

Business Affairs and Audit Committee

October 2018

RADFORD UNIVERSITY

Board of Visitors

RADFORD UNIVERSITY

Board of Visitors

BUSINESS AFFAIRS AND AUDIT COMMITTEE
2:15 P.M. **
OCTOBER 2, 2018
MARY ANN JENNINGS HOVIS BOARD ROOM
THIRD FLOOR, MARTIN HALL, RADFORD, VA

DRAFT
AGENDA

- **CALL TO ORDER** Dr. Jay A. Brown, *Vice Chair*
- **APPROVAL OF AGENDA** Dr. Jay A. Brown, *Vice Chair*
- **APPROVAL OF MINUTES** Dr. Jay A. Brown, *Vice Chair*
 - May 3, 2018
- **REPORTS AND RECOMMENDATIONS**
 - University Auditor's Report Ms. Margaret McManus, *University Auditor*
 - Write-Off of Past Due Accounts Report Mr. Chad A. Reed, *Vice President for Finance and Administration and Chief Financial Officer*
 - Capital Project Update Mr. Chad A. Reed, *Vice President for Finance and Administration and Chief Financial Officer*
- **ACTION ITEMS**
 - Recommendation to Approve the 2018 Six-Year Plan Update Mr. Chad A. Reed, *Vice President for Finance and Administration and Chief Financial Officer*
 - 2017-18 Financial Performance Report and Recommendation to Approve the 2018-19 Operating Budget Mr. Chad A. Reed, *Vice President for Finance and Administration and Chief Financial Officer*
- **OTHER BUSINESS** Dr. Jay A. Brown, *Vice Chair*
- **ADJOURNMENT** Dr. Jay A. Brown, *Vice Chair*

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

Committee Members

Mr. Gregory A. Burton, *Chair*

Dr. Jay A. Brown, *Vice Chair*

Dr. Susan Whealler Johnson

Mr. James R. Kibler, Jr.

Mr. Randy J. Marcus

Dr. Debra K. McMahon

Ms. Nancy Angland Rice

October 2018 Meeting Materials

RADFORD UNIVERSITY

Board of Visitors

Internal Audit

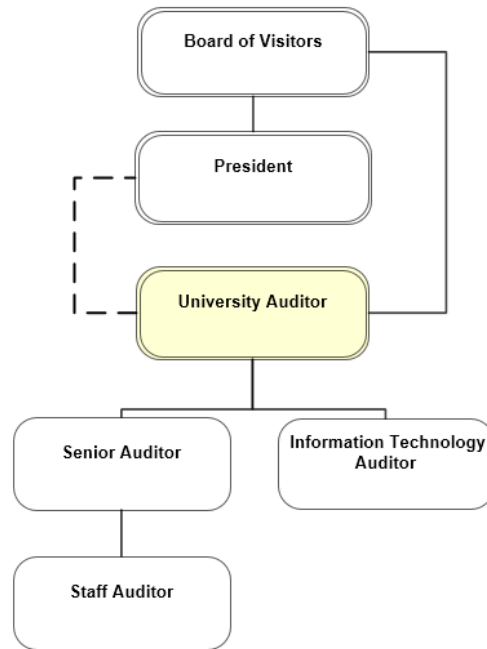
RADFORD
UNIVERSITY

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Board of Visitors Orientation

July 27, 2018

Organizational Structure



Difference between External and 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 Internal Audit Charter Policy

Mission

To assist the Board of Visitors, the President, and senior management of Radford University in accomplishing the University's strategic objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management, and control processes.

Internal Audit Charter Policy - 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 and other factors
- Annual audit projects

Advisory Services

- Multiple projects as resource for University

Follow-up on Audit Issues

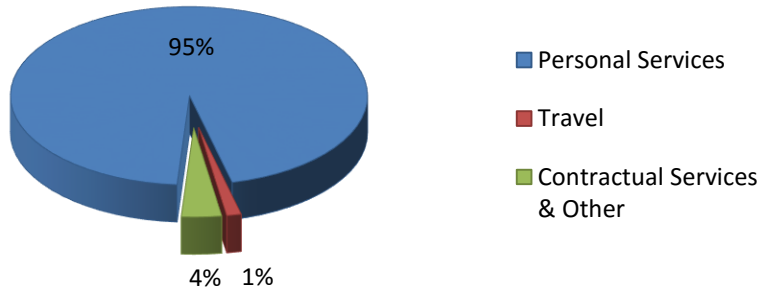
- Internal
- External

Investigations

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

Budget

Fiscal Year 2018 Expenditures - Actual



Fiscal Year 2018 Budget – Actual

Budget Category	Budget Amount	%
Personal Services	\$ 397,892	95%
Contractual Services & Other	\$ 15,179	4%
Travel	\$ 5,557	1%
Total	\$ 418,628	100%

Discussion

WP Ref - IPPF Standard	Issue #	Enhancement Action	Action Date
C0 – 1000	EA 1.0	Review charter in light of January 2017 Standards revision, determine if revisions are needed, and make redlined copy of proposed revisions for consideration at February 2018 BOV Meeting.	Complete
C0 – 1100 & 1130	EA 2.1	Implement Annual Signing of IIA Code of Ethics, where auditors confirm their understanding and commitment to adhere to the IIA Code of Ethics.	Complete
C0 – 1100 & 1130	EA 2.2	Implement annual independence and objectivity certification.	Complete
C0 – 1100 & 1130	EA 2.3	Confirm continued objectivity for each auditor as part of individual audit planning by adding step to audit checklist (w/p “B0”) effective with 2018-2019 audit plan.	Complete
C0 – 1100 & 1130	EA 2.4	Confirm auditor independence annually with the Business Affairs & Audit Committee.	9/14/2018
C0 – 1300	EA 3.1	Implement documentation of ongoing monitoring.	Complete
C0 – 1300	EA 3.2	Implement periodic assessment and documentation thereof.	Complete
C0 – 1300	EA 3.3	Report on the QAIP at Board of Visitors meeting.	9/14/2018
C0 – 2000	EA 4.0	Annually review Internal Audit Policies & Procedures Manual and update if needed.	Complete
C1 – 2200	EA 5.0	Consider adding to audit planning steps to gain an understanding of the mission of the unit to be audited (when applicable).	Complete
C1 – IG2420	EA 6.0	Consider adding to audit planning a step to the entrance conference item on the audit checklist to document the discussion of the communication plan for the audit.	Complete



Radford University

INTERNAL AUDIT QUALITY ASSURANCE REVIEW REPORT

March 2018

Prepared by:
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OVERVIEW

As required by the Institute of Internal Auditor's (IIA) *International Standards for the Professional Practice of Internal Auditing (IIA Standards)* an external quality assurance review was conducted of the internal audit activity at Radford University. An external review is intended to provide reasonable and objective assurance that the internal audit work being performed meets the requirements of the *IIA Standards* and to identify whether or not there are opportunities that would enhance the functionality of the audit process and improve the value of the internal auditing activity at Radford University.

The scope of the review included an evaluation of:

- The University Auditor's reporting relationship and her communication with the Business Affairs and Audit Committee, and the President;
- The independence and the objectivity of the audit work performed;
- Existing internal audit policies and procedures;
- The risk assessment and annual audit planning process;
- The planning process for individual audit projects;
- The audit methodologies used in performing the work;
- A representative sample of audit workpaper files and reports;
- The workpaper documentation that supported the work performed;
- The support in the workpapers for the conclusions and recommendations in the audit reports;
- How the results of audits are communicated;
- The procedures for following up on audit recommendations; and
- The knowledge, skills, discipline, and training of the staff.

Interviews were also conducted with selected individuals, who included, among others: the Chair of the Business Affairs and Audit Committee of the Board of Visitors; the President of Radford University; the Vice President for Finance and Administration and Chief Financial Officer; the Vice President for Information Technology and Chief Information Officer; the University Auditor; and the audit staff.

OPINION

The rating system that was used for expressing an opinion for this review provides for three levels of conformance:

- “Generally Conforms” (the best) means that the Office of Audit and Advisory Services has policies, procedures, and a charter in place, and follows practices that were judged to be in accordance with applicable IIA Standards; however, opportunities for improvement may exist.
- “Partially Conforms” means deficiencies in practice were found that deviated from professional standards; however, these deficiencies, while they might impair, did not prohibit the Office of Audit and Advisory Services from carrying out its responsibilities.
- “Does Not Conform,” means there were deficiencies in practices found that were considered so significant, as to seriously impair or prohibit the Office of Audit and Advisory Services from carrying out its responsibilities.

Based on the work outlined above, it is the opinion of the reviewer that the internal audit activity at Radford University **generally conforms** overall to the IIA *International Standards for the Professional Practice of Internal Auditing*. This opinion means that an internal audit charter, policies, procedures, and/or practices are in place that foster compliance with the *IIA Standards*.

This opinion, representing the best possible evaluation, means that there are in place relevant structures, policies, and procedures, including the processes by which they are applied, that comply with the IIA Standards in all material respects. It is important to note that the IIA Standards are expressed in terms of broad concepts and objectives rather than detailed procedures, and their application requires the exercise of professional judgement. The extent of IA policies and procedures and the manner in which they are implemented will depend upon a number of factors such as an audit activity’s size and organizational structure, the nature of its audit responsibilities, its philosophy with respect to the degree of operating autonomy appropriate for its staff, and the expectations of its governing body.

The recommendations in this report are not aimed at addressing any serious deficiencies in the IA activity, but are intended to build on the foundation that is already in place. This report should

be sent to the Chair of the Business Affairs and Audit Committee and the President of Radford University.

OBSERVATIONS

The University Auditor is a CPA (Certified Public Accountant) with over 26 years of auditing experience, has a good working relationship with the Business Affairs and Audit Committee and is well respected by university senior executives. She reports functionally to the Business Affairs and Audit Committee (Committee) and administratively to the President. As required by the *IIA Standards*, the Office of Audit and Advisory Services (OAAS) has a strong Internal Audit Charter that authorizes the University Auditor and the staff to: have full, free, and unrestricted access to all functions, records, property, and personnel; allocate resources; set audit frequencies; select audit subjects; determine the scope of work, and apply the techniques required to accomplish audit objectives. The University Auditor, also, has unrestricted access to communicate and interact directly with the Business Affairs and Audit Committee. All of these are requirements of the *IIA Standards*.

The interviews conducted indicated that the Business Affairs and Audit Committee and University senior management strongly support the OAAS and the scope and type of audit work they perform. A confidential survey of OAAS customers conducted during the review indicated that 99% of those surveyed rated the department excellent on 18 different criteria. This is a very positive rating and speaks well of the professionalism and ability of the University Auditor and the audit staff.

A sample of audit workpapers was reviewed and verified that the audit work is being appropriately planned and the conclusions and opinions communicated in the audit reports that are issued are appropriately supported. The audit projects were well planned and the work performed was appropriately documented in accordance with *IIA Standards*. There was evidence in the workpapers that the audit work was conducted at a very professional level. The audit programs were appropriately referenced to the audit steps. The tests performed during the audits and the conclusions contained in the audit reports were supported by the work documented in the workpapers. There was evidence that the workpapers are thoroughly reviewed by someone other than the person who performed the work and the University Auditor reviews all the audit reports before they are issued.

RECOMMENDATIONS

While the internal audit activity at Radford University generally conforms with the *IIA Standards*, the following comments and recommendations are intended to build on the foundation that is already in place with the objective of further improving on the depth and effectiveness of the audit work being performed.

1. The University Auditor should meet with the Chair of the Business Affairs and Audit Committee prior to the Committee meeting.

While the University Auditor meets with the full Business Affairs and Audit Committee during their regular meetings, communication with the Committee could be improved if the University Auditor had an opportunity to meet with the Chair of the Committee beforehand. This would allow the University Auditor to brief the Chair on OAAS's meeting agenda and to communicate and discuss any information that may be relative to the Committee's anticipated questions or discussion.

Response:

The University will implement a process whereby the University Auditor will have the opportunity to communicate with the Committee Chair prior to the Committee meeting. This will be effective with the September 2018 meeting.

2. There are opportunities to better manage the scope and timing of audit projects.

OAAS is frequently taking too long to complete their audit projects and issue their reports. While recently some of this has been due to staffing vacancies, an upper limit (e.g. 400 hours) should be set on the time spent conducting individual audit projects and then continuously evaluate, during an audit project, whether or not the scope is too broad. When a project is not going to meet its expected completion date, an assessment should be made to determine if a scope reduction is necessary or whether the additional expenditure of staff resources is justified, given the objective of the audit and the impact on the other projects in the annual plan. It would be more efficient and effective overall if, at the estimated hour limit (e.g. 400 hours), the identified control weaknesses or issues were reported and return at a later period and schedule another audit project to continue the work if the risks are justified. It's useful to remember the 80-20 rule, 20% of the time spent in an area will usually yield 80% of the results.

Response:

The University Auditor will more frequently evaluate, during an audit project, whether a scope reduction is necessary, or whether additional time on the project is justified. This will be implemented for fiscal year 2018-2019.

3. Consider developing the use of automated data analysis tools and continuous auditing techniques.

The IIA's Practice Advisory 1220-2 recommends that: "In exercising due professional care, internal auditors must consider the use of technology-based audit and other data analysis techniques." The use of IT technology, specifically extract software tools, is the key to enabling auditors to more fully understand critical control points, rules, and exceptions in transaction processes. The use of these tools would enable OAAS to develop software routines that could be utilized to analyze and continuously audit key business systems for both anomalies at the transaction level and for data-driven indicators of control deficiencies and emerging risks at the process level. In planning audit projects it is important to ensure that the use of technology is consistently and appropriately integrated into the audit process, from risk assessment and transaction testing, to the development of continuous auditing techniques that can help identify control weaknesses and break downs. Consideration should be given to identifying opportunities to incorporate the use of extract software tools into the scope of audit projects and into the training of the staff in their use.

Response:

The University Auditor will pursue obtaining extract software tools and identifying opportunities to incorporate the use of those tools into audit projects during fiscal year 2018-2019.



Richard H. Tarr, CIA, CISA
Independent External Assessor Performing the Validation
April 2018

Policy Title: Internal Audit Charter	Effective Date: 2/22/2018
Policy Number: GEN-PO-1005	Date of Last Review: NEW
Oversight Department: Office of Audit and Advisory Services	Next Review Date: 2/2/2021

1. PURPOSE

The Office of Audit and Advisory Services, serving as the internal audit function for Radford University (University), was established by the Board of Visitors (Board) and the President as an integral part of the overall internal control structure of the University. The *Internal Audit Charter* describes the general purpose, authority, and responsibility of the Office of Audit and Advisory Services.

2. APPLICABILITY

The *Internal Audit Charter* applies to all University employees, departments, and activities.

3. DEFINITIONS

Business Affairs and Audit Committee: Per the Radford University Board of Visitors Bylaws, a standing committee of the Board of Visitors that is generally responsible for reviewing and recommending action to the Board regarding the financial and business affairs of the University, including but not limited to, capital projects, grants, contracts, and the naming of facilities. This committee also oversees the internal audit function of the University, receives the annual financial audit report of the Auditor of Public Accounts, and performs studies of financial matters as directed by the Board.

Internal Auditing: An independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of an organization. Its mission is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.

Internal Control: Based on the Internal Control – Integrated Framework (2013), published by the Committee of Sponsoring Organizations of the Treadway Commission, internal control is an ongoing process, effected by the Board of Visitors, management, and other University personnel designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance. Internal control consists of five major components: control environment, risk assessment, control activities, information and communication, and monitoring.

Management: The collective body of those who have the authority and responsibility to make decisions in order to manage or direct the various operations and business processes of the University. Management encompasses various levels of the organization including division heads, deans, directors, managers, and supervisors.

University Auditor: The senior position that is responsible for effectively managing the University's internal audit function in accordance with the *Internal Audit Charter* and the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework. The University Auditor is the Chief Audit Executive.

University Employee: Any person employed as a teaching faculty, administrative or professional faculty, classified employee, part-time or wage employee, student employee, work/study employee, or any other person paid through the University's payroll process.

4. POLICY

- A. The University's Board of Visitors and the President are dedicated to supporting the internal audit function (i.e. the Office of Audit and Advisory Services), an integral part of the overall internal control structure of the University (see [Internal Control Policy](#)).
- B. As the University's internal audit function, the Office of Audit and Advisory Services must be independent from the University's management to operate effectively. In order to provide for the independence of the Office of Audit and Advisory Services:
 - 1. The Office of Audit and Advisory Services staff will report to the University Auditor who will be administratively responsible to the President and functionally accountable to the Business Affairs and Audit Committee of the Board of Visitors.
 - 2. The University Auditor will be provided unrestricted access to communicate and interact directly with the Business Affairs and Audit Committee.
 - 3. The University Auditor will confirm to the Business Affairs and Audit Committee, at least annually, the organizational independence of the Office of Audit and Advisory Services.
 - 4. Any decision to remove the University Auditor must be approved by the Business Affairs and Audit Committee.
- C. As its mission, the Office of Audit and Advisory Services will assist the Board of Visitors, the President, and senior management in accomplishing the University's strategic objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management, and control processes.
- D. The Office of Audit and Advisory Services will be authorized to:
 - 1. have full, free, and unrestricted access to all functions, records, property, and personnel of the University.
 - 2. allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives and issue reports.
 - 3. obtain assistance from the necessary personnel of the University, as well as other specialized services from within or outside the University, in order to complete their work.
- E. University employees must cooperate with the Office of Audit and Advisory Services in accordance with its authority.

- F. The Office of Audit and Advisory Services will not be authorized to:
1. perform any operational duties for the University or its affiliates.
 2. initiate or approve transactions external to the Office of Audit and Advisory Services.
 3. direct the activities of any University employee not employed by the Office of Audit and Advisory Services, except to the extent that such employees have been appropriately assigned to auditing teams, or to otherwise assist the audit team.
 4. 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 or completeness; however, ownership of, and responsibility for, these materials remains with management.

5. PROCEDURES

A. Scope of Work

1. The scope of work for the Office of Audit and Advisory Services will be to ascertain that the system of internal control (see [Internal Control Policy](#)), as designed and represented by management, is adequate and functioning in a manner to provide reasonable assurance regarding the following:
 - a. Achievement of the University's strategic objectives
 - b. Effectiveness and efficiency of operations and programs
 - c. Reliability and integrity of financial and operational information
 - d. Safeguarding of assets
 - e. Compliance with policies, standards, procedures, contracts, and applicable laws and regulations
2. Reviews and evaluations of internal control by the Office of Audit and Advisory Services will be advisory in nature. The University's management will continue to be responsible for establishing and maintaining an adequate internal control system.
3. The Office of Audit and Advisory Services may also perform advisory and consulting services, provided the Office of Audit and Advisory Services does not assume management responsibility.

B. Objectivity

1. All work performed by the Office of Audit and Advisory Services will be conducted in an objective manner.
2. The University Auditor will ensure that the Office of Audit and Advisory Services remains free from all conditions that threaten to impair the ability of audit staff to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content.
3. If such an impairment, either in fact or in appearance, is detected, the University Auditor will take the appropriate action to address and, if necessary, disclose the information to the appropriate parties.

4. The Office of Audit and Advisory Services staff will maintain an unbiased mental attitude that allows them to perform their work objectively and in such a manner that they will believe in their work product, that no quality compromises will be made, and that they will not subordinate their judgment on audit matters to others.
5. The Office of Audit and Advisory Services staff will have no direct operational responsibility or authority over any of the activities that they audit, nor will they have had any within the previous year.

C. Responsibility

The University Auditor and the Office of Audit and Advisory Services staff will have responsibility to:

1. develop a flexible annual audit plan, considering the input of senior management and the Business Affairs and Audit Committee. The plan will be developed using an appropriate risk-based methodology and presented to senior management and the Business Affairs and Audit Committee.
2. implement the annual audit plan, reviewing and adjusting it as necessary in response to changes in the University's business, risks, operations, programs, systems, and controls.
3. 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.
4. follow up with management to verify that corrective actions are taken on findings and recommendations, and report the results periodically to senior management and the Business Affairs and Audit Committee.
5. 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.
6. perform special studies, reviews, or investigations requested by management.
7. perform consulting and advisory services related to governance, risk management, internal controls, or other areas of interest and concern.
8. conduct investigations of fraud, waste, and abuse, including those referred by the Office of the State Inspector General related to State Fraud, Waste, and Abuse Hotline cases. Results of these investigations will be communicated to management and the Business Affairs and Audit Committee, as appropriate.
9. coordinate with other control and monitoring functions and consider the scope of work of external auditors, as appropriate, to provide optimal audit coverage to the University at a reasonable overall cost.
10. periodically provide to the Business Affairs and Audit Committee information on the status and results of the annual audit plan and the results of activities and operations reviewed. Reports from "special request" audits may have more limited distribution.
11. ensure trends and emerging issues that could affect the University are considered and communicated to senior management and the Business Affairs and Audit Committee, as appropriate.

12. maintain a professional audit staff with sufficient knowledge, skills, and experience to meet the requirements of this *Internal Audit Charter*, and ensure that the principles of integrity, objectivity, confidentiality, and competency are applied and upheld. The impact of any resource limitations will be communicated to senior management and the Business Affairs and Audit Committee, as appropriate.
13. ensure emerging trends and successful practices in internal auditing are considered.
14. establish and ensure adherence to policies and procedures designed to guide the Office of Audit and Advisory Services.
15. ensure adherence to the University's relevant policies and procedures, unless such policies and procedures conflict with this *Internal Audit Charter*. Any such conflicts will be resolved or otherwise communicated to senior management and the Business Affairs and Audit Committee, as appropriate.

D. Standards of Practice

The Office of Audit and Advisory Services will conform to the mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing (Standards), and the Definition of Internal Auditing.

E. Quality Assurance and Improvement Program

1. The Office of Audit and Advisory Services will maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include an evaluation of conformance with the Standards and application of the IIA's Code of Ethics.
2. The quality assurance and improvement program will include both internal and external assessments. Internal assessments will include ongoing monitoring and periodic assessments of the internal audit function. An external assessment will be performed at least once every five years by a qualified, independent assessor or assessment team.
3. The University Auditor will communicate results of the assessments to senior management and the Business Affairs and Audit Committee.

6. EXCLUSIONS

None

7. APPENDICES

None

8. REFERENCES

[State Fraud, Waste, and Abuse Hotline](#)

[The Institute of Internal Auditors International Professional Practices Framework \(IPPF\)](#)

[Internal Control – Integrated Framework \(2013\)](#), Committee of Sponsoring Organizations of the Treadway Commission

9. INTERPRETATION

The authority to interpret this policy rests with the President of the University and is generally delegated to the University Auditor.

10. APPROVAL AND REVISIONS

The *Internal Audit Charter* replaces and expands upon the *Charter* last adopted by the Board of Visitors on September 19, 2014. The newly developed *Internal Audit Charter* was developed in the University Policy Template, and was submitted to and approved by the President's Cabinet at the meeting held on January 8, 2018. The *Internal Audit Charter* was then submitted to and approved by the Radford University Board of Visitors at the meeting held on February 16, 2018. The President signed the *Internal Audit Charter* on February 22, 2018.

For general information concerning University policies, contact the [Office of Policy Compliance](#) – (540) 831-5794. For questions or guidance on a specific policy, contact the Oversight Department referenced in the policy.

**RADFORD UNIVERSITY
OFFICE OF AUDIT AND ADVISORY SERVICES**

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Fiscal Year 2018 Activity Report

Projects During Past Year

AUDITS & INVESTIGATIONS - Completed

Quality Assurance Review
State Hotline Investigations (four cases)
Other Investigations (three cases)

AUDITS & INVESTIGATIONS - In Process

Information Technology Audit - Building Automation System
Revenue Collection Point Audit - Graduate Admissions
Departmental Audit - School of Teacher Education and Leadership
Departmental Audit - Center for Diversity and Inclusion
Departmental Audit - Student Recreation and Wellness
State Hotline Investigations (two cases)
Other Investigations (one case)

ANNUAL AUDIT PROJECTS - Completed

Cash Counts (14 funds)
Inventory - June 30, 2017
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

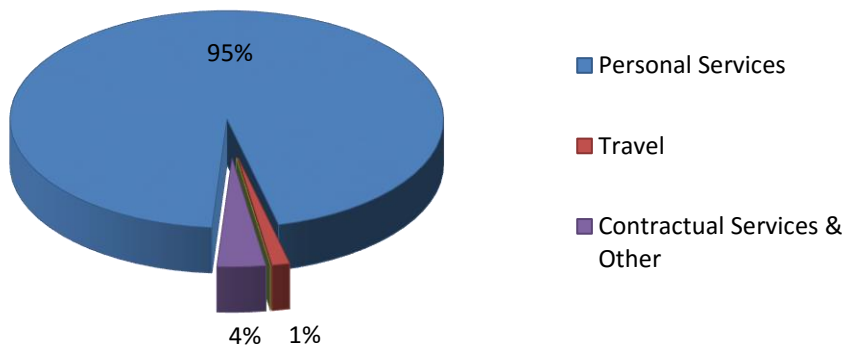
OTHER AUDIT PROJECTS - Completed

Indirect Audit Activities
Coordination of APA Audit
Over 140 University & Management Support Projects

**RADFORD UNIVERSITY
OFFICE OF AUDIT AND ADVISORY SERVICES**

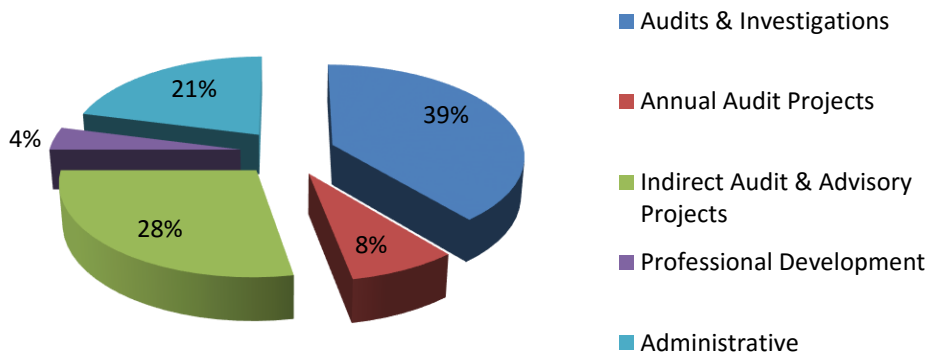
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Fiscal Year 2018 Expenditures - Actual



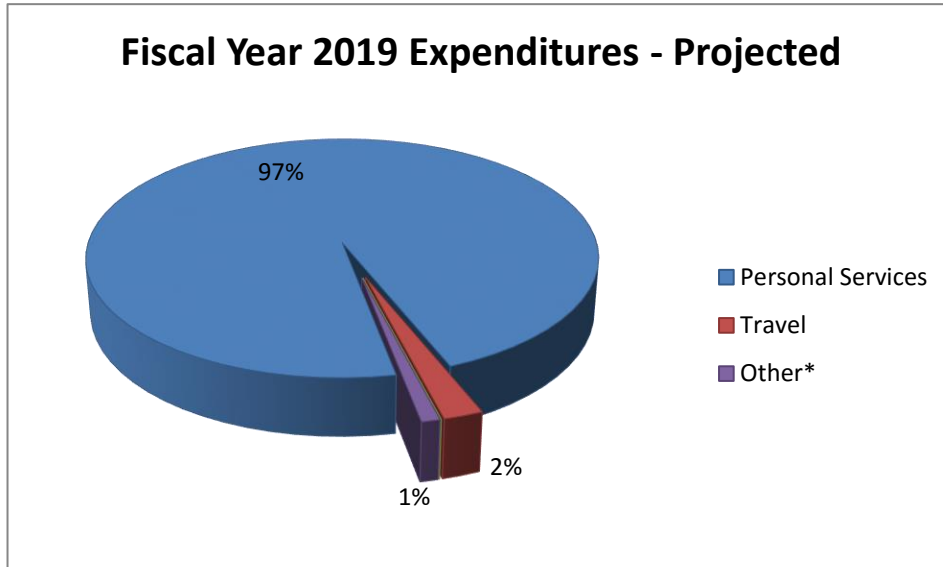
"Other" includes expenditures for printing/postage/copier, telecommunications, and supplies & materials.

