.	September 30, 2016	Complete

(A) This issue was also common to the IT Account Management audit of Cognos, but it is only listed once on this report for conciseness.

RADFORD UNIVERSITY – OFFICE OF AUDIT & ADVISORY SERVICES
CONTRACT AUDIT – STUDENT HEALTH AND COUNSELING SERVICES
June 21, 2016

BACKGROUND

Radford University contracts with Carilion Health Care Corporation (Contractor) to provide student health and counseling services. The Contractor operates Student Health Services and Student Counseling Services, both on the University's campus. The services provided include, but are not limited to, general health services, women's health services, nursing services (injections and immunizations), in-house lab, clinic hours, toll-free nursing advice after hours and weekends, short-term mental health services, counseling, consultations, referral services, crisis services, and health education.

For fiscal year 2015, the University paid the Contractor approximately $1.7 million on this contract.

SCOPE AND OBJECTIVES

The scope of this audit was limited to evaluating the terms of the contract pertaining to the provision of student health and counseling services to the University. The audit did not evaluate the Contractor's compliance with federal, state, or local laws. The audit also did not evaluate the effectiveness or efficiency of the Contractor's operations. The objective of this audit was to determine whether the Contractor was in compliance with the terms of the contract.

This review was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

CONCLUSION

The Contractor appears to be generally in compliance with the terms of the contract. However, improvements are needed regarding compliance with certain contract terms.

BUSINESS ISSUES

The following issues were identified in this audit. Pages 2-4 contain information on planned actions and action dates and, accordingly, those pages are an integral part of this report.

1. The Contractor does not appear to be in compliance with the contract requirement regarding student health record forms with immunization history.
2. The contract language regarding the required health histories and immunizations does not conform to the Code of Virginia requirement.
3. The contract language regarding what law controls the student health records does not conform to the joint guidance issued by the U.S. Department of Education and the U.S. Department of Health and Human Services.
4. The staffing level provided by the Contractor does not agree to the terms of the contract.
5. The Contractor is not providing the Measles, Mumps, and Rubella (MMR) immunization as required in the contract.
6. Improvements are needed in the administration of the nurse advice line.
7. Contract modifications are needed to clarify the authority and provisions related to class registration holds.
8. The Contractor is not obtaining input from non-client students regarding staffing and services, as the contract requires.
9. Inconsistencies were noted in the contract language and billing practices for services the University provides to the Contractor.

BUSINESS ISSUE	PLANNED ACTION	ACTION DATE
1. The contract states that the Contractor shall ensure “that 95 percent of all entering students” have submitted a health record form with immunization history.	1.	
a. It appears that the Contractor is not complying with this requirement; the data provided by the Contractor indicated compliance rates of 88% and 73% for Fall 2014 and Spring 2015, respectively. However, we were unable to determine an accurate compliance rate due to the Contractor’s uncertainty regarding what categories of students are required to comply. For example, it appeared that the population used by the Contractor was understated; it seemed to include only freshman, not “all entering students”.	a. The University will modify the contract so that it is clear what categories of students are subject to the requirement.	12/1/2016
b. It appears that the University was not monitoring compliance with this requirement prior to our audit. Upon our inquiry, the University obtained the data from the Contractor.	b. The University will ensure that the Contractor identifies all currently enrolled students who have not complied with the requirement, gives them appropriate notice, and then blocks class registration as needed.	4/1/2017
	c. The University will monitor compliance with the requirement at least semi-annually.	4/1/2017
2. The language in the contract regarding required health histories and immunizations does not conform to <u>Code of Virginia §23-7.5 Health histories required; immunizations</u>. Specifically, the contract contains two references that indicate that the Contractor is responsible for ensuring “that 95 percent of all entering students” have submitted a health record form with immunization history.” However, the Code of Virginia requirement uses the language of “No full time student…” and does not mention a percentage that would be acceptable. Also, the Code of Virginia specifies immunization requirements for certain diseases, but those requirements are not referenced in the contract.	2. The University will modify the contract so that the language regarding required health histories and immunizations conforms to the Code of Virginia requirement.	12/1/2016

BUSINESS ISSUE	PLANNED ACTION	ACTION DATE
3. The language in the contract indicates that student health records will be controlled by the Health Insurance Portability and Accountability Act of 1996 (HIPAA). However, this does not conform to joint guidance issued by the U.S. Department of Education and the U.S. Department of Health and Human Services, which indicates those records would be controlled by the Family Educational Rights and Privacy Act (FERPA).	3. The University will obtain legal guidance on this issue and update the contract language accordingly.	7/1/2017
4. The staffing level provided by the Contractor does not agree to the terms of the contract. Per our comparison of the contract requirements to actual staffing as reported by the Contractor, there were discrepancies in three positions in Student Health Services (SHS) and in two positions in Student Counseling Services (SCS).	4. The University will modify the contract to specify the positions that are required, the number of providers for each position, and to define the number of hours required to be worked during the academic year and during the summer months.	12/1/2016
5. The contract states that the Contractor will provide the Measles, Mumps, Rubella (MMR) immunization at SHS. The Contractor does not currently provide this immunization. Instead, if a student requests this immunization, the Contractor refers the student to the local health department, the student's physician, or a local provider.	5. The University will ensure that the Contractor will provide the MMR immunization to students upon request.	Complete
6. The Contractor provides a toll free nurse advice line for after hours and weekends. Improvements are needed in the administration of the nurse advice line. Specifically,	6.	
a. The contract states that the Contractor reviews the nurse advice line daily and follows up, as needed. However, the Contractor does not follow up with students who have never been seen in the Student Health Center.	a. The University will obtain legal guidance on this issue and update the contract language accordingly.	7/1/2017
b. In our sample of eleven calls, two of them (18%) had no documentation that the calls were reviewed for potential follow-up.	b. The University will modify the contract to require the Contractor to review the nurse advice line call report each morning, follow up as needed, document the action taken, and maintain documentation of the review.	7/1/2017

BUSINESS ISSUE	PLANNED ACTION	ACTION DATE
c. The nurse advice line telephone number is not posted in the Student Health Center, as required by the contract.	c. The University will ensure that the nurse advice line number will be posted inside the center, on the exterior door.	Complete
7. Improvements are needed in the contract to clarify the authority and provisions related to class registration holds. Specifically, a. The contract requires special provisions to be made during school breaks to receive calls related to the release of holds placed on class registration due to the student owing amounts to the Contractor for prior services rendered. However, the contract does not explicitly give the Contractor the authority to place those holds, although this is the current practice. b. Although the contract gives the Contractor the authority to place holds on class registration for non-compliance with health record and immunization requirements, the contract does not require special provisions to be made during school breaks to receive calls related to the release of those holds.	7. a. The University has determined that the current practice of the Contractor placing class registration holds due to the student owing amounts to the Contractor is not appropriate. The University will revise the contract to reflect that. b. The University will modify the contract to add language regarding required administrative coverage during semester breaks or when the University is closed in order to receive health forms and to release class registration holds.	 12/1/2016 12/1/2016
8. The Contractor is not obtaining input from non-client students regarding staffing and services, as the contract requires.	8. The University will modify the contract to require the Contractor to conduct surveys of non-client students at the request of the Contract Administrator.	12/1/2016
9. The University provides utilities and other services to the Contractor. There are three references in the contract addressing these services along with the costs for which the Contractor is responsible. There are inconsistencies between the three references as well as inconsistencies between the references and the University's billing practices.	9. The University will determine what services are to be provided to the Contractor and for which ones the Contractor will bear the cost. The University will modify the contract language accordingly and ensure that the billing practices are consistent with that language.	7/1/2017

RADFORD UNIVERSITY – OFFICE OF AUDIT & ADVISORY SERVICES
Information Technology Audit – PeopleAdmin
June 30, 2016

BACKGROUND

The Department of Human Resources (HR) at Radford University (University) implemented the PeopleAdmin system in 2009 to automate some previously paper-driven aspects of talent management. The system, a web-based solution for education and government, is hosted in the cloud infrastructure by PeopleAdmin, Inc. (vendor). The University uses PeopleAdmin for some classes of employees for the following: i) Recruitment and hiring, ii) Position Management, and iii) Performance Management. The system ownership and data ownership of the PeopleAdmin system is the responsibility of HR. The system administration is the responsibility of the vendor, but the application administration of managing approximately 940 user accounts is the responsibility of HR.

SCOPE AND OBJECTIVES

Based on criteria defined in the Radford University Data and System Classifications Standard 5102s, management has classified PeopleAdmin as a sensitive system because it is imperative that (1) unauthorized access does not occur, (2) unauthorized alterations to the system or data do not occur, and (3) the system be made available for business purposes. All sensitive systems must comply with the Radford University Information Technology Security Standard 5003s-01 (Standard).

The scope of this audit was limited to the PeopleAdmin system and the contract between the university and the vendor. The objective of this audit was to determine whether:

1. Controls are designed, implemented and operating effectively in each of the nine University Information Security Program components – Risk Management, IT Contingency Planning, IT Systems Security, Logical Access Controls, Data Protection, Facilities Security, Personnel Security, Threat Management, and IT Asset Management. The audit procedures were based on requirements outlined in the Standard; however, only key controls were reviewed.
2. Established controls align with information technology best practices regarding arrangements with application service providers.
3. Appropriate contract terms and conditions are in place to govern the relationship between the University and the application service provider (PeopleAdmin).

This review was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

CONCLUSION

Controls are implemented and working as designed. However, improvements are needed to ensure compliance with the Radford University Information Technology Security Standard 5003s-01.

BUSINESS ISSUES

The following issues were identified in this audit. Pages 2-6 contain information on planned actions and action dates and, accordingly, those pages are an integral part of this report.

1. Improvements are needed in the contract between Radford University and PeopleAdmin.
2. Improvements are needed in the management of user accounts.
3. The session timeout implemented for PeopleAdmin is not in compliance with the Standard.
4. The access granted for a number of PeopleAdmin users was not in accordance with the principle of least privilege.
5. The account request form needs modification, and the processing of the form needs improvement.
6. The Recovery Time Objective and the Recovery Point Objective indicate longer timeframes than what would be consistent with the availability criteria for a sensitive system.
7. The position description for the System Owner and Data Owner does not include required job responsibilities for those roles.

<table>
<tr><th>BUSINESS ISSUE</th><th>PLANNED ACTION</th><th>ACTION DATE</th></tr>
<tr><td>1. Improvements are needed in the contract between the University and PeopleAdmin. Specifically,

1.) During the audit, we were unable to perform certain audit procedures due to the lack of the following:
A. An independent auditor’s report on controls at PeopleAdmin relevant to security, availability and confidentiality. Therefore, we could not perform audit procedures related to certain information technology controls at the third-party cloud infrastructure utilized by PeopleAdmin for hosting the system.
B. A “right to audit” clause in the contract. Therefore, we were unable to require PeopleAdmin to provide certain information (including the independent auditor’s report noted above) that was needed to perform the audit procedures.

2.) Our review of the contract indicated that certain applicable provisions associated with industry best practices such as COBIT 5 Framework for Controls and Assurance in the Cloud (COBIT) and Cloud Security Alliance’s Cloud Controls Matrix (CCM) were not documented in the contract. Specific provisions that are not present in the contract were communicated to management.

The Standard and IT industry best practices specify the minimum standards that a service provider must meet to ensure that it is handling sensitive data in a secure manner. When these are not incorporated into a contract and required to be implemented by service providers and/or any sub-service organizations, the University’s information security posture could be weakened and its data placed at risk of unauthorized disclosure.</td><td>1.

1.)
A. HR will ensure that an independent report on controls at PeopleAdmin and/or any sub-service providers is obtained. (e.g. Service Organization Controls (SOC2) type II audit report).
i. To ensure that the University is able to obtain such reports, the contract with PeopleAdmin will be modified to require PeopleAdmin to provide such reports upon request.
ii. The Division of Information Technology (DoIT), working with Financial Services and Procurement and Contracts, will develop procedures for annual review and attestation of third-party hosted systems, including PeopleAdmin.

B. To enable the University’s management and auditors to have access to needed information, the contract with PeopleAdmin will be modified to include a “right-to-audit” clause.

2.) HR, in conjunction with Procurement and Contracts, will perform an evaluation comparing the services, pricing, etc. of the University’s PeopleAdmin contract with the Virginia Information Technologies Agency (VITA)’s PeopleAdmin contract. Based on the evaluation, if it is determined to</td><td>

July 1, 2017

March 31, 2017

Complete

March 31, 2017

March 31, 2017</td></tr>
</table>

BUSINESS ISSUE	PLANNED ACTION	ACTION DATE
	remain with the current PeopleAdmin contract, contract modifications will be made to incorporate IT best practices related to application service providers.	
2. Improvements are needed in the management of PeopleAdmin user accounts. Specifically,	2.	
1.) Our testing of 940 active user accounts identified 21 accounts belonging to users who are no longer employed at the University.	1.) HR removed accounts for those users that were identified in the audit.	Complete
2.) The Standard requires that the System Owner and the Data Owner must review all user accounts annually for the user's continued need to access sensitive IT systems. However, a review of PeopleAdmin user accounts has not occurred because procedures have not been established for such a review.	2.) HR will identify, document and implement an annual process of recertifying user accounts, followed by a review by the System Owner and Data Owner.	September 30, 2017
3. To comply with the Standard, session timeouts for sensitive systems must be implemented after a period of no longer than 2 hours of inactivity. However, our review of the PeopleAdmin system indicated that sessions expire only after 10 hours of inactivity. The current session timeout setting increases the risk of unauthorized activity from an unattended interactive session.	3. HR will work with PeopleAdmin to update the timeout setting to 2 hours of inactivity.	Complete
4. The Standard requires user access to be granted based on the principle of least privilege. However, our testing found access that was not in accordance with that principle. Specifically,	4.	
Out of the 34 user accounts tested, 14 (41%) had access which did not conform to the principle of least privilege. See details below.	1.) HR modified access for those 14 user accounts identified in the audit.	Complete
• Two (6%) users' access in PeopleAdmin includes both Evaluating Supervisor and Evaluation Reviewer user types. However, those users do not serve in a supervisory capacity over another employee whose performance is evaluated in PeopleAdmin.	2.) HR will implement a process to review all remaining users (who have access in addition to the "Employee" user type) to determine if there are other users whose access does not conform to	Complete

BUSINESS ISSUE	PLANNED ACTION	ACTION DATE
Therefore, Evaluating Supervisor and Evaluation Reviewer access is not needed for these users. • Four (12%) users were granted access to all organization codes (ORGS) so that Budget or Sponsored Programs approval could be entered for all ORGS. However, such broad access is not needed to be able to enter those approvals. Instead, the user types of “Budget” or “Sponsored Programs”, as applicable, could be given to those users, which would enable them to enter the respective approvals. • Four (12%) other users were granted access to specific ORGS which were not needed to perform their job duties. One (3%) of these users also had the Evaluating Supervisor user type, which was not needed because the user no longer supervises another employee. • Three (9%) other users’ access in PeopleAdmin includes the Evaluation Reviewer user type, which is not needed because those users do not serve as evaluation reviewers for other employees. • One (3%) user was assigned the user types of Budget, Evaluating Supervisor, and Evaluation Reviewer, none of which are needed to perform the user’s job duties. Granting users access which is not based on the principle of least privilege allows for access beyond the minimum necessary to perform normal job duties and puts information at higher risk.	the principle of least privilege and make necessary changes. This process will be completed in phases, with the first phase being a review of users that have been granted access to all ORGs, “Budget”, “Sponsored Programs”, or “Human Resources” user types.	
5. In accordance with the Standard, account request forms are utilized for requesting and approving user accounts in PeopleAdmin. However, improvements are needed. Specifically,	5.	
1.) The account request form needs to include places to indicate whether the request is for a new account or for modifying an existing account, and to provide the business rationale for the requested access.	1.) HR modified the account request form to provide space to indicate if the form is for a new account or an existing account, and space for business rationale for the request.	Complete
2.) Our testing indicated that improvements are also needed in the process of requesting and granting access. In our sample of 35 user account request forms, we found 19 (54%)	2.) As an ongoing effort, HR will follow procedures to ensure that account request forms are approved properly and maintained	Complete

BUSINESS ISSUE	PLANNED ACTION	ACTION DATE
exceptions. See details below. • One (3%) user's access request form was not approved by the supervisor. • Four (11%) other users were granted access to PeopleAdmin without an account request form. All four are part of the HR department. • Three (9%) other users' account request forms could not be located for testing. • Nine (26%) other users' organization code (ORG) access granted in PeopleAdmin did not match what was requested on the form. Also, one (3%) of these users' user type granted in the system did not match the requested user type on the form. Another one (3%) of these users' account request from was not approved by the Vice President, as required by the form. • Two (6%) other users' account request forms were not approved by the Vice President, as required by the form.	for future reference, and that access granted in the system matches the requested/approved access. To demonstrate this effort, HR will obtain new account request forms for the users identified in the audit, ensure that the forms are completed properly, and ensure that the access granted matches the form.	
6. The PeopleAdmin system is classified as sensitive relative to availability. This means that PeopleAdmin is a system that is required to recover an essential or a dependent business function of the University. For each system classified as sensitive relative to availability, the Standard requires that the Recovery Time Objective (RTO) and the Recovery Point Objective (RPO) be determined and documented. The RTO and the RPO are currently documented to be 30 days and 48 hours, respectively. However, these appear to be longer timeframes than what would be consistent with the 'availability' criteria designated for the system. When the documented RTO and RPO indicate longer timeframes than the availability criteria for a system, loss of system functionality could impact business functions that the system is intended to support.	6. DoIT, which maintains these timeframes, will review and update the RTO and RPO after consultation with HR and the vendor.	March 31, 2017

BUSINESS ISSUE	PLANNED ACTION	ACTION DATE
7. The Radford University Data and System Classifications Standard (5102s) requires that key information security roles and responsibilities be included in individual job descriptions. During our review, we noted that the position description for the employee that serves as both the System Owner and Data Owner for PeopleAdmin does not include job responsibilities for those roles. Failure to include job responsibilities for key information security roles in individual position descriptions results in noncompliance with the Radford University Data and System Classifications Standard and could lessen an employee's understanding of job responsibilities related to those roles.	7. HR modified the position description for the employee that serves as both the System Owner and Data Owner for PeopleAdmin to include the necessary job responsibilities.	Complete

WRITE-OFF REPORT

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs & Audit Committee
September 15, 2016

Information Item
Write off of Past Due Accounts Update

Item:
A report of all past due accounts written off in the previous fiscal year is presented annually at the September meeting of the Board of Visitors' Business Affairs and Audit Committee.

Background:
The Virginia Department of Accounts Commonwealth Accounting Policies and Procedures (CAPP) Manual, Topic 20505, *Accounts Receivable*, states that delinquent accounts should be written off an agency's financial accounting records when all collection procedures, including those procedures required by the Office of the Attorney General (OAG), have been conducted without results and management deems the accounts uncollectible. Accounts are deemed uncollectible if the collection account is over one year old and no payments have been received. The OAG accounts are deemed uncollectible if no payment has been made in one year from the time it is placed with the OAG. Accounts are written off effective the last day of the quarter in which this time period applies.

When accounts are written off, they are removed from an agency's financial accounting records. Writing off the debt for accounting purposes does not discharge the debt. The debt is still owed to the Commonwealth, but is no longer reported on the agency's books as a receivable. Eligible written off receivables must continue to be submitted to the Commonwealth's debt setoff program.

In 2006, the Radford University Board of Visitors delegated authority to write off uncollectible accounts under the amount of $25,000 per quarter to the Chief Financial Officer and Vice President for Finance and Administration. To meet financial reporting standards in a timely manner, the Board of Visitors revised the write-off delegation in 2014 to authorize the Chief Financial Officer and Vice President for Finance and Administration to write off all uncollectible accounts meeting State and University guidelines at the end of the reporting quarter, regardless of amount and provide an annual report of the previous year-ending activity at the September Business Affairs and Audit Committee meeting.

Below is a summary of the accounts written off by type of charge that have been returned by one of the University's third party collection agencies as uncollectible, or referred to the OAG, and were deemed uncollectible during the fiscal year ending June 30, 2016:

Classification	Quarter Ending 9/30/2015	Quarter Ending 12/31/2015	Quarter Ending 3/31/2016	Quarter Ending 6/30/2016	FY 2016 Total $	FY 2016 Total Count
Tuition & Fees	$32,964.32	$44,308.12	$81,028.03	$11,287.70	$169,588.17	126
Parking & Fines	195.00	0.00	685.00	1,555.00	2,435.00	19
Residential Life	382.71	0.00	315.00	0.00	697.71	9
Returned Items	25.00	1,178.00	0.00	4,724.50	5,927.50	4
Total Approved Write-offs	**$33,567.03**	**$45,486.12**	**$82,028.03**	**$17,567.20**	**$178,648.38**	**158**

Other Informational Disclosure	Quarter Ending 9/30/2015	Quarter Ending 12/31/2015	Quarter Ending 3/31/2016	Quarter Ending 6/30/2016	FY 2016 Total $	FY 2016 Total Count
Discharged by OAG/Bankruptcy/Death	$2,207.70	$652.40	$2,369.34	$677.07	$5,906.51	7

Action:
None. Informational only.

CAPITAL PROJECT UPDATE

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs & Audit Committee
September 15, 2016

Information Item
Capital Projects Update

Item:
Facilities Planning & Construction update on capital projects.

Background:
Currently, the University has three active capital projects in progress, and one upcoming planned project. Following is an update and project summary on each:

1. <u>New Academic Building – College of Humanities & Behavioral Sciences</u>

Project Budget--- $48,429,305
State Pooled Bond

Architect/Engineer Firm---Moseley Architects
Virginia Beach, VA

Construction Manager--S.B. Ballard
Virginia Beach, VA

The new College of Humanities & Behavioral Sciences academic building, which broke ground in August 2014 is on schedule for completion to support classes this fall 2016. This facility provides academic space consisting of classrooms, offices, laboratories, and student/faculty collaborative areas. Among the departments of the college that will be accommodated in the new building are: Communications, Criminal Justice, Psychology, Sociology, Political Science, English, Foreign Language, History, Philosophy & Religious Studies, and the Office of the Dean. Notable features of the building include a vivarium, TV studios, an Emergency Operations Center simulation room, and a mock-trial room.

The building dons a progressive architectural façade facing East Main Street, while maintaining the campus historical forms on the quad side. The project budget is $48,429,305 (less equipment) and the building size is 143,600 square feet. A Guaranteed Maximum Price (GMP) contract was awarded to S. B. Ballard, the construction manager, in the amount of $40,040,993.

All major building systems and components are complete, including the curtain wall framing and glass, ceiling grid, light fixtures, duct work, piping systems, electrical and data on all floors. Carpet installation and terrazzo installation is complete on all floors, and linoleum installation is complete. Construction of final exterior masonry and concrete site work continues. Initial furniture delivery occurred on June 27, and continued through mid-August, with IT, AV, and security installation being finalized.

BCOM performed an initial Substantial Complete inspection on August 2, with a follow-up scheduled on August 16. State Fire Marshall and other required final inspections are being completed.

2. Renovate Residence Halls Umbrella Project

Project Budget--$36,000,000
9c Bond

Architect/Engineer Firm (Phase 1) ---VMDO
Charlottesville, VA

Contractor (Phase 1) ---G&H Contracting
Salem, VA

Architect/Engineer Firm (Phase 2) ---Waller, Todd, Sadler
Virginia Beach, VA

Contractor (Phase 2) ---G&H Contracting
Salem, VA

Phase 1 of the residence hall renovations umbrella project, including Pocahontas, Bolling, Draper, and the chilled water loop, will be funded through a $36,000,000 blanket renovations authorization.

The three-building renovation scope provides for the replacement of plumbing piping, fixtures, fire alarm systems, electrical upgrades, accessibility improvements, asbestos abatement, and the addition of air conditioning and a fire-suppression system in each building, similar to the renovation scopes recently completed for Madison, Jefferson, Moffett, and Washington Halls.

In addition to the above project scopes, a multi-level lounge space is included in each building that allows open visibility from the building lobby area to a lower-level lounge. This transforming feature will give vibrant new life to these buildings built in the 1950s.

The project is broken into three pieces: chilled water loop installation, Bolling and Pocahontas renovation, and Draper renovation. A contract in the amount of $16,667,000 has been awarded to G&H Contracting for the renovation portion of the three residence halls.

The chilled water loop that serves the five Moffett Quad resident halls and Peters Hall is complete and functioning. The cooling tower at Moffett Hall will provide all of the winter cooling needs for these facilities without the use of energy-consuming mechanical cooling. Pocahontas Hall and Bolling Hall renovations achieved occupancy for students for Fall 2015 semester, and Draper Hall has been approved by BCOM for Fall 2016 semester occupancy.

Phase 2 of the residence hall renovations umbrella project includes the upgrade of life safety systems for Muse Hall. The remaining balance on the umbrella capital project will be used to address the most critical infrastructure needs of Muse Hall, such as a new fire alarm system, replacement of the sprinkler standpipe system, new lightning protection system, replacement elevators, and upgrades to exit stairways.

The design A&E team of Waller/Todd/Sadler and LPA shipped the final design submittal to BCOM in July. The project was broken into an early demolition and electrical service package, which was awarded to G&H in May and is scheduled to be complete in late August, and a complete package advertised for construction in early August. Construction on the complete package is scheduled to be awarded in September and completed for August 2017 move-in.

3. <u>Whitt Hall Renovation</u>

Project Budget--$8,933,000
State Pooled Bond

Architect/Engineer Firm---Clark-Nexsen
Roanoke/Norfolk, VA

Contractor --G&H Contracting
Salem, VA

The renovation project for Whitt Hall will provide for complete interior renovation, including new mechanical, electrical, and plumbing equipment. The windows, which are in poor thermal condition, will be replaced with multi-life sashes, returning the building to its original character.

The University undertook an intensive building envelope study to evaluate any hidden façade and infiltration issues. The study reviewed portions of the building’s brick veneer, slate shingles, and wood trim. The study identified areas needing intensive repair/replacement, and these items have been incorporated into the project scope.

The project was advertised for construction in April, and the Building Permit was approved by BCOM and NTP awarded to G&H in early July, with a contract value of $5,173,959. Installation is complete on the construction access road/laydown area and site fencing, and demolition activities are well underway. Brick and mortar samples have been prepared for approval.

Construction is scheduled for completion in June 2017.

4. **Reed-Curie Renovation**

Project Budget--- TBD

Architect/Engineer Firm--- TBD

The Reed-Curie renovation project was approved in the recent state bond package, as described in the RU six-year capital plan submission to the state. The project will completely renovate the existing science buildings to complement the recent addition of the Center for the Sciences, ultimately providing an overall state-of-the-art facility for all of RU's basic science departments.

Initial pre-programming studies have been performed to confirm overall program and needs, along with utility location studies in the area of the buildings and hazardous materials investigations. The Environmental Impact Report has been submitted for approval to DEQ. AE qualifications packages have been received, short-list interviews were held, and notification of selected AE is anticipated as soon as funding is finalized. CM-at-Risk delivery method approval has been obtained from BCOM, with solicitation targeted for fall 2016 pending funding approval. Construction could start as early as summer 2017.

Action:
None; informational only.

JLARC RECOMMENDATIONS

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs & Audit Committee
September 15, 2016

Information Item
JLARC Recommendations

Item:
Update on the Joint Legislative Audit and Review Commission recommendations adopted by the General Assembly requiring board review.

Background:
The Joint Legislative Audit and Review Commission (JLARC) was charged in 2012 to study the cost efficiency of the Commonwealth's institutions of higher education and to identify opportunities to reduce the cost of education. A total of five reports were released from June 2013 through November 2014 and included over 30 recommendations for legislative deliberation. Eight of the recommendations related to Board of Visitors considerations and ultimately were included in the appropriations act for University action.

Specifically, the recommendations are contained within § 4-9.04 of Chapter 780 of the 2016 Virginia Acts of Assembly and state:

> *§ 4-9.04 IMPLEMENT JLARC RECOMMENDATIONS*
> *a. The Boards of Visitors at each Virginia public four-year higher education institution, to the extent practicable, shall:*
>
> *1. require their institutions to clearly list the amount of the athletic fee on their website's tuition and fees information page. The page should include a link to the State Council of Higher Education for Virginia's tuition and fee information. The boards should consider requiring institutions to list the major components of all mandatory fees, including the portion attributable to athletics, on a separate page attached to student invoices;*
>
> *2. assess the feasibility and impact of raising additional revenue through campus recreation and fitness enterprises to reduce reliance on mandatory student fees. The assessments should address the feasibility and impact of raising additional revenue through charging for specialized programs and services, expanding membership, and/or charging all users of recreation facilities;*
>
> *3. direct staff to perform a comprehensive review of the institution's organizational structure, including an analysis of spans of control and a review of staff activities and workload, and identify opportunities to streamline the organizational structure. Boards should further direct staff to implement the recommendations of the review to streamline their organizational structures where possible;*
>
> *4. require periodic reports on average and median spans of control and the number of supervisors with six or fewer direct reports;*

5. direct staff to revise human resource policies to eliminate unnecessary supervisory positions by developing standards that establish and promote broader spans of control. The new policies and standards should (i) set an overall target span of control for the institution, (ii) set a minimum number of direct reports per supervisor, with guidelines for exceptions, (iii) define the circumstances that necessitate the use of a supervisory position, (iv) prohibit the establishment of supervisory positions for the purpose of recruiting or retaining employees, and (v) establish a periodic review of departments where spans of control are unusually narrow; and,

6. direct institution staff to set and enforce policies to maximize standardization of purchases of commonly procured goods, including use of institution-wide contracts;

7. consider directing institution staff to provide an annual report on all institutional purchases, including small purchases, that are exceptions to the institutional policies for standardizing purchases

8. participate in national faculty teaching load assessments by discipline and faculty type.

In order to address the JLARC cost efficiency recommendations, the University initially engaged a consultant, Censeo, during the 2015-16 fiscal year. This initial engagement was designed to be a broad scale 'Administrative Assessment' to examine all administrative areas across the institution. The report, which was recently finalized, identifies many high-performing areas as well as opportunities for improvement. The results of this engagement will be briefed at the November 2016 board meeting.

The University has been working to address the adopted recommendations within Chapter 780 by utilizing the information from the administrative assessment. A status update for each of the recommendations is provided in this information item. The University will continue to address each recommendation until each item has been finalized.

Recommendation One:

Require their institutions to clearly list the amount of the athletic fee on their website's tuition and fees information page. The page should include a link to the State Council of Higher Education for Virginia's tuition and fee information. The boards should consider requiring institutions to list the major components of all mandatory fees, including the portion attributable to athletics, on a separate page attached to student invoices;

- The amount of the Athletic fee is clearly listed on the University's tuition and fees information page along with all of the other components of the comprehensive fee. The comprehensive fee information can be found at: https://www.radford.edu/content/student-accounts/home/accounts/tuition/CompFeeDist1617.html

- A link to the State Council of Higher Education for Virginia's tuition and fee information has been provided on the University's tuition and fees information page. The link can be found at: https://www.radford.edu/content/student-accounts/home/accounts/tuition.html

- Last, as student invoices are processed electronically, a link to the comprehensive fee breakout has been added to the student invoice to provide additional transparency with regard to mandatory student fees. The link which is also provided above can be found at: https://www.radford.edu/content/student-accounts/home/accounts/tuition/CompFeeDist1617.html

Recommendation Two:

Assess the feasibility and impact of raising additional revenue through campus recreation and fitness enterprises to reduce reliance on mandatory student fees. The assessments should address the feasibility and impact of raising additional revenue through charging for specialized programs and services, expanding membership, and/or charging all users of recreation facilities;

- The University has expanded access to the new Student Recreation and Wellness Center to faculty and staff for a fee equivalent to the student charge. This pilot program which began in spring 2016 will run through May 2017 at which time the viability of the program will be assessed.