Fiscal Year 2018 Hours - Actual

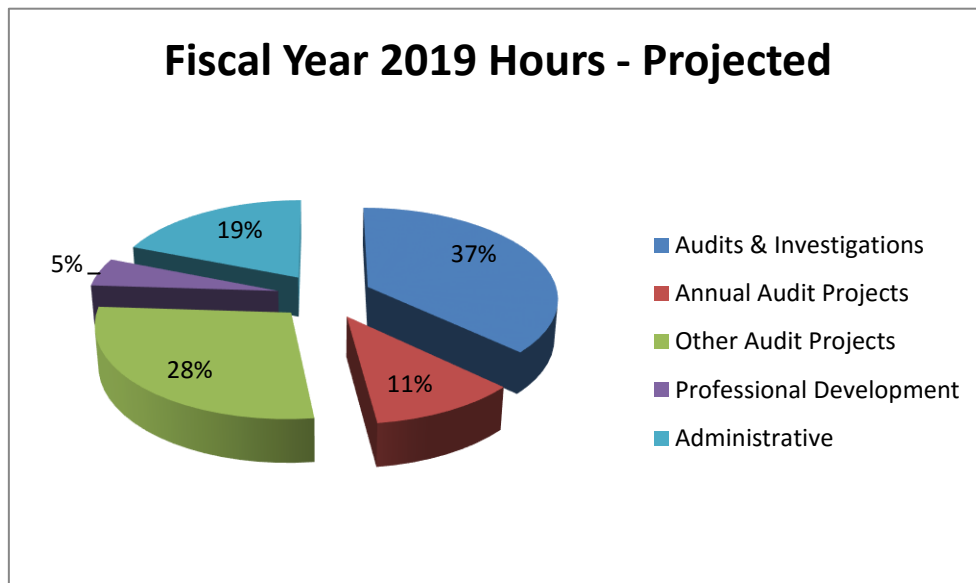


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OFFICE OF AUDIT AND ADVISORY SERVICES**

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



**RADFORD UNIVERSITY
OFFICE OF AUDIT AND ADVISORY SERVICES
BALANCED SCORECARD
Fiscal Year 2018
DRAFT**

#	Measurement Goal/Criteria	Goal	Results
Personnel			
1.	Maintain acceptable percentage of staff members with professional certifications or advanced degrees.	Between 75%-100%	67%
2.	Each staff member obtains an acceptable number of professional continuing education hours per calendar year.	Average between 40-60 hours	57 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
Quality and Effectiveness			
5.	Maintain satisfactory results (“good” or ‘excellent’) on audit project customer satisfaction surveys.	Between 80%-100%	99%

**RADFORD UNIVERSITY
OFFICE OF AUDIT AND ADVISORY SERVICES**

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Fiscal Year 2019 Audit Plan

AUDITS & INVESTIGATIONS

Projects from Prior Year In Progress

- Information Technology Audit - Building Automation Systems
- Revenue Collection Point Audit - Graduate Admissions
- Departmental Audit - School of Teacher Education and Leadership
- Departmental Audit - Center for Diversity and Inclusion
- Departmental Audit - Student Recreation and Wellness

Sponsored Programs Audit

Human Resources - Form I-9 Audit

Information Technology Audit - IT Contingency Planning

Information Technology Audit - Patch Management

State Hotline Investigations

Other Investigations

ANNUAL/ROUTINE 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

Auditor of Public Accounts Audit Coordination

Office of State Inspector General 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 2018**

Audit: IT – Micros				
	Business Issue	Planned Action	Action Date	Status
6.0	<p>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.</p> <p>The lack of a formal policy and procedure results in inconsistency in approving and granting access.</p>	The Division of Finance and Administration will establish a formal University Door Access policy, to address access via ID card and via key.	<p>June 15, 2016 Revised to January 31, 2017 Revised to June 30, 2017 Revised to January 31, 2018 Revised to August 1, 2018 Revised to December 31, 2018</p>	In process
Audit: IT – PeopleAdmin				
	Business Issue	Planned Action	Action Date	Status
2.2	<p>Improvements are needed in the management of PeopleAdmin user accounts. Specifically,</p> <p>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.</p>	Human Resources will identify, document, and implement an annual process of recertifying user accounts, followed by a review by the System Owner and Data Owner.	<p>September 30, 2017 Revised to February 16, 2018 Revised to July 1, 2018</p>	Complete

Audit: Student Health and Counseling Services Contract Audit				
Business Issue		Planned Action	Action Date	Status
6.1	<p>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,</p> <p>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.</p>	The University will obtain legal guidance on this issue and update the contract language accordingly.	<p>July 1, 2017 Revised to March 15, 2018 Revised to July 30, 2018</p>	Complete
6.2	<p>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,</p> <p>b) In our sample of eleven calls, two of them (18%) had no documentation that the calls were reviewed for potential follow-up.</p>	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.	<p>July 1, 2017 Revised to March 15, 2018 Revised to July 30, 2018</p>	Complete
9.0	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.	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.	<p>July 1, 2017 Revised to March 15, 2018 Revised to July 30, 2018</p>	Complete



RADFORD UNIVERSITY

Financial Statements

For the Year Ended June 30, 2017 | Radford, Virginia

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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, 2017. 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 College became coeducational in 1972 and was granted university status by the Virginia General Assembly in 1979. The University's seventh president, Dr. Brian O. Hemphill, completed his first year of service to the University during 2017. President Hemphill is leading the Highlander family with a steadfast commitment to excellence, accountability, transparency and student-centeredness. In October 2016, the strategic planning process was launched with the appointment of the Strategic Planning Task Force. Following establishment of the Task Force, a total of nine subgroups were formed and included representation from the campus community and beyond through students, faculty, staff, alumni and community members. This collaborative plan, entitled *Embracing the Tradition and Envisioning the Future*, was implemented in January 2018. Today, the University is a flourishing coeducational, comprehensive public university that is student-centered and focused on providing outstanding academic programs to its 9,410 students (fall 2017 headcount).

The University offers excellent educational opportunities to students from all geographic regions of the Commonwealth. Radford University's student body comprises 93.0 percent Virginia residents; and among undergraduates, 39.0 percent are the first in their

family to attend college. Because of its middle size, the University provides its students a winning combination of broad opportunities associated with a large university and highly personalized relationships considered the hallmark of a small institution.

Well-known for its strong faculty/student collaboration, innovative use of technology in the learning environment and vibrant student life on a beautiful residential campus, the University offers many opportunities for success in and out of the classroom. In addition to courses offered at its main campus, Radford University also extends its course offerings to students at the Roanoke Higher Education Center, Southwest Virginia Higher Education Center, New College Institute and Carilion Roanoke Community Hospital. Through its seven colleges, the University offers 67 degree programs in 38 disciplines as well as five certificates at the undergraduate level; 22 master's programs in 17 disciplines and three doctoral programs at the graduate level; 11 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 16 men's and women's varsity sports.

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 (A.A.S.) graduates to achieve a Bachelor of Science in nursing (B.S.N.) degree from Radford University. The campus community supports a culturally diverse student population and offers more than 270 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 16 different countries.

Individual colleges and programs have reached significant milestones and received accolades for their accomplishments, including:

- In April 2017, the University's College of Science and Technology received a historic donation of \$5 million to establish the Artis Endowed Scholarship fund. Once fully implemented, the fund will provide scholarships for 67 Artis Scholars each year in perpetuity. Recipients will be high-achieving freshman and transfer students studying in the newly named Artis College of Science and Technology.
- The University's Doctor of Nursing Practice (D.N.P.) program has earned re-accreditation by the Commission of Collegiate Nursing Education (CCNE). The program earned a 10-year accreditation, the maximum duration, and is one of nine CCNE-accredited D.N.P. programs in the Commonwealth.

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- The University's chapter of the National Association for Music Education (NAfME) received a national Chapter of Excellence Recognition. NAfME comprises professional music educators and music education students. The chapter was one of only five collegiate institutions to receive this recognition.
- The University's Roanoke and Radford School of Nursing (SON) ranked fourth and seventh respectively in nursing programs in Virginia. For the fifth consecutive year, SON graduates surpassed the national average pass rate by first-time test takers of the National Council Licensure Examination.

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

- The University was recognized by The Princeton Review as one of the 140 institutions in the "Best in the Southeast" section of the "2018 Best Colleges: Region by Region" list. This is the 11th consecutive year that the University has been featured as one of the "Best in the Southeast."
- The University was ranked 43rd in the "South" region in the U.S. News & World Report's "2018 Best Regional Universities" report, which includes both public and private higher education institutions. Within this list, the University is ranked 15th among public universities. This is the sixth consecutive year that the University has been named a best regional public university by U.S. News & World Report.
- The University was ranked 50th in the "2017 Best Value Schools" for Regional Universities South by U.S. News & World Report.
- Confirming that the University provides one of the best values in the nation, the University was recognized by Washington Monthly magazine as one of the "Best Bang for the Buck" institutions for the fifth consecutive year. The University was ranked number 5 among Virginia public and private colleges and universities in this report.
- For the second consecutive year, the University was recognized by the College of Distinction organization for 2017-18 for its commitment to four distinctions: student engagement, great teaching, vibrant communities and successful outcomes.
- Radford University is designated as a National Center of Academic Excellence in Cyber Defense Education (CAE-CDE) by both the National Security Agency and the U.S. Department of Homeland Security. Through 2021, Radford will be at the forefront of preparing graduates in cybersecurity and meeting the evolving demands of cybersecurity education. Radford is one of only six four-year institutions in Virginia designated as

a CAE-CDE institution. Radford is one of only 127 four-year institutions in the country to earn the prestigious national designation.

The University is dedicated to building and maintaining a sustainable, environmentally friendly campus by obtaining LEED (Leadership in Energy and Environmental Design) Gold certifications for campus buildings; developing 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 growth. By the end of fiscal year 2017, Radford Transit had transported 338,719 passengers and since inception, Radford Transit has transported a staggering 1.92 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 Smart Way 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 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 determining how much the University owes to vendors and creditors. Furthermore, the *Statement of Net Position* provides a picture of the net position, or available resources of the University, which serves as one indicator of the current financial condition of the University.

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

Total University assets increased by \$14.3 million or 3.1 percent during fiscal year 2017, resulting in total assets of \$476.2 million at year end. The increase in total assets is attributable to a \$1.9 million increase in current assets in addition to a \$12.5 million increase in capital assets, net of accumulated depreciation.

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Statement of Net Position - Summary Schedule
(\$ shown in thousands)
Increase/(Decrease)

The University's Statement of Net Position at June 30, 2017 and 2016 is summarized as follows:

	2017	2016	Change	
			Amount	Percent
Assets:				
Current assets	\$ 121,826	\$ 119,952	\$ 1,874	1.6
Capital assets, net	\$ 352,875	340,345	12,530	3.7
Other noncurrent assets	1,524	1,652	(128)	(7.7)
Total assets	\$ 476,225	\$ 461,949	\$ 14,276	3.1
Deferred outflows of resources	\$ 15,508	\$ 10,284	\$ 5,224	50.8
Liabilities:				
Current liabilities	\$ 28,693	\$ 31,457	\$ (2,764)	(8.8)
Noncurrent liabilities	131,674	118,278	13,396	11.3
Total liabilities	\$ 160,367	\$ 149,735	\$ 10,632	7.1
Deferred inflows of resources	\$ 1,991	\$ 4,773	\$ (2,782)	(58.3)
Net position:				
Net investment in capital assets	\$ 300,575	\$ 293,034	\$ 7,541	2.6
Restricted - expendable	5,792	4,543	1,249	27.5
Unrestricted	23,008	20,148	2,860	14.2
Total net position	\$ 329,375	\$ 317,725	\$ 11,650	3.7

The largest increase in current assets was in cash and cash equivalents of \$7.1 million primarily due to less capital asset-related expenditures as compared to the previous year. This increase was offset by a \$5.7 million decline in appropriations available as a result of the progress made on the Whitt Hall renovation. The \$12.5 million increase in capital assets 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 4 of the *Notes to Financial Statements*.

Total liabilities increased by \$10.6 million or 7.1 percent during fiscal year 2017. Current liabilities decreased \$2.8 million from the previous year as a result of a \$2.3 million decline in accounts payable and accrued expenses due to fewer capital project and general service and supply invoices outstanding at year end. Noncurrent liabilities increased \$13.4 million primarily related to the \$7.6 million increase in pension obligation and \$5.8 million increase in long-term debt. Further information regarding long-term debt can be found in Note 6 of the *Notes to Financial Statements*.

As a result of the accounting for and financial reporting of the University's defined benefit pension plans, the University recognized \$15.2 million of deferred outflows of resources and \$2.0 million of deferred inflows of resources on the *Statement of Net Position*. The deferred outflows of resources represents, in part, the fiscal year 2017 employer contributions made by the University to the pension plans after the measurement

date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Deferred outflows of resources increased from the previous fiscal year \$5.2 million due to an increase in the net difference between projected and actual earnings on pension plan investments. The deferred inflows of resources declined \$2.8 million from June 30, 2016 as a result of the change in the net difference between projected and actual earnings on pension plan investments offset by differences between expected and actual experience. Note 13 of the *Notes to Financial Statements* and the *Required Supplementary Information* includes additional information regarding the University's pension obligations and related deferred outflows and inflows of resources.

Net investment in capital assets increased \$7.5 million, which is a reflection of the University's continued investment in facilities and equipment to support the University's mission. Overall, the increase in total assets and deferred outflows of resources was greater than the corresponding increase in total liabilities and deferred inflows of resources, thus the University's net position increased by \$11.7 million or 3.7 percent.

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, 2017 and 2016:



Capital Asset and Debt Administration

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

Note 4 of the *Notes to Financial Statements* describes the University's ongoing investment in capital assets. The value of the University's net capital assets increased to \$352.9 million at the end of fiscal year 2017, an increase of \$12.5 million or 3.7 percent over fiscal year 2016. Net additions and reductions to capital assets during fiscal year 2017

totaled \$29.5 million (excluding depreciation). The completion of the College of Humanities and Behavioral Sciences building and renovation of two residence halls, as well as construction progress on Whitt Hall and Reed and Curie Hall renovations, account for the majority of the current year capital activity. Current year depreciation expense totaled \$19.4 million.

Capital projects in progress carried commitments to construction contractors, architects and engineers totaling \$2.1 million at June 30, 2017. These obligations represent the unperformed portion of construction contracts and, as such, have not been accrued as expenses or liabilities on the University's financial statements. Additional information regarding the University's commitments is included in Note 12 of the *Notes to Financial Statements*.

Financial stewardship requires the effective management of resources, including the use of long-term debt to finance capital projects. Long-term debt increased \$5.8 million as the result of a bond issuance of \$8.0 million for residence hall renovations offset by principal payments made during the year ending June 30, 2017. Note 6 of the *Notes to Financial Statements* contains additional information about the long-term debt of the University.

Statement of Revenues, Expenses, and Changes in Net Position

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

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

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

	2017	2016	Change	
			Amount	Percent
Operating revenues	\$ 123,584	\$ 127,858	\$ (4,274)	(3.3)
Less: Operating expenses	202,159	197,730	4,429	2.2
Operating loss	(78,575)	(69,872)	(8,703)	12.5
Nonoperating revenues (expenses)	73,710	67,120	6,590	9.8
Loss before other revenues, expenses, gains, or losses	(4,865)	(2,752)	(2,113)	76.8
Other revenues, expenses, gains, or losses	16,515	44,019	(27,504)	(62.5)
Increase in net position	11,650	41,267	(29,617)	(71.8)
Net position - beginning of year	317,725	276,458	41,267	14.9
Net position - end of year	\$ 329,375	\$ 317,725	\$ 11,650	3.7

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:

	2017	2016	Change	
			Amount	Percent
Student tuition and fees	\$ 61,205	\$ 63,816	\$ (2,611)	(4.1)
Federal, state, and nongovernmental grants and contracts	5,526	5,685	(159)	(2.8)
Auxiliary revenue	54,977	56,420	(1,443)	(2.6)
Other operating	1,876	1,937	(61)	(3.1)
State appropriations	60,760	56,493	4,267	7.6
Other nonoperating *	12,950	10,627	2,323	21.9
Capital appropriations and gifts	16,515	44,019	(27,504)	(62.5)
\$	213,809	238,997	\$ (25,188)	(10.5)

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

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

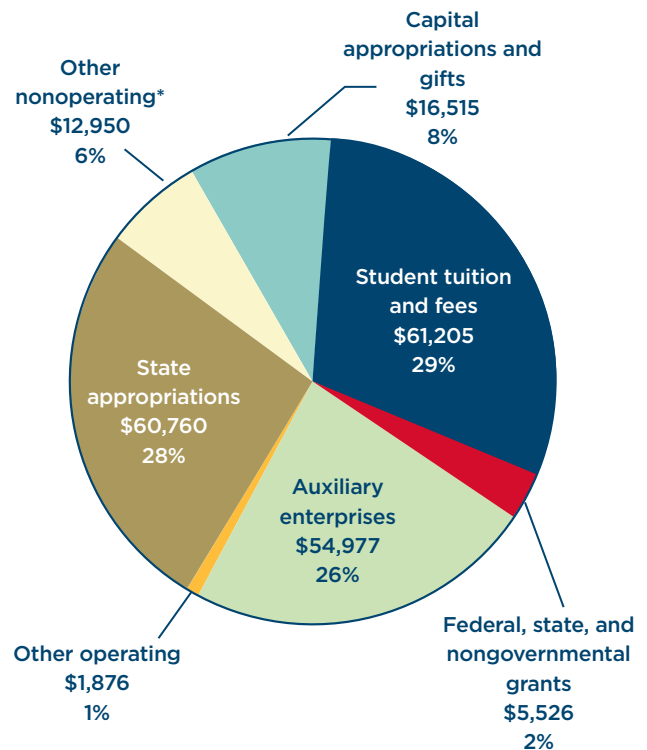
Operating revenues of the University consist primarily of student tuition and fees and revenues generated by various auxiliary enterprises. Operating revenues in total for fiscal year 2017 decreased by \$4.3 million as compared to fiscal year 2016. This decrease was largely due to a \$2.6 million decrease in tuition and fees, net of scholarship allowances, and a \$1.4 million decrease in auxiliary enterprises, net of scholarship allowances. The decline in revenues from tuition and fees is attributed to a decline in enrollment, which was only partially offset by the 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 3.1 percent.

Nonoperating revenues and expenses increased \$6.6 million or 9.8 percent from fiscal year 2016 due to a \$4.3 million increase in state appropriations, \$1.4 million increase in other nonoperating revenues, net of expenses and \$0.7 million decrease in loss on disposal of capital assets.

Capital appropriations and gifts declined by \$27.5 million as a result of a decline in capital construction

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, 2017:



	2017	2016	Change	
			Amount	Percent
Operating expenses:				
Instruction	\$ 70,208	\$ 69,184	\$ 1,024	1.5
Research	491	694	(203)	(29.3)
Public service	3,322	3,086	236	7.6
Academic support	10,904	10,683	221	2.1
Student services	6,678	6,473	205	3.2
Institutional support	22,429	21,246	1,183	5.6
Operation and maintenance of plant	12,828	13,942	(1,114)	(8.0)
Depreciation	19,412	17,058	2,354	13.8
Student aid	6,888	6,432	456	7.1
Auxiliary activities	48,999	48,932	67	0.1
Total operating expenses	\$ 202,159	\$ 197,730	\$ 4,429	2.2

Expenses by Function Comparison
(\$ shown in thousands)
The following chart compares expenses by function for the fiscal years ended June 30, 2017 and 2016:

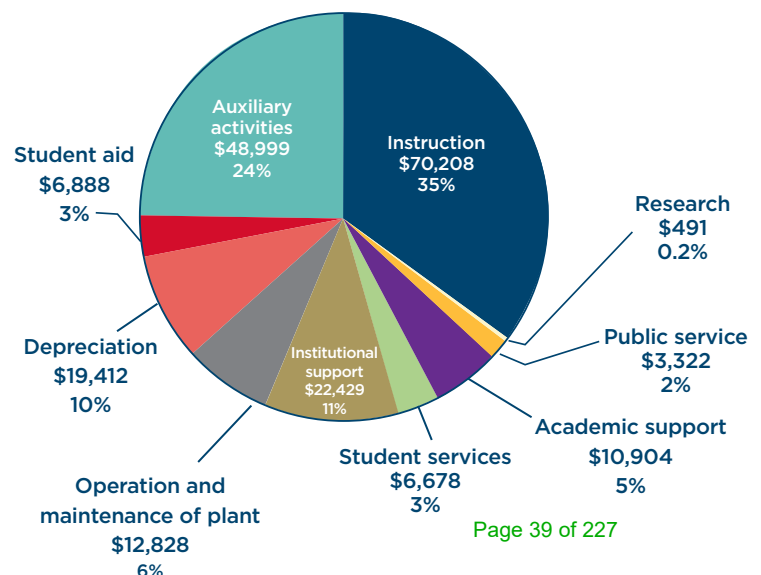
funding, predominantly related to the completion of Center for the Sciences and College of Humanities and Behavioral Sciences buildings in fiscal year 2016 and early fiscal year 2017, respectively. Additionally, capital appropriations were received in the prior fiscal year for the renovation of Whitt Hall with no corresponding capital appropriations for this project in fiscal year 2017.

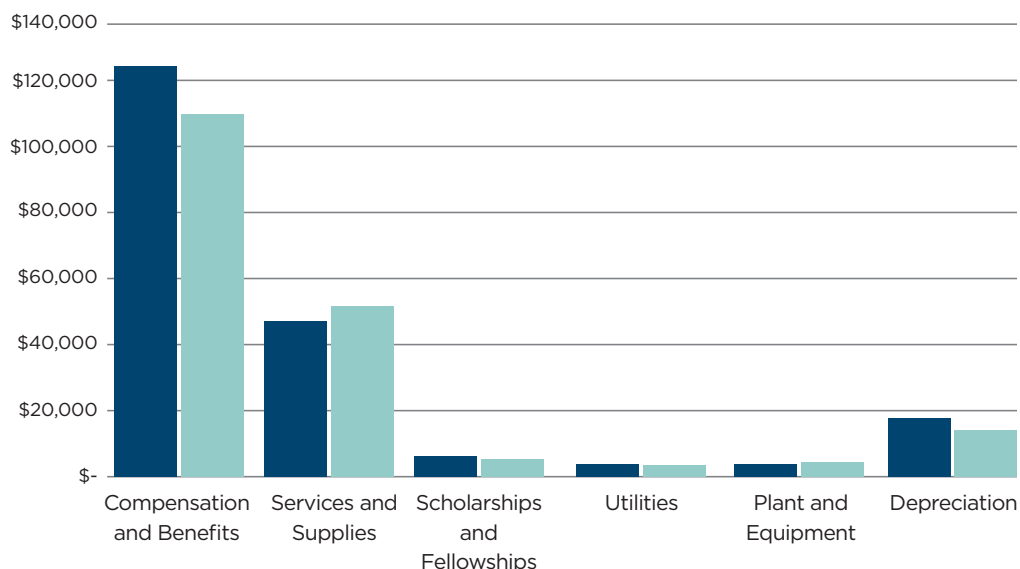
Operating expenses for fiscal year 2017 increased \$4.4 million or 2.2 percent over fiscal year 2016. From a natural expense standpoint, compensation and benefits comprise 59.5 percent of the University's operating expenses and services and supplies accounts for 22.2 percent. Compensation and benefits and depreciation contributed to the majority of the increase in operating expenses offset by a decline in services and supplies. Compensation and benefits increased \$5.6 million or 4.9 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 2017 is largely due to increases in fringe benefits and health insurance rates; a state-mandated 2.0 percent salary increase for all employees effective November 2015 resulting in a partial year of increased compensation for fiscal year 2016 compared to a full year in fiscal year 2017; and an increase in pension-related expenses. Services and supplies decreased \$3.4 million or 7.0 percent primarily due to fewer purchases of maintenance materials and supplies, the completion of the University's rebranding initiative and fulfillment of contractual obligations related to student, administrative and operational support. Depreciation expense increased \$2.4 million or 13.8 percent as a result of a full year of depreciation expense on large capital projects placed in service in fiscal year 2017. 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 34.7 and 24.2 percent, respectively, of total operating expenses. The increase in operating expenses combined with the decrease in operating revenues resulted in an increase in the operating loss of \$8.7 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 state appropriations included in the nonoperating category as well as federal student financial aid (Pell), investment income and capital appropriations.

Expenses by Function (\$ shown in thousands)

The graphic illustration presents total expenses by function for fiscal year 2017





Expenses by Natural Classification Comparison (\$ shown in thousands)

The chart compares expenses by natural classification for the years ended June 30, 2017 and 2016.

■ 2017 ■ 2016

Statement of Cash Flows

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

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

Overall, the University had a net increase in cash of \$7.1 million from fiscal year 2016. The primary sources of cash for the University were state appropriations of \$60.8 million, student tuition and fees of \$61.1 million, auxiliary enterprise revenues at \$55.0 million, capital appropriations and gifts of \$22.4 million and receipts for student loans of \$56.9 million. The major uses of cash were employee compensation and benefits at \$119.8 million, services and supplies of \$47.6 million,

	2017	2016	Change	
			Amount	Percent
Net cash used by operating activities	\$ (61,185)	\$ (48,591)	\$ (12,594)	25.9
Net cash provided by noncapital financing activities	73,975	68,337	5,638	8.3
Net cash used by capital and related financing activities	(6,046)	(18,846)	12,800	(67.9)
Net cash provided (used) by investing activities	360	(1,768)	2,128	(120.4)
Net increase (decrease) in cash	7,104	(868)	7,972	(918.4)
Cash and cash equivalents — beginning of year	100,654	101,522	(868)	(0.9)
Cash and cash equivalents — end of year	\$ 107,758	\$ 100,654	\$ 7,104	7.1

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

student loan disbursements at \$57.0 million and the purchase of capital assets at \$32.7 million. Net cash used by operating activities increased \$12.6 million from fiscal year 2016 as a result of a \$6.6 million and \$2.2 million increase in cash outflows for salaries, wages, and fringe benefits and services and supplies, respectively, as well as a \$2.1 million and \$1.1 million decline in cash inflows for student tuition and fees and auxiliary enterprises, respectively. Net cash used by capital and related financing activities reflects a decrease of \$12.8 million from the prior year as a result of a decrease in the purchase of capital assets of \$25.0 million and an increase in proceeds from the issuance of capital asset-related debt of \$8.0 million offset by a decline in capital appropriations and gifts of \$20.1 million.

Economic Outlook

The University's administration closely monitors the fiscal environment in which the University operates and reviews key assumptions in the annual update of the University's fiscal plan. The University's 2017-18 operating budget was developed in consideration of projected enrollment levels, actions taken by the governor and General Assembly during the 2017 session, board-approved tuition and fee rates, the strategic goals of the University and a regionally forecasted economic outlook.

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

The fiscal plan addresses critical academic and student support programmatic needs, considers unavoidable cost increases and introduces funding for the implementation of the preliminary goals outlined in Radford University's Strategic Plan, *Embracing the Tradition and Envisioning the Future*. It also considers the goals outlined in the Statewide Strategic Plan (SSP).

Today, the Commonwealth continues to face uncertainty even as it turns the corner on a period of anticipated growth. The unemployment rate is below the national average and new business initiatives are underway across Virginia, yet there remains caution in the face of state revenue expectations. The health of the regional economy must continue to be monitored closely. Although it is very encouraging that the perennial approach to conservative and prudent planning exhibited by the University, yet again, has the institution on track for continued success in fiscal year 2018.

Enrollment for in-state undergraduate students has become increasingly more competitive as high school graduation rates have flattened in recent years; however, the University continues to successfully recruit in the current market. Several student populations, including

underserved and first generation students, continue to grow. Resources have been directed to this key operational area and demonstrate the University's commitment to attracting, retaining, and educating its diverse student population. As a result of the ongoing investment, total enrollment is anticipated to improve over the next four years.

Radford University remains committed to providing a quality and affordable educational experience. 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.

The 2017 legislative session was largely focused on filling the revenue shortfall in the 2016-18 biennium. Given the magnitude of the total shortfall, higher education was required to shoulder a portion of the fiscal burden. As such, Chapter 836 of the 2017 Virginia Acts of Assembly included planned reductions in state support for base operations, the recovery of VRS prepayments and the elimination of nongeneral fund interest earnings and credit card rebates. While the fiscal impact of these reductions will have a lasting impact, there is growing optimism in the future economic outlook. A number of key economic indicators demonstrated improvement in 2016-17. While the University will continue to utilize a fiscally conservative outlook to plan for its future, external funding is inevitably tied to the economic performance of the Commonwealth and will be monitored closely.

For fiscal year 2018, state general fund support for E&G programming will account for \$51.7 million of the total projected program revenues. This represents a 2.5 percent increase from the fiscal year 2017 adjusted budget. This increase in state general fund support is primarily reflective of the state's contribution to shared cost initiatives such as state mandated salary and fringe benefit rate increases.

As previously mentioned, the 2017 General Assembly Session was largely focused on filling the revenue shortfall in the 2016-18 biennium. Higher education could not be completely shielded from reductions to address the shortfall. The General Assembly sought to redistribute the reduction among institutions in order to equalize the impact on in-state students and minimize the overall E&G impact to 1.5 percent or less for all institutions. Radford University's 2017-18 share of the general fund reductions is \$1,334,488, or 1.1 percent of total E&G operations.

Other reductions required to close the budget gap that will impact the University include the loss of interest earnings and credit card rebates (\$180,000 in 2017-18). The Commonwealth will also recover the cost of

prepayments made to the Virginia Retirement System (VRS). This repayment translates into a reduction in nongeneral fund support of (\$304,492) in 2017-18.

Following the 2015-16 budget shortfall, the Commonwealth was required to eliminate the salary increases approved in the current 2016-17 budget. While this was an unfortunate, albeit necessary action, both the governor and General Assembly recognized the importance of restoring at least a portion of the salary increases for state employees for the 2017-18 fiscal year. Therefore, the budget instituted a 3 percent salary increase for all classified employees and a 2 percent increase for college faculty effective July 2017. Additionally, the seven institutions of higher education who did not independently increase employee salaries in 2016-17 were also eligible to receive funding for the state's portion of an additional 1 percent increase for faculty. This brought the University's total salary increase for faculty to 3 percent.

The University is also slated to receive an additional \$680,135 to address Access, Affordability, and Completion and \$77,007 in graduate financial aid. This funding was previously authorized in the initial 2016-18 biennial budget and was maintained during the 2017 General Assembly session.

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 2021 is composed of 1,848 new freshmen from 320 Virginia high schools and 153 out-of-state and international high schools, and represents 20 foreign nations. Over one-quarter (28 percent) of Virginia residents in the class are from northern Virginia, and more than 40 percent of the new freshmen are first-generation college students. Over 34 percent of the new freshman class identify themselves as ethnic minorities, with 18.6 percent as African American and 7.6 percent as Hispanic/Latino.

The University remains committed to improving student success and retention while continuing to place an emphasis on enrollment planning and management. In the fall of 2016, the President charged the Vice President of Student Affairs with developing a student success and retention action plan. The plan was created and approved by the board at the February 2017 meeting. The action plan sets ambitious student success goals including increasing the retention rate of each incoming class by 1 percentage point per year and increasing the six-year graduation rate of the corresponding class by 0.5 percentage point each year through 2022-23. 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 several bienniums.

During fiscal year 2017, substantial progress was made on various capital projects; including, but not limited to, the opening of the new academic building for the College of Humanities and Behavioral Sciences, which is now the largest academic building on campus. Substantial capital renovations were also completed to Muse and Whitt Halls. In an effort to continue this momentum into fiscal year 2018, the University is expected to move forward on other major capital projects including the renovations of Reed and Curie Halls.

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



Financial Statements

RADFORD UNIVERSITY

Statement of Net Position

As of June 30, 2017

	Radford University	Component Unit Radford University Foundation, Inc.
ASSETS		
Current assets		
Cash and cash equivalents (Note 2)	\$ 104,090,721	\$ 1,198,939
Restricted cash and cash equivalents (Note 2)	3,667,025	-
Appropriations available	1,893,645	-
Short-term investments (Note 19C)	-	53,086,030
Accounts receivable (net of allowance for doubtful accounts of \$446,775) (Note 3)	1,970,322	-
Contributions receivable (net of allowance for uncollectible contributions and discount of \$49,677) (Note 19A)	-	1,336,735
Due from the Commonwealth (Note 11)	3,622,022	-
Due from Federal Government	306,671	-
Inventory	460,182	-
Notes receivable (net of allowance for doubtful accounts of \$358,809 and \$ -) (Notes 3, 19B)	1,206,160	16,047
Prepaid expenses	4,608,782	23,906
Other receivables	-	169,147
Total current assets	121,825,530	55,830,804
Noncurrent assets		
Other long-term investments (Note 19C)	-	5,795,805
Contributions receivable (net of allowance for uncollectible contributions and discount of \$238,513) (Note 19A)	-	1,400,186
Other assets	-	144,448
Funds held in trust by others	-	735,573
Notes receivable (net of allowance for doubtful accounts and discount of \$419,905 and \$84,000) (Notes 3, 19B)	1,524,318	506,157
Depreciable capital assets, net (Notes 4, 19D)	323,405,144	7,985,279
Nondepreciable capital assets (Notes 4, 19D)	29,470,192	4,202,525
Total noncurrent assets	354,399,654	20,769,973
Total assets	\$ 476,225,184	\$ 76,600,777
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources from net pension obligation	\$ 15,233,347	\$ -
Deferred loss on long-term debt defeasance (Note 6)	274,376	-
Total deferred outflows of resources (Note 13)	\$ 15,507,723	\$ -

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

RADFORD UNIVERSITY

Statement of Net Position

As of June 30, 2017

	Radford University	Component Unit Radford University Foundation, Inc.
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses (Note 5)	\$ 20,434,211	\$ 127,414
Unearned revenue	3,715,280	295,230
Deposits held in custody for others	722,129	-
Line of credit (Note 19E)	-	800,000
Current portion of long-term debt (Notes 6, 19F)	2,092,308	285,049
Current portion of other noncurrent liabilities (Note 7)	1,729,096	-
Trust and annuity obligations	-	59,155
Total current liabilities	28,693,024	1,566,848
Noncurrent liabilities		
Long-term debt (Notes 6, 19F)	52,719,829	476,447
Pension obligations (Note 13)	74,629,000	-
Trust and annuity obligations	-	390,166
Other noncurrent liabilities (Note 7)	4,324,953	-
Total noncurrent liabilities	131,673,782	866,613
Total liabilities	\$ 160,366,806	\$ 2,433,461
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources from net pension obligation	\$ 1,991,000	\$ -
Total deferred inflows of resources (Note 13)	\$ 1,991,000	\$ -
NET POSITION		
Net investment in capital assets	\$ 300,574,729	\$ 11,930,388
Restricted for:		
Expendable:		
Scholarships and fellowships	329,584	13,534,075
Instruction and research	1,542,605	2,781,127
Loans	19,759	-
Debt service	3,899,920	-
Other	-	12,415,484
Nonexpendable:		
Scholarships and fellowships	-	23,195,324
Instruction and research	-	2,332,041
Other	-	3,971,151
Unrestricted	23,008,504	4,007,726
Total net position	\$ 329,375,101	\$ 74,167,316

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

RADFORD UNIVERSITY

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2017

	Radford University	Component Unit Radford University Foundation, Inc.
OPERATING REVENUES		
Student tuition and fees (net of scholarship allowance of \$13,567,892)	\$ 61,204,746	\$ -
Gifts and contributions	-	3,248,142
Federal grants and contracts	4,039,336	-
State grants and contracts	1,224,960	-
Nongovernmental grants and contracts	262,050	-
Auxiliary enterprises (net of scholarship allowance of \$10,448,528) (Note 8)	54,976,847	-
Other operating revenues	1,876,583	1,121,914
Total operating revenues	123,584,522	4,370,056
OPERATING EXPENSES		
Instruction	70,208,414	81,714
Research	491,300	-
Public service	3,321,680	-
Academic support	10,904,160	2,387,628
Student services	6,677,616	-
Institutional support	22,429,201	1,876,557
Operation and maintenance of plant	12,827,596	-
Depreciation (Note 4)	19,412,372	210,965
Student aid	6,887,522	1,697,657
Auxiliary activities (Note 8)	48,999,404	-
Total operating expenses (Note 9)	202,159,265	6,254,521
Operating loss	(78,574,743)	(1,884,465)
NONOPERATING REVENUES (EXPENSES)		
State appropriations (Note 10)	60,760,089	-
Federal student financial aid (Pell)	12,243,027	-
Investment income	855,984	6,034,158
Interest on capital asset-related debt	(1,099,109)	(21,330)
Loss on capital assets	(5,246)	(187,941)
Nonoperating transfers to the Commonwealth	(416,791)	-
Other nonoperating revenues (expenses), net	1,372,441	-
Net nonoperating revenues (expenses)	73,710,395	5,824,887
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(4,864,348)	3,940,422
Capital appropriations and gifts (Note 11)	16,515,005	53,157
Additions to permanent endowments	-	2,439,006
Additions to term endowments	-	311,939
Total other revenues	16,515,005	2,804,102
Increase (decrease) in net position	11,650,657	6,744,524
Net position — beginning of year	317,724,444	67,422,792
Net position — end of year	\$ 329,375,101	\$ 74,167,316

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

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RADFORD UNIVERSITY

Statement of Cash Flows

For the Year Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:

Student tuition and fees	\$ 61,144,290
Grants and contracts	5,601,178
Auxiliary enterprises	55,047,426
Other receipts	1,849,397
Payments for salaries, wages, and fringe benefits	(119,776,562)
Payments for services and supplies	(47,635,431)
Payments for utilities	(4,611,244)
Payments for scholarships and fellowships	(9,164,554)
Payments for noncapitalized plant improvements and equipment	(3,738,343)
Loans issued to students and employees	(878,950)
Collections of loans from students and employees	978,188
Net cash used by operating activities	<u>\$ (61,184,605)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

State appropriations	\$ 60,760,089
Nongeneral fund appropriations	(416,791)
Federal student financial aid (Pell)	12,256,519
Federal Direct Lending Program - receipts	56,899,430
Federal Direct Lending Program - disbursements	(57,045,814)
Other nonoperating receipts	1,889,537
Other nonoperating disbursements	(517,096)
Federal loan program contributions received	43,352
Agency and other receipts	554,472
Agency and other payments	(449,050)
Net cash provided by noncapital financing activities	<u>\$ 73,974,648</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Capital appropriations and gifts	\$ 22,386,523
Purchase of capital assets	(32,717,880)
Proceeds from the sale of capital assets	53,046
Proceeds from capital debt	8,033,998
Principal paid on capital debt and installments	(1,907,055)
Interest paid on capital debt and installments	(1,895,109)
Net cash used by capital and related financing activities	<u>\$ (6,046,477)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sale and maturities of investments	\$ (495,597)
Interest on investments	855,984
Net cash provided by investing activities	<u>\$ 360,387</u>

Net increase in cash	\$ 7,103,953
Cash and cash equivalents — beginning of the year	100,653,793
Cash and cash equivalents — end of the year	<u>\$ 107,757,746</u>

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

RADFORD UNIVERSITY

Statement of Cash Flows

For the Year Ended June 30, 2017

RECONCILIATION OF NET OPERATING LOSS TO NET CASH

USED BY OPERATING ACTIVITIES:

Operating loss	\$ (78,574,743)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	19,412,372
Changes in assets, deferred outflows, liabilities, and deferred inflows:	
Accounts receivable, net	427,011
Inventory	55,240
Prepaid expenses	(1,144,791)
Notes receivable, net	131,917
Deferred outflows of resources from net pension obligation	(4,949,679)
Accounts payable and accrued expenses	(876,345)
Unearned revenue	(401,921)
Accrued compensated absences	(42,666)
Net pension obligation	7,561,000
Deferred inflows of resources from net pension obligation	(2,782,000)
Net cash used by operating activities	<u>\$ (61,184,605)</u>

NONCASH CAPITAL AND FINANCING ACTIVITIES

Gift of capital assets	149,672
Amortization of bond premium/(discount) and gain/(loss) on debt refunding	(585,604)
Loss on disposal of capital assets	(58,293)
Change in pension liability recognized as a component of other nonoperating revenues	(1,832,000)
Capitalization of interest expense	508,176

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

For the Year Ended June 30, 2017

NOTE 1: Summary of Significant Accounting Policies

Reporting Entity

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

Under Governmental Accounting Standards Board (GASB) Statement 61, *The Financial Reporting Entity: Omnibus — an amendment of GASB Statements No. 14 and No. 34*, the Radford University Foundation, Inc. (the Foundation) meets the criteria to qualify as a component unit of the University. The Foundation is a legally separate tax-exempt organization formed to promote the achievements and further the aims and purposes of the University. The Foundation accomplishes its purposes through fundraising and funds management efforts that benefit the University and its programs. The 17-member board of the Foundation is self-perpetuating and consists of alumni, supporters and senior staff of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests, are restricted to the activities of the University by donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

During the year ended June 30, 2017, the Foundation made distributions of \$2,951,000 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, 2017, the following GASB statements became effective: Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; Statement 77, *Tax Abatement Disclosures*; Statement 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*; and Statement 80, *Blending Requirements for Certain Component Units — an amendment of GASB Statement No. 14*. Portions of the following GASB statements were effective for fiscal year 2016 with the remaining portions effective in fiscal year 2017: Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*; and Statement 79, *Certain External Investment Pools and Pool Participants*.

Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, modifies the financial reporting for state and local governmental other postemployment benefit plans (excluding pensions).

Statement 77, *Tax Abatement Disclosures*, requires the disclosure of tax abatements entered into by the organization separately from tax abatements entered into by other governments that reduce the organization's tax revenues. The implementation of Statement 77 had no impact on the financial statements for the year ended June 30, 2017.

Statement 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*, amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan meeting certain criteria. The implementation of Statement 78 had no impact on the financial statements for the year ended June 30, 2017.

Statement 80, *Blending Requirements for Certain Component Units — an amendment of GASB Statement No. 14*, amends the blending requirements for the financial statement presentation of component units of state and local governments. The additional criterion of Statement 80 requires the blending of a component

unit incorporated as a not-for-profit corporation in which the reporting entity is the sole corporate member. The implementation of Statement 80 had no impact on the financial statements for the year ended June 30, 2017.

The portions of Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, that were effective for fiscal year 2017, address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68.

Certain provisions of Statement 79, *Certain External Investment Pools and Pool Participants*, were effective for fiscal year 2017. Statement 79 establishes criteria for an external investment pool to qualify for measurement of its investments at amortized cost. The University was not a participant of an external investment pool during the fiscal year ending June 30, 2017.

The Foundation is a nonprofit organization that prepares its financial statements in conformity with U.S. generally accepted accounting principles as prescribed by the Financial Accounting Standards Board (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*.

Appropriations Available

The appropriations available amount consists of capital appropriations associated with renovations to Whitt Hall. Renovations were performed during fiscal year 2017 and will continue into fiscal year 2018.

Investments

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

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

Accounts Receivable

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

Inventories

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

Notes Receivable

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

Prepaid Expenses

As of June 30, 2017, the University's prepaid expenses included items such as insurance premiums, membership dues, conference registrations and publication subscriptions for fiscal year 2018 that were paid in advance.

Capital Assets

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

Equipment with an expected useful life of greater than one year and with a value or cost of \$5,000 or more at the date of acquisition is 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 point 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 \$508,000 for the fiscal year ended June 30, 2017.

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, 2017, all unused annual, sick, compensatory and recognition leave, as well as the amount payable upon termination under the Commonwealth of Virginia's sick leave payout policy. The applicable share of employer related taxes payable on the eventual termination payments is also included. See Note 7 for current and noncurrent amounts.

Unearned Revenue

Unearned revenue primarily includes amounts received prior to the end of the fiscal year for tuition and fees and certain auxiliary activities related to the period subsequent to June 30, 2017.

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 6, 7 and 13 for detailed information and amounts.

Pension Obligation

The Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' System (VaLORS) Retirement Plan are single employer pension plans that are treated like cost-sharing plans. For purposes of measuring the net pension liability; deferred outflows of resources and deferred inflows of resources related to pensions and pension expense; information about the fiduciary net position of the Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' System (VaLORS) Retirement Plan; and the additions to/deductions from the VRS State Employee Retirement Plan's and the VaLORS Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 13 for 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 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, 2017, 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. These resources 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.

Commonwealth Equipment and Capital Project Reimbursement Programs

The Commonwealth has established several programs to provide state-supported institutions of higher education with bond proceeds for financing the acquisition of instructional and research equipment and facilities.

During fiscal year 2017, funding has been provided to

the University from two programs: 21st Century and Equipment Trust Fund (ETF). The Commonwealth issues bonds and uses the proceeds to reimburse the University, and other institutions of higher education, for expenses incurred in the acquisition of equipment and facilities. The bond liability is assumed by the Commonwealth and is not reflected as a liability of the University. The *Statement of Net Position* line item Due from the Commonwealth includes pending reimbursements from these programs. The *Statement of Revenues, Expenses, and Changes in Net Position* line item Capital Appropriations and Gifts include the reimbursements from these programs.

Income Taxes

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

Revenue Classifications

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

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

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

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

Scholarship Discounts and Allowances

Student tuition and fees and certain auxiliary enterprise revenues from students are reported net of scholarship discounts and allowances in the *Statement of Revenues, Expenses, and Changes in Net Position*. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount paid by students and/or third parties on the students' behalf. Scholarship

discounts and allowances are reported using the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO), which calculates scholarship discounts and allowances on a universitywide basis rather than on an individual basis.

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

NOTE 2: Cash and Cash Equivalents and Investments

The following information is provided with respect to the University's cash, cash equivalents and investments and related risk disclosures as of June 30, 2017, 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, 2017.

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, 2017.

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 2017.

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 offers a professionally-managed money market mutual fund, which provides issuers with a temporary pooled investment vehicle for proceeds pending expenditure, and with record keeping, depository and arbitrage rebate calculation services. SNAP is in compliance with all of the standards of GASB Statement 79 and elects to report its investments for financial reporting at amortized cost. Participants in SNAP should also report their investments in SNAP at amortized cost. SNAP is rated 'AAAm' by Standard & Poor's rating service. 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.

Capital Appropriations

Capital appropriations consist of funding provided by the Commonwealth to the University from the 21st Century program and the Equipment Trust Fund, both managed by the Virginia College Building Authority (VCBA). Construction of a new academic building was the source of \$10.8m of fiscal year 2017 balance. See Note 11 for capital appropriation summary.

Cash and cash equivalents	June 30, 2017
Cash on hand and deposited with financial institutions	\$7,287,944
Cash with the treasurer of Virginia	96,802,777
Cash equivalents (State Non-Arbitrage Program)	3,667,025
	<u>\$107,757,746</u>

Restricted cash and cash equivalents	June 30, 2017
Current:	
Cash and cash equivalents (State Non-Arbitrage Program)	\$3,667,025
Noncurrent:	
Cash and cash equivalents (State Non-Arbitrage Program)	-
	<u>\$3,667,025</u>

NOTE 3: Accounts and Notes Receivable

Accounts receivable	June 30, 2017
Student tuition and fees	\$1,045,044
Auxiliary enterprises	702,187
Federal, state and nongovernmental grants and contracts	469,651
Other activities	200,215
	<u>2,417,097</u>
Less allowance for doubtful accounts	(446,775)
Net accounts receivable	<u>\$1,970,322</u>

Notes receivable	June 30, 2017
Current:	
Federal student loans	\$1,408,467
Institutional student loans	156,502
	<u>1,564,969</u>
Less allowance for doubtful accounts	(358,809)
Net current notes receivable	<u>\$1,206,160</u>
Noncurrent:	
Federal student loans	\$1,834,378
Institutional student loans	109,845
	<u>1,944,223</u>
Less allowance for doubtful accounts	(419,905)
Net noncurrent notes receivable	<u>\$1,524,318</u>

NOTE 4: Capital Assets

A summary of changes in the various capital asset categories for the year ending June 30, 2017, is presented as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Nondepreciable capital assets:				
Land	11,967,656	-	-	11,967,656
Construction in progress	53,768,170	26,686,582	62,952,216	17,502,536
Total nondepreciable capital assets	65,735,826	26,686,582	62,952,216	29,470,192
Depreciable capital assets:				
Buildings	369,480,126	62,940,574	-	432,420,700
Infrastructure	22,426,283	369,847	-	22,796,130
Intangibles	8,163,282	-	40,532	8,122,750
Equipment	37,747,753	2,404,631	1,421,511	38,730,873
Other improvements	13,264,360	861,242	-	14,125,602
Library materials	25,054,829	1,690,461	1,043,985	25,701,305
Total depreciable capital assets	476,136,633	68,266,755	2,506,028	541,897,360
Less accumulated depreciation:				
Buildings	129,001,673	13,392,800	-	142,394,473
Infrastructure	20,904,414	203,333	-	21,107,747
Intangibles	4,659,482	508,215	21,251	5,146,446
Equipment	24,535,325	3,124,299	1,382,499	26,277,125
Other improvements	6,984,790	462,127	-	7,446,917
Library materials	15,441,895	1,721,598	1,043,985	16,119,508
Total accumulated depreciation	201,527,579	19,412,372	2,447,735	218,492,216
Depreciable capital assets, net	274,609,054	48,854,383	58,293	323,405,144
Total capital assets, net	340,344,880	75,540,965	63,010,509	352,875,336

NOTE 5: Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following at June 30, 2017:

Employee salaries, wages and fringe benefits payable	\$12,948,019
Vendors and suppliers accounts payable	3,927,239
Capital projects accounts and retainage payable	3,189,849
Accrued interest payable	369,104
Total accounts payable and accrued expenses	\$20,434,211

NOTE 6: Long-Term Debt

Notes Payable — Pooled Bonds

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

The composition of notes payable at June 30, 2017, is summarized as follows:

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

Bonds Payable — 9c

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

The composition of bonds payable at June 30, 2017, is summarized as follows:

Bonds Payable - 9c:	Interest Rates at Issuance	Maturity at Issuance
Renovation of Washington Hall (residence hall)		
Series 2013A, \$5.040 million par amount	2.00% - 5.00%	June 1, 2033
Renovation of Pocahontas, Bolling, Draper (residence halls)		
Series 2014A, \$11.080 million par amount	2.00% - 5.00%	June 1, 2034
Series 2015A, \$8.820 million par amount	2.00% - 5.00%	June 1, 2035
Series 2016A, \$7.160 million par amount	3.00% - 5.00%	June 1, 2036

Installment Purchase Obligations

The University 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, 2017, is presented as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Long-term debt:						
Notes payable — pooled bonds	\$22,992,685	\$2,755,852	\$3,506,575	\$22,241,962	\$935,000	\$21,306,962
Bonds payable — 9c	25,669,880	8,025,374	1,149,954	32,545,300	1,145,000	31,400,300
Installment purchase obligations	36,930	-	12,055	24,875	12,308	12,567
Total long-term debt	<u>\$48,699,495</u>	<u>\$10,781,226</u>	<u>\$4,668,584</u>	<u>\$54,812,137</u>	<u>\$2,092,308</u>	<u>\$52,719,829</u>

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

Fiscal Year Ending	Notes Payable Pooled Bonds	Bonds Payable - 9c	Installment Purchase
June 30, 2018	\$ 935,000	\$ 1,145,000	\$ 12,308
June 30, 2019	980,000	1,200,000	12,567
June 30, 2020	1,030,000	1,260,000	-
June 30, 2021	1,085,000	1,320,000	-
June 30, 2022	1,135,000	1,395,000	-
2023-2027	6,465,000	8,005,000	-
2028-2032	7,200,000	9,695,000	-
2033-2036	1,445,000	5,615,000	-
Unamortized Premium	1,966,962	2,910,300	-
Total	\$22,241,962	\$32,545,300	\$24,875

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

Fiscal Year Ending	Notes Payable Pooled Bonds	Bonds Payable - 9c	Installment Purchase
June 30, 2018	\$ 789,231	\$ 1,176,750	\$ 455
June 30, 2019	743,306	1,119,500	197
June 30, 2020	698,006	1,059,500	-
June 30, 2021	650,181	996,500	-
June 30, 2022	596,731	930,500	-
2023-2027	2,185,622	3,603,150	-
2028-2032	882,200	1,913,163	-
2033-2036	38,625	359,850	-
Total	\$6,583,902	\$11,158,913	\$652

Long-Term Debt Defeasance

During fiscal year 2017, the Commonwealth of Virginia, on behalf of the University, issued pooled bonds Series 2016A for \$2,285,000 with interest rates of 3.0 to 5.0 percent to advance refund \$2,305,000 of Series 2009B pooled bonds. The bonds, issued at a premium of \$470,852, are used to provide funds for debt service savings, for the Commonwealth. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds.