- Several other user fees were also added during spring 2016 to support student recreation services and include; recreational field rental fees, wellness service fees, the addition of summer youth camps, student activity classes, and locker and towel rental charges. These activities will be monitored over the 2016-17 fiscal year and their impact will be assessed after a full year of implementation.

Recommendation Three:

Direct staff to perform a comprehensive review of the institution's organizational structure, including an analysis of spans of control and a review of staff activities and workload, and identify opportunities to streamline the organizational structure. Boards should further direct staff to implement the recommendations of the review to streamline their organizational structures where possible;

- The initial administrative assessment conducted by Censeo determined the average span of control of the institution to be 3.5 employees.

- The University re-engaged the consultants for a more tailored 'Spans and Layers Assessment' which is currently underway and anticipated for completion in early fall 2016. The outcome of this assessment will serve as the basis for addressing the remainder of this recommendation.

Recommendation Four:

Require periodic reports on average and median spans of control and the number of supervisors with six or fewer direct reports;

- The spans and layers assessment will provide the framework for the construction of periodic reports which will be used to monitor spans of control across the institution.

Recommendation Five:

Direct staff to revise human resource policies to eliminate unnecessary supervisory positions by developing standards that establish and promote broader spans of control. The new policies and standards should (i) set an overall target span of control for the institution, (ii) set a minimum number of direct reports per supervisor, with guidelines for exceptions, (iii) define the circumstances that necessitate the use of a supervisory position, (iv) prohibit the establishment of supervisory positions for the purpose of recruiting or retaining employees, and (v) establish a periodic review of departments where spans of control are unusually narrow; and,

- The results of the spans and layers assessment, estimated to be available in fall 2016, will be used to inform human resource policies regarding span of control.

Recommendation Six:

Direct institution staff to set and enforce policies to maximize standardization of purchases of commonly procured goods, including use of institution-wide contracts;

- The University continually strives to maximize the standardization of commonly procured goods through the utilization of institution-wide contracts. Moreover, the University is a member of both the Virginia Association of State College and University Purchasing Professionals (VASCUPP) and Virginia Higher Education Procurement Cooperative (VHEPC). Through these memberships the University continues to utilize collaborative and cooperative contracts which leverage the combined resources and buying power of public institutions of higher education across the state. This practice ensures the University is receiving the best possible price for commonly procured goods from negotiated contracts. Currently, the University policy for the procurement of goods and services is being updated to both recognize and ensure the continued support of this effort.

- As an example in fiscal year 2015-16, the University implemented a VHEPC contract with Granger and Ferguson for the purchase of maintenance, repair, and operational supplies for the Facilities Management. In fiscal year 2016-2017, the University will implement institution-wide VHEPC cooperative contracts for office supplies, vehicle rental services, and lab supplies.

Recommendation Seven:

Consider directing institution staff to provide an annual report on all institutional purchases, including small purchases, that are exceptions to the institutional policies for standardizing purchases.

- Strategic vendor management thru the use of cooperative contracts maximizes standardization by reducing the number of sources available for purchases. University staff are currently reviewing processes to capture exceptions to institutional policies for the standardization of purchases.

- Purchase requests that are currently reviewed for standardization include:
    - Information Technology purchases for equipment, software, and services;
    - Apparel
    - Food, beverages and catering services
    - Furniture

Recommendation Eight:

Participate in national faculty teaching load assessments by discipline and faculty type.

- The JLARC work related to academic workload asserts that the University of Delaware's National Study of Instructional Costs and Productivity, known as the Delaware Study, provides one of the most accepted methodologies for measuring faculty teaching loads. The University has participated in the Delaware Study routinely since the late 1990s.

Action:
None; informational only.

2015-2016 FINANCIAL PERFORMANCE REPORT AND 2016-2017 OPERATING BUDGET

RADFORD UNIVERSITY

2015-16 Financial Performance Report

RADFORD UNIVERSITY

Business Affairs and Audit Committee September 2016

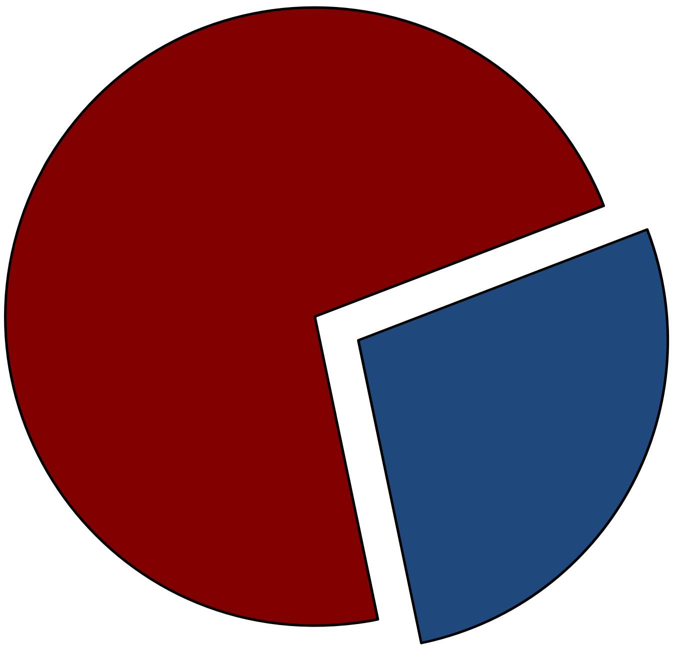
2015-16 Financial Performance Summary

Radford University
Financial Performance Summary
For year ended June 30, 2016

	Budget ($ in Thousands)			**Actual** ($ in Thousands)		
	Revenue	Expense	Surplus/(Deficit)	Revenue	Expense	Surplus/(Deficit)
Educational & General	122,999	(122,999)	0	122,589	(122,470)	119
Student Financial Assistance	10,319	(10,319)	0	10,319	(10,313)	6
Sponsored Programs	6,100	(6,100)	0	5,437	(5,210)	228
Auxiliary Enterprises	66,334	(61,251)	5,084	66,477	(56,773)	9,704
Total University	**$205,752**	**($200,669)**	**$5,084**	**$204,822**	**($194,765)**	**$10,056**

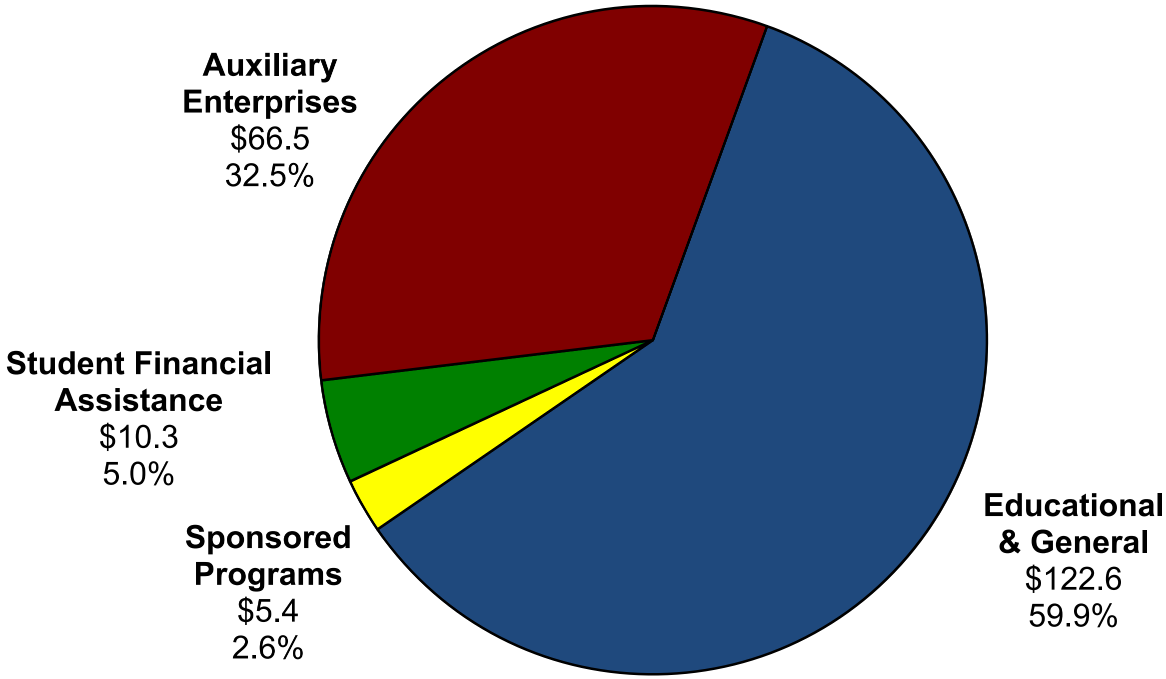
2015-16 Actual Revenue: General v. Nongeneral Split

($ in millions)



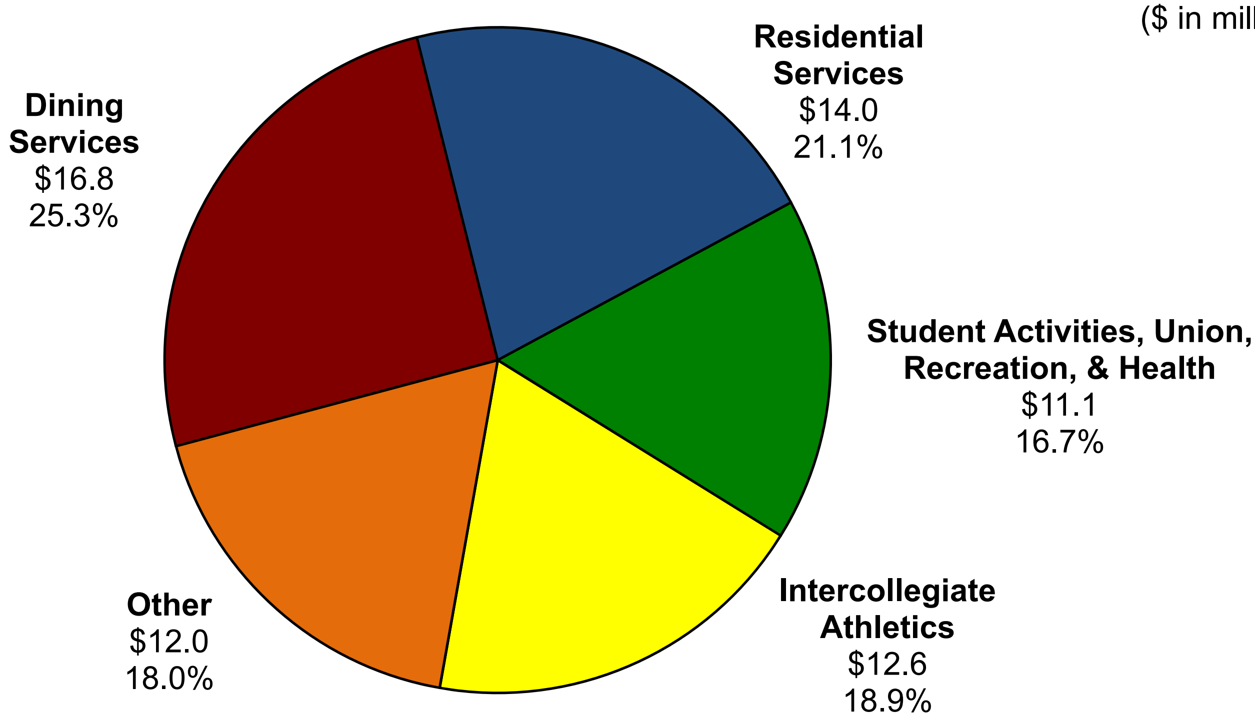
2015-16 Actual Revenue: All Programs & Funds

($ in millions)

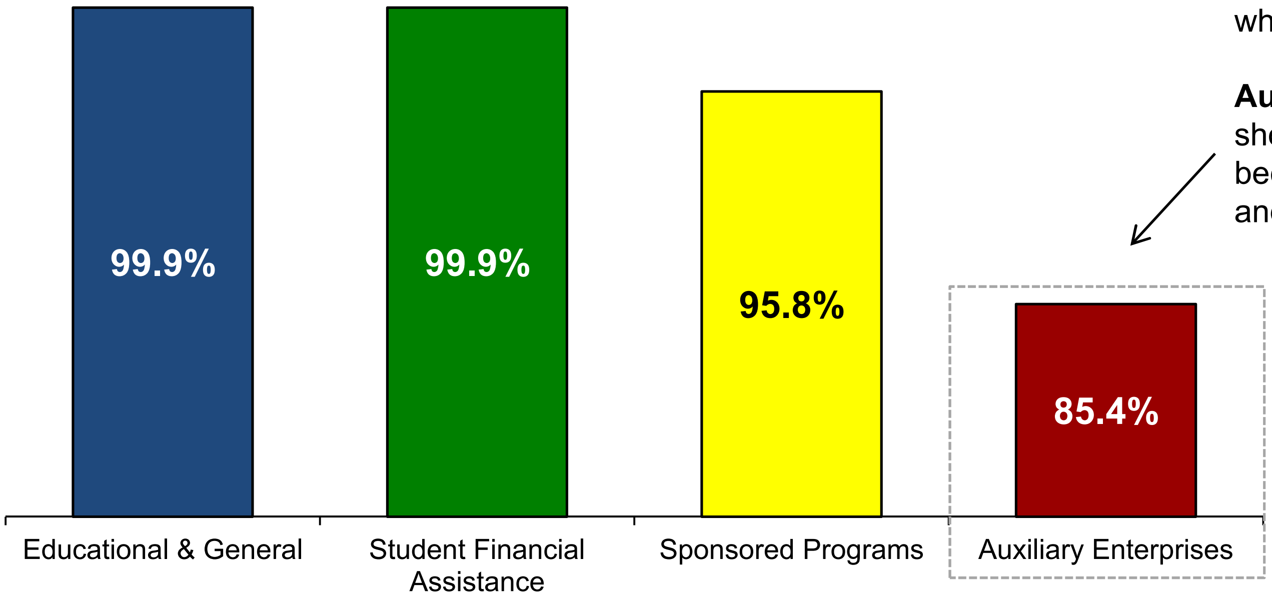


2015-16 Actual Revenue: Auxiliary Enterprise

($ in millions)



2015-16 Percent of Revenue Expended



Sponsored Programs operation is cyclical and revenue is dependent on when expenditures are reimbursed.

Auxiliary Enterprises operation should not fully expend all revenue because it must be self-supporting and include reserve fund deposits.