The advanced refunding resulted in a deferred accounting loss of \$296,927 for the University, which is being amortized to interest expense over the life of the new debt. At June 30, 2017, \$274,376 of the unamortized deferred loss is reported on the *Statement of Net Position* as a deferred outflow of resources. The defeasance will reduce the University's total debt service obligation by \$184,341 over the next 13 years. The debt service savings discounted at a rate of 1.849 percent, results in an economic gain of \$167,810.

For financial reporting purposes, these notes payables are considered an in-substance defeasance and have therefore been removed from the long-term debt payable line item of the *Statement of Net Position*. The assets in escrow have similarly been excluded.

NOTE 7: Other Noncurrent Liabilities

The University's other noncurrent liabilities consist of accruals for compensated absences and federal loan program contributions refundable to the federal government. A summary of changes in other noncurrent liabilities for the year ending June 30, 2017, is presented as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Other liabilities:						
Accrued compensated absences	\$2,615,209	\$4,268,683	\$4,311,349	\$2,572,543	\$1,729,096	\$843,447
Federal loan program contributions refundable	3,438,154	43,352	-	3,481,506	-	3,481,506
Total other liabilities	\$6,053,363	\$4,312,035	\$4,311,349	\$6,054,049	\$1,729,096	\$4,324,953

NOTE 8: Auxiliary Activities

Auxiliary operating revenues and expenses consisted of the following at June 30, 2017:

Revenues	
Room contracts (net of scholarship allowances of \$2,625,828)	\$11,555,060
Dining service contracts (net of scholarship allowances of \$2,501,203)	11,027,088
Comprehensive fee (net of scholarship allowances of \$5,321,497)	22,866,520
Other student fees and sales and services	9,528,179
Auxiliary enterprises revenue	\$54,976,847
Expenses	
Residential facilities	\$9,609,690
Dining operations	15,323,738
Athletics	9,921,249
Other auxiliary activities	14,144,727
Auxiliary activities expense	\$48,999,404

NOTE 9: Expenses by Natural Classification

	Compensation and Benefits	Depreciation	Plant and Equipment	Scholarships and Fellowships	Services and Supplies	Utilities	Total
Instruction	63,527,904	-	2,007,542	634,541	4,038,427	-	70,208,414
Research	320,315	-	17,497	6,781	146,707	-	491,300
Public service	1,859,652	-	39,865	26,004	1,396,159	-	3,321,680
Academic support	9,578,394	-	209,746	5,960	1,110,060	-	10,904,160
Student services	5,307,505	-	37,831	-	1,332,280	-	6,677,616
Institutional support	18,002,066	-	284,507	-	4,142,628	-	22,429,201
Operation and maintenance of plant	6,180,387	-	266,200	-	3,513,284	2,867,725	12,827,596
Depreciation	-	19,412,372	-	-	-	-	19,412,372
Student aid	-	-	-	6,887,522	-	-	6,887,522
Auxiliary activities	15,549,510	-	875,155	1,603,746	29,227,474	1,743,519	48,999,404
Total	120,325,733	19,412,372	3,738,343	9,164,554	44,907,019	4,611,244	202,159,265

NOTE 10: 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, 2017, shall be reappropriated for expenditure in the first month of the next year, beginning on July 1, 2017, 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, 2017, including all supplemental appropriations and reversions:

Original legislative appropriation:

Educational and general (E&G) programs	\$49,820,087
Student financial assistance	10,043,444

Supplemental adjustments:

Virtual Library of Virginia (VIVA) allocation	16,047
Prior year SFA carryforward	5,900
Virginia Military Survivors and Dependents Education Program	77,400
Two Year College Transfer Grant Program	145,420
Financial assistance for E&G programs	29,122

Central appropriation transfers:

Health insurance contribution	685,117
Other post-employment benefits	86,116
Line of duty premiums	351
Cardinal adjustment	(2,120)
VITA bills	(3,408)
Retirement	(142,446)

Reversion to the General Fund of the Commonwealth

(941)

Adjusted appropriation

\$60,760,089

NOTE 11: Capital Appropriations

The Commonwealth has established several programs to provide state-supported institutions of higher education with bond proceeds for financing the acquisition and replacement of instructional and research equipment and facilities. During fiscal year 2017, funding was provided to the University from General Fund capital project appropriations and two programs, 21st Century program and the Equipment Trust Fund, managed by the Virginia College Building Authority (VCBA). The VCBA issues bonds and uses the proceeds to reimburse the University for expenses incurred in the acquisition of equipment and facilities.

The following is a summary of capital appropriations and gifts recognized by the University for the year ended June 30, 2017.

VCBA 21st Century program	14,364,004
VCBA Equipment Trust Fund program	2,001,329
Capital donations	149,672
Capital appropriations and gifts	<u>\$16,515,005</u>

A portion of the funding for these programs is reported as a receivable, due from the Commonwealth, at June 30, 2017, which consisted of the following:

VCBA 21st Century program	\$1,878,531
VCBA Equipment Trust Fund program	1,743,491
Due from the Commonwealth	<u>\$3,622,022</u>

NOTE 12: Commitments

At June 30, 2017, the University was a party to construction contracts totaling approximately \$60.4 million of which \$58.3 million has been incurred. Remaining commitments totaling \$2.1 million represent the unperformed portion of the construction contracts and, as such, have not been accrued as expenses or liabilities on the University's financial statements.

The University is committed under various operating leases for land and buildings. In most cases, the University has renewal options on the leased assets for another similar term, and expects, in the normal course of business, that these leases will be replaced by similar leases. Operating leases do not give rise to property rights or lease obligations and, therefore, the results of the lease agreements are not reflected in the financial statements. A portion of the University's operating leases are lease agreements with the Radford University Foundation, Inc. (the Foundation), a component unit of the University. Rental expense was approximately \$1,421,000 for the year ended June 30, 2017, of which \$406,000 was paid to the Foundation.

The University has, as of June 30, 2017, the following future minimum rental payments due under operating leases:

Fiscal Year Ending	Future Minimum Lease Payments
June 30, 2018	\$1,764,059
June 30, 2019	294,870
June 30, 2020	187,277
June 30, 2021	14,760
June 30, 2022	-
Total	\$2,260,966

NOTE 13: Defined Benefit Plans and Related Pension Obligation

Plan Description

Employees of the University are employees of the Commonwealth. Upon employment all full-time, salaried permanent employees of the University 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 pension 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
<p>About Plan 1</p> <p>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 Jan. 1, 2013.</p>	<p>About Plan 2</p> <p>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 Jan. 1, 2013.</p>	<p>About the Hybrid Retirement Plan</p> <p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after Jan. 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.</p> <p>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.</p> <p>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.</p>

Retirement Plan Provisions by Plan Structure		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Eligible Members</p> <p>Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of Jan. 1, 2013.</p> <p>Hybrid Opt-In Election VRS nonhazardous-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 Jan. 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.</p>	<p>Eligible Members</p> <p>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 Jan. 1, 2013.</p> <p>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 Jan. 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.</p>	<p>Eligible Members</p> <p>Employees are in the Hybrid Retirement Plan if their membership date is on or after Jan. 1, 2014. This includes:</p> <p>State employees* Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held Jan. 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.</p> <p>*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.</p>

Retirement Plan Provisions by Plan Structure		
<p>Retirement Contributions</p> <p>State employees, excluding state elected officials, and optional retirement plan participants, contribute 5 percent 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.</p>	<p>Retirement Contributions</p> <p>State employees contribute 5 percent of their compensation each month to their member contribution account through a pre-tax salary reduction.</p>	<p>Retirement Contributions</p> <p>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 specific percentages.</p>
<p>Creditable Service</p> <p>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.</p> <p>It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service</p> <p>Same as Plan 1.</p>	<p>Creditable Service</p> <p>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.</p> <p>Defined Contribution Component: Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

Retirement Plan Provisions by Plan Structure

Vesting	Vesting	Vesting
<p>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 percent vested in the contributions that they make.</p>	<p>Same as Plan 1.</p>	<p>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.</p> <p>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.</p> <p>Members are always 100 percent vested in the contributions that they make.</p> <p>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.</p> <p>After two years, a member is 50 percent vested and may withdraw 50 percent of employer contributions.</p> <p>After three years, a member is 75 percent vested and may withdraw 75 percent of employer contributions.</p> <p>After four or more years, a member is 100 percent vested and may withdraw 100 percent of employer contributions.</p> <p>Distribution is not required by law until age 70½.</p>

Retirement Plan Provisions by Plan Structure

Calculating the Benefit	Calculating the Benefit	Calculating the Benefit
<p>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.</p>	<p>Same as Plan 1.</p>	<p>Defined Benefit Component: Same as Plan 1.</p> <p>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.</p>
Average Final Compensation	Average Final Compensation	Average Final Compensation
<p>A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
Service Retirement Multiplier	Service Retirement Multiplier	Service Retirement Multiplier
<p>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 percent.</p> <p>VaLORS: The retirement multiplier for VaLORS employees is 1.70 percent or 2.00 percent.</p>	<p>VRS: Same as Plan 1 for service earned, purchased or granted prior to Jan. 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65 percent for creditable service earned, purchased or granted on or after Jan. 1, 2013.</p> <p>VaLORS: The retirement multiplier for VaLORS employees is 2.00 percent.</p>	<p>Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00 percent. 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.</p> <p>VaLORS: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>

Retirement Plan Provisions by Plan Structure		
<p>Normal Retirement Age</p> <p>VRS: Age 65. VaLORS: Age 60.</p>	<p>Normal Retirement Age</p> <p>VRS: Normal Social Security retirement age. VaLORS: Same as Plan 1.</p>	<p>Normal Retirement Age</p> <p>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.</p>
<p>Earliest Unreduced Retirement Eligibility</p> <p>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.</p>	<p>Earliest Unreduced Retirement Eligibility</p> <p>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.</p>	<p>Earliest Unreduced Retirement Eligibility</p> <p>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.</p>
<p>Earliest Reduced Retirement Eligibility</p> <p>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.</p>	<p>Earliest Reduced Retirement Eligibility</p> <p>VRS: Age 60 with at least five years (60 months) of creditable service. VaLORS: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility</p> <p>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.</p>

Retirement Plan Provisions by Plan Structure

Cost-of-Living Adjustment (COLA) in Retirement

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

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 (Jan. 1 to Dec. 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of Jan. 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 (Jan. 1 to Dec. 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 percent increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2 percent), for a maximum COLA of 3 percent.

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.

Retirement Plan Provisions by Plan Structure

Retirement Plan Provisions by Plan Structure		
<p>Disability Coverage</p> <p>For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7 percent 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.</p>	<p>Disability Coverage</p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65 percent 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.</p>	<p>Disability Coverage</p> <p>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.</p>
<p>Purchase of Prior Service</p> <p>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.</p> <p>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.</p>	<p>Purchase of Prior Service</p> <p>Same as Plan 1.</p>	<p>Purchase of Prior Service</p> <p>Defined Benefit Component: Same as Plan 1, with the following exceptions:</p> <p>Hybrid Retirement Plan members are ineligible for ported service.</p> <p>The cost for purchasing refunded service is the higher of 4 percent of creditable compensation or average final compensation.</p> <p>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.</p> <p>Defined Contribution Component: Not applicable.</p>

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 percent of their compensation toward their retirement. Prior to July 1, 2012, the 5.0 percent member contribution was paid by the University. Beginning July 1, 2012, state employees were required to pay the 5.0 percent 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, 2017, was 13.49 percent of covered employee compensation for employees in the VRS State Employee Retirement Plan. For employees in the VaLORS Retirement Plan, the contribution rate was 21.05 percent of covered employee compensation. These rates were based on actuarially determined rates from an actuarial valuation as of June 30, 2015. The contribution rate for the VRS State Employee Retirement Plan also reflects the transfer in June 2016 of \$162,406,273 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The contribution rate for the VaLORS Retirement Plan also reflects the transfer in June 2016 of \$16,491,559 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the University to the VRS State Employee Retirement Plan were \$6,118,618 and \$6,037,976 for the years ended June 30, 2017 and June 30, 2016, respectively. Contributions from the University to the VaLORS Retirement Plan were \$220,729 and \$189,692 for the years ended June 30, 2017 and June 30, 2016, respectively.

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

At June 30, 2017, the University reported a liability of \$72,383,000 for its proportionate share of the VRS State Employee Retirement Plan net pension liability and a liability of \$2,246,000 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 \$74,629,000 at June 30, 2017. The net pension liability was measured as of June 30, 2016, 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, 2016, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2016, the University's proportion of the VRS State Employee Retirement Plan was 1.098 percent as compared to 1.061 percent at June 30, 2015. At June 30, 2016, the University's proportion of the VaLORS Retirement Plan was 0.290 percent as compared to 0.293 percent at June 30, 2015.

For the year ended June 30, 2017, the University recognized pension expense of \$7,818,000 for the VRS State Employee Retirement Plan and \$291,000 for the VaLORS Retirement Plan, which had a combined total of \$8,109,000. Since there was a change in proportionate share between June 30, 2015 and June 30, 2016, 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, 2017, 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 Plan	VaLORS Retirement Plan	Total
Differences between expected and actual experience	\$310,000	\$10,000	\$320,000
Net difference between projected and actual earnings on pension plan investments	4,614,000	92,000	4,706,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,765,000	103,000	3,868,000
Employer contributions subsequent to the measurement date	6,118,618	220,729	6,339,347
Total	\$14,807,618	\$425,729	\$15,233,347

At June 30, 2017, 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 Plan	VaLORS Retirement Plan	Total
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ -	\$14,000	\$14,000
Differences between expected and actual experience	1,971,000	6,000	1,977,000
Total	\$1,971,000	\$20,000	\$1,991,000

A total of \$6,339,347 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, 2018. 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 Plan	VaLORS Retirement Plan	Total
June 30, 2018	\$1,423,000	\$68,000	\$1,491,000
June 30, 2019	724,000	29,000	753,000
June 30, 2020	2,682,000	52,000	2,734,000
June 30, 2021	1,889,000	36,000	1,925,000
June 30, 2022	-	-	-
Total	\$6,718,000	\$185,000	\$6,903,000

Actuarial Assumptions VRS State Employment Plan

The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2015, 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, 2016.

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 percent 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 percent. However, since the difference was minimal, and a more conservative 7.0 percent 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 percent 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 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, 2015 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:

- Updated 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
- Reduced rates of salary increase by 0.25% per year

VaLORS Retirement Plan

The total pension liability for the VaLORS Retirement Plan was based on an actuarial valuation as of June 30, 2015, 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, 2016.

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 percent 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 percent. However, since the difference was minimal, and a more conservative 7.0 percent 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 percent 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 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, 2015 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:

- Updated 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 in service-related disability rate from 60 percent to 50 percent

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, 2016, 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 Plan	VaLORS Retirement Plan
Total pension liability	\$22,958,593	\$1,985,618
Plan fiduciary net position	16,367,842	1,211,446
Employers' net pension liability	\$6,590,751	\$774,172
Plan fiduciary net position as a percentage of total pension liability	71.29%	61.01%

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 percent 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 percent, including expected inflation of 2.50 percent.*

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. 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 percent 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 percent, 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 percent) or one percentage point higher (8.00 percent) 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	\$101,866,000	\$72,383,000	\$47,630,000

The following presents the University's proportionate share of the VaLORS Retirement Plan net pension liability using the discount rate of 7.00 percent, 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 percent) or one percentage point higher (8.00 percent) 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	\$3,006,000	\$2,246,000	\$1,620,000

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 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-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, 2017, the University had accrued retirement contributions payable to the pension plan of \$267,412 including \$253,856 payable to the VRS State Employee Retirement Plan and \$13,556 payable to the VaLORS Retirement Plan. The payable is based on retirement contributions earned by University employees through June 30, 2017, but not yet paid to the plan.

NOTE 14: Defined Contribution Plans

Optional Retirement Plans

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

Total employer pension costs under optional retirement plans were approximately \$2.8 million for the year ended June 30, 2017, of which \$350,599 is reflected as a current liability on the *Statement of Net Position* at June 30, 2017. Contributions to the optional retirement plan were calculated using the base salary amount of approximately \$28.4 million for fiscal year 2017.

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 \$301,000 for fiscal year 2017.

NOTE 15: Postemployment Benefits

The University participates in postemployment benefit programs that are sponsored by the Commonwealth and administered by the Virginia Retirement System. These programs include the Group Life Insurance Program, Virginia Sickness and Disability Program, Retiree Health Insurance Credit Program and Line of Duty Act Program.

The Group Life Insurance Program provides members basic group life insurance upon employment. In addition to benefits provided to active members during employment, the Virginia Sickness and Disability Program provides inactive members with long-term disability and long-term care benefits. The Retiree

Health Insurance Credit Program provides members health insurance credits to offset the monthly health insurance premiums for retirees who have at least 15 years of service. The Line of Duty Act Program provides death and health insurance reimbursement benefits to eligible state employees, such as campus police, who die or become disabled as a result of the performance of their duties as a public safety officer. The University is required to contribute to the costs of participating in these programs.

The University also participates in the Pre-Medicare Retiree Healthcare Plan, which is sponsored by the Commonwealth and administered by the Department of Human Resources Management. The plan provides the option for retirees who are not yet eligible to participate in Medicare to participate in the Commonwealth's healthcare plan for its active employees. The University does not pay a portion of the retirees' healthcare premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, this generally results in a higher rate for active employees. Therefore, the University effectively subsidizes the costs of the participating retirees' healthcare through payment of the employer's portion of premiums for active employees.

Additional information related to all of these plans is available at the statewide level in the Commonwealth's *Comprehensive Annual Financial Report*.

NOTE 16: Grants and Contracts Contingencies

The University received grants for specific purposes that are subject to review and audit by the grantor agencies. Claims against these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditures of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the University. In addition, the University is required to comply with the various federal regulations issued by the Office of Management and Budget. Failure to comply with certain system requirements of these regulations may result in questions concerning the allowance of related direct and indirect charges pursuant to such agreements. As of June 30, 2017, the University estimates that no material liabilities will result from such audits or questions.

NOTE 17: Federal Direct Lending Program

The University participates in the Federal Direct Lending Program. Under this program, the University receives funds from the U.S. Department of Education for Stafford and Parent PLUS Loan Programs and disburses these funds to eligible students. The funds can be applied to outstanding tuition and fee charges or refunded directly to the student. These loan proceeds are treated as student payments with the University acting as a fiduciary agent for the student. Therefore,

the receipt of the funds from the federal government is not reflected in the federal government grants and contracts total on the *Statement of Revenues, Expenses, and Changes in Net Position*. The activity is included in the noncapital financing section of the *Statement of Cash Flows*. For the fiscal year ended June 30, 2017, cash provided by the program totaled \$56.9 million and cash used by the program totaled \$57.0 million.

NOTE 18: Risk Management and Employee Health Care Plans

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

NOTE 19: Component Unit Financial Information

(A) Contributions Receivable

The following summarizes the unconditional promises to give at June 30, 2017:

Current:	
Receivables due in less than one year	\$1,386,412
Less allowance for uncollectible contributions	(49,677)
Net current contributions receivable	<u>\$1,336,735</u>
Noncurrent:	
Receivables due in one to five years	\$1,451,994
Receivables due in more than five year	186,705
Less discount to net present value	(205,768)
Less allowance for uncollectible contributions	(32,745)
Net noncurrent contributions receivable	<u>\$1,400,186</u>
Total contributions receivable	<u>\$2,736,921</u>

The discount rate used in 2017 was 5.66 percent. As of June 30, 2017, there were no conditional promises to give.

(B) Notes Receivable

The following is a summary of notes receivable at June 30, 2017:

Note receivable due in monthly payments of \$542 through May 2022 with interest receivable at 5.50 percent and secured by land and building.	\$28,184
Note receivable that is a non-interest bearing with deferred payments for the first five years and \$25,000 annual payment for years six through seventeen. The Foundation has elected to record this receivable at fair value. Accordingly, the unearned discount on this receivable was \$84,000 on June 30, 2017. For June 30, 2016 and 2017, \$10,000 and \$11,750 of the note was forgiven in exchange for guaranteed daycare slots for employees of Radford University. The applicable discount rate at June 30, 2016 and 2017 is 4 percent.	194,250
Note receivable with interest bearing at a rate equal to LIBOR index plus 2 percent with a floor of 3.5 percent (3.5 percent at June 30, 2017) with amortization of twenty years and a balloon payment due five years after the date of the note, interest is subject to adjustment on December 1, 2017 and on that day every 12th month thereafter through maturity.	<u>299,770</u>
Total notes receivable	<u>\$522,204</u>
Notes receivable, current	\$16,047
Notes receivable, noncurrent	<u>506,157</u>
Total notes receivable	<u>\$522,204</u>
(C) Investments	
Investments comprise the following as of June 30, 2017:	
Short-term:	
Cash and cash equivalents	\$251,551
Equities	1,504,086
Investment company	<u>51,330,393</u>
Total short-term	<u>\$53,086,030</u>
Long-term:	
Cash and cash equivalents	\$25,037
Mutual and money market funds	604,895
Investment company	<u>5,165,873</u>
Total long-term	<u>\$5,795,805</u>
Total investments	<u>\$58,881,835</u>

(D) Capital Assets

A summary of land, buildings and equipment at cost, less accumulated depreciation, for the year ending June 30, 2017, is presented as follows:

Depreciable capital assets:	
Buildings	\$9,096,116
Furniture and equipment	325,392
Land improvements	558,294
Total depreciable capital assets, at cost	<u>\$9,979,802</u>
Less accumulated depreciation	<u>(1,994,523)</u>
Total depreciable capital assets, net of accumulated depreciation	<u>\$7,985,279</u>
Nondepreciable capital assets:	
Land	\$2,059,843
Construction in progress	37,900
Collections of art	2,104,782
Total nondepreciable capital assets	<u>\$4,202,525</u>
Total capital assets, net of accumulated depreciation	<u>\$12,187,804</u>

(E) Line of Credit

The following is a summary of the outstanding line of credit at June 30, 2017:

Line of credit agreement originated on June 23, 2016 for \$1,500,000, interest payable monthly at LIBOR plus 1.60 percent (2.65 percent and 2.07 percent at June 30, 2017 and 2016, respectively). Outstanding principal is due March 31, 2018. Unsecured.	<u>\$800,000</u>
--	------------------

(F) Long-Term Debt

The following is a summary of the outstanding notes payable at June 30, 2017:

Note payable in monthly installments on a ten year amortization with a balloon payment of remaining amount in May 2020 with interest payable at LIBOR plus 1.48 percent (2.53 percent at June 30, 2017), outstanding principal due upon maturity, unsecured	\$431,851
Note payable in monthly installments of \$17,532 through July 2018 with interest payable at 2.01 percent, unsecured	226,054
Note payable in monthly installments of \$2,601 through November 2020 with interest payable at 1.54 percent. Secured by deposit accounts maintained by and investment property held with the institution.	103,591
Total	<u>\$761,496</u>

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

2018	\$285,049
2019	97,411
2020	366,261
2021	12,775
Total long-term debt	<u>\$761,496</u>

(G) Subsequent Events

The line of credit with Union Bank was paid down to \$500,000 on July 11, 2017. The remaining balance was paid on August 31, 2017.

NOTE 20: Subsequent Events

In January 2018, the University announced Jefferson College of Health Sciences intends to merge with Radford University. Jefferson College of Health Sciences is currently owned and operated by Carilion Clinic, a tax-exempt health care organization. The merger planning process is expected to take 18 to 24 months.

In March 2018, the University entered into a 25 year capital lease with the Radford University Foundation, LLC to meet student housing demand.

Required Supplementary Information



RADFORD UNIVERSITY
Schedule of Employer's Share of Net Pension Liability
VRS State Employee Retirement Plan

*For the Years Ended June 30, 2017, 2016 and 2015**

	2017	2016	2015
Employer's proportion of the net pension liability	1.098%	1.061%	1.005%
Employer's proportionate share of the net pension liability	\$72,383,000	\$64,986,000	\$56,267,000
Employer's covered payroll	\$43,206,118	\$40,612,813	\$38,332,872
Employer's proportionate share of the net pension liability as a percentage of employer's covered payroll	167.53%	160.01%	146.79%
Plan fiduciary net position as a percentage of the total pension liability	71.29%	72.81%	74.28%

Schedule is intended to show information for 10 years. Since 2017 is the third year for this presentation, only two additional years of data is available. However, additional years will be included as they become available.

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

RADFORD UNIVERSITY
Schedule of Employer's Share of Net Pension Liability
VaLORS Retirement Plan

*For the Years Ended June 30, 2017, 2016 and 2015**

	2017	2016	2015
Employer's proportion of the net pension liability	0.290%	0.293%	0.261%
Employer's proportionate share of the net pension liability	\$2,246,000	\$2,082,000	\$1,761,000
Employer's covered payroll	\$1,002,575	\$982,575	\$918,334
Employer's proportionate share of the net pension liability as a percentage of employer's covered payroll	224.02%	211.89%	191.76%
Plan fiduciary net position as a percentage of the total pension liability	61.01%	62.64%	63.05%

Schedule is intended to show information for 10 years. Since 2017 is the third year for this presentation, only two additional years of data is available. However, additional years will be included as they become available.

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

RADFORD UNIVERSITY

Schedule of Employer Contributions

VRS State Employee Retirement Plan

For the Years Ended June 30, 2008 through 2017

Date	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
2017	\$6,106,153	\$6,106,153	\$-	\$45,264,292	13.49%
2016	\$6,078,232	\$6,078,232	\$-	\$43,206,118	14.07%
2015	\$5,043,111	\$5,043,111	\$-	\$40,901,142	12.33%
2014	\$3,399,941	\$3,399,941	\$-	\$38,812,116	8.76%
2013	\$3,169,199	\$3,169,199	\$-	\$36,178,066	8.76%
2012	\$1,107,142	\$1,107,142	\$-	\$34,014,776	3.25%
2011	\$697,904	\$697,904	\$-	\$32,765,436	2.13%
2010	\$1,635,446	\$1,635,446	\$-	\$32,895,794	4.97%
2009	\$2,128,466	\$2,128,466	\$-	\$34,164,779	6.23%
2008	\$2,040,308	\$2,040,308	\$-	\$33,175,737	6.15%

RADFORD UNIVERSITY

Schedule of Employer Contributions

VaLORS Retirement Plan

For the Years Ended June 30, 2008 through 2017

Date	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
2017	\$220,551	\$220,551	\$-	\$1,047,748	21.05%
2016	\$188,891	\$188,891	\$-	\$1,002,575	18.84%
2015	\$175,205	\$175,205	\$-	\$991,540	17.67%
2014	\$136,302	\$136,302	\$-	\$920,958	14.80%
2013	\$129,797	\$129,797	\$-	\$877,007	14.80%
2012	\$58,214	\$58,214	\$-	\$812,193	7.17%
2011	\$41,347	\$41,347	\$-	\$807,556	5.12%
2010	\$85,638	\$85,638	\$-	\$769,302	11.13%
2009	\$100,057	\$100,057	\$-	\$703,139	14.23%
2008	\$102,672	\$102,672	\$-	\$647,363	15.86%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2017

Changes of benefit terms

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after Jan. 1, 2014, and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2016 are not material.

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:

- Updated 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
- Reduced rates of salary increase by 0.25 percent 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:

- Updated 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 in service-related disability rate from 60 percent to 50 percent



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

April 24, 2018

The Honorable Ralph S. Northam
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 discretely presented component unit of **Radford University** (University), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit of the University, which are discussed in Notes 1 and 19. Those financial statements were audited by another auditor

whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit of the University, is based on the report of the other auditor.

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

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

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

Opinion

In our opinion, based on our audit and the report of another auditor, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and discretely presented component unit of the University as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

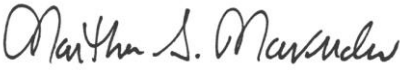
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 11, the Schedule of Employer's Share of Net Pension Liability, the Schedule of Employer Contributions, and the Notes to Required Supplementary Information on pages 50 through 52, 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 April 24, 2018, on our consideration of the 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.


AUDITOR OF PUBLIC ACCOUNTS

JMR/clj

As of June 30, 2017

BOARD OF VISITORS

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President

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Vice President for Finance and Administration

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs & Audit Committee
October 2, 2018

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 Vice President for Finance and Administration and Chief Financial Officer. To meet financial reporting standards in a timely manner, the Board of Visitors revised the write-off delegation in 2014 to authorize the Vice President for Finance and Administration and Chief Financial Officer 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, 2018:

Classification	Quarter Ending 9/30/2017	Quarter Ending 12/31/2017	Quarter Ending 3/31/2018	Quarter Ending 6/30/2018	FY 2018 Total \$	FY 2018 Total Count
Tuition & Fees	\$55,889	\$25,583	\$28,850	\$58,378	\$168,700	81
Parking & Fines	1,216	2,373	0	124,057	127,646	2,152
Residential Life	265	337	0	12	614	8
Returned Items	3,150	1,772	0	530	5,452	5
Discharged Litigation Cost	334	0	4,202	2,501	7,037	10
Total Approved Write-offs	\$60,854	\$30,065	\$33,052	\$185,478	\$309,449	2,256

Action:

None. Informational only.

Additional information:

Classification	Quarter Ending 9/30/2016	Quarter Ending 12/31/2016	Quarter Ending 3/31/2017	Quarter Ending 6/30/2017	FY 2017 Total \$	FY 2017 Total Count
Tuition & Fees	\$46,077.79	\$18,840.00	\$37,979.04	\$26,495.35	\$129,392.18	56
Parking & Fines	527.00	25.00	1,132.00	239.00	1,923.00	9
Residential Life	0.00	0.00	510.00	475.00	985.00	8
Returned Items	11,127.13	0.00	1,502.50	14,089.35	26,718.98	9
Total Approved Write-offs	\$57,731.92	\$18,865.00	\$41,123.54	\$41,298.70	\$159,019.16	82

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

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs and Audit Committee
October 2, 2018

Information Item
Capital Projects Update

Item: Facilities Planning and Construction update on capital projects.

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

1. Reed-Curie Renovation

Project Budget ----- \$33,045,000

Architecture/Engineering Firm----- Cannon Design

Construction Manager----- Branch and Associates

The Reed-Curie renovation project was approved in the spring 2016 state bond package, as described in the six-year capital plan submission to the Commonwealth. The project will completely renovate the existing Reed Hall and Curie Hall science buildings to complement the recent addition of the Center for the Sciences, ultimately providing an overall state-of-the-art facility for nearly all of the Artis College of Science and Technology departments.

Occupants in the renovated building will include the Departments of Physics, Geology, Geospatial Sciences, and the Office of the Dean. The Cyber Security Center will also be housed in the renovated building, along with support spaces for the Chemistry and Biology Departments. The Greenhouse will be renovated and remain located adjacent to Reed Hall.

The Commonwealth initially approved funding for detailed planning for the project in the fall of 2016, and then approved final funding for the remainder of design and the construction on June 30, 2017. The state issued an approved demolition Building Permit on January 8, 2018 and the approved full project Building Permit on May 3, 2018.

The Construction Management-at-Risk pre-construction contract was awarded in March 2017. During the summer of 2017, Facilities Management staff completed the relocation of staff and equipment to various swing spaces on campus to render the building unoccupied. A Guaranteed Maximum Price for an Early Release Demolition Package was approved with a Notice-to-Proceed executed on January 8, 2018. The University also completed several tasks during winter break of 2017 to facilitate demolition/construction startup, including removal and surplus of remaining furnishings, hazardous materials abatement, and establishment of a

construction entrance and laydown area and fencing. A Guaranteed Maximum Price for the full Project Renovation Package was approved with a Notice-to-Proceed executed on May 3, 2018.

At this time, all demolition is complete, including interior systems and components and select exterior utilities and sitework. The façade of the existing Curie Hall has also been demolished to allow installation of a new façade to more closely match the elements of the adjacent Center for the Sciences, and to provide full views from the interior building spaces. New interior walls and various building systems installation is underway. The foundations and framing for the entry area addition and various exterior utility systems and components are also in progress.

Project construction final completion is scheduled for December 2019, to allow classes for spring semester in January 2020.

2. Center for Adaptive Innovation and Creativity

Project Budget ----- \$4,000,000
(Detailed Planning only)

Architecture/Engineering Firm----- Hord Coplan and Macht

Construction Manager----- TBD

The Center for Adaptive Innovation and Creativity (CAIC) project was approved for Detailed Planning in July 2018, as described in the six-year capital plan submission to the Commonwealth in December of 2017.

The CAIC will address an array of significant existing programmatic and building deficiencies across a number of academic colleges. The approximately 215,000-square-foot multi-story building will include state-of-the-art instruction, laboratory, maker, studio, computer, and collaborative spaces that integrate the arts and health sciences, along with office and other academic support functions. Specialty spaces will include an instructional auditorium and support spaces, jewelry and ceramics instructional spaces, health science clinical lab spaces, painting and drawing studio spaces, and music and dance studio spaces. The project will be located in a prominent area of campus directly adjacent to East Main Street, and will respond aesthetically to the existing buildings along this important campus corridor.

Significant utility impacts will need to be accommodated, along with erosion/sediment control and stormwater management requirements. The project will replace existing facilities and building systems nearly 50 years old that are inadequate for today’s learning environment and technologies. The project scope will generally provide for demolition of the existing Porterfield East and West Halls and McGuffey Hall and construction of the new building and building systems and components including HVAC, plumbing, electrical, fire alarm and detection, fire

suppression, lightning protection, and elevators. The impact of required swing spaces and potential phased construction will need to be investigated during the early design phases of the project.

The solicitation for design services was advertised on May 1, 2018, and after Building Committee review of qualifications packages and subsequent interviews the firm of Hord, Coplan and Macht was selected. The design began in July with submittal to the Bureau of Capital Outlay Management (BCOM) of the Schematic Package scheduled for September and the Preliminary Package in December. The initial programming effort is nearly complete, and early building schemes have been developed for review by the University. Geotechnical investigations and site/utility surveying is underway. The Commonwealth's Department of Historic Resources has approved the proposed demolition, and the Environmental Impact Report has been submitted to Department of Environmental Quality (DEQ). The demolition package has also been submitted to Advising Architecture Review Board (AARB).

The University's request to utilize the Construction Management-at-Risk delivery method was approved by BCOM, and the solicitation for CM-at-Risk services was advertised on July 22, 2018. Qualifications packages were received on August 21, and after review by the Building Committee interviews were scheduled for September 2018. The award for pre-construction services is also anticipated to be made in late September 2018.

2018 Six-Year Plan Update

RADFORD
UNIVERSITY

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2018 Six-Year Plan Update

- Process mandated through the “Preparing for the Top Jobs of the 21st Century: The Virginia Higher Education Act of 2011” (TJ21)
 - Board action required by § 23.1-306 of the Code of Virginia
- Timeline:
 - June 8, 2018 - Instructions and template received
 - July 12, 2018 - Updated templates due to SCHEV
 - September 1, 2018 - Distribution of Op Six comments
 - September 14, 2018 - Board Action
 - October 1, 2018 - Final Plans due to SCHEV

Academic Plan Initiatives

- I. Implement Student Success and Retention Action Plan
- II. Increase Degree Completion and Adult Learners Through Competency Based Education
- III. Ensure Access for Low and Middle-Income Families Through Need-based Financial Aid to Undergraduate Students
- IV. Appalachian Community Outreach
- V. Further Educational Opportunities for Healthcare Professions and the Roanoke Valley
- VI. Enhance K-12 Education Leadership
- VII. Improve Occupational Therapy Training in the Commonwealth
- VIII. Implement Strategic Plan - Embracing the Tradition and Envisioning the Future

Discussion

Six-Year Plans - Part I (2018): 2018-20 through 2022-24

Due: July 12, 2018

Institution: Radford University

Institution UNITID: 233277

Individual responsible for plan

Name: Chad A. Reed

Email address: creed4@radford.edu

Telephone number: 540-831-5411

Six-Year Plans - Part I (2018): 2018-20 through 2022-24
Radford University
ACADEMIC AND FINANCIAL PLAN

Instructions: In the column entitled "Academic and Support Service Strategies for Six-Year Period (2018-2024)," please provide titles to identify strategies (for the three biennia of this six-year period) associated with the Virginia Plan. Please use this title to identify a more detailed description of the strategy in the separate Word document (Part II - Narrative).

Priority Ranking	ACADEMIC AND SUPPORT SERVICE STRATEGIES FOR SIX-YEAR PERIOD (2016-2022)												Strategies	Strategies		
	Biennium 2018-2020 (7/1/18-6/30/20)						Biennium 2020-2022 (7/1/20-6/30/22)								Biennium 2022-2024 (7/1/22-6/30/24)	
	Strategies (Short Title)	VP Goal	Cost: Incremental, Savings, Reallocation												Strategies	Strategies
			2018-2019		2019-2020		2018-2019 (revised)		2019-2020 (revised)							
Total Amount			Amount From Tuition Revenue	Total Amount	Amount From Tuition Revenue	Total Amount	Amount From Tuition Revenue	Total Amount	Amount From Tuition Revenue							
1	Implement Student Success and Retention Action Plan	1	Incremental:	\$1,005,903	\$1,005,903	\$1,408,264	\$1,408,264	\$565,937	\$565,937	\$565,937	\$565,937	Continue to make progress on enhancing student success, retention, and graduation.	Continue to make progress on enhancing student success, retention, and graduation.			
			Savings:					\$16,996		\$16,996						
			Reallocation:					\$1,343,750	\$1,343,750	\$1,343,750	\$1,343,750	Continue to expand the Competency Based Education program offering and target academic support efforts on nontraditional students.	Continue to expand the Competency Based Education program offering and target academic support efforts on nontraditional students.			
2	Increase Degree Completion and Adult Learners Through Competency Based Education (CBE)	4	Incremental:									Continue to expand the Competency Based Education program offering and target academic support efforts on nontraditional students.	Continue to expand the Competency Based Education program offering and target academic support efforts on nontraditional students.			
			Savings:													
			Reallocation:	\$250,000		\$250,000										
3	Ensure Access for Low and Middle-Income Families Through Need-based Financial Aid to Undergraduate Students	1	Incremental:	\$368,335	\$368,335	\$1,027,775	\$1,027,775	\$472,225	\$472,225	\$1,027,775	\$1,027,775	Continue to emphasize affordability and access for low and middle income students.	Continue to emphasize affordability and access for low and middle income students.			
			Savings:													
			Reallocation:													
4	Appalachian Community Outreach	4	Incremental:	\$78,180	\$78,180	\$110,858	\$110,858			\$110,858	\$110,858	Continue to support the region of Southwest Virginia through academic and community outreach efforts.	Continue to support the region of Southwest Virginia through academic and community outreach efforts.			
			Savings:													
			Reallocation:					\$22,429		\$22,429						
5	Further Educational opportunities for Healthcare professions and the Roanoke Valley	1,3	Incremental:	\$154,270	\$154,270	\$154,270	\$154,270					Continue to support existing STEM-H degree programs and assess public/private partnerships for possible program expansion.	Continue to support existing STEM-H degree programs and assess public/private partnerships for possible program expansion.			
			Savings:													
			Reallocation:					\$154,270		\$154,270						
6	Enhance K-12 Education Leadership	1	Incremental:	\$12,925	\$12,925	\$247,384	\$247,384			\$12,925	\$12,925	Continue to grow the Ed.D. program with additional cohorts and build additional relationships with the Commonwealth's K-12 network.	Continue to grow the Ed.D. program with additional cohorts and build additional relationships with the Commonwealth's K-12 network.			
			Savings:													
			Reallocation:	\$120,854		\$120,854		\$106,770		\$106,770						
7	Improve Occupational Therapy Training in the Commonwealth	3	Incremental:			\$118,044	\$118,044			\$118,044	\$118,044	Continue to address the shortage of qualified professionals by providing critical training and practical experience.	Continue to address the shortage of qualified professionals by providing critical training and practical experience.			
			Savings:													
			Reallocation:	\$111,647		\$111,647		\$111,647		\$111,647						
8	Implement Strategic Plan - Embracing the Tradition and Envisioning the Future.	1-4	Incremental:	\$252,832	\$252,832	\$511,554	\$511,554	\$1,444,260	\$1,444,260	\$1,444,260	\$1,444,260	Continue the execution of strategies identified in the University's strategic plan - "Embracing the tradition and envisioning the future"	Finalize the execution of strategies identified in the University's strategic plan - "Embracing the tradition, envisioning the future"			
			Savings:													
			Reallocation:													
Total 2018-2020 Costs																
Incremental (Included in Financial Plan line 61)				\$1,872,445	\$1,872,445	\$3,578,149	\$3,578,149	\$3,826,172	\$3,826,172	\$4,623,549	\$4,623,549					
Savings																
Reallocation				\$482,501		\$482,501		\$412,112		\$412,112						

Six-Year Plans - Part I (2018): 2018-20 through 2022-24

**Radford University
ACADEMIC AND FINANCIAL PLAN**

Instructions: In the column entitled "Academic and Support Service Strategies for Six-Year Period (2018-2024)," please provide titles to identify strategies (for the three biennia of this six-year period) associated with goals in the Virginia Plan. Please use this title to identify a more detailed description of the strategy in the separate Word document (Part II - Narrative).

**Six-Year Financial Plan for Educational and General Programs, Incremental Operating Budget Need
2018-2020 Biennium
(Assuming No Additional General Fund)**

Items	2018-2019		2019-2020		2018-2019 (revised)		2019-2020 (revised)	
	Total Amount	Amount From Tuition Revenue	Total Amount	Amount From Tuition Revenue	Total Amount	Amount From Tuition Revenue	Total Amount	Amount From Tuition Revenue
Total Incremental Cost from Academic Plan¹	\$1,872,445	\$1,872,445	\$3,578,149	\$3,578,149	\$3,826,172	\$3,826,172	\$4,623,549	\$4,623,549
R-9 Increase T&R Faculty Salaries ²	--	--	\$862,545	\$862,545	--	--	\$588,396	\$588,396
T&R Faculty Salary Increase Rate ³	0.00%	0.00%	2.00%	2.00%	--	--	2.00%	2.00%
Increase Admin. Faculty Salaries ²	--	--	\$400,943	\$400,943	--	--	\$265,251	\$265,251
Admin. Faculty Salary Increase Rate	0.00%	0.00%	2.00%	2.00%	--	--	2.00%	2.00%
Increase Classified Staff Salaries ²	--	--	\$395,264	\$395,264	--	--	\$310,796	\$310,796
Classified Salary Increase Rate	0.00%	0.00%	2.00%	2.00%	--	--	4.00%	4.00%
Increase University Staff Salaries ²	--	--	--	--	--	--	--	--
University Staff Salary Increase Rate	--	--	--	--	--	--	--	--
1/8 Increase Number of Full-Time T&R Faculty ⁴ (\$)	\$298,590	\$298,590	\$487,771	\$487,771	\$359,012	\$359,012	\$359,012	\$359,012
Increase Number of Full-Time T&R Faculty ⁴ (FTE)	3.00	3.00	6.00	6.00	3.00	3.00	3.00	3.00
Increase Number of Full-Time Admin. Faculty ⁴ (\$)	--	--	--	--	--	--	--	--
Increase Number of Full-Time Admin. Faculty ⁴ (FTE)	--	--	--	--	--	--	--	--
Increase Number of Part-Time Faculty ⁴ (\$)	--	--	--	--	--	--	--	--
Increase Number of Part-Time Faculty ⁴ (FTE)	--	--	--	--	--	--	--	--
1/8 Increase Number of Classified Staff ⁴ (\$)	\$189,181	\$189,181	\$378,361	\$378,361	--	--	\$189,181	\$189,181
Increase Number of Classified Staff ⁴ (FTE)	3.00	3.00	7.00	7.00	--	--	3.00	3.00
Increase Number of University Staff ⁴ (\$)	--	--	--	--	--	--	--	--
Increase Number of University Staff ⁴ (FTE)	--	--	--	--	--	--	--	--
10 Library Enhancement ⁴ (\$)	\$99,350	\$99,350	\$142,240	\$142,240	--	--	\$120,334	\$120,334
Library Enhancement ⁴ (FTE)	--	--	--	--	--	--	--	--
11 Technology Enhancement ⁴ (\$)	\$154,815	\$154,815	\$288,524	\$288,524	\$105,200	\$105,200	\$288,524	\$288,524
Technology Enhancement ⁴ (FTE)	--	--	--	--	--	--	--	--
O&M for New Facilities ⁴ (\$)	--	--	--	--	--	--	--	--
O&M for New Facilities ⁴ (FTE)	--	--	--	--	--	--	--	--
12 Utility Cost Increase	\$114,000	\$114,000	\$231,420	\$231,420	--	--	\$114,000	\$114,000
R-13 NGF share of state authorized salary increase/bonus	\$208,620	\$208,620	\$208,620	\$208,620	--	--	--	--
A-15 Fringe/health insurance benefits increase	--	--	--	--	\$352,457	\$352,457	\$372,940	\$372,940
A-16 VRS increase	--	--	--	--	\$5,976	\$5,976	\$5,976	\$5,976
Additional In-State Student Financial Aid From Tuition Revenue	--	--	--	--	--	--	--	--
Others (Specify, insert lines below)	--	--	--	--	--	--	--	--
A-17 Other Fringe Benefits & Post Employment Costs	--	--	--	--	\$17,045	\$17,045	\$17,386	\$17,386
A-18 Mandatory Costs - Contract Escalators	--	--	--	--	\$559,434	\$559,434	\$587,406	\$587,406
14 Safety and Security Enhancement	\$29,410	\$29,410	\$48,310	\$48,310	\$32,500	\$32,500	\$48,310	\$48,310
Total Additional Funding Need	\$2,966,411	\$2,966,411	\$7,022,147	\$7,022,147	\$5,257,796	\$5,257,796	\$7,891,060	\$7,891,060

Notes:

- (1) Please ensure that these items are not double counted if they are already included in the incremental cost of the academic plan.
- (2) If planned, enter the cost of any institution-wide increase.
- (3) Enter planned annual faculty salary increase rate. Any salary increase entered here will be counted when calculating the gap to reach the 60th percentile in the future.
- (4) Enter number of FTE change over the FY2018 level in appropriate columns.