RADFORD UNIVERSITY

2016-17 Proposed Operating Budget

Business Affairs and Audit Committee September 2016

2016-17 Resource Allocation: Revenue (Attachment II)

Dollars in Thousands	Original **May 2016 Assumptions**	Proposed **July 2016 Budget**	**Change**
REVENUE			
General Fund Changes			
2016-17 Central Accounts (Adjustment)	$954	$954	
2015-16 Central Fund (Alignment)	363	363	
2016-17 Base Funding (Access & Completion)	1,483	1,483	
2016-17 Central Systems & Insurance Changes	19	19	
2016-17 Salary Increase - 3% Partial	840	840	
2016-17 Interest Earnings/CC Rebate	180	180	
Total GF Change	**$3,838**	**$3,838**	
Nongeneral Fund Changes			
Enrollment Changes - *Estimated*	($1,334)	($1,334)	
Tuition Increase - *Estimated*	1,772	1,805	33
Other NGF Changes		15	15
Total NGF Changes	**$438**	**$487**	**$48**
Total Revenue	**$4,277**	**$4,325**	**$48**

2016-17 Resource Allocation: Expense (Attachment II)

Dollars in Thousands	Original May 2016 Assumptions	Proposed July 2016 Budget	Change
EXPENSES			
Mandatory Costs			
Salary Adjustments			
2015-16 2% Sal Incr./Comp Adj - 4PPs	$196	$196	
2016-17 3% Salary Incr. - 12PPs	1,354	1,354	
Fringe Adjustments			
Health Insurance/VRS Rate Changes	968	968	(0)
Central Cost Commitments			
AA Promotion & Tenure, Admissions, & DPT Clinicals	336	336	
Utilities Increases	70	70	
O&M New Facilities	373	378	5
IT, SA, & Finance Contractual Escalators	159	154	(5)
Transition Operating Support	225	226	1
Facilities - Life Safety & Storm Water	92	72	(20)
Admin Overhead/One-Time Operating	432	455	23
Central Cost Commitments	$1,688	$1,693	$4
Sub-Total Mandatory Costs	**$4,207**	**$4,211**	**$4**
Academic Affairs		$20	$20
Central Administration	70	70	0
University Relations		15	15
Division Recurring Requirements	**$70**	**$105**	**$35**
Total Non-Discretionary Cost Increases	**$4,277**	**$4,317**	**$40**

2016-17 Resource Allocation: Reallocations (Attachment II)

Dollars in Thousands	Original **May 2016 Assumptions**	Proposed **July 2016 Budget**	**Change**
REALLOCATIONS			
Pathways to Excellence & Program Start-up			
PTE - Chemistry, Criminal Justice, RN-BSN	$521	$521	
Provost's Reallocation - PTE	(521)	(521)	
DAIM - Start-up	196	116	(80)
Provost's Reallocation - DAIM	(108)	(108)	
Sub-Total Board Mandates & Start-ups	**$88**	**$8**	**($80)**
Total University Reallocations	**$88**	**$8**	**($80)**
Total Expense	**$4,365**	**$4,325**	**($40)**
Surplus / (Deficit)	**($88)**	**$0**	**$88**

2016-17 Proposed Budget Summary

Radford University

2016-17 Proposed Budget Summary

	Revenue ($ in Thousands)			**Expense** ($ in Thousands)		
	Base	One-Time	Total	Base	One-Time	Total
Educational & General	125,181	1,406	126,586	125,181	1,406	126,586
Student Financial Assistance	11,951	0	11,951	11,951	0	11,951
Sponsored Programs	6,100	0	6,100	6,100	0	6,100
Auxiliary Enterprises	66,644	0	66,644	60,579	751	61,329
Total University	**$209,876**	**$1,406**	**$211,282**	**$203,810**	**$2,156**	**$205,967**

Proposed Budget Summary by Major Program

Radford University

2016-17 Proposed Revenues & Expenditures

($ in Thousands)	Proposed Revenue	Proposed Expenditure	Proposed Cont/(Draw)
Educational & General	126,586	126,586	0
Student Financial Assistance	11,951	11,951	0
Sponsored Programs	6,100	6,100	0
Auxiliary Enterprises	66,644	61,329	5,315
Total University	**$211,282**	**$205,967**	**$5,315**

Proposed Budget Summary by Auxiliary Subprogram

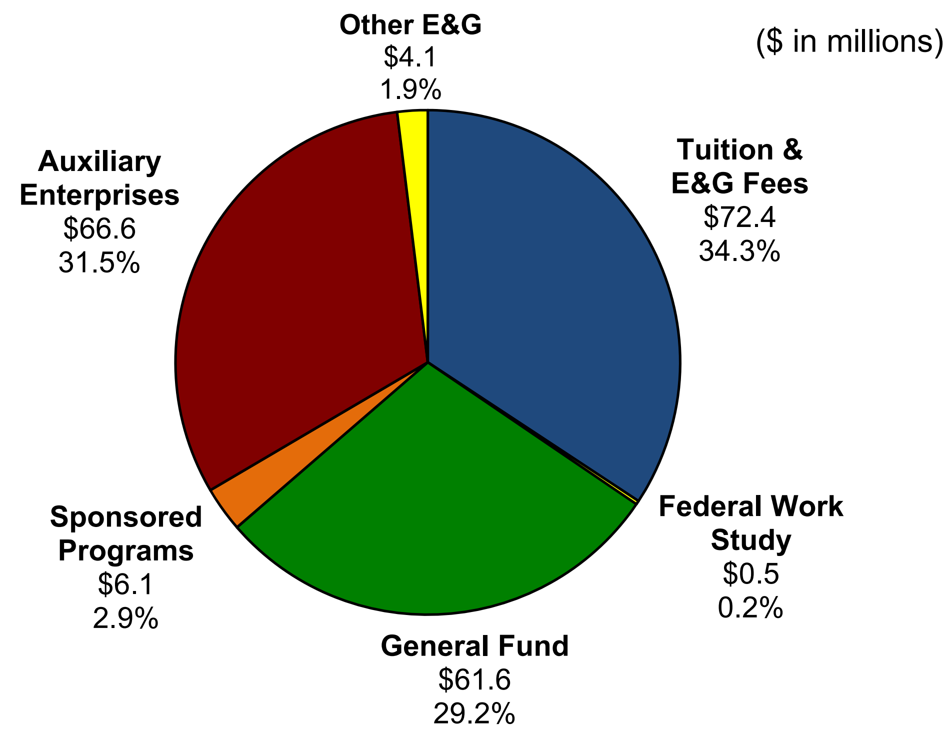
Radford University

2016-17 Proposed Revenues & Expenditures

($ in Thousands)	Proposed Revenue	Proposed Expenditure	Proposed Cont/(Draw)
Dining Services	16,350	15,588	762
Bookstore	640	269	371
Residential Services	14,047	13,185	862
Parking & Transportation	1,805	1,509	295
Telecommunications	566	498	67
Student Health Services	3,134	3,043	91
Student Union & Recreation	7,106	6,783	323
Student Activities	1,283	1,283	0
Other Auxiliary	9,289	6,842	2,448
Intercollegiate Athletics	12,425	12,329	96
Total University	**$66,644**	**$61,329**	**$5,315**

2016-17 Projected Total Operating Revenue

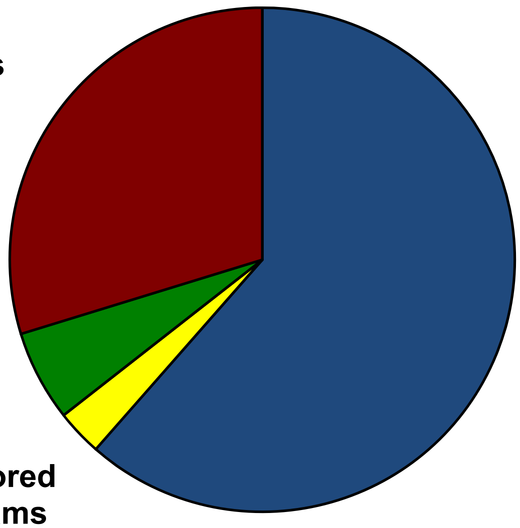
Using projected revenues, Radford University's proposed **total annual operating revenue budget is $211.3 million**



2016-17 Projected Total Operating Expenditures

Using projected expenditures, Radford University's proposed **total annual operating expenditure budget is $206.0 million**

($ in millions)



Questions?

RADFORD UNIVERSITY

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs & Audit Committee
September 15, 2016

Information Item
Financial Performance Report for the Year Ending June 30, 2016

Item:
Summary of fiscal year 2015-16 revenue and expenditures as of June 30, 2016.

Background:
The Financial Performance Report includes Schedules A and B which provide a summary of unaudited revenue and expenditure activity for the year ending June 30, 2016. The Financial Performance Report is generated from annual budget projections and actual accounting data recorded in Banner Finance that has been reconciled with the Commonwealth's Accounting System (Cardinal). 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.

The Original Budget was approved by the Board of Visitors at the September 2015 meeting. The Adjusted Budget reflects internal one-time reallocations based on actual activity.

For the year ending June 30, 2016, revenues and expenditures were at expected levels. Schedule A provides a summary of revenue and expenditure activity by major program. Schedule B provides a summary of revenue, expenditure and reserve draw/(deposit) by major auxiliary enterprise unit. Footnotes are included in each Schedule to explain variances between the Original Budget, Adjusted Budget, and year-end Actuals.

Contributions to the auxiliary reserve came in stronger than projected due to lower than anticipated contract vendor payments, the timing of expenditures, and turnover and vacancy savings. The contribution to the auxiliary reserve is required to meet the State Council of Higher Education for Virginia (SCHEV) guidelines for on-going operations, equipment renewal and replacement, and future capital projects.

Summary:
No action required; information item only.

Radford University
University Operating Budget
For the Period Ending June 30, 2016

Dollars in Thousands

	Annual Budget for 2015-16				July 1, 2015 to June 30, 2016			
	Original (a)	Adjustments (b)	Revised (c)		Projection (d)	Actual (e)	Variance (f)	
Educational and General Programs								
Revenues								
General Fund	$47,702	$359	$48,061	(1)	$48,061	$48,061	$0	
Tuition and Fees	71,879	553	72,432	(2)	72,432	72,299	(133)	
All Other Income	2,506	0	2,506		2,506	2,229	(277)	(6)
Total Revenues	$122,087	$912	$122,999		$122,999	$122,589	($410)	
Expenditures								
Instructional & Academic Support	($80,517)	$470	($80,047)	(1), (2), (3)	($80,047)	($79,928)	$119	(7)
Public Service Programs	(600)	0	(600)		(600)	(291)	309	(6)
All Other Support Programs	(40,970)	(1,382)	(42,352)	(1), (2), (3)	(42,352)	(42,251)	101	(8)
Total Expenses	($122,087)	($912)	($122,999)		($122,999)	($122,470)	$529	
Reserve Draw (Deposit)	0	0	0		0	(119)	(119)	(8)
NET	**$0**	**$0**	**$0**		**$0**	**$0**	**$0**	
Student Financial Assistance								
Revenue	$10,095	$224	$10,319	(4)	$10,319	$10,319	$0	
Expenditures	(10,095)	(224)	(10,319)	(4)	(10,319)	(10,313)	6	
Reserve Draw (Deposit)	0	0	0		0	(6)	(6)	
NET	**$0**	**$0**	**$0**		**$0**	**$0**	**$0**	
Sponsored Programs								
Revenue	$6,100	$0	$6,100		$6,100	$5,437	($663)	(9)
Expenditures	(6,100)	0	(6,100)		(6,100)	(5,210)	890	(9)
Reserve Draw (Deposit)	0	(0)	(0)		(0)	(228)	(228)	(9)
NET	**$0**	**$0**	**$0**		**$0**	**$0**	**$0**	
Auxiliary Enterprises								
Revenues	$68,020	($1,685)	$66,334	(5)	$66,334	$66,477	$142	(5)
Expenditures	(60,666)	(1,500)	(61,251)	(5)	(61,251)	(56,773)	4,478	(5)
Reserve Draw (Deposit)	0	0	(5,084)	(5)	(5,084)	(9,704)	(4,620)	(5)
NET	**$7,353**	**($3,185)**	**$0**		**$0**	**$0**	**$0**	
Total University								
Revenues	**$206,301**	**($549)**	**$205,752**		**$205,752**	**$204,822**	**($931)**	
Expenses	**(198,948)**	**(2,636)**	**(200,669)**		**(200,669)**	**(194,765)**	**5,903**	
Reserve Draw (Deposit)	**0**	**(0)**	**(5,084)**		**(5,084)**	**(10,056)**	**(4,972)**	
NET	**$7,353**	**($3,185)**	**$0**		**$0**	**$0**	**$0**	

Notes:

(a) Original Budget - Reflects the projected 2015-16 Operating Budget as of July 1, 2015 which was approved by the Board at the September 2015 meeting. Both recurring and one-time operating budgets are included.

(b) Adjustments - Reflects changes that have been made to the 2015-16 Operating Budget between July 1, 2015 and June 30, 2016. Both recurring and one-time operating budgets are included.

(c) Revised Budget - Reflects the current 2015-16 Operating Budget as of June 30, 2016. Both recurring and one-time operating budgets are included.

(d) Projection - Reflects expected annual activity as of June 30, 2016.

(e) Actual - Reflects the actual annual activity as of June 30, 2016.

(f) Variance - Reflects the difference between the projected and actual annual activity as of June 30, 2016.

Radford University

University Operating Budget Notes

For the Period Ending June 30, 2016

1) In sum, the projected General Fund (GF) revenue budget increased by $359,320. The increase was attributable to several factors including; a $348,838 variance in central fund projections, a $10,480 increase for the 2015-16 VIVA allocation, and $2 carryforward from 2014-15. All related expense budgets were also adjusted accordingly.

2) The Tuition & Fee revenue budget was increased by $552,814 to account for a change in mix of student domicile and credit hour status. The actual 2015-16 academic year enrollment mix contained greater than anticipated levels of both out-of-state and full-time students. This was partially offset by lower than anticipated spring retention. All related expense budgets were also adjusted accordingly.

3) A portion of the Instructional and Academic Support budget was temporarily reallocated to the All Other Support Programs due to turnover and vacancy savings.

4) The Student Financial Assistance revenue budget was adjusted to account for appropriation increases of $73,037 for the VA Military Survivors & Dependents Program and $151,000 for the Two-Year Commonwealth Transfer Grant Program. All related expense budgets were also adjusted accordingly.

5) Budget adjustments and projection variances are explained in the Auxiliary Enterprises section of this report.

6) The All Other Income revenue variance is primarily attributable to less than anticipated Public Service Programs business activity. As expenses in the Public Service Programs are expected to be self supporting. The variance is reflective of available appropriation authority for program activities as needed.

7) Expenses in the Instructional and Academic Support Programs are less than projected due to lower than projected wage and adjunct costs and the timing of infrastructure improvement projects.

8) Expenses in the All Other Support Programs are less than projected due to the reserve deposit in the Educational and General Programs budget which is reflective of Surplus Property and Recycling Proceeds surpluses of $97,025 and $21,653 respectively.

9) The Sponsored Programs revenue and expense budget is based on the authorized state appropriation and is not necessarily reflective of anticipated fiscal year activity. Externally, sponsored programs are initiated and finalized on an individual basis without fiscal year consideration, thus the actual fiscal year activity will vary from the projected revenue and expense budgets. The Reserve Draw (Deposit) reflects the timing of expenditure reimbursements from the grantor.

Radford University
Auxiliary Enterprise
Revenue and Expenditure Summary
For the Period Ending June 30, 2016

Dollars in Thousands

	Annual Budget for 2015-16			**July 1, 2015 to June 30, 2016**		
	Original (a)	**Adjustments** (b)	**Revised** (c)	**Projection** (d)	**Actual** (e)	**Variance** (f)
Residential & Dining Programs						
Revenues	$31,532	($1,500)	$30,032 (1)	$30,032	$30,778	$746 (7)
Expenditures	(28,609)	316	(28,292) (1)	(28,292)	(26,836)	1,457 (8)
Reserve Draw (Deposit)	(2,924)	1,184	(1,740) (1)	(1,740)	(3,942)	(2,203) (7), (8)
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Bookstore						
Revenues	$850	$0	$850	$850	$872	$22
Expenditures	(269)	0	(269)	(269)	(328)	(58)
Reserve Draw (Deposit)	(581)	0	(581)	(581)	(545)	36
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Parking & Transportation						
Revenues	$1,786	$0	$1,786	$1,786	$1,909	$124 (9)
Expenditures	(1,372)	(94)	(1,466) (2)	(1,466)	(1,128)	338 (10)
Reserve Draw (Deposit)	(414)	94	(319) (2)	(319)	(781)	(462) (9), (10)
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Telecommunications						
Revenues	$566	$0	$566	$566	$578	$13
Expenditures	(494)	(0)	(494)	(494)	(474)	20
Reserve Draw (Deposit)	(72)	0	(72)	(72)	(105)	(33)
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Student Health Services						
Revenues	$3,053	$0	$3,053	$3,053	$2,994	($59)
Expenditures	(2,986)	(28)	(3,014) (3)	(3,014)	(2,699)	315 (11)
Reserve Draw (Deposit)	(68)	28	(40) (3)	(40)	(296)	(256) (11)
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Student Programming						
Revenues	$8,271	$0	$8,271	$8,271	$8,088	($183) (12)
Expenditures	(7,803)	(515)	(8,318) (4)	(8,318)	(7,528)	791 (13)
Reserve Draw (Deposit)	(468)	515	47 (4)	47	(560)	(608) (12), (13)
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Building & Facilities						
Revenues	$3,510	$0	$3,510	$3,510	$3,419	($91) (14)
Expenditures	(1,692)	(0)	(1,692)	(1,692)	(832)	860 (15)
Reserve Draw (Deposit)	(1,818)	0	(1,818)	(1,818)	(2,587)	(769) (14), (15)
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Other Enterprise Functions						
Revenues	$6,020	($300)	$5,720 (5)	$5,720	$5,228	($492) (16)
Expenditures	(5,329)	83	(5,097) (5)	(5,097)	(4,700)	396 (17)
Reserve Draw (Deposit)	(691)	217	(623) (5)	(623)	(527)	96 (16), (17)
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Intercollegiate Athletics						
Revenues	$12,432	$115	$12,546 (6)	$12,546	$12,609	$63
Expenditures	(12,112)	(495)	(12,607) (6)	(12,607)	(12,248)	359 (18)
Reserve Draw (Deposit)	(319)	380	61 (6)	61	(361)	(422) (18)
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Total Auxiliary Enterprise						
Revenues	**$68,020**	**($1,685)**	**$66,334**	**$66,334**	**$66,477**	**$142**
Expenses	**(60,666)**	**(734)**	**(61,251)**	**(61,251)**	**(56,773)**	**4,478**
Reserve Draw (Deposit)	**(7,353)**	**2,419**	**(5,084)**	**(5,084)**	**(9,704)**	**(4,620)**
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Notes:

(a) Original Budget - Reflects the projected 2015-16 Operating Budget as of July 1, 2015 which was approved by the Board at the September 2015 meeting. Both recurring and one-time operating budgets are included.