Six-Year Plans - Part I (2018): 2018-20 through 2022-24

Radford University

Six-Year Financial Plan for Tuition and Fee Increases and Nongeneral Fund Revenue Estimates

Items	Revised																			
	2016-2017 (Estimated)			2017-2018 (Estimated)			2018-2019 (Planned)			2019-2020 (Planned)			2017-18 (Est.)		2018-2019 (Estimated)			2019-2020 (Planned)		
	Student Charge	Total Revenue	Student Charge	Rate Increase	Total Revenue	Student Charge	Rate Increase	Total Revenue	Student Charge	Rate Increase	Total Revenue	Total Revenue	Student Charge	Rate Increase	Total Revenue	Student Charge	Rate Increase	Total Revenue		
E&G Programs																				
Undergraduate, In-State	\$7,045	\$55,024,097	\$7,461	5.90%	\$58,003,368	\$7,685	3.00%	\$60,019,077	\$7,915	3.00%	\$62,911,960	\$55,902,257	\$7,980	6.96%	\$60,642,856	\$8,219	2.99%	\$62,612,715		
Undergraduate, Out-of-State	\$19,126	\$9,758,647	\$19,543	2.18%	\$10,329,150	\$20,129	3.00%	\$10,683,180	\$20,733	3.00%	\$11,244,635	\$9,842,818	\$20,062	2.66%	\$10,964,873	\$20,664	3.00%	\$11,290,585		
Graduate, In-State	\$7,922	\$5,783,575	\$8,390	5.91%	\$5,753,539	\$8,642	3.00%	\$6,145,935	\$8,901	3.00%	\$6,542,188	\$6,365,028	\$8,973	6.95%	\$6,151,638	\$9,242	3.00%	\$6,340,618		
Graduate, Out-of-State	\$16,894	\$2,026,719	\$17,363	2.78%	\$1,928,540	\$17,884	3.00%	\$2,061,396	\$18,420	3.00%	\$2,192,979	\$1,759,133	\$17,946	3.36%	\$1,707,996	\$18,484	3.00%	\$1,748,019		
Law, In-State	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0%	--	--	0.0%	--		
Law, Out-of-State	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0%	--	--	0.0%	--		
Medicine, In-State	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0%	--	--	0.0%	--		
Medicine, Out-of-State	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0%	--	--	0.0%	--		
Dentistry, In-State	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0%	--	--	0.0%	--		
Dentistry, Out-of-State	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0%	--	--	0.0%	--		
PharmD, In-State	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0%	--	--	0.0%	--		
PharmD, Out-of-State	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0%	--	--	0.0%	--		
Veterinary Medicine, In-State	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0%	--	--	0.0%	--		
Veterinary Medicine, Out-of-State	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0%	--	--	0.0%	--		
Other NGF		\$2,311,322			\$2,380,662			\$2,452,082			\$2,525,644	\$2,212,882			\$3,623,016			\$3,731,709		
Total E&G Revenue - Gross		\$74,904,360			\$78,395,259			\$81,361,670			\$85,417,406	\$76,082,118			\$83,090,381			\$85,723,646		
Total E&G Revenue - Net of Financial Aid		\$72,996,889			\$76,487,788			\$79,454,199			\$83,509,935	\$74,174,647			\$81,182,910			\$83,816,175		
E&G Revenue Used for Faculty Salary Increases		\$0			\$554,876			\$0			\$862,545	\$554,876			\$0			\$588,396		
Average T&R Faculty Salary Increase Rate		0.00%			3.00%			0.00%			2.00%	3.00%			0.00%			2.00%		
Auxiliary Program																				
Mandatory Non-E&G Fees																				
Undergraduate	\$3,036		\$3,166	4.28%		\$3,261	3.00%		\$3,359	3.01%		\$3,230	2.02%		\$3,327	3.00%				
Graduate	\$3,036		\$3,166	4.28%		\$3,261	3.00%		\$3,359	3.01%		\$3,230	2.02%		\$3,327	3.00%				
Law	--		--	--		--	--		--	--		--	--		--	--				
Medicine	--		--	--		--	--		--	--		--	--		--	--				
Dentistry	--		--	--		--	--		--	--		--	--		--	--				
PharmD	--		--	--		--	--		--	--		--	--		--	--				
Veterinary Medicine	--		--	--		--	--		--	--		--	--		--	--				
Total Auxiliary Revenue(ALL, including room and board)		\$86,640,387			\$70,013,166			\$72,113,561			\$74,276,968	\$69,938,465			\$73,532,043			\$75,738,004		
Total Tuition and Fees																				
Undergraduate, In-State	\$10,081		\$10,627	5.42%		\$10,946	3.00%		\$11,274	3.00%		\$11,210	5.49%		\$11,546	3.00%				
Undergraduate, Out-of-State	\$22,162		\$22,709	2.47%		\$23,390	3.00%		\$24,092	3.00%		\$23,292	2.57%		\$23,991	3.00%				
Graduate, In-State	\$10,958		\$11,556	5.46%		\$11,903	3.00%		\$12,260	3.00%		\$12,203	5.60%		\$12,569	3.00%				
Graduate, Out-of-State	\$19,930		\$20,529	3.01%		\$21,145	3.00%		\$21,779	3.00%		\$21,176	3.15%		\$21,811	3.00%				
Law, In-State	--		--	--		--	--		--	--		--	--		--	--				
Law, Out-of-State	--		--	--		--	--		--	--		--	--		--	--				
Medicine, In-State	--		--	--		--	--		--	--		--	--		--	--				
Medicine, Out-of-State	--		--	--		--	--		--	--		--	--		--	--				
Dentistry, In-State	--		--	--		--	--		--	--		--	--		--	--				
Dentistry, Out-of-State	--		--	--		--	--		--	--		--	--		--	--				
PharmD, In-State	--		--	--		--	--		--	--		--	--		--	--				
PharmD, Out-of-State	--		--	--		--	--		--	--		--	--		--	--				
Veterinary Medicine, In-State	--		--	--		--	--		--	--		--	--		--	--				
Veterinary Medicine, Out-of-State	--		--	--		--	--		--	--		--	--		--	--				
Student Financial Aid (Program 108)		\$1,907,471			\$1,907,471			\$1,907,471			\$1,907,471	\$1,907,471			\$1,907,471			\$1,907,471		
Sponsored Programs (Program 110)		\$5,139,409			\$5,293,591			\$5,452,399			\$5,615,971	\$6,996,488			\$7,206,383			\$7,422,574		
Unique Military Activities		--			--			--			--	--			--			--		
Workforce Development		--			--			--			--	--			--			--		
Other (Specify)		--			--			--			--	--			--			--		

**Six-Year Plans - Part I (2018): 2018-20 through 2022-24
Radford University**

FINANCIAL AID PLAN

Note: If you do not have actual amounts for Tuition Revenue for Financial Aid by student category, please provide an estimate. If values are not distributed for Tuition Revenue for Financial Aid, a distribution may be calculated for your institution.

Allocation of Tuition Revenue Used for Student Financial Aid

***2016-17 (Actual)**

T&F Used for Financial Aid	Gross Tuition Revenue	Tuition Revenue for Financial Aid (Program 108)	% Revenue for Financial Aid	Distribution of Financial Aid
Undergraduate, In-State	\$55,024,097	\$1,526,046	2.8%	\$1,693,566
Undergraduate, Out-of-State	\$9,758,647	\$220,973	2.3%	\$213,905
Graduate, In-State	\$5,783,575	\$116,820	2.0%	\$0
Graduate, Out-of-State	\$2,026,719	\$43,632	2.2%	--
First Professional, In-State	--	--	--	--
First Professional, Out-of-State	--	--	--	--
Total	\$72,593,038	\$1,907,471	2.6%	\$1,907,471
Total from Finance-T&F worksheet	\$74,904,360	\$1,907,471	2.5%	
In-State Sub-Total	\$60,807,672	\$1,642,866	2.7%	\$1,693,566

2017-18 (Planned)

T&F Used for Financial Aid	Gross Tuition Revenue	Tuition Revenue for Financial Aid (Program 108)	% Revenue for Financial Aid	Distribution of Financial Aid
Undergraduate, In-State	\$58,003,368	\$1,526,046	2.6%	\$1,725,911
Undergraduate, Out-of-State	\$10,329,150	\$220,973	2.1%	\$181,560
Graduate, In-State	\$5,753,539	\$116,820	2.0%	\$0
Graduate, Out-of-State	\$1,928,540	\$43,632	2.3%	\$0
First Professional, In-State	--	--	--	--
First Professional, Out-of-State	--	--	--	--
Total	\$76,014,597	\$1,907,471	2.5%	\$1,907,471
Total from Finance-T&F worksheet	\$78,395,259	\$1,907,471	2.4%	
In-State Sub-Total	\$63,756,907	\$1,642,866	2.6%	\$1,725,911
Additional In-State	\$2,949,235	\$0	%	\$32,345

2018-19 (Planned)

T&F Used for Financial Aid	Gross Tuition Revenue	Tuition Revenue for Financial Aid (Program 108)	% Revenue for Financial Aid	Distribution of Financial Aid
Undergraduate, In-State	\$60,019,077	\$1,526,046	2.5%	\$1,725,911
Undergraduate, Out-of-State	\$10,683,180	\$220,973	2.1%	\$181,560
Graduate, In-State	\$6,145,935	\$116,820	1.9%	\$0
Graduate, Out-of-State	\$2,061,396	\$43,632	2.1%	\$0
First Professional, In-State	--	--	--	--
First Professional, Out-of-State	--	--	--	--
Total	\$78,909,588	\$1,907,471	2.4%	\$1,907,471
Total from Finance-T&F worksheet	\$81,361,670	\$1,907,471	2.3%	
In-State Sub-Total	\$66,165,012	\$1,642,866	2.5%	\$1,725,911
Additional In-State	\$2,408,105	\$0	%	\$0
Additional In-State from Financial Plan		\$0	%	

2019-20 (Planned)

T&F Used for Financial Aid	Gross Tuition Revenue	Tuition Revenue for Financial Aid (Program 108)	% Revenue for Financial Aid	Distribution of Financial Aid
Undergraduate, In-State	\$62,911,960	\$1,526,046	2.4%	\$1,725,911
Undergraduate, Out-of-State	\$11,244,635	\$220,973	2.0%	\$181,560
Graduate, In-State	\$6,542,188	\$116,820	1.8%	\$0
Graduate, Out-of-State	\$2,192,979	\$43,632	2.0%	\$0
First Professional, In-State	--	--	--	--
First Professional, Out-of-State	--	--	--	--
Total	\$82,891,762	\$1,907,471	2.3%	\$1,907,471
Total from Finance-T&F worksheet	\$85,417,406	\$1,907,471	2.2%	
In-State Sub-Total	\$69,454,148	\$1,642,866	2.4%	\$1,725,911
Additional In-State	\$3,289,136	\$0	%	\$0
Additional In-State from Financial Plan		\$0	%	

* Please note that the totals reported here will be compared with those reported by the financial aid office on the institution's annual S1/S2 report. Since the six-year plan is estimated and the S1/S2 is "actual," the numbers do not have to match perfectly but the totals should reconcile to within a reasonable tolerance level. Please be sure that all institutional offices reporting tuition/fee revenue used for aid have the same understanding of what is to be reported for this category of aid.

Six-Year Plans - Part I (2018): FY2017-2018
Radford University
ECONOMIC DEVELOPMENT: CONTRIBUTIONS (HB515)

Requirement: As per § 23.1-306 (A) of the Code of Virginia each such plan and amendment to or affirmation of such plan shall include a report of the institution's active contributions to efforts to stimulate the economic development of the Commonwealth, the area in which the institution is located, and, for those institutions subject to a management agreement set forth in Article 4 (§ 23.1-1004 et seq.) of Chapter 10, the areas that lag behind the Commonwealth in terms of income, employment, and other factors.

Special Notes: The reporting period is FY18. The metrics serve as a menu of items that institutions should respond to as applicable and when information is available to them. Leave fields blank, if information is unavailable. Please note the narrative question at the bottom of the page. The response should be provided in a separate WORD or PDF document, as an attachment, if the Part II (Narrative) is not being updated.

Section A: Provide information for research and development (R&D) expenditures by source of fund with a breakdown by Science and Engineering (S&E) specific and non-S&E.

VA PLAN Strategy Reference	Section A: Research and Development (R&D) Expenditures by Source of Fund			
	Source of Funds	*S&E	Non S&E	Total
4.3	Federal Government	\$239,540	\$5,156	\$244,696
	State and Local Government	\$86,145	\$16,249	\$102,394
	Institution Funds	\$42,961	\$76,013	\$118,974
	Business	\$0	\$0	\$0
	Nonprofit Organizations	\$82,972	\$28,811	\$111,783
	All Other Sources	\$0	\$0	\$0
	Total	\$451,618	\$126,229	\$577,847
	* S&E - Science and Engineering			

Section B: Provide number and dollar value of grants, contracts and sub-agreements by discipline. If your institution prefers to report by industry, please contact Jean Mottley (jeanmottley@schev.edu) to assist with changes.

VA PLAN Strategy Reference	Section B: Grants, Contracts and Sub-Agreements by Discipline						
	Discipline	Grants		Contracts		Sub-agreements	
		No.	\$ Value	No.	\$ Value	No.	\$ Value
4.3	Engineering	0					
	Physical Science						
	Environmental Science			4	\$93,204		
	Computer Science	1	\$140,250				
	Life Sciences	2	\$1,017,994			2	\$110,411
	Psych/Social	3	\$403,168				
	Other Science	1	\$10,000				
	Non-Science and Engineering (non-S&E)	17	\$5,829,846			5	\$153,223
	Total	24	\$7,401,258	4	\$93,204	7	\$263,634

Section C: For the following items, provide responses in appropriate fields. Insert an X for yes/no responses. Use Number/Amount field for other information. A Comments field has been provided for any special information your institution may want to provide.

VA PLAN Strategy Reference	Section C: General Questions	Yes	No	Number/Amount	Comments
4.1	1. Does your institution offer an innovation/ entrepreneurship/career-themed student living-learning community?	X			Launching fall 2018, the Radford University Entrepreneurship Living-Learning Community (ELC) is a learning community designed to help incoming freshmen learn about, live the life of, and become successful entrepreneurs. The ELC encourages innovation and entrepreneurship in students from diverse majors and backgrounds. Participants will live with other students interested in entrepreneurship, develop entrepreneurial competencies, develop and implement a business idea, register for classes reserved for ELC members, form relationships with faculty and entrepreneurs, and learn how to start and run a business from experts. Plans are to recruit an initial class of 20 students.
4.1	2. Does your institution offer startup incubation/accelerator programs? If yes, please comment if people/companies external to the institution can access them and, if so, how.	X			The Radford University College of Business and Economics Center for Innovation & Analytics: (1) Enhances regional economic development by connecting students and faculty with the business community; (2) Equips students, alumni, businesses, and government agencies with the skills, knowledge, and ability to create, innovate, and grow sustainable ventures; and (3) Offers consulting services and expertise to help businesses, non-profits, and government agencies understand the advantages of innovation and analytics and apply them to their specific needs.
4.2	3. Does your institution offer maker-space? If yes, please comment if people/companies external to the institution can access it and, if so, how.	X			Radford University hosts a growing ecosystem of Makerspaces to support Making and innovation across campus. Our three Makerspaces (Design Makerspace, New Media Center, and Peery Makerspace—associated with our living-learning community) support both digital and physical making and offer a wide array of equipment, tools, and materials to support students and faculty campus-wide. Across these makerspaces, we host classes and offer events.

4.2	4. Does your institution have an entrepreneurship center? If yes, please comment if people/companies external to the institution can access it and, if so, how.	X			The Radford University College of Business and Economics Center for Innovation & Analytics: (1) Enhances regional economic development by connecting students and faculty with the business community; (2) Equips students, alumni, businesses, and government agencies with the skills, knowledge, and ability to create, innovate, and grow sustainable ventures; and (3) Offers consulting services and expertise to help businesses, non-profits, and government agencies understand the advantages of innovation and analytics and apply them to their specific needs.
4.2	5. Does your institution have Entrepreneur Executive(s)-in-Residence?	X			The Radford University College of Business and Economics Center for Innovation & Analytics hosts executives in residence for Analytics and Innovation.
4.1	6. Number of students paid through externally funded research grants or contracts.				
4.1	7. Number of entrepreneurship degrees/ courses/programs (credit and noncredit) offered?				<ul style="list-style-type: none"> The Department of Management within the College of Business and Economics has created and offers entrepreneurship curriculum. Both a concentration, with 138 students enrolled in the spring of 2018, and a minor, with 61 students, are offered through this department. Three courses are core to the entrepreneurship program: MGNT 250 (Entrepreneurship and Innovation); MGNT 350 (Owning and Managing a Business); and MGNT 450 (New Venture Management). During the spring of 2018, enrollment in these courses were 62 in MGNT 250, 75 in MGNT 350; and 35 in MGNT 450. For several years the College of Business and Economics- with financial support from BB&T- has sponsored and held an Innovation Challenge. This is a semester-long business concept development competition open to all Radford University students that culminates in external entrepreneurs and guests.
4.1	8. Number of academic units that have courses/programs requiring a capstone project, experiential learning activities, or internships.				Radford University has 67 programs that require a capstone, experiential learning activity, or internship.
4.1	9. Does your institution's tenure policy support commercialization? If yes, please provide brief explanation in comments section.	X			Although not listed as an example of professional contributions (the list of examples in the Faculty Handbook is not exhaustive), the deans report that commercialization of intellectual property would be a positive consideration for tenure. Our Faculty Handbook.
4.2	10. Does your institution offer a seed fund that awards money to start-ups? If yes, please comment on whether it awards funding only to university-based start-ups or to the general public as well?		X		
4.2	11. Does your institution offer translational research and/or proof of concept funding? If yes, please provide dollar amount available in FY18 in the number/amount field.		X		
4.1	12. Does your institution offer continuing education programs to industry? If yes, please provide dollar value or headcount for such programs in the number/amount field.	X			

Section D: Provide information for research and commercialization grants by type, number, and dollar value with a breakdown by college and department. If additional rows are needed, please contact Jean Mottley (jeanmottley@schev.edu) to assist with changes.

VA PLAN Strategy Reference	Section D: Research and Commercialization Grants	No.	\$ Value	College	Department
4.3	SBIR - Small Business Innovation Research				
	STTR - Small Technology Transfer Research				
	CRCF - Commonwealth Research Commercialization Fund				
	VBHRC - The Catalyst				
	Commonwealth Health Research Board				
	VRIF - Virginia Research Investment Fund				

**University must pay to be a member and collaborate with at least one other member university*

Section E. The Intellectual Property (IP) section captures information on disclosure, patent, and licensing activities. It is divided into two tables. Table 1 captures information regardless of source of funds or nature of entity to whom IP is transferred. Table 2 is required by § 23.1-102 subdivision 2 of the Code of Virginia. It details assignment of IP interests to persons or nongovernmental entities and the value of externally sponsored research funds received during the year from a person or nongovernmental entity by the institution, any foundation supporting the IP research performed by the institution, or any entity affiliated with the institution. Information is sought on research that yields IP regardless of the project's intent. Information is sought about IP transferred as a result of either basic or applied research. The table captures separate aggregate data on entities that have a principal place of business in Virginia and those with a principal place of business outside of Virginia.

VA PLAN Strategy Reference	Section E: Part 1 - All Patent Activity for FY 2017-18	No.
4.2	1. Number of Intellectual Property disclosures received	
	2. Number of Provisional Patent Applications filed during the year	
	3. Number of Patent Applications filed during the year (by type)	
	Design	
	Plant	
	Utility	
	Total	0
	4. Total number of Patent Applications pending (by type)	
	Design	
	Plant	
	Utility	
	Total	0
	5. Number of Patents awarded during the year (by type)	
	Design	
	Plant	
Utility		
Total	0	

VA PLAN Strategy Reference	Section E: Part 2 - Other Information	Principal Place of Business in VA	Principal Place of Business outside VA
4.2	1. Value of funds from persons or nongovernmental entities to support intellectual property research	\$0	\$0
	2. Number of patents awarded during the year (by type) developed in whole or part from external projects funded by persons or nongovernmental entities:		
	a. Design Patent	0	0
	b. Plant Patent	0	0
	c. Utility Patent	0	0
	d. Total	0	0
	3. Number of assignments of intellectual property interests to persons or nongovernmental entities	0	0
	4. Total number of intellectual property licenses executed in FY 17-18	0	0
5. Number of start-ups created through IP licensing in FY17-18	0	0	
6. Amount of licensing revenue in FY17-18 resulting from all intellectual property licenses	\$0	\$0	
7. Number of jobs created as a result of university start-ups.	0	0	

Section F: These items are VCCS specific. Please provide responses in appropriate fields. A Comments field has been provided for any special information the VCCS may want to provide.

VA PLAN Strategy Reference	Section F: General Questions - VCCS Specific	Number	Value	Comments
4.1	1. Number and value of federal, state or private grant resources to support development of, or access to, training programs leading to workforce credentials, certifications and licensures.			
	2. Number of training programs leading to workforce certifications and licensures.			
	3. Number of students who earned industry recognized credentials stemming from training programs.			
	4. Number of industry-recognized credentials obtained, including certifications and licenses.			
	5. Number of Career/Technical Education certificates, diplomas and degrees awarded that meets regional workforce needs.			

NARRATIVE REQUIREMENT:

Contributions to Economic Development – Describe the institution’s contributions to stimulate the economic development of the Commonwealth and/or area in which the institution is located. *If applicable*, the information should include:

- a. University-led or public-private partnerships in real estate and/or community redevelopment.
- b. State industries to which the institution’s research efforts have direct relevance.
- c. High-impact programs designed to meet the needs of local families, community partners, and businesses.
- d. Business management/consulting assistance.

RADFORD UNIVERSITY

2018 SIX-YEAR PLAN - UPDATE

Instructions for Part II (Narrative)

July 12, 2018

Part II (Narrative) of the Six-Year Plan contains the following section updates:

- 1) If your institution had higher Tuition and E&G Fees and/or Non-E&G Fees rate increase(s) for 2018-19 for in-state undergraduate students than was/were projected in its 2017 plan (as noted in your response to #1), please provide an explanation in a separate document or in the Narrative (Part II), if it is being updated, regarding the need for the increase(s) and the specific use(s) of the additional revenue.**

Response:

The tuition and fee rates for 2018-19 were based on a number of factors including; the anticipated state budget, fall 2018 enrollment projections, state mandated benefit increases, other mandatory cost increases, and institutional priorities driven by the strategic plan. The increase is reflective of the anticipated resources needed to support the aforementioned changes and to further maintain essential levels of instructional support and student services.

Actual tuition and fee rates were updated for 2018-19 (in-state undergraduate increased from 3.00% to 6.96%) while planned 2019-20 rates remained unchanged (in-state undergraduate maintained a 3.00% year-over-year increase). The higher increase in 2018-19 was the result of expectations of limited programmatic resources. The 3.00% estimate was only sufficient to cover the mandatory cost increases associated with health insurance, retirement, and other fringe rate changes. Therefore, based on the BOV approved rates, the incremental revenue was critical in providing funding support for investments in the strategic plan. Auxiliary fees were intentionally reduced from prior year estimates in order to help minimize the total dollar impact to the students while maximizing the available resources for the strategic plan.

The University's Strategic Plan: *Embracing the Tradition and Envisioning the Future* was recently launched in January 2018. The plan is expected to chart the course for ongoing strategic action and will focus its efforts on serving both current and future generations of Highlanders. The 2018-19 budget development cycle sought to align divisional priorities with the efforts identified in the strategic plan. It was only those initiatives that aligned with the strategic plan that were considered during the budget cycle. Therefore, it is important that these initiatives get properly funded and continue to be a point of fiscal relevance.

- 2) The Economic Development (ED) Worksheet is an annual report. This reporting requirement contains a narrative which should be submitted as a separate document or within the updated Narrative (Part II), if one is provided. Please note that the Intellectual Property (IP) Worksheet information is now included within the Economic Development Worksheet.**

Response:

Highlights of Radford University's contributions to economic development at local, regional and statewide levels include the following:

A. **Competency-Based Education:**

- (1) Former Virginia Gov. Terry McAuliffe visited Radford's campus to celebrate the program's statewide influence in a ceremonial launch on Sept. 8, 2017. As a result, on October 1, 2017, Radford University became Virginia's first four-year public to offer competency-based education (CBE) with the launch of its IMPACT (Innovative Mobile Personalized Accelerated Competency Training) program. IMPACT was launched with an initial focus on cybersecurity to help address the critical need for cybersecurity trained professionals in the Virginia workforce, and to leverage Radford University's nationally-recognized information technology security program. This spring, IMPACT expanded its curriculum to include geospatial intelligence. The program has maintained a 100 percent retention rate.
- (2) In March 2018, local information technology entrepreneur Vinod Chachra, Ph.D., gifted the University a significant financial donation to specifically support IMPACT. In recognition of his generosity, the University named the program's laboratory the Vinod Chachra IMPACT Lab. The lab is located at Radford University Corporate Park, adjacent to campus.
- (3) On April 26, 2018, Virginia Gov. Ralph Northam attended a signing ceremony wherein the newly named Vinod Chachra IMPACT Lab entered into a partnership with TRGroup, LLC, to provide cybersecurity training to credit union staff in more than 800 locations across seven states to keep assets secure from cybercrime.

B. **Strategic Plan:** In January 2018, Radford University launched the 2018-2023 Strategic Plan: *Embracing the Tradition and Envisioning the Future*. The strategic plan is the culmination of more than one year of effort by committees of faculty, staff, students, alumni, entrepreneurs, and civic and industry leaders, and included the economic development and community partnerships. Two goals stated therein are:

- (1) Radford University will contribute to the overall economic growth and increased employment opportunities in the region through both indirect and direct development activities in the health, education, arts and culture, natural resources and infrastructure sectors.
- (2) Radford University will facilitate and support the City of Radford and the New River Valley as focal points for business, social, tourism and cultural activities.

C. **Announced Plan to Merge Jefferson College of Health Sciences:** Radford University's President Brian O. Hemphill joined officials from Carilion Clinic and Jefferson College of Health Sciences (JCHS) on January 18, 2018 to announce the potential merger of JCHS into the Radford University family of colleges and departments. JCHS, owned and operated by Carilion Clinic, has 35 years of history as an accredited health care education institution and has grown from 200 to about 1,150 students on the undergraduate and graduate levels. Jefferson College, with a full-time faculty of 70, is a top regional producer of nursing and allied health professionals that ranks among the top 10 in the Commonwealth of Virginia. The merger process is expected to take 18-24 months, pending approvals. Building off a history of public-private collaborations in health care and health sciences education, the integrated institutions will benefit the communities of Southwest Virginia and throughout the Commonwealth of Virginia by providing educated and highly trained in-demand health care professionals. The expanded partnership

among leading academic institutions is expected to strengthen the region as a destination for health education and research, ultimately contributing directly to economic development.

D. **High Impact Practices**: Radford University offers a variety of high-impact programs designed to meet various needs of local families, community partners and business. Spanning all six academic colleges, these programs engage greater than 1,000 faculty and students. Examples range from community arts programs, to business consulting, science camps, mental health outreach, speech & music therapy programs, K-12 partnerships, service learning, and town-gown collaborations.

E. **College of Business Economics (COBE) Collaborations**:

- (1) In Spring 2017, a MGNT 685 class worked with both Volvo regional manufacturing consortium developing and extending large-scale 3D printing into manufacturing and Warm Hearth (strategic plan development).
- (2) MGNT 452 is a formal business consulting course used to facilitate students working with area businesses. In the fall of 2017, five teams of 16 students worked with retail, hotel, and restaurant businesses on confidential counselling projects.
- (3) The American Marketing Association worked with a local Coldstone Creamery owner to deploy design thinking methods to identify underlying issues (fall semester) and implement solutions (spring semester).
- (4) A team of student entrepreneurs was sponsored by the COBE Center for Innovation and Analytics and the Office of Undergraduate Research and Scholarship to compete in the 2018 Tom Tom Founders Festival Innovators Cup (<https://tomtomfest.com/innovators-cup/>). The team competed against other university student start-up ventures for capital investment to grow their idea.

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs & Audit Committee
October 2, 2018

Action Item
Approval of Radford University's 2018 Six-Year Plan

Item:

Board of Visitors approval of Radford University's 2018 Six-Year Plan as required by § 23.1-306.

Background:

In response to the requirements outlined in § 23.1-306 of the Code of Virginia, attached is a copy of Radford University's updated 2018 Six-Year Plan submitted to the State Council of Higher Education for Virginia (SCHEV) by the stated deadline of July 12, 2018.

Please note, the deadline for this submission has historically been July 1st, but due to timing of the approved 2018-20 State biennial budget the Six-Year Plan materials were delayed in getting distributed. The deadline was therefore revised to July 12, 2018.

As a mandate established through the "*Preparing for the Top Jobs of the 21st Century: The Virginia Higher Education Act of 2011*" (TJ21) legislation, governing boards of each public institution of higher education shall develop and adopt biennially and amend or affirm annually a six-year plan for their institution. This requires the plans to be submitted to the State Council for Higher Education of Virginia by July 1 of each odd-numbered year and 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 are usually provided by SCHEV in late spring, typically at the time of the May Board meeting. Due to this timeline, the University has historically submitted the plan, 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. In July, State representatives will review the plans submitted by each institution and provide comments in early September for all institutions to respond with updates or revisions, as appropriate, by October 1st. This process was once again followed for the 2018 Six Year Plan submission.

The strategies identified in the University's 2018 Six-Year Plan were developed collaboratively with each division through the annual budget development cycle. It is further supported by the University's Strategic Plan: *Embracing the Tradition and Envisioning the Future*, which is expected to chart the course for ongoing strategic action. Building upon the strategic multi-year budget developed from the previous cycle, divisions have reviewed their respective submissions and updated strategies to align with current priorities and strategic 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 2018 Six-Year Plan was updated to reflect the status of existing strategies based on institutional priorities and legislative action during the 2018 General Assembly Session. Comments regarding the University's 2018 Six-Year Plan update are anticipated to be received by in September 2018. Once received the institution will need to respond to any questions and resubmit the final plan to SCHEV by October 1, 2018.

Action:

Radford University Board of Visitors approval of the Radford University 2018 Six-Year Plan.

RADFORD UNIVERSITY BOARD OF VISITORS
Resolution

Approval of Radford University's 2018 Six-Year Plan
October 2, 2018

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, § 23.1-306 of the Act requires, “*The governing board of each public institution of higher education shall (i) develop and adopt biennially in odd-numbered years and amend or affirm biennially in even-numbered years a six-year plan for the institution; (ii) submit a preliminary version of such plan to the Council, the General Assembly, the Governor, and the Chairmen of the House Committee on Appropriations, the House Committee on Education, the Senate Committee on Education and Health, and the Senate Committee on Finance no later than July 1 of each odd-numbered year; and (iii) submit preliminary amendments to or a preliminary affirmation of each such plan to the Council, the General Assembly, the Governor, and the Chairmen of the House Committee on Appropriations, the House Committee on Education, the Senate Committee on Education and Health, and the Senate Committee on Finance no later than July 1 of each even-numbered year*”; 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 12, 2018 for the 2018 submission; and

WHEREAS, the 2018 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 2018 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 2018 Six-Year Plan as required by State officials for final submission by the stated deadline.

2017-18 Financial Performance Report

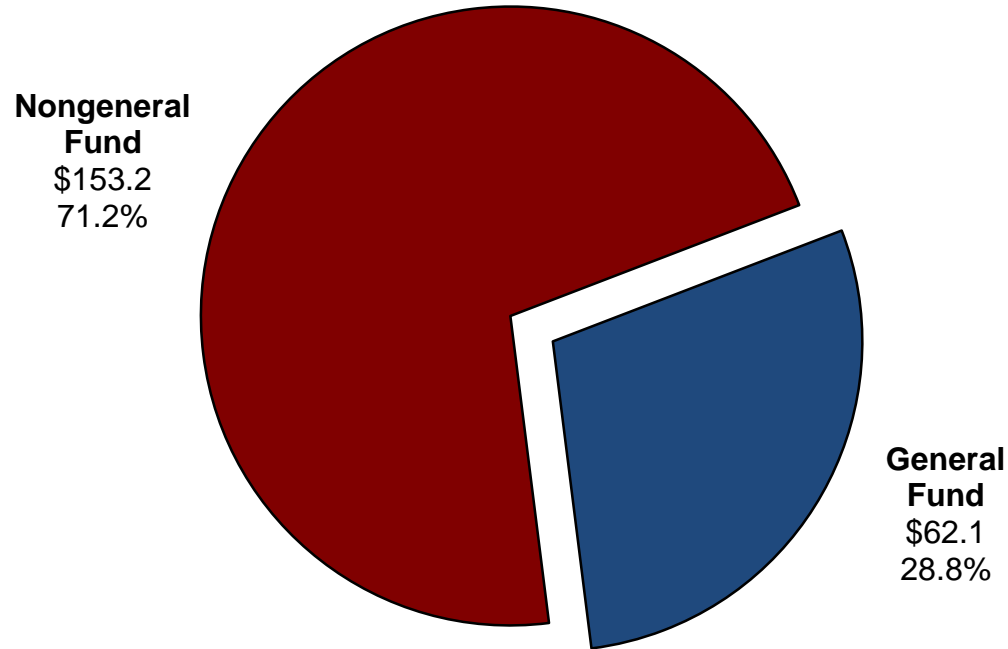
RADFORD
UNIVERSITY

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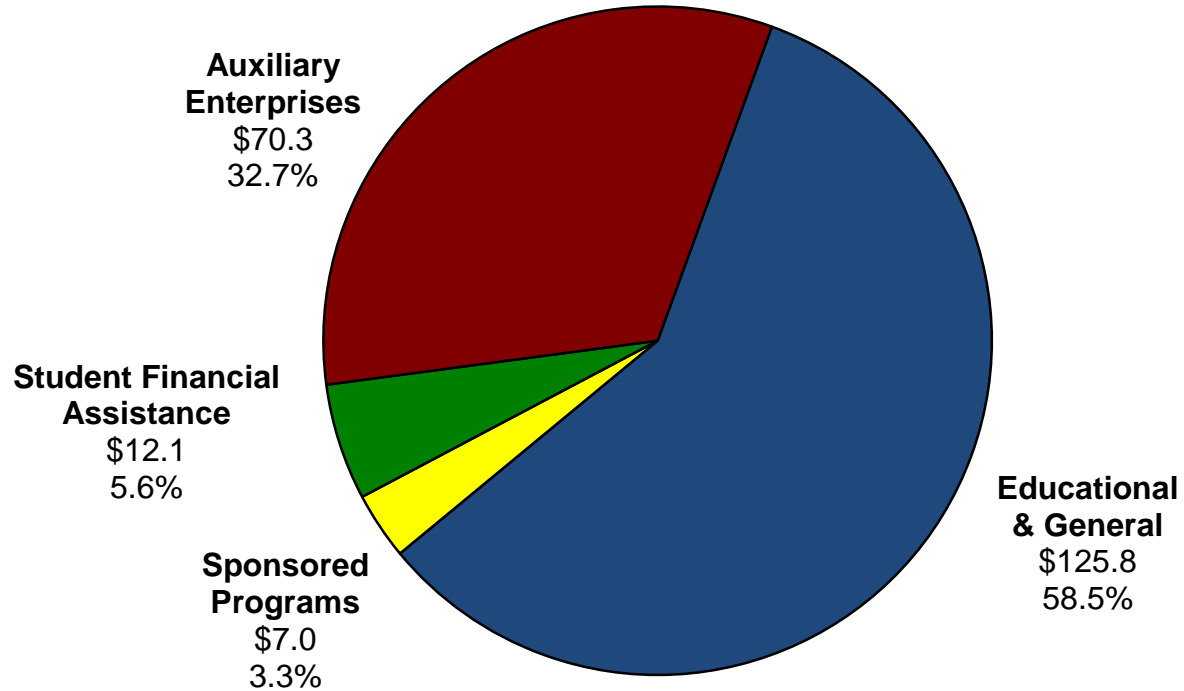
Radford University
Financial Performance Summary
For year ended June 30, 2018

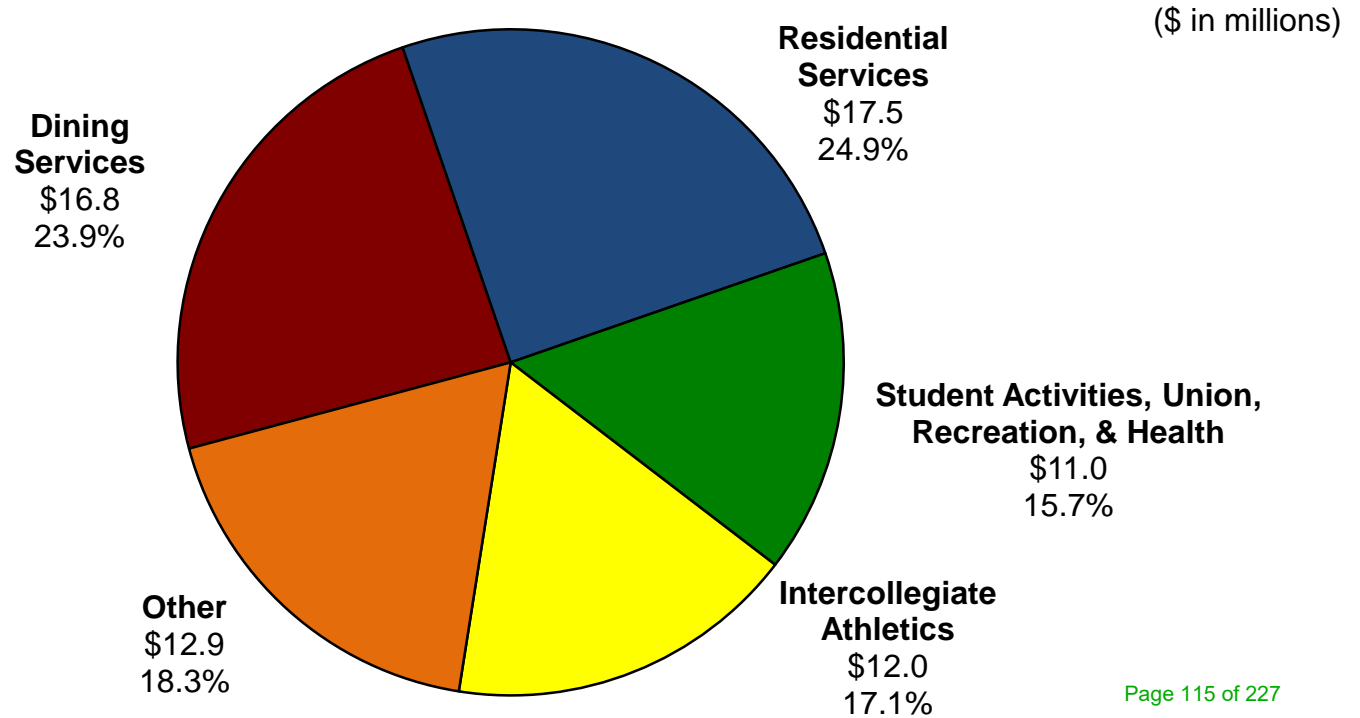
	Budget (\$ in Thousands)			Actual (\$ in Thousands)		
	Revenue	Expense	Surplus/(Deficit)	Revenue	Expense	Surplus/(Deficit)
Educational & General	\$127,480	(\$127,480)	\$0	\$125,834	(\$125,703)	\$131
Student Financial Assistance	12,123	(12,123)	0	12,123	(12,123)	0
Sponsored Programs	7,960	(7,960)	0	6,996	(6,560)	437
Auxiliary Enterprises	70,242	(65,957)	4,285	70,305	(62,776)	7,529
Total University	\$217,804	(\$213,519)	\$4,285	\$215,258	(\$207,162)	\$8,096

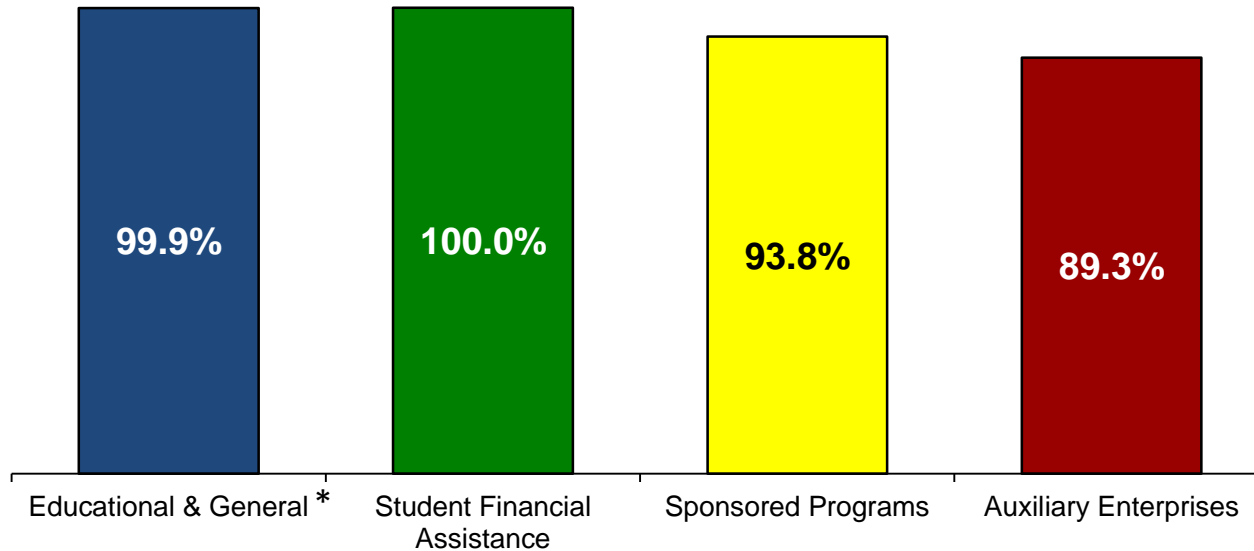
(\$ in millions)



(\$ in millions)







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.

* Includes an institutionally planned E&G carryforward of \$559,451 for 2018-19.

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RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs & Audit Committee
October 2, 2018

Information Item
Financial Performance Report for the Year Ending June 30, 2018

Item:

Summary of fiscal year 2017-18 revenue and expenditures as of June 30, 2018.

Background:

The Financial Performance Report includes Schedules A and B which provides a summary of unaudited revenue and expenditure activity for the year ending June 30, 2018. 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 2017 meeting. The Revised Budget reflects a 2017-2018 second quarter adjustment for increased tuition and fee revenue, a change in fiscal policy to strategically realign summer intercession fee revenue, and an internal one-time reallocations based on actual activity.

For the year ending June 30, 2018, 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, Revised 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
Financial Performance Report
For the Period Ending June 30, 2018

Dollars in Thousands

	Annual Budget for 2017-18			July 1, 2017 to June 30, 2018	
	Original (a)	Adjustments (b)	Revised (c)	Actual (d)	Variance (e)
Educational and General Programs					
<u>Revenues</u>					
General Fund	\$51,727	\$137	\$51,864 (1)	\$51,864	(\$0)
Tuition and Fees	73,801	(953)	72,848 (2)	72,111	(737) (7)
All Other Income	2,729	39	2,768	1,859	(909) (8)
Total Revenues	\$128,257	(\$778)	\$127,480	\$125,834	(\$1,646)
<u>Expenditures</u>					
Instructional & Academic Support	(\$84,029)	\$3,437	(\$80,591) (1) (2) (3)	(\$81,700)	(\$1,109) (7) (9)
Public Service Programs	(600)	0	(600)	(397)	203 (7) (8)
All Other Support Programs	(43,628)	(2,660)	(46,288) (1) (2) (3)	(43,606)	2,682 (7) (8) (10)
Total Expenses	(\$128,257)	\$778	(\$127,480)	(\$125,703)	\$1,776
Reserve Draw (Deposit)	0	0	0	(131)	(131) (11)
NET	\$0	\$0	\$0	\$0	\$0
Student Financial Assistance					
Revenue	\$12,028	\$95	\$12,123 (4)	\$12,123	\$0
Expenditures	(12,028)	(95)	(12,123) (4)	(12,123)	0
Reserve Draw (Deposit)	0	0	0	(0)	(0)
NET	\$0	\$0	\$0	\$0	\$0
Sponsored Programs					
Revenue	\$6,100	\$1,860	\$7,960 (5)	\$6,996	(\$963) (12)
Expenditures	(6,100)	(1,860)	(7,960) (5)	(6,560)	1,400 (12)
Reserve Draw (Deposit)	0	0	0	(437)	(437) (12)
NET	\$0	\$0	\$0	\$0	\$0
Auxiliary Enterprises					
Revenues	\$70,074	\$168	\$70,242 (6)	\$70,305	\$64 (6)
Expenditures	(63,321)	(2,636)	(65,957) (6)	(62,776)	3,180 (6)
Reserve Draw (Deposit)	(6,754)	2,468	(4,285) (6)	(7,529)	(3,244) (6)
NET	\$0	\$0	\$0	\$0	\$0
Total University					
Revenues	\$216,459	\$1,345	\$217,804	215,258	(\$2,546)
Expenses	(209,706)	(3,813)	(213,519)	(207,162)	6,357
Reserve Draw (Deposit)	(6,754)	2,468	(4,285)	(8,096)	(3,811)
NET	\$0	\$0	\$0	\$0	\$0

Notes:

(a) Original Budget - Reflects the projected 2017-18 Operating Budget as of July 1, 2017 which was approved by the Board at the September 2017 meeting. Both recurring and one-time operating budgets are included.

(b) Adjustments - Reflects changes that have been made to the 2017-18 Operating Budget between July 1, 2017 and June 30, 2018. Both recurring and one-time operating budgets are included.

(c) Revised Budget - Reflects the current 2017-18 Operating Budget as of June 30, 2018. Both recurring and one-time operating budgets are included.

(d) Actual - Reflects the actual annual activity as of June 30, 2018.

(e) Variance - Reflects the difference between the revised budget and actual annual activity as of June 30, 2018.

Radford University
Financial Performance Report - Notes
For the Period Ending June 30, 2018

- 1) The General Fund (GF) revenue budget was increased by \$136,776. The increase was attributable to three factors including; \$14,271 VIVA Allocation, \$321 Central Fund alignment, and \$122,184 Graduate Fellowship transfer from Student Financial Assistance. All related expense budgets were adjusted accordingly.
- 2) The Tuition & Fee revenue budget decreased by \$953,047. The Board approved a 2017-18 second quarter budget adjustment of \$1,130,235 for increased tuition and fee revenue. This was offset by the strategic decision to realign intercession revenue. The budget was reduced in anticipation of deferred revenue collection. 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 and expense budgets were adjusted to account for appropriation increases of \$76,950 for the VA Military Survivors & Dependents Program, \$139,060 for the Two-Year Commonwealth Transfer Grant Program, and \$940 of General Fund Carryforward, as well as, a (\$122,184) transfer to E&G for Graduate Fellowship programs.
- 5) The Sponsored Programs budget was increased by \$1,859,960 to allocate additional budget authority on behalf of the Appalachian Support for Specialized Education Training (ASSET) funding which is a multi-year \$13.8 million U.S. Department of Education grant that Radford University was awarded in October 2017. The increase in the 2017-18 budget was necessary to account for anticipated fiscal year grant activity.
- 6) The budget adjustments and projection variances are explained in the Auxiliary Enterprises section of this report.
- 7) The Tuition & Fees revenue is \$737,027 less than anticipated due to lower than projected Spring 2018 student retention.
- 8) The All Other Income revenue is \$909,749 less than projected due a institutionally planned carryforward of \$559,451 for 2018-19. The remaining variance is attributable to less than projected sales and service, as well as, Public Service revenue.
- 9) The expenses in the Instructional and Academic Support Programs are greater than projected due to the timing of the Equipment Trust Fund reimbursement which was partially offset by greater than anticipated turnover and vacancy and the timing of contractual obligations.
- 10) The expenses in All Other Support Programs are less than projected due lower than expected utility costs, greater than anticipated turnover and vacancy, and the timing of the campus renovation projects.
- 11) The Reserve Deposit in the Educational and General Programs budget is reflective of Surplus Property and Recycling Proceeds surpluses of \$105,751 and \$25,795 respectively.
- 12) 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 reflects the timing of expense reimbursements from the grantor.

**Radford University
Auxiliary Enterprise
Financial Performance Report
For the Period Ending June 30, 2018**

Dollars in Thousands

	Annual Budget for 2017-18			July 1, 2017 to June 30, 2018	
	Original (a)	Adjustments (b)	Revised (c)	Actual (d)	Variance (e)
Residential & Dining Programs					
Revenues	\$33,667	\$0	\$33,667	\$34,346	\$679 ⁽⁷⁾
Expenditures	(30,362)	(663)	(31,025) ⁽¹⁾	(29,958)	1,067 ⁽⁸⁾
Reserve Draw (Deposit)	(3,305)	663	(2,642) ⁽¹⁾	(4,388)	(1,746) ^{(7) (8)}
NET	\$0	\$0	\$0	\$0	\$0
Bookstore					
Revenues	\$490	\$0	\$490	\$332	(\$158) ⁽⁹⁾
Expenditures	(272)	0	(272)	(265)	7
Reserve Draw (Deposit)	(218)	0	(218)	(67)	151 ⁽⁹⁾
NET	\$0	\$0	\$0	\$0	\$0
Parking & Transportation					
Revenues	\$2,030	\$4	\$2,034 ⁽²⁾	\$1,895	(\$139) ^{(10), (11)}
Expenditures	(1,452)	(1)	(1,453) ⁽²⁾	(1,251)	202 ⁽¹²⁾
Reserve Draw (Deposit)	(578)	(4)	(581) ⁽²⁾	(644)	(63) ⁽¹²⁾
NET	\$0	\$0	\$0	\$0	\$0
Telecommunications					
Revenues	\$585	\$0	\$585	\$566	(\$19)
Expenditures	(492)	6	(487)	(485)	2
Reserve Draw (Deposit)	(93)	(6)	(98)	(82)	17
NET	\$0	\$0	\$0	\$0	\$0
Student Health Services					
Revenues	\$3,108	(\$4)	\$3,104 ⁽²⁾	\$3,082	(\$23) ⁽¹⁰⁾
Expenditures	(2,955)	(933)	(3,888) ^{(2) (3)}	(3,784)	104 ^{(10), (13)}
Reserve Draw (Deposit)	(153)	937	784 ^{(2) (3)}	702	(81) ^{(10), (13)}
NET	\$0	\$0	\$0	\$0	\$0
Student Programming					
Revenues	\$8,239	(\$47)	\$8,192 ⁽²⁾	\$7,966	(\$225) ⁽¹⁰⁾
Expenditures	(8,025)	(251)	(8,275) ^{(2) (4)}	(7,246)	1,030 ^{(10), (14)}
Reserve Draw (Deposit)	(214)	298	84 ^{(2) (4)}	(721)	(804) ^{(10) (14)}
NET	\$0	\$0	\$0	\$0	\$0
Building & Facilities					
Revenues	\$3,326	(\$2)	\$3,324 ⁽²⁾	\$3,216	(\$108) ⁽¹⁰⁾
Expenditures	(1,468)	(22)	(1,490) ⁽²⁾	(915)	575 ^{(10), (15)}
Reserve Draw (Deposit)	(1,858)	24	(1,834) ⁽²⁾	(2,301)	(467) ^{(10), (15)}
NET	\$0	\$0	\$0	\$0	\$0
Other Enterprise Functions					
Revenues	\$6,651	(\$55)	\$6,596 ⁽²⁾	\$6,880	\$284 ^{(10), (16)}
Expenditures	(6,065)	(2)	(6,067) ⁽²⁾	(6,082)	(15) ⁽¹⁰⁾
Reserve Draw (Deposit)	(586)	57	(529) ⁽²⁾	(799)	(270) ^{(10), (16)}
NET	\$0	\$0	\$0	\$0	\$0
Intercollegiate Athletics					
Revenues	\$11,978	\$272	\$12,250 ^{(2), (5)}	\$12,020	(\$230) ^{(10), (17)}
Expenditures	(12,230)	(770)	(13,000) ^{(2), (5), (6)}	(12,791)	209 ^{(10), (18)}
Reserve Draw (Deposit)	252	499	750 ^{(2), (5), (6)}	771	21 ⁽¹⁸⁾
NET	\$0	\$0	\$0	\$0	\$0
Total Auxiliary Enterprise					
Revenues	\$70,074	\$168	\$70,242	\$70,305	\$64
Expenses	(63,321)	(2,636)	(65,957)	(62,776)	3,180
Reserve Draw (Deposit)	(6,754)	2,468	(4,285)	(7,529)	(3,244)
NET	\$0	\$0	\$0	\$0	\$0

Notes:

(a) Original Budget - Reflects the projected 2017-18 Operating Budget as of July 1, 2017 which was approved by the Board at the September 2017 meeting. Both recurring and one-time operating budgets are included.

(b) Adjustments - Reflects changes that have been made to the 2017-18 Operating Budget between July 1, 2017 and June 30, 2018. Both recurring and one-time operating budgets are included.

(c) Revised Budget - Reflects the current 2017-18 Operating Budget as of June 30, 2018. Both recurring and one-time operating budgets are included.

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(d) Actual - Reflects the actual annual activity as of June 30, 2018.

(e) Variance - Reflects the difference between the revised budget and actual annual activity as of June 30, 2018.

Radford University
Auxiliary Enterprise
Financial Performance Report - Notes
For the Period Ending June 30, 2018

- 1) The Residential and Dining expense budget was increased to account for authorized equipment purchases for Dining and increased apartment lease costs for Residential.
- 2) The Board approved a 2017-18 second quarter budget adjustment for an increase in comprehensive fee revenue. This was offset by the administrative plan to strategically realign summer intercession fee revenue. The revenue budget was reduced in anticipation of deferred revenue collection. All related expense budgets were adjusted accordingly.
- 3) The Student Health Services expense budget was adjusted to account for the timing of contractual payments for the health services contract and to address one-time infrastructure improvements to Tyler Hall.
- 4) The Student Programming expense budget was adjusted to account for the student recreation portion of the tennis court improvement project.
- 5) The Intercollegiate Athletics revenue budget was adjusted to reflect transfers from the Radford University Foundation for improvements to the training room and compensation related expenses. All related expense budgets were adjusted accordingly.
- 6) The Intercollegiate Athletics expense budget was adjusted to account for Athletics portion of the tennis court improvement project, marketing contractual payment, and higher than anticipated post season expenses.
- 7) The Residential and Dining Program revenues were higher than anticipated due to expansion of leased residential facilities.
- 8) The Residential and Dining Program expenses were lower than anticipated due to higher than projected turnover and vacancy and the timing of projected debt service payments.
- 9) The Bookstore revenues were lower than anticipated due to increased scholarship contributions and less than anticipated textbook sales.
- 10) The Comprehensive Fee revenue is \$332,450 less than anticipated due to lower than projected Spring 2018 student retention.
- 11) The Parking and Transportation revenue was less than anticipated due to fewer surface permit sales and other related parking management activity.
- 12) The Parking and Transportation expenses were less than anticipated due to lower than anticipated Radford Transit costs and the scheduling of parking lot improvements.
- 13) The Student Health Service expenses were lower than anticipated due higher than anticipated turnover and vacancy savings in the Center for Accessibility Services.
- 14) The Student Programming expenses were lower than anticipated due higher than anticipated turnover and vacancy and the timing of planned maintenance projects.
- 15) The Building and Facilities expenses were lower than projected due to lower than anticipated lease and maintenance costs.
- 16) The Other Enterprise revenues were higher than anticipated due to increased auxiliary interest income.
- 17) The Intercollegiate Athletics revenue was less than anticipated due to the timing associated with Radford University Foundation reimbursements.
- 18) The Intercollegiate Athletics expenses were lower than projected due to higher than anticipated turnover and vacancy, lower than anticipated scholarship costs, and the timing of payments for infrastructure improvement projects.