(b) Adjustments - Reflects changes that have been made to the 2015-16 Operating Budget between July 1, 2015 and June 30, 2016. Both recurring and one-time operating budgets are included.

(c) Revised Budget - Reflects the current 2015-16 Operating Budget as of June 30, 2016. Both recurring and one-time operating budgets are included.

(d) Projection - Reflects expected annual activity as of June 30, 2016.

(e) Actual - Reflects the actual annual activity as of June 30, 2016.

(f) Variance - Reflects the difference between the projected and actual annual activity as of June 30, 2016.

 DRAFT

Radford University

Auxiliary Enterprise Budget Notes

For the Period Ending June 30, 2016

1) The Residential and Dining Programs revenue and expense budgets were reduced to account for changes in residential capacity (i.e. triples) and a lower semester retention rate in off-campus meal plan sales.

2) The Parking and Transportation expenditure budget was adjusted to account for the timing of payments associated with the Radford Transit contract.

3) The Student Health expense budget was adjusted to account for the timing of auxiliary indirect cost charge postings between fiscal years.

4) The Student Programming budget was adjusted to account for planned expenses associated with the outdoor recreational field improvements.

5) The Other Enterprise Functions revenue and expense budgets were adjusted to align Conference Services budgets due to changes in scheduled conference events and realignment of personnel.

6) The Intercollegiate Athletic revenue and expense budgets were adjusted to account for improvements to the baseball hitting facility. The expense budget was further adjusted for planned expenses associated with the decommissioning of the Natatorium.

7) The Residential and Dining Program revenues variance was attributed to contractual incentives associated with the renewal of the Chartwell's dining contract as well as greater than anticipated residential room sales.

8) The Residential and Dining Programs expenditures are lower than projected due to higher than anticipated turnover and vacancy, lower than projected contractual payments to Chartwell's, and lower than projected debt service payments.

9) The Parking and Transportation auxiliary revenues were higher than expected due to an unanticipated refund of a prior year expenditure from the Radford Transit.

10) The Parking and Transportation auxiliary expenditures were lower than anticipated due to lower than projected transit contractual and capital costs as well as the timing of parking lot maintenance projects.

11) The Student Health Services auxiliary expenditures are lower than anticipated due to higher than expected turnover and vacancy savings and lower than anticipated interpreter costs.

12) The Student Programming auxiliary revenues were lower than anticipated due to less than projected collections of comprehensive fees.

13) The Student Programming auxiliary expenditures were lower than anticipated due to higher than expected turnover and vacancy savings, lower than anticipated student wage needs, and lower than anticipated maintenance and operation costs.

14) The Building and Maintenance auxiliary revenues were lower than anticipated due to lower than projected auxiliary interest income.

15) The Building and Maintenance auxiliary expenses were lower than projected due to lower than anticipated lease and maintenance costs.

16) The Other Enterprise Functions revenues were less than projected due to reduced Conference Services activity and the timing of RU Express collections.

17) The Other Enterprise Functions expenditures were lower than projected due to the higher than anticipated turnover and vacancy savings and reduced Conference Services activity.

18) The Intercollegiate Athletics auxiliary expenditures were lower than projected due to higher than anticipated turnover and vacancy as well as lower than anticipated scholarship costs.

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs & Audit Committee
September 15, 2016

Action Item
Approval of the Radford University 2016-17 Operating Budget

Item:

Board of Visitors approval of the Radford University 2016-17 operating budget.

Executive Summary:

Each year, the Chief Financial Officer/Vice President for Finance and Administration is responsible for presenting the University's projected annual operating budget to the Board of Visitors for the upcoming fiscal year. The 2016-17 operating budget was developed in consideration of projected enrollment levels, actions taken by the Governor and General Assembly during the 2016 session, Board-approved tuition and fee rates, the strategic goals of the University, and the economic outlook.

The University's annual budget development cycle builds upon the existing multi-year strategic budget plans developed by each division. This collaborative process provides the framework for the University's Six-Year Plan submission to the State and positions the institution for continued success. The 2016-17 operating budget reflects a judicious use of anticipated resources; addressing unavoidable cost increases while maintaining the instructional integrity of program support and other student services. Therefore, the proposed 2016-17 operating budget represents a prudent and reasonable presentation of the University's financial position.

In combination with the Commonwealth's improving financial outlook the 2016 General Assembly session signaled a renewed investment in higher education. The increased support is expected to make a difference in reversing the trend of prior year funding declines. The legislature has consciously made education, at all levels, a pillar of which the Commonwealth can build upon.

The $5.7 million of estimated general fund support allocated to the University is designated to support a three percent state mandated salary increase, fringe benefit rate changes, and increased need-based scholarships. Additionally, increased general fund support was allocated to the institution as an incentive to deliver quality education, limit the impact of future tuition increases, and increase graduation rates among in-state students. The increased support for existing operations to be received in 2016-17 will greatly assist in mitigating the impact of mandatory cost increases and assist the institution in remaining a low cost, high quality provider of education.

It should be noted, however, while the Commonwealth's 2015-16 fiscal year-end revenue exceeded that of the prior year, as of June 30, 2016 the Commonwealth was $266.3 million (or 1.8 percent) below its original 2015-16 revenue forecast. This shortfall exceeds the one percent threshold for a mandatory reforecast and a deferral of budgeted raises for state employees. The revised forecast is to be submitted to the House Appropriations and Senate Finance Committees in advance of the September 1, 2016 deadline. The University will closely monitor the Commonwealth's financial outlook and realign resources as necessitated by structural changes to the 2016-17 appropriations act.

Six-Year Planning Processes and 2016-17 Budget Development:

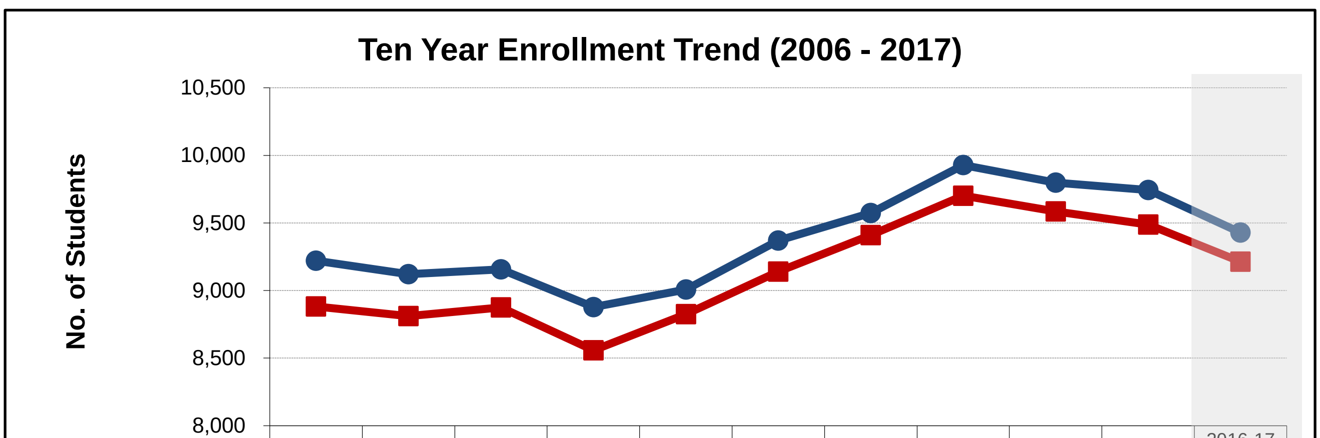
The Virginia Higher Education Opportunity Act of 2011 (TJ21) was passed by the 2011 General Assembly and is based on recommendations from the Governor's Commission on Higher Education Reform, Innovation and Investment formed through Executive Order No. 9 issued in March, 2010. The TJ21 legislation requires institutions of higher education to prepare and submit a "Six-Year Plan" by July 1st each year in accordance with criteria outlined by the Higher Education Advisory Committee (HEAC). This landmark legislation also codifies a funding framework for higher education and identifies specific goals such as 100,000 new undergraduate degrees by 2025, increased retention and degree completion, optimal year-round utilization of resources, and investments in STEM-H programs.

As an integral part of the six-year planning process, the University's internal annual budget development cycle provides the opportunity to reevaluate, in detail, the essential needs for the upcoming fiscal year and outline divisional priorities for the outlying years to inform the actual six-year plan. The budget development review engages key personnel and provides a consistent mechanism to prioritize funding requests and strategically aligns the institution's long-range goals with projected resources.

Enrollment Trend:

Within recent history, Radford University experienced a significant enrollment growth in total student population. Between fall 2010 and fall 2013 the University increased 877 full-time equivalent (FTE) students from 8,825 to 9,702 respectively. Since that time, total enrollment has declined slightly but is anticipated to level off.

Following is the 10-year history on enrollment trends based on student headcount and full-time equivalent (FTE):



	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17 Proj
Fall Headcount	9,220	9,122	9,157	8,878	9,007	9,370	9,573	9,928	9,798	9,743	9,430
Annual FTE	8,882	8,810	8,876	8,558	8,825	9,139	9,410	9,702	9,586	9,487	9,213

Considering fall 2015 census data, guidance from SCHEV on enrollment trends, and demographic changes in the high school student pipeline, the 2016-17 proposed tuition and fees rates are based on a conservative enrollment target. These projections are less than that of the current year, but is a prudent decision given the current recruitment landscape. It should be noted that actual enrollments will not be known until fall census (Monday September 12, 2016). Once actual enrollments are known any necessary budget adjustments will be presented at that time.

While increases in tuition and fee revenue, whether receipted from enrollment growth or rate increases, reflect a significant portion of the resources needed to support student's cost of education, similarly state general fund support is needed to cover the remaining portion. In the past, as enrollments have grown specifically from in-state undergraduates, state general fund support for "new in-state seats" have not been allocated at the same proportion. This constrains the institution's ability to fully fund the needs of the institution. So while enrollment is a significant part of the discussion, so too is state general fund support.

Radford University is very reliant upon state general fund support due to the significant number of in-state undergraduate students served (94.2 percent as of fall 2015). SCHEV's calculation identifies that the University's E&G program should be funded 62 percent by the state and 38 percent through institutional nongeneral fund sources (i.e. tuition, E&G fees, etc.). However, SCHEV's most recent calculation (September 2015) reflects an inversion with the University funding 61 percent from institutional nongeneral fund sources and 39 percent from state funding.

Mandatory Cost Increases:

2016 General Assembly Session Action

During the 2016 General Assembly Session, the Governor, House of Delegates, and Senate all renewed their commitment and support for higher education by offering funding proposals in support of universities and their students. In total, the final Budget contained approximately $200 million in general fund support for higher education in fiscal year 2016-17 alone. Radford University's portion of this funding is anticipated to be $5.7 million.

A portion of this funding will be used to offset the costs associated with a state-mandated three percent salary increase and to address rising fringe benefit costs mostly related to health insurance rate changes of 9.6 percent. This cost will be mitigated slightly by decreases to the employer share of the Virginia Retirement System (VRS) contribution rates due to an originally planned lump sum payment from 2015-16 year-end resources, which will repay VRS for deferred contributions accrued over the 2010-12 biennium.

The largest share of E&G funding support has been appropriated on behalf of Access, Affordability, and Completion. Funds have been allocated across the Universities as an incentive to deliver quality education, limit the impact of future tuition increases, and increase graduation rates among in-state students. In addition, the funding is also expected to be used to support college completion efforts for underrepresented student populations.

Similarly, the support provided for student financial assistance will be used for increased need-based aid at the undergraduate level, while the graduate aid will be used to further the University's graduate assistantship program. It should be noted that the undergraduate aid for 2017-18 has been allocated directly to SCHEV. Over the course of the next year, the financial aid funding model methodology is to be reviewed by the Higher Education Joint Subcommittee and allocations are likely to change over the next legislative session.

The following schedule reflects the anticipated funding from the 2016 General Assembly Session providing additional general fund support for the University in 2016-17:

2016 General Assembly Session Funding:

	2016-17
E&G - Educational & General	
2015-16 Central Account Realignment	$363,027
2016-17 Central Account Adjustment (a)	
Salary & Fringe Annualization	251,781
Workers Compensation	1,592
Health Insurance & VRS Rate Changes	700,177
2016-17 Central Systems & Insurance	19,146
2016-17 Access, Affordability & Completion	1,482,976
2016-17 3% Salary Increase (b)	839,612
2016-17 Interest Earning / Rebates (b)	180,000
Total E&G General Fund Recommendations	**$3,838,311**
SFA - Student Financial Assistance	
In-State Undergraduate Financial Aid	1,685,086
In-State Graduate Financial Aid	171,128
Total SFA General Fund Recommendations	**$1,856,214**
Total General Fund Recommendations	**$5,694,525**

Notes:

(a) Central Appropriation amounts are not included in the University's line item appropriation. Instead they are held centrally by the state and allocated after the start of the fiscal year. For this reason, estimates have been provided as a placeholder.

(b) The final budget did not provide an institutional breakout for appropriations related to either the 3% Salary Increase or Interest Earnings. Therefore, the funding reflects an estimate of the University's proportionate share of the total allocation.

Other Mandatory Costs

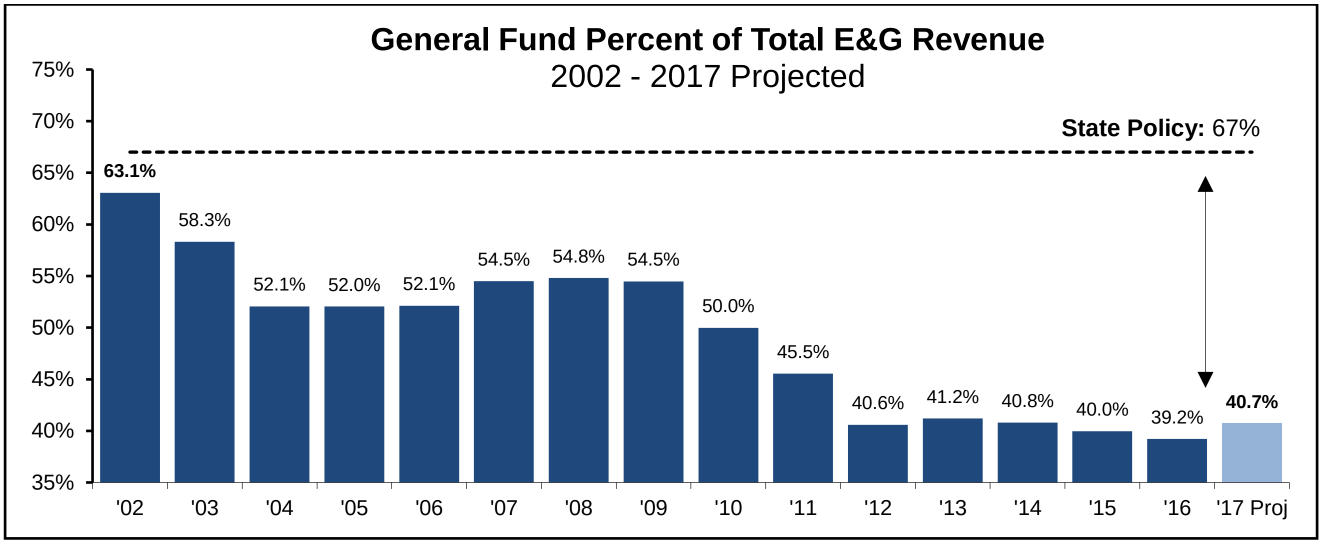
In addition to the state mandated items, the University must also address teaching and research faculty promotion and tenure contractual commitments, operation and maintenance of new and existing facilities, contractual escalators for technology and maintenance contracts, compliance mandates and committed cost for previously approved projects. These initiatives, referred to as central cost commitments, combine to total $1.7 million. For additional details, Attachment II provides a breakdown of the mandatory cost requirements.

Funding Sources and Cost Drivers:

The State policy for funding higher education is to fund 67 percent of the cost of education for in-state students. Figure 1 reflects the status of general fund support for Radford University's educational and general (E&G) program from 2002 through 2017 (projected) in relation to this policy. Currently, general fund support for the E&G program is projected to be 40.7 percent and general fund support per student FTE is amongst the lowest of the public four-year institutions of higher education.

As demonstrated in Figure 1, the 2016-17 projected E&G general fund split is significantly below the State's policy of 67 percent. The difference reflects funding of essential programmatic needs to support the University's in-state student population.

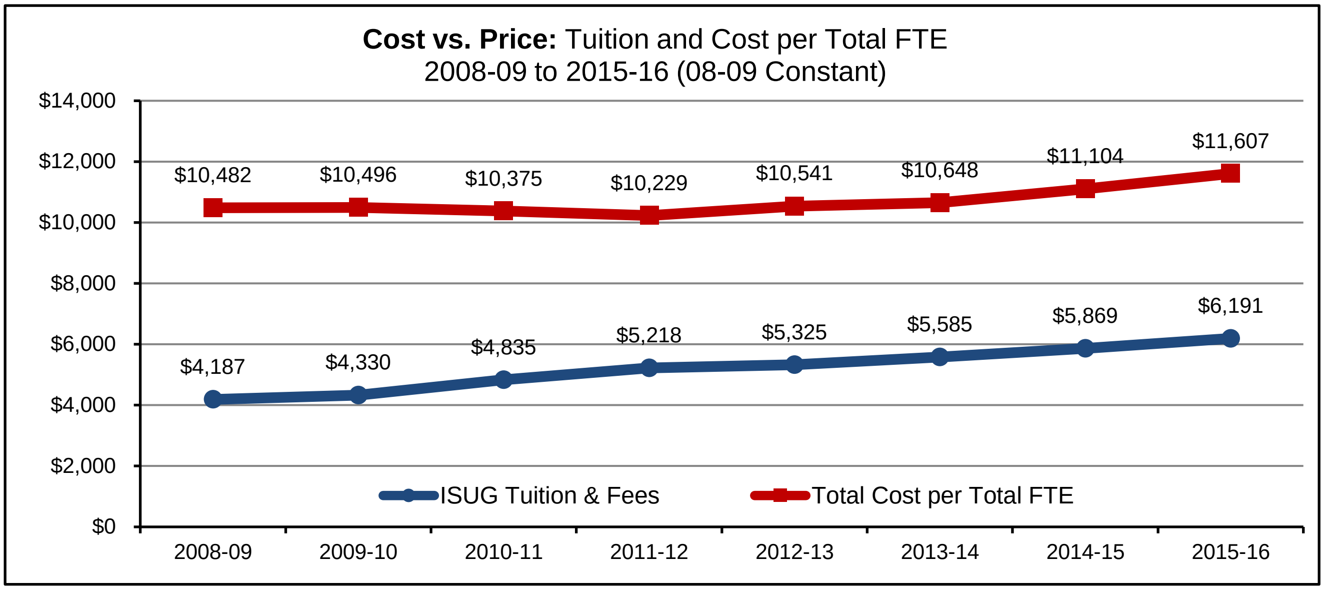
Figure 1: E&G general fund appropriation historical trend compare to State policy:



However, as reflected in Figure 2, the cost per student has remained fairly constant since about 2009. This demonstrates the University's commitment to reducing cost, reallocating resources to the highest priorities, and restructuring operations in order to mitigate the impact of tuition and fee increases.

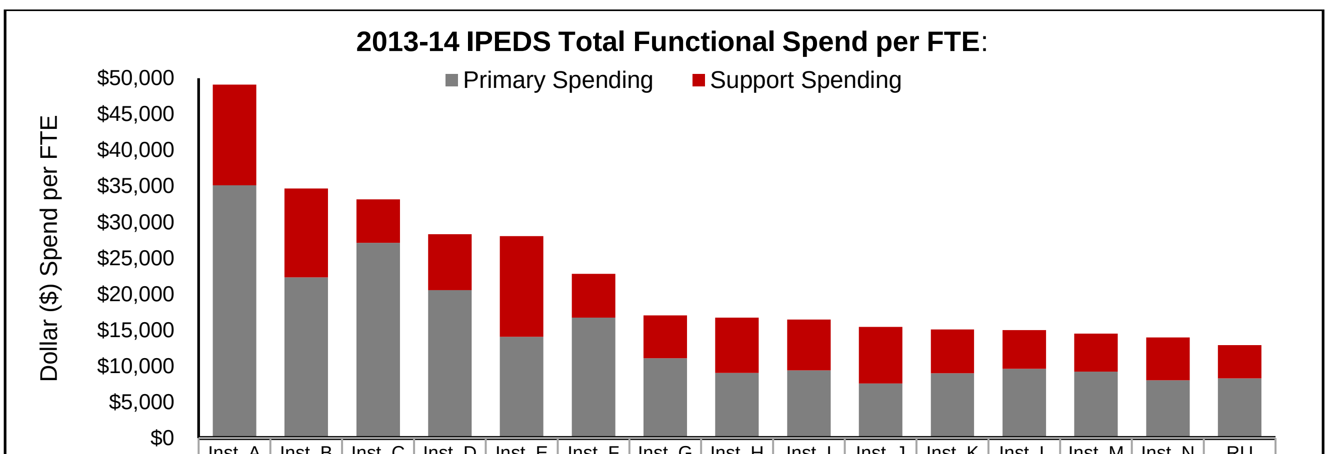
While in-state undergraduate tuition and fee rates have climbed $2,004 from 2008-09 to 2015-16 when adjusted for inflation (2008-09 Constant), the total cost per total FTE during the same period has risen $1,125; ultimately containing cost increases to a more modest pace.

Figure 2: Cost versus Price trend per total FTE (constant dollars)



Additionally, using national data from the Integrated Postsecondary Education Data System (IPEDS) for the past decade, Radford University has consistently ranked as the lowest Virginia four-year public institution of higher education in total E&G program functional spending per student FTE. The most recently available spending levels (2013-14) are demonstrated in Figure 3. This reflects the University's lean operational structure and administrative efficiencies in the E&G program which encompasses costs associated with instruction and support operations.

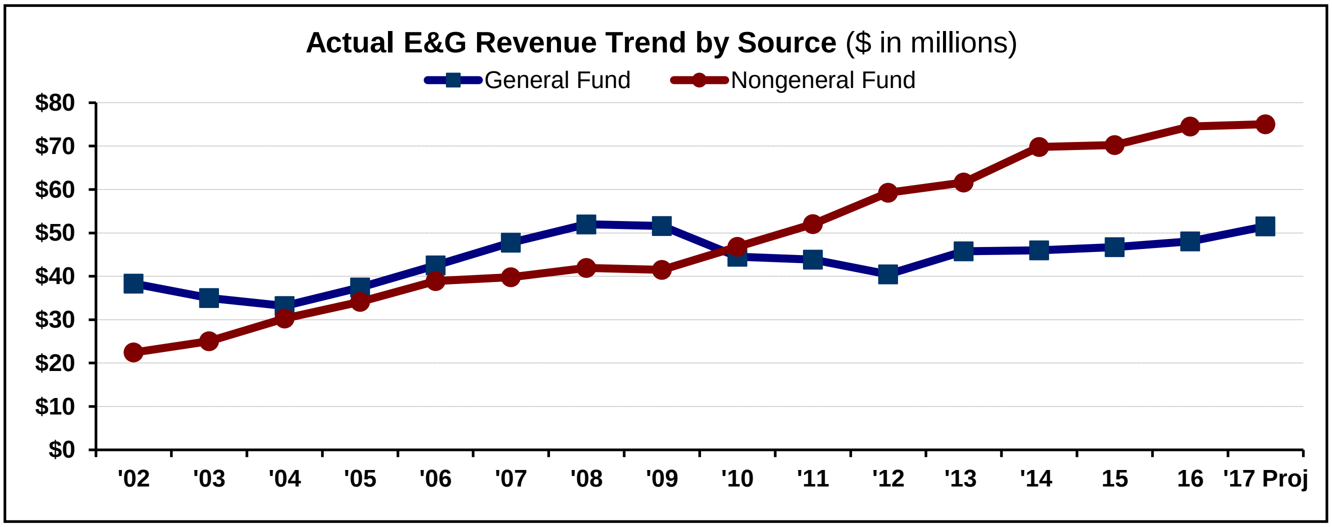
Figure 3: Ranking of E&G Total Spending per FTE of Virginia Public Four-Year Institutions



	Inst. A	Inst. B	Inst. C	Inst. D	Inst. E	Inst. F	Inst. G	Inst. H	Inst. I	Inst. J	Inst. K	Inst. L	Inst. M	Inst. N	RU
Total Rank	15	14	13	12	11	10	9	8	7	6	5	4	3	2	1
Total Spending	49,110	34,658	33,183	28,339	28,051	22,806	17,060	16,731	16,450	15,466	15,094	14,984	14,530	13,961	12,900
Support Spending	13,984	12,339	6,061	7,783	13,963	6,058	5,978	7,700	7,063	7,877	6,111	5,373	5,325	5,943	4,626
Primary Spending	35,126	22,319	27,122	20,556	14,088	16,747	11,082	9,031	9,387	7,589	8,983	9,611	9,205	8,017	8,273

Figure 4 displays the E&G general fund and nongeneral fund trends between 2002 and 2017 (projected). In 2010, as a result of the economic downturn and the sustained loss of general fund support, students and their families began funding the majority of the cost of education. The increase in the nongeneral fund trend in recent years was largely attributable to planned enrollment growth during those years which assisted with mitigating further increases in tuition and fees.

Figure 4: E&G general fund/nongeneral fund split historical trend (nominal dollars)



Proposed Budget

2016-17 Projected Total Revenue

Radford University's institutional budget is derived from two fund sources:

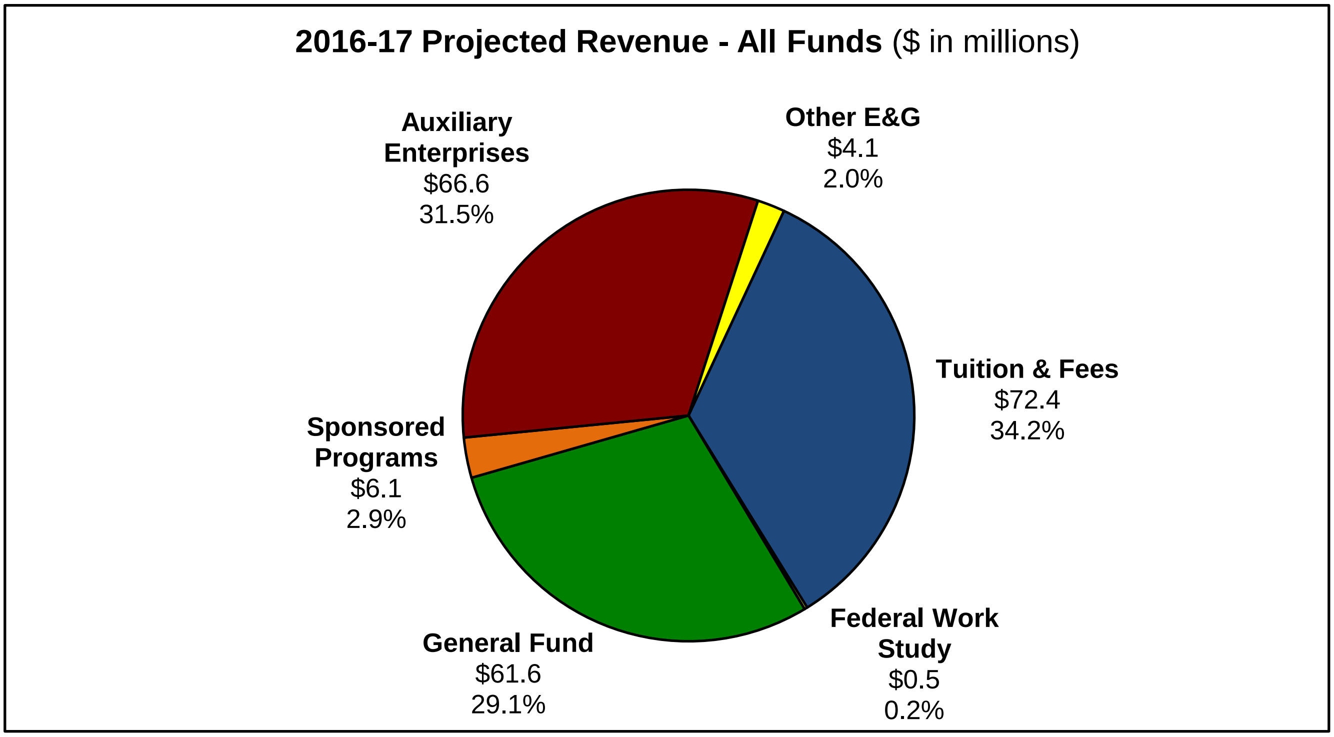
- **General Fund** (GF) – State tax dollars (unrestricted), distributed through the State budget process and documented through the Virginia Acts of Assembly (i.e. Appropriations Act).

- **Nongeneral Fund** (NGF) – tuition, mandatory (technology and comprehensive) fees, user (room and board) fees, other E&G and auxiliary enterprises fees, grants/contracts/research, federal student work study, and commissions (e.g. dining services, bookstore, laundry, vending, etc.).

Total University revenue is expected to be $211.3 million for fiscal year 2016-17, which reflects a 2.7 percent increase above the 2015-16 Adjusted Budget. The increase is attributable to new revenue from additional general fund support from the State, as well as Board approved tuition and fee rates.

The majority of the University's total operating budget (70.9 percent) is supported through nongeneral fund sources. The remaining 29.1 percent is supported through the general fund. Figure 5 displays the breakdown of projected revenue by major funding sources.

Figure 5: 2016-17 projected total revenue (all sources and programs):



<u>2016-17 Projected Total Expenditures</u>

Expenditures are expected to total $206.0 million for 2016-17. Projected expenditures are less than projected revenues due to required Auxiliary Enterprises reserve fund deposits that must be generated to meet the State Council of Higher Education for Virginia (SCHEV) guidelines for operating, equipment renewal and replacement, and future capital projects.

Figure 6 illustrates projected expenditures for each of the major programs which include:

- **Educational & General (E&G)**: Activities to provide instruction, research, public service, academic support (e.g., library, deans), student support services (e.g., admissions, financial aid, registrar), and program support (e.g., administration, institutional support, physical plant) services.

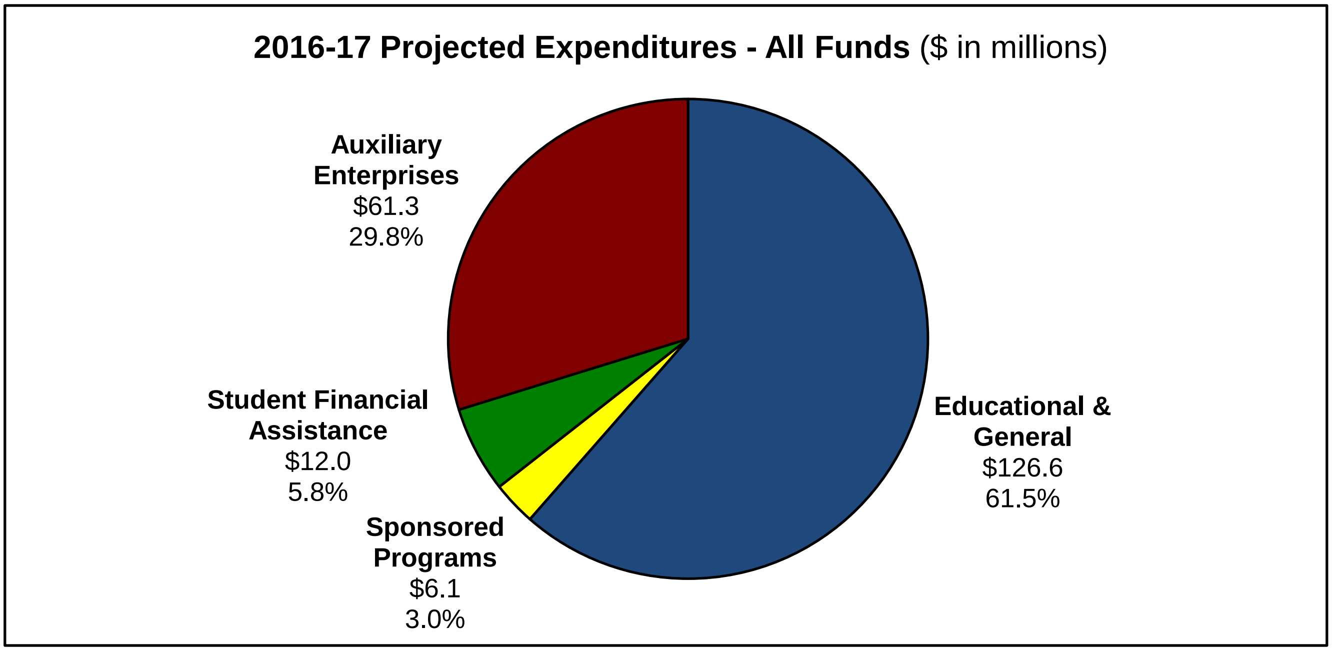
- **Student Financial Assistance**: Activities to provide financial assistance to Virginia students.

- **Financial Assistance for Educational and General Services Program (Sponsored Programs, Grants and Contracts)**: Activities to provide additional resources for educational and general services through third-party grants, contracts, and research.

- **Auxiliary Enterprises**: Self-supporting activities to provide goods or services to students, faculty, staff and visitors (e.g., residence halls, dining services, bookstore, athletics, student activities, etc.).

The E&G program represents 61.5 percent of the expenditures budgeted while Auxiliary Enterprises accounts for 29.8 percent. The remaining 8.8 percent is split between Student Financial Assistance and Sponsored Programs.

Figure 6: 2016-17 Projected Expenditures by Major Program:



Attachment I and Schedules A and B provide an overview of the University's proposed 2016-17 operating budget by major program. Attachment I details the 2016-17 Funded E&G Initiatives by Division, Schedule A provides an overview of the 2016-17 Total University Operating Budget, and Schedule B reflects the 2016-17 Auxiliary Enterprise Budget by major program area. Following is a narrative description by major program to complement the financial information presented in Attachment I and Schedules A and B.

Educational & General (E&G) Program:

The Educational and General (E&G) program supports instruction, academic support, libraries, public service, student services, institutional support, and operation/maintenance of the physical plant. The proposed 2016-17 E&G operating budget (base and one-time) totals $126.5 million. The projected increase in E&G revenue is derived from new general fund support and incremental tuition revenue generated from Board-approved tuition and fees.

In 2016-17, the percentage of the E&G budget supported by general fund is projected to be 40.7 percent. The University is anticipated to receive $3.8 million in new general fund over the previous year for central appropriation adjustments, State mandated salary and fringe benefit rate increases, and operational investments. Projected E&G nongeneral fund revenue is derived primarily from tuition and fees ($72.4 million), with all other E&G revenue totaling $2.7 million.

Resource Allocations:
The University continues to seek out reallocation opportunities to fund new initiatives in order to keep costs low and maintain value for the student population. The most notable reallocations within the 2016-17 operating budget are related to program enhancements in the Division of Academic Affairs. In order to finalize the implementation of the mandated Pathways to Excellence programs, i.e. Chemistry, Criminal Justice, and RN-BSN, Academic Affairs will reallocate an additional $520,800 in 2016-17. In addition, Academic Affairs will be reallocating an additional $108,017 to fund the initiation of the M.S. in Data and Information Management (DAIM) program.

During the May 2016 Board of Visitors meeting, essential programmatic priorities were outlined and incorporated in the proposed 2016-17 budget. Additionally, unavoidable cost increases and central appropriation adjustments for fringe benefits and State authorized salary increases were considered. While many requests were submitted to further operational priorities, unfortunately due to significant mandatory cost factors and limited incremental revenue availability, only a handful were able to be addressed. Due to the myriad of budget pressures in this budget development cycle only critical programmatic requests were considered from each of the Vice Presidents for 2016-17. Therefore, the allocation of these resources has been deemed necessary to fund the absolute highest priorities across each division and address only the most critical of needs.

Attachment I provides an overview of the E&G base budget initiatives funded in 2016-17. The major programmatic initiatives include support for the state mandated salary increase and fringe benefit rate changes, undergraduate recruitment, transition operations, and operation and maintenance expenses associated with the new facility for the College of Humanities and Behavioral Sciences coming online.

Attachment II illustrates the initial budget assumptions provided to the board in May 2016 as well as any changes that occurred prior to finalization of the actual 2016-17 proposed operating budget.

Student Financial Assistance Program:

State support from the general fund is appropriated for scholarships and fellowships to undergraduate and graduate students. The authorized general fund appropriation for fiscal year 2016-17 is $10.0 million, an increase of $1.9 million over fiscal year 2015-16. In addition to general fund support, the University continues to commit $1.9 million from institutional nongeneral fund resources to support undergraduate need-based financial aid.

Financial Assistance for Educational and General Services Program (Grants/Contracts):

Radford University receives external funding for grants and contracts from a variety of federal, state, private, and local sources. For fiscal year 2016-17, estimated annual activity is projected at $6.1 million for Sponsored Programs.

Auxiliary Enterprises Program:

The Auxiliary Enterprises program supports student service activities such as residential life, dining, athletics, recreation, student health, and transportation. Funding for this program is generated from contract commissions and fees assessed to students and other users. The Commonwealth requires Auxiliary Enterprises to be financially self-supporting. For this reason, general fund support and tuition revenue cannot be allocated to these activities.

For fiscal year 2016-17, the revenue budget for Auxiliary Enterprises is projected to be $66.6 million. The following represents base budget initiatives funded for 2016-17 by major auxiliary enterprise unit. It should be noted that all auxiliary budgets were adjusted to account for fringe benefit rate changes, the state mandated salary increase, and to align indirect cost and utility charges as necessary.

- Dining Services:
    - Increased vendor contract payment escalator
    - Renewal & replacement of facilities & equipment

- Housing and Residential Services:
    - First year implementation of a professional residence hall director reorganization
    - Renewal and replacement of facilities and equipment

- Parking and Transportation
    - Transit operations local match

- Student Health Services
    - Annual contract escalator (CPI)
    - Immunization compliance management system

- Student Union and Recreation
    - Fitness equipment replacement fund

- Other Auxiliary Enterprises
    - One-time funds to support auxiliary infrastructure improvements

- Intercollegiate Athletics
    - Student athlete insurance escalators
    - Big South Conference operating mandates
    - Operational realignments to address current staffing needs

It is projected that approximately $5.3 million will be generated in 2016-17 for reserve fund contributions which can be used for future debt service, maintenance reserve projects, and construction and/or renovation costs associated with future capital projects.

The following are strategic future considerations for auxiliary reserve balances:

- Hurlburt Hall student center addition
- Muse Hall renovation
- Athletic complex renovation projects
- Maintenance reserve projects
- Equipment renewal and replacement
- Land acquisition
- Future capital projects

Action:
Radford University Board of Visitors approval of the 2016-17 operating budget as presented in Schedule A for Total Operating Budget and Schedule B for Auxiliary Enterprises.

Radford University
E&G Funded Initiatives by Division
2016-17

Dollars in Thousands	Dollars in Thousands ($)			FTE
	Mandatory	Programmatic	Total	Positions
Academic Affairs				
Mandatory-DPT Clinical Placements	$8		$8	-
Mandatory-Subscription Increases - NC SARA	4		4	-
Mandatory-Promotion & Tenure	149		149	-
Mandatory-Admissions Recruitment	175		175	-
Accounting Certificate Program		20	20	-
DAIM - Reallocation Balance		8	8	-
Academic Affairs Total	**$336**	**$29**	**$365**	**-**
Central Administration				
Title IX - Paralegal and Operating		$70	$70	1.00
Central Administration Total	**$0**	**$70**	**$70**	**-**
Central Resources				
Salary Increases				
2015-16 2% Sal Incr./Comp Adj - Annualize	$196		$196	-
2016-17 3% Salary Incr. - Partial	1,354		1,354	-
Fringe Increases				
State Mandated Health & VRS Adj.	$968		$968	-
Other Increases				
Utilities Increases	$70		$70	-
Transition Operating Support	226		226	1.00
University One-time Operating	455		455	-
Central Resources Total	**$3,270**	**$0**	**$3,270**	**1.00**
Information Technology				
Mandatory-Contract Escalators	$84		$84	-
Information Technology Total	**$84**	**$0**	**$84**	**-**
Finance & Administration				
Mandatory-O&M - New Facilities - CHBS	$378		$378	5.00
Mandatory-Compliance Mandates	72		72	1.00
Mandatory-Contract Escalators	70		70	-
Finance & Administration Total	**$521**	**$0**	**$521**	**6.00**
University Relations				
Free Lance Photography		$15	$15	-
University Relations Total	**$0**	**$15**	**$15**	**-**
Grand Total	**$4,211**	**$114**	**$4,325**	**7.00**

Radford University
Resource Allocation Analysis
2016-17

Dollars in Thousands	Original May 2016 Assumptions	Proposed July 2016 Budget	Change
REVENUE			
General Fund Changes			
2016-17 Central Accounts (Adjustment)	$954	$954	
2015-16 Central Fund (Alignment)	363	363	
2016-17 Base Funding (Access & Completion)	1,483	1,483	
2016-17 Central Systems & Insurance Changes	19	19	
2016-17 Salary Increase - 3% Partial	840	840	
2016-17 Interest Earnings/CC Rebate	180	180	
Total GF Change	**$3,838**	**$3,838**	
Nongeneral Fund Changes			
Enrollment Changes - *Estimated*	($1,334)	($1,334)	
Tuition Increase - *Estimated*	1,772	1,805	33
Other NGF Changes		15	15
Total NGF Changes	**$438**	**$487**	**$48**
Total Revenue	**$4,277**	**$4,325**	**$48**
EXPENSES			
Non-Discretionary Cost Increases			
Mandatory Costs			
Salary Adjustments			
2015-16 2% Sal Incr./Comp Adj - 4PPs	$196	$196	
2016-17 3% Salary Incr. - 12PPs	1,354	1,354	
Fringe Adjustments			
Health Insurance/VRS Rate Changes	968	968	(0)
Central Cost Commitments			
AA Promotion & Tenure, Admissions, & DPT Clinicals	336	336	
Utilities Increases	70	70	
O&M New Facilities	373	378	5
IT, SA, & Finance Contractual Escalators	159	154	(5)
Transition Operating Support	225	226	1
Facilities - Life Safety & Storm Water	92	72	(20)
Admin Overhead/One-Time Operating	432	455	23
Sub-Total Central Commitments	$1,688	$1,693	$4
Sub-Total Mandatory Costs	**$4,207**	**$4,211**	**$4**
Division Recurring Requirements			
Academic Affairs		$20	$20
Central Administration	70	70	0
Information Technology			
Finance & Administration			
Student Affairs			
University Advancement			
University Relations		15	15
Sub-Total Division Requirements	**$70**	**$105**	**$35**
Total Non-Discretionary Cost Increases	**$4,277**	**$4,317**	**$40**
REALLOCATIONS			
Pathways to Excellence & Program Start-up			
PTE - Chemistry, Criminal Justice, RN-BSN	$521	$521	
Provost's Reallocation - PTE	(521)	(521)	
DAIM - Start-up	196	116	(80)
Provost's Reallocation - DAIM	(108)	(108)	
Sub-Total Board Mandates & Start-ups	**$88**	**$8**	**($80)**
Total University Reallocations	**$88**	**$8**	**($80)**
Total Expense	**$4,365**	**$4,325**	**($40)**
Surplus / (Deficit)	**($88)**	**$0**	**$88**

Radford University
Proposed University Operating Budget
2016-17

Dollars in Thousands	Annual Budget for 2015-16			2015-16	2016-17 Adjustments			2016-17
	Original Total Budget (a)	Adjustments	Adjusted Total Budget (b)	Adjusted Total Budget	Technical Adjustments	Base Adjustments	One-Time Adjustments	Recommended Total Budget (c)
Educational and General Programs								
Revenues								
General Fund	$47,702	$359	$48,061	$48,061	($359)	$3,838	$0	$51,540
Tuition and Fees	71,879	553	72,432	72,432	(553)	472	0	72,351
All Other Income	2,506	0	2,506	2,506	(1,231)	15	1,406	2,696
Revenue	$122,087	$912	$122,999	$122,999	($2,144)	$4,325	$1,406	$126,586
Expenditures								
Instructional & Academic Support	($81,117)	$470	($80,647)	($80,647)	($470)	($2,059)	$0	($83,176)
All Other Support Programs	(40,970)	(1,382)	(42,352)	(42,352)	2,613	(2,266)	(1,406)	(43,410)
Expenditures	($122,087)	($912)	($122,999)	($122,999)	$2,144	($4,325)	($1,406)	($126,586)
Reserve Draw (Deposit)	0	0	0	0	0	0	0	0
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Student Financial Assistance								
Revenue	$10,095	$224	$10,319	$10,319	($224)	$1,856	$0	$11,951
Expenditures	(10,095)	(224)	(10,319)	(10,319)	224	(1,856)	0	(11,951)
Reserve Draw (Deposit)	0	0	0	0	0	0	0	0
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Sponsored Programs								
Revenue	$6,100	$0	$6,100	$6,100	$0	$0	$0	$6,100
Expenditures	(6,100)	0	(6,100)	(6,100)	0	0	0	(6,100)
Reserve Draw (Deposit)	0	0	0	0	0	0	0	0
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Auxiliary Enterprises								
Revenues	$68,020	($1,685)	$66,334	$66,334	$1,685	($1,375)	$0	$66,644
Expenditures	(60,666)	(1,500)	(61,251)	(61,251)	815	(143)	(751)	(61,329)
Reserve Draw (Deposit)	(7,353)	3,185	(5,084)	(5,084)	(2,500)	1,519	751	(5,315)
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Total University								
Revenues	**$206,301**	**($549)**	**$205,752**	**$205,752**	**($682)**	**$4,806**	**$1,406**	**$211,282**
Expenses	**(198,948)**	**(2,636)**	**(200,669)**	**(200,669)**	**3,183**	**(6,324)**	**(2,156)**	**(205,967)**
Reserve Draw (Deposit)	**(7,353)**	**3,185**	**(5,084)**	**(5,084)**	**(2,500)**	**1,519**	**751**	**(5,315)**
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Notes:
(a) Original Total Budget - Reflects the 2015-16 Operating Budget as of July 1, 2015 which was approved by the Board at the September 2015 meeting. Both recurring and one-time operating budgets are included.
(b) Adjusted Total Budget - Reflects the 2015-16 Operating Budget as of June 30, 2016. Both recurring and one-time operating budgets are included.
(c) Recommended Total Budget - Reflects the proposed 2016-17 Original Total Budget as of July 1, 2016. Both recurring and one-time operating budgets are included.

Radford University
Proposed Auxiliary Enterprise Budget
2016-17

Dollars in Thousands	Annual Budget for 2015-16			2015-16	2016-17 Adjustments			2016-17
	Original Total Budget (a)	Adjustments	Adjusted Total Budget (b)	Adjusted Total Budget	Technical Adjustments	Base Adjustments	One-Time Adjustments	Recommended Total Budget (c)
Residential & Dining Programs								
Revenues	$31,532	($1,500)	$30,032	$30,032	$1,500	($1,135)	$0	$30,398
Expenditures	(28,609)	316	(28,292)	(28,292)	(484)	404	(401)	(28,773)
Reserve Draw (Deposit)	(2,924)	1,184	(1,740)	(1,740)	(1,016)	731	401	(1,624)
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Bookstore								
Revenues	$850	$0	$850	$850	$0	($210)	$0	$640
Expenditures	(269)	0	(269)	(269)	0	(0)	0	(269)
Reserve Draw (Deposit)	(581)	0	(581)	(581)	0	210	0	(371)
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Parking & Transportation								
Revenues	$1,786	$0	$1,786	$1,786	$0	$19	$0	$1,805
Expenditures	(1,372)	(94)	(1,466)	(1,466)	172	(168)	(48)	(1,509)
Reserve Draw (Deposit)	(414)	94	(319)	(319)	(172)	149	48	(295)
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Telecommunications								
Revenues	$566	$0	$566	$566	$0	$0	$0	$566
Expenditures	(494)	(0)	(494)	(494)	0	(5)	0	(498)
Reserve Draw (Deposit)	(72)	0	(72)	(72)	(0)	5	0	(67)
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Student Health Services								
Revenues	$3,053	$0	$3,053	$3,053	$0	$80	$0	$3,134
Expenditures	(2,986)	(28)	(3,014)	(3,014)	67	(89)	(8)	(3,043)
Reserve Draw (Deposit)	(68)	28	(40)	(40)	(67)	9	8	(91)
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Student Programming								
Revenues	$8,271	$0	$8,271	$8,271	$0	$118	$0	$8,389
Expenditures	(7,803)	(515)	(8,318)	(8,318)	615	(336)	(27)	(8,066)
Reserve Draw (Deposit)	(468)	515	47	47	(615)	218	27	(323)
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Building & Facilities								
Revenues	$3,510	$0	$3,510	$3,510	$0	($79)	$0	$3,431
Expenditures	(1,692)	(0)	(1,692)	(1,692)	55	131	(55)	(1,561)
Reserve Draw (Deposit)	(1,818)	0	(1,818)	(1,818)	(55)	(52)	55	(1,870)
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Other Enterprise Functions								
Revenues	$6,020	($300)	$5,720	$5,720	$300	($162)	$0	$5,858
Expenditures	(5,329)	83	(5,097)	(5,097)	(99)	89	(174)	(5,280)
Reserve Draw (Deposit)	(691)	217	(623)	(623)	(201)	73	174	(578)
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Intercollegiate Athletics								
Revenues	$12,432	$115	$12,546	$12,546	($115)	($7)	$0	$12,425
Expenditures	(12,112)	(495)	(12,607)	(12,607)	489	(170)	(40)	(12,329)
Reserve Draw (Deposit)	(319)	380	61	61	(374)	177	40	(96)
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Total Auxiliary Enterprise								
Revenues	**$68,020**	**($1,685)**	**$66,334**	**$66,334**	**$1,685**	**($1,375)**	**$0**	**$66,644**
Expenses	**(60,666)**	**(734)**	**(61,251)**	**(61,251)**	**815**	**(143)**	**(751)**	**(61,329)**
Reserve Draw (Deposit)	**(7,353)**	**2,419**	**(5,084)**	**(5,084)**	**(2,500)**	**1,519**	**751**	**(5,315)**
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Notes:

(a) Original Total Budget - Reflects the projected 2015-16 Operating Budget as of July 01, 2015 which was approved by the Board at the September 2015 meeting. Both recurring and one-time operating budgets are included.

(b) Adjusted Total Budget - Reflects the 2015-16 Operating Budget as of June 30, 2016. Both recurring and one-time operating budgets are included.

(c) Recommended Total Budget - Reflects the proposed 2016-17 Original Total Budget as of July 1, 2016. Both recurring and one-time operating budgets are included.

DRAFT

Resolution
September 16, 2016

Approval of the Radford University 2016-17 Operating Budget

BE IT RESOLVED, the Radford University Board of Visitors approves the fiscal year 2016-17 operating budget as presented in Schedule A for Total Operating Budget and Schedule B for Auxiliary Enterprises.

Radford University
Proposed University Operating Budget
2016-17

Dollars in Thousands	Annual Budget for 2015-16			2015-16	2016-17 Adjustments			2016-17
	Original Total Budget (a)	Adjustments	Adjusted Total Budget (b)	Adjusted Total Budget	Technical Adjustments	Base Adjustments	One-Time Adjustments	Recommended Total Budget (c)
Educational and General Programs								
Revenues								
General Fund	$47,702	$359	$48,061	$48,061	($359)	$3,838	$0	$51,540
Tuition and Fees	71,879	553	72,432	72,432	(553)	472	0	72,351
All Other Income	2,506	0	2,506	2,506	(1,231)	15	1,406	2,696
Revenue	$122,087	$912	$122,999	$122,999	($2,144)	$4,325	$1,406	$126,586
Expenditures								
Instructional & Academic Support	($81,117)	$470	($80,647)	($80,647)	($470)	($2,059)	$0	($83,176)
All Other Support Programs	(40,970)	(1,382)	(42,352)	(42,352)	2,613	(2,266)	(1,406)	(43,410)
Expenditures	($122,087)	($912)	($122,999)	($122,999)	$2,144	($4,325)	($1,406)	($126,586)
Reserve Draw (Deposit)	0	0	0	0	0	0	0	0
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Student Financial Assistance								
Revenue	$10,095	$224	$10,319	$10,319	($224)	$1,856	$0	$11,951
Expenditures	(10,095)	(224)	(10,319)	(10,319)	224	(1,856)	0	(11,951)
Reserve Draw (Deposit)	0	0	0	0	0	0	0	0
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Sponsored Programs								
Revenue	$6,100	$0	$6,100	$6,100	$0	$0	$0	$6,100
Expenditures	(6,100)	0	(6,100)	(6,100)	0	0	0	(6,100)
Reserve Draw (Deposit)	0	0	0	0	0	0	0	0
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Auxiliary Enterprises								
Revenues	$68,020	($1,685)	$66,334	$66,334	$1,685	($1,375)	$0	$66,644
Expenditures	(60,666)	(1,500)	(61,251)	(61,251)	815	(143)	(751)	(61,329)
Reserve Draw (Deposit)	(7,353)	3,185	(5,084)	(5,084)	(2,500)	1,519	751	(5,315)
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Total University								
Revenues	**$206,301**	**($549)**	**$205,752**	**$205,752**	**($682)**	**$4,806**	**$1,406**	**$211,282**
Expenses	**(198,948)**	**(2,636)**	**(200,669)**	**(200,669)**	**3,183**	**(6,324)**	**(2,156)**	**(205,967)**
Reserve Draw (Deposit)	**(7,353)**	**3,185**	**(5,084)**	**(5,084)**	**(2,500)**	**1,519**	**751**	**(5,315)**
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Notes:
(a) Original Total Budget - Reflects the 2015-16 Operating Budget as of July 1, 2015 which was approved by the Board at the September 2015 meeting. Both recurring and one-time operating budgets are included.
(b) Adjusted Total Budget - Reflects the 2015-16 Operating Budget as of June 30, 2016. Both recurring and one-time operating budgets are included.
(c) Recommended Total Budget - Reflects the proposed 2016-17 Original Total Budget as of July 1, 2016. Both recurring and one-time operating budgets are included.

Radford University
Proposed Auxiliary Enterprise Budget
2016-17

Dollars in Thousands	Annual Budget for 2015-16			2015-16	2016-17 Adjustments			2016-17
	Original Total Budget (a)	Adjustments	Adjusted Total Budget (b)	Adjusted Total Budget	Technical Adjustments	Base Adjustments	One-Time Adjustments	Recommended Total Budget (c)
Residential & Dining Programs								
Revenues	$31,532	($1,500)	$30,032	$30,032	$1,500	($1,135)	$0	$30,398
Expenditures	(28,609)	316	(28,292)	(28,292)	(484)	404	(401)	(28,773)
Reserve Draw (Deposit)	(2,924)	1,184	(1,740)	(1,740)	(1,016)	731	401	(1,624)
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Bookstore								
Revenues	$850	$0	$850	$850	$0	($210)	$0	$640
Expenditures	(269)	0	(269)	(269)	0	(0)	0	(269)
Reserve Draw (Deposit)	(581)	0	(581)	(581)	0	210	0	(371)
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Parking & Transportation								
Revenues	$1,786	$0	$1,786	$1,786	$0	$19	$0	$1,805
Expenditures	(1,372)	(94)	(1,466)	(1,466)	172	(168)	(48)	(1,509)
Reserve Draw (Deposit)	(414)	94	(319)	(319)	(172)	149	48	(295)
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Telecommunications								
Revenues	$566	$0	$566	$566	$0	$0	$0	$566
Expenditures	(494)	(0)	(494)	(494)	0	(5)	0	(498)
Reserve Draw (Deposit)	(72)	0	(72)	(72)	(0)	5	0	(67)
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Student Health Services								
Revenues	$3,053	$0	$3,053	$3,053	$0	$80	$0	$3,134
Expenditures	(2,986)	(28)	(3,014)	(3,014)	67	(89)	(8)	(3,043)
Reserve Draw (Deposit)	(68)	28	(40)	(40)	(67)	9	8	(91)
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Student Programming								
Revenues	$8,271	$0	$8,271	$8,271	$0	$118	$0	$8,389
Expenditures	(7,803)	(515)	(8,318)	(8,318)	615	(336)	(27)	(8,066)
Reserve Draw (Deposit)	(468)	515	47	47	(615)	218	27	(323)
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
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Revenues	$3,510	$0	$3,510	$3,510	$0	($79)	$0	$3,431
Expenditures	(1,692)	(0)	(1,692)	(1,692)	55	131	(55)	(1,561)
Reserve Draw (Deposit)	(1,818)	0	(1,818)	(1,818)	(55)	(52)	55	(1,870)
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Other Enterprise Functions								
Revenues	$6,020	($300)	$5,720	$5,720	$300	($162)	$0	$5,858
Expenditures	(5,329)	83	(5,097)	(5,097)	(99)	89	(174)	(5,280)
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Intercollegiate Athletics								
Revenues	$12,432	$115	$12,546	$12,546	($115)	($7)	$0	$12,425
Expenditures	(12,112)	(495)	(12,607)	(12,607)	489	(170)	(40)	(12,329)
Reserve Draw (Deposit)	(319)	380	61	61	(374)	177	40	(96)
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Total Auxiliary Enterprise								
Revenues	**$68,020**	**($1,685)**	**$66,334**	**$66,334**	**$1,685**	**($1,375)**	**$0**	**$66,644**
Expenses	**(60,666)**	**(734)**	**(61,251)**	**(61,251)**	**815**	**(143)**	**(751)**	**(61,329)**
Reserve Draw (Deposit)	**(7,353)**	**2,419**	**(5,084)**	**(5,084)**	**(2,500)**	**1,519**	**751**	**(5,315)**
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Notes:

(a) Original Total Budget - Reflects the projected 2015-16 Operating Budget as of July 01, 2015 which was approved by the Board at the September 2015 meeting. Both recurring and one-time operating budgets are included.

(b) Adjusted Total Budget - Reflects the 2015-16 Operating Budget as of June 30, 2016. Both recurring and one-time operating budgets are included.

(c) Recommended Total Budget - Reflects the proposed 2016-17 Original Total Budget as of July 1, 2016. Both recurring and one-time operating budgets are included.

2016 SIX-YEAR PLAN

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs & Audit Committee
September 15, 2016

Action Item
Approval of Radford University's 2016 Six-Year Plan

Item:
Board of Visitors approval of Radford University's 2016 Six-Year Plan as required by § 23-38.87:17 of the "*Preparing for the Top Jobs of the 21st Century: The Virginia Higher Education Opportunity Act of 2011"* (TJ21).

Background:
In response to the requirements outlined in § 23-38.87:17 of the "*Preparing for the Top Jobs of the 21st Century: The Virginia Higher Education Opportunity Act of 2011"* (TJ21) legislation, attached is a copy of Radford University's 2016 amended Six-Year Plan submitted to the State Council of Higher Education for Virginia (SCHEV) by the stated deadline of July 1, 2016.

TJ21 established a mandate that the governing board of each public institution of higher education develop and adopt biennially and amend or affirm annually a six-year plan for their institution. The act requires the plans to be submitted to the State Council for Higher Education of Virginia (SCHEV) by July 1 of each odd-numbered year and also requires any amendments or affirmations to existing plans to be submitted by July 1 of each even-numbered year.

The instructions and template to complete the six-year plan, or the plan update, are usually provided by SCHEV in May, typically at the time of the May Board meeting. Due to this timeline and in accordance with SCHEV instructions, the University has historically submitted the plan, or update, to SCHEV by the July 1st deadline and then has presented it to the Board for approval at the next scheduled meeting which is usually held in September. Over the July and August months, State representatives review the plans submitted by each institution and then provide comments in early September for each institution to respond. The responses as well as the final board approved six-year plan is then due to SCHEV by October 1st. This process was once again followed for the 2016 Six Year Plan submission.

The strategies identified in the University's 2016 Six-Year Plan were developed collaboratively with each division through the annual budget development cycle. Building upon the strategic multi-year budget developed in the previous cycle, divisions reviewed their respective submissions and updated strategies to align with current priorities and objectives. The academic strategies related to programmatic growth were developed by the Provost through the respective academic unit.

The presented tuition and fee increases assume a proportionate share of general fund support for modeling purposes only. The funding of the proposed strategies are subject to change unless incremental general fund support is received. Additionally, approval of tuition and fees is the responsibility of the Board of Visitors and may be adjusted based upon factors such as incremental general fund support, legislative requirements, projected enrollment growth, and prioritization of strategies to implement.

Radford University's 2016 Six-Year Plan was updated to reflect the status of existing strategies based on institutional priorities and legislative action during the 2016 General Assembly Session. Comments regarding the University's 2016 Six-Year Plan update are anticipated to be received by September 1, 2016. Once received the institution will need to respond to any questions and resubmit the final plan to SCHEV by October 1, 2016.

Action:
Radford University Board of Visitors approval of the Radford University 2016 Six-Year Plan.

Resolution

Approval of Radford University's 2016 Six-Year Plan
September 16, 2016

WHEREAS, the Higher Education Opportunity Act of 2011 became effective July 1, 2011, and requires each public institution of higher education in Virginia to develop and submit an institutional six-year plan; and

WHEREAS, § 23-38.87:17 of the Act requires, "*The governing board of each public institution of higher education shall develop and adopt biennially and amend or affirm annually a six-year plan for the institution and shall submit that plan to the Council* (State Council of Higher Education for Virginia)*, the Governor, and the Chairs of the House Committee on Appropriations and the Senate Committee on Finance no later than July 1 of each odd-numbered year, and shall submit amendments to or an affirmation of that plan no later than July 1 of each even-numbered year or at any other time permitted by the Governor or General Assembly";* and

WHEREAS, Radford University prepared a six-year plan in accordance with the requirements of the Higher Education Opportunity Act of 2011 and guidelines provided by the State Council of Higher Education for Virginia; and

WHEREAS, the University submitted the six-year plan to the State Council of Higher Education for Virginia by the stated deadline of July 1, 2016 for the 2016 submission; and

WHEREAS, the 2016 Six-Year Plan must be approved by the Board of Visitors prior to the October 1 final submission;

THEREFORE, BE IT RESOLVED the Radford University Board of Visitors approves the Radford University 2016 Six-Year Plan as presented in the format provided by the State Council of Higher Education for Virginia; and

BE IT FURTHER RESOLVED, that the University is authorized to revise the 2016 Six-Year Plan as required by State officials for final submission by the stated deadline.