2018-19 Proposed Operating Budget

RADFORD
UNIVERSITY

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	<i>Original</i> May 2018 Assumptions	<i>Proposed</i> July 2018 Budget	Dollar Change
<u>REVENUE</u>			
General Fund Changes			
2017-18 Central Fund Alignment	\$118,006	\$118,006	\$0
2018-19 Interest Earnings & CC Rebates	180,000	180,000	0
2018-19 Fringe Rate Changes	566,064	566,385	321
2018-19 Central Systems & Other Changes	38,152	38,152	0
Total General Fund Changes	\$902,222	\$902,543	\$321
Nongeneral Fund Changes			
Tuition & Fees	\$3,999,840	\$4,040,079	\$40,239
Enrollment	0	0	0
Sales & Services	(60,000)	(60,000)	0
Private Support	201,653	201,653	0
VRS Recoveries	344,731	304,492	(40,239)
Need Based Scholarships	(472,225)	(472,225)	0
Total Nongeneral Fund Changes	\$4,013,999	\$4,013,999	\$0
Total Revenue Changes	\$4,916,221	\$4,916,542	\$321

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	<i>Original</i> May 2018 Assumptions	<i>Proposed</i> July 2018 Budget	Dollar Change
<u>EXPENSES</u>			
Non-Discretionary Cost Increases			
Mandatory Costs			
2018-19 Fringe Rate Changes	\$938,101	\$938,101	\$0
Central Cost Commitments			
AA Promotion & Tenure	220,670	214,140	(6,530)
Contracts & Compliance	337,421	258,400	(79,021)
Contract Payouts	100,000	100,000	0
One-Time Operating Restoration	344,731	344,731	0
Recovery Rate Changes	202,981	202,981	0
Sub-Total Central Commitments	\$2,143,904	\$2,058,353	(\$85,551)

	<i>Original</i> May 2018 Assumptions	<i>Proposed</i> July 2018 Budget	Dollar Change
<u>EXPENSES</u> (cont.)			
Division Recurring Requirements			
Academic Affairs	\$612,775	\$609,208	(\$3,567)
Finance & Administration	29,778	29,212	(566)
Information Technology	35,000	29,124	(5,876)
Central Administration	8,147	53,026	44,879
Student Affairs	13,441	13,441	0
University Relations	14,915	14,915	0
University Advancement	435,663	435,663	(0)
Enrollment Management	178,339	229,340	51,001
General Strategic Plan Implementation	1,444,260	1,444,260	0
Sub-Total Division Requirements	\$2,772,317	\$2,858,189	\$85,872
Total Non-Discretionary Cost Increases	\$4,916,221	\$4,916,542	\$321
SURPLUS / (DEFICIT)	\$0	\$0	\$0

Radford University
2018-19 Proposed Budget Summary

	Revenue (\$ in Thousands)			Expense (\$ in Thousands)		
	Base	One-Time	Total	Base	One-Time	Total
Educational & General	\$131,455	\$3,027	\$134,481	\$131,455	\$3,027	\$134,481
Student Financial Assistance	12,547	0	12,547	12,547	0	12,547
Sponsored Programs	8,962	0	8,962	8,962	0	8,962
Auxiliary Enterprises	73,440	92	73,532	64,997	2,546	67,542
Total University	\$226,404	\$3,119	\$229,523	\$217,960	\$5,572	\$223,533

Radford University
2018-19 Proposed Revenues & Expenditures

<i>(\$ in Thousands)</i>	Proposed Revenue	Proposed Expenditure	Proposed Cont/(Draw)
Educational & General	\$134,481	\$134,481	\$0
Student Financial Assistance	12,547	12,547	0
Sponsored Programs	8,962	8,962	0
Auxiliary Enterprises	73,532	67,542	5,990
Total University	\$229,523	\$223,533	\$5,990

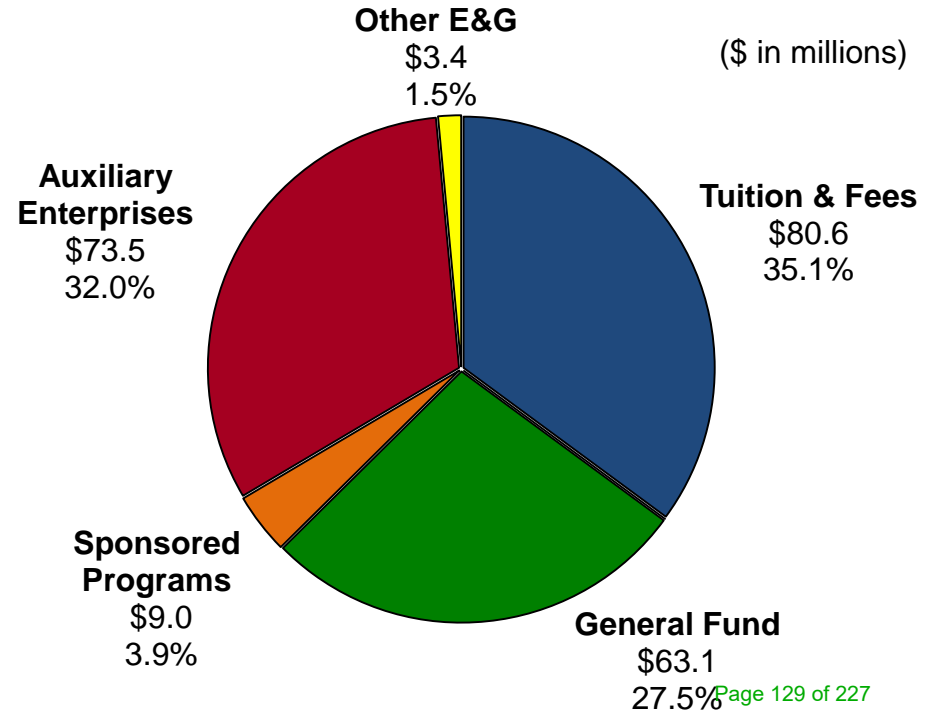
Radford University
2018-19 Proposed Revenues & Expenditures

<i>(\$ in Thousands)</i>	Proposed Revenue	Proposed Expenditure	Proposed Cont/(Draw)
Dining Services	\$18,361	\$17,088	\$1,273
Bookstore	490	272	218
Residential Services	17,563	15,002	2,561
Parking & Transportation	1,971	1,613	358
Telecommunications	585	521	64
Student Health Services	3,264	3,019	245
Student Union & Recreation	7,074	6,910	164
Student Activities	1,272	1,345	(73)
Other Auxiliary	10,566	9,107	1,460
Intercollegiate Athletics	12,386	12,666	(280)
Total University	\$73,532	\$67,542	\$5,990

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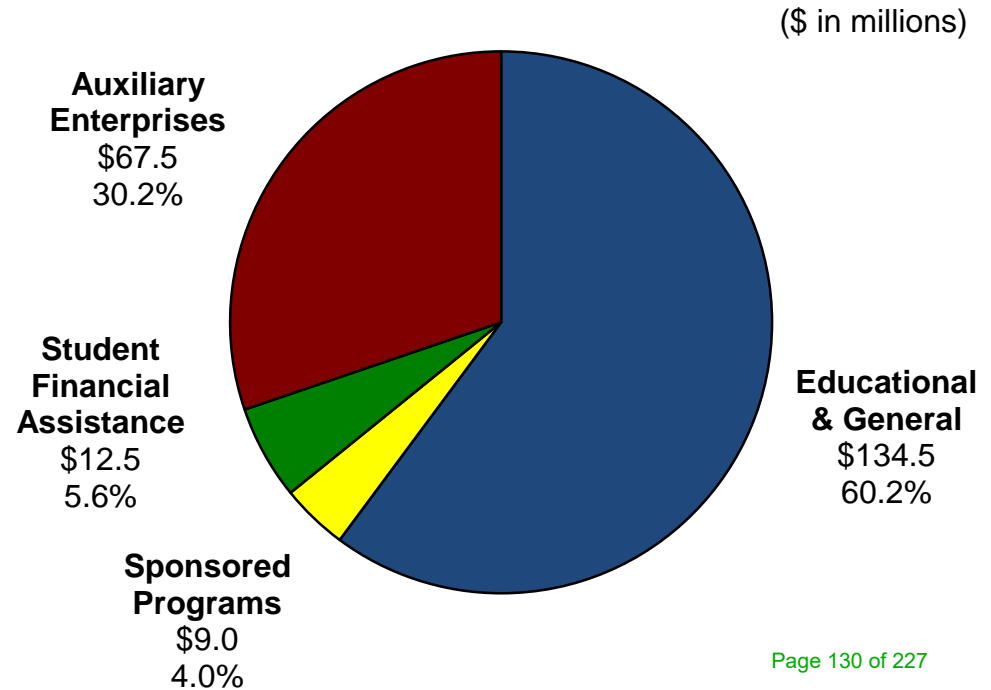
2018-19 Projected Total Operating Revenue

Using projected revenues, Radford University's proposed total annual operating revenue budget is **\$229.5 million**.



2018-19 Projected Total Operating Expenditures

Using projected expenditures, Radford University's proposed total annual operating expenditure budget is **\$223.5 million**.



Discussion

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs & Audit Committee
October 2, 2018

Action Item
Approval of the Radford University 2018-19 Operating Budget

Item:

Board of Visitors approval of the Radford University 2018-19 operating budget.

Executive Summary:

Each year, the Vice President for Finance and Administration & Chief Financial Officer is responsible for presenting Radford University's (the University) projected annual operating budget to the Board of Visitors for the upcoming fiscal year. The 2018-19 operating budget was developed in consideration of projected enrollment levels, actions taken by the Governor and General Assembly during the 2018 session, Board-approved tuition and fee rates, the strategic goals of the University, and the economic outlook.

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

As competition increases for in-state undergraduate students, enrollment remains paramount in effective strategic planning. As evidence of the University's commitment to its students, enrollment management has been identified as an area of key strategic focus. Resources are being deployed to specific operational areas to reinforce the University's ability to attract, retain, and educate its diverse student population. As a result, total enrollment and student retention are anticipated to grow within the next four years through a number of University programs, including Competency Based Education.

The 2018 General Assembly's legislative session was largely focused on strengthening the overall fiscal position of the Commonwealth while making investments in mandated services. The budget provides restorative contributions to the Revenue Stabilization Fund (aka the "rainy day fund"). This is largely the result of improvements in key revenue metrics during 2017-18. While the University will continue to utilize a fiscally conservative outlook to plan for its future, its funding is inevitably tied to economic performance of the Commonwealth and will be monitored closely.

Giving full consideration to the aforementioned items, the 2018-19 operating budget demonstrates a judicious use of University resources. Key operating efficiencies help to address mandatory and unavoidable cost increases while maximizing funding opportunities for strategic plan initiatives.

Six-Year Planning Processes and 2018-19 Budget Development:

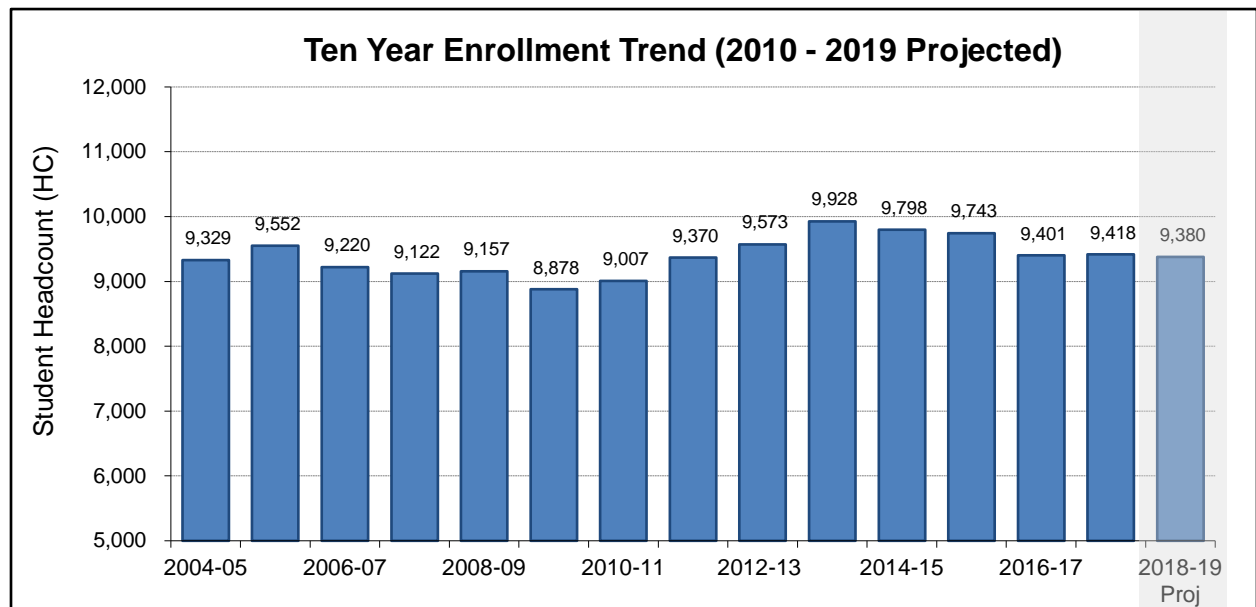
The Virginia Higher Education Opportunity Act of 2011 (TJ21) was passed by the 2011 General Assembly and is based on recommendations from the Governor’s Commission on Higher Education Reform, Innovation and Investment formed through Executive Order No. 9 issued in March 2010. The TJ21 legislation requires 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).

As an integral part of the six-year planning process, the University’s internal annual budget development cycle provides the opportunity to reevaluate the essential needs for the upcoming fiscal year and outline divisional priorities for the outlying years. 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 2018-20 Six-Year Plan to the State Council of Higher Education for Virginia (SCHEV) in the prior fiscal year. The University was required to submit preliminary updates to the 2018-20 plan to SCHEV by July 12, 2018 with a final submission due October 1, 2018. The University’s Six-Year Plan identifies the targeted objectives and strategies to achieve both Virginia and institutional goals and provides a foundation for preparing tuition and mandatory fee recommendations for consideration by the Board.

Enrollment Trend:

In recent history, the University has experienced gains in total student population. Between 2009-10 and 2013-14 the University enrollment increased by 1,050 students. However, since 2014-15 enrollment outcomes have begun to stabilize. Enrollment for 2018-19 is conservatively projected in line with prior year levels; a prudent decision given the challenges of the current landscape. It further takes into consideration fall 2017 census data, guidance from SCHEV on enrollment trends, and demographic changes in the high school student pipeline. Projections will continue to be monitored, but actual enrollments will not be confirmed until the fall 2018 census. The following chart depicts a 10-year history on enrollment trends based on student headcount and FTE.



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 a student’s cost of education, general fund support is also needed to cover the remaining portion. In the past, as enrollments have grown specifically from in-state undergraduates, general fund support for “new in-state seats” has not been allocated at the same proportion. This restricts the institution’s ability to fully fund the needs of the institution. While enrollment is a significant part of the discussion, so too is general fund support.

Mandatory Cost Increases:

2018 General Assembly Session Action

The 2018 General Assembly’s legislative session was largely focused on strengthening the overall fiscal position of the Commonwealth while making investments in mandated services. The initial General Assembly session concluded without a concurrence on the fiscal plan. The House and Senate offered different proposals associated with Federal Medicaid program expansion. After convening a special session both the Governor and General Assembly were able to work together to finalize a 2018-20 Biennial Budget.

The following schedule reflects the anticipated funding from the 2018 General Assembly Session providing additional general fund support for the University in 2018-19:

	Proposed 2018-19 Funding
E&G - Educational & General	
2017-18 Central Fund Alignment	\$118,006
2018-19 Interest Earnings/CC Rebates	180,000
2018-19 Fringe Rate Changes (*)	566,064
2018-19 Central System & Other Charges	38,152
Total E&G General Fund Recommendations	\$902,222
SFA - Student Financial Assistance	
2018-19 In-State Undergraduate Financial Aid	519,545
Total E&G and SFA (combined) General Fund	\$1,421,767

Notes:

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

Fringe Rate Changes: General fund support of \$566,064 for health and other fringe rate changes. This will assist in defraying a portion of the mandatory cost - funding is based on a 6.0 percent increase in health insurance rates.

Interest Earnings/CC Rebates: Restoration of proceeds from interest earnings and credit card rebates providing an estimated \$180,000 in annual operating support for E&G.

In-State Undergraduate Financial Aid: General fund support of \$519,545 for need based Undergraduate Student Financial Assistance. The allocation of financial aid resources are important for the University and will assist in lowering the cost of higher education.

Other Mandatory Costs

In addition to the legislatively 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, and recovery rate changes. These initiatives, referred to as central cost commitments, combine to total \$2,058,353. For additional details, Attachment II provides a further breakdown of the mandatory cost requirements.

Funding Sources and Cost Drivers:

The Commonwealth’s 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 the University’s educational and general (E&G) program from 2002 through 2019 (projected) in relation to this policy. Currently, general fund support for the E&G program is projected to be 39 percent for the 2018-19 fiscal year.

As demonstrated in Figure 1, the 2018-19 projected E&G general fund split is significantly below the Commonwealth’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

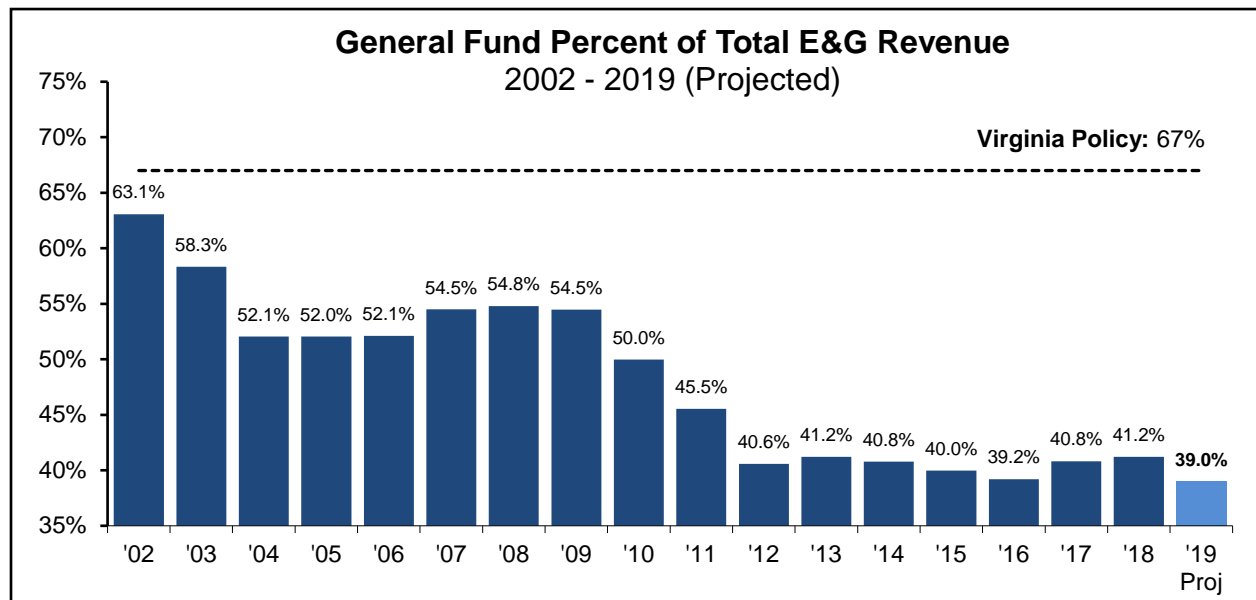
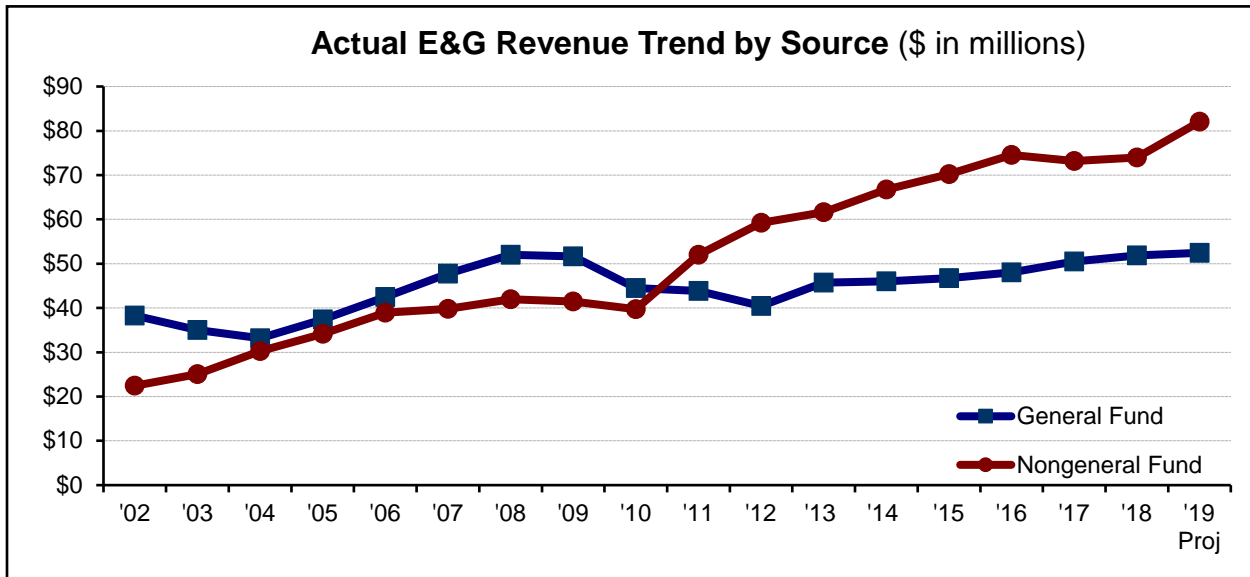


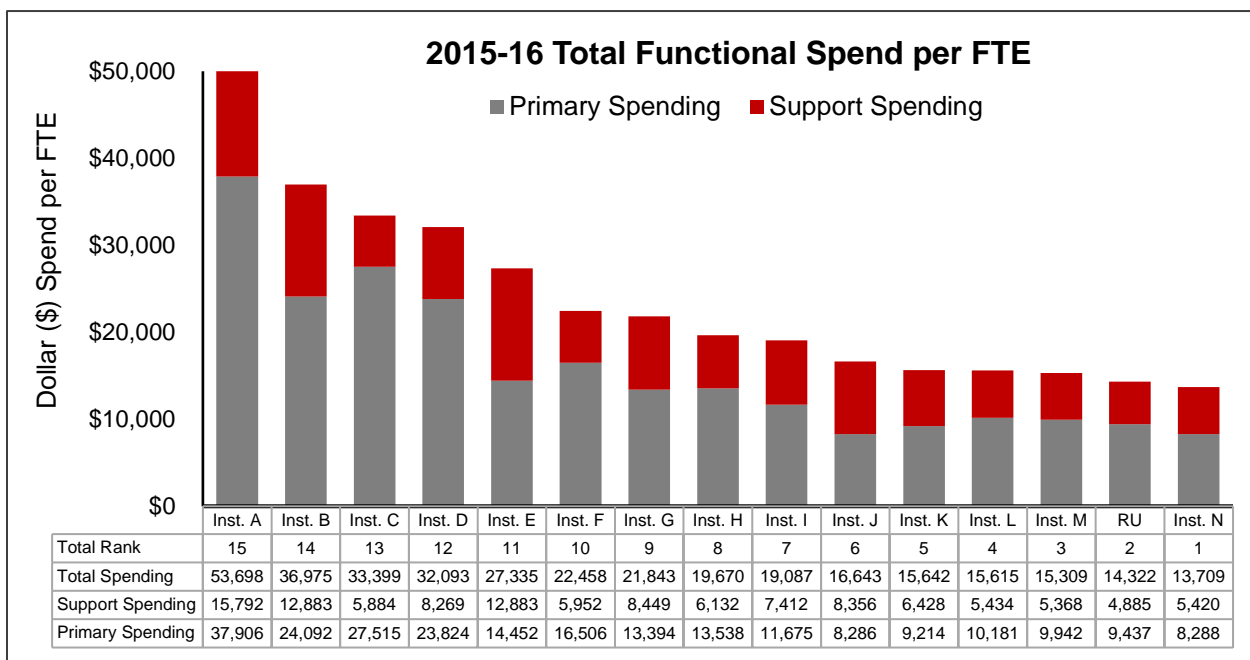
Figure 2 displays the E&G general fund and nongeneral fund trends between 2002 and 2019 (projected). In 2010, as a result of the economic downturn and the sustained loss of general fund support, students and their families began funding the majority of the cost of education. The increase in the nongeneral fund trend in recent years was largely attributed to planned enrollment growth during those years which assisted with mitigating further increases in tuition and fees.

Figure 2: E&G General Fund/Nongeneral Fund Split Historical Trend (Nominal Dollars)



Additionally, using national data from the Integrated Postsecondary Education Data System (IPEDS) for the past decade, the University has consistently ranked among 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 (2015-16) are presented in Figure 3. The ranking 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 Spending per FTE of Virginia Public Four-Year Institutions



Proposed Budget

2018-19 Projected Total Revenue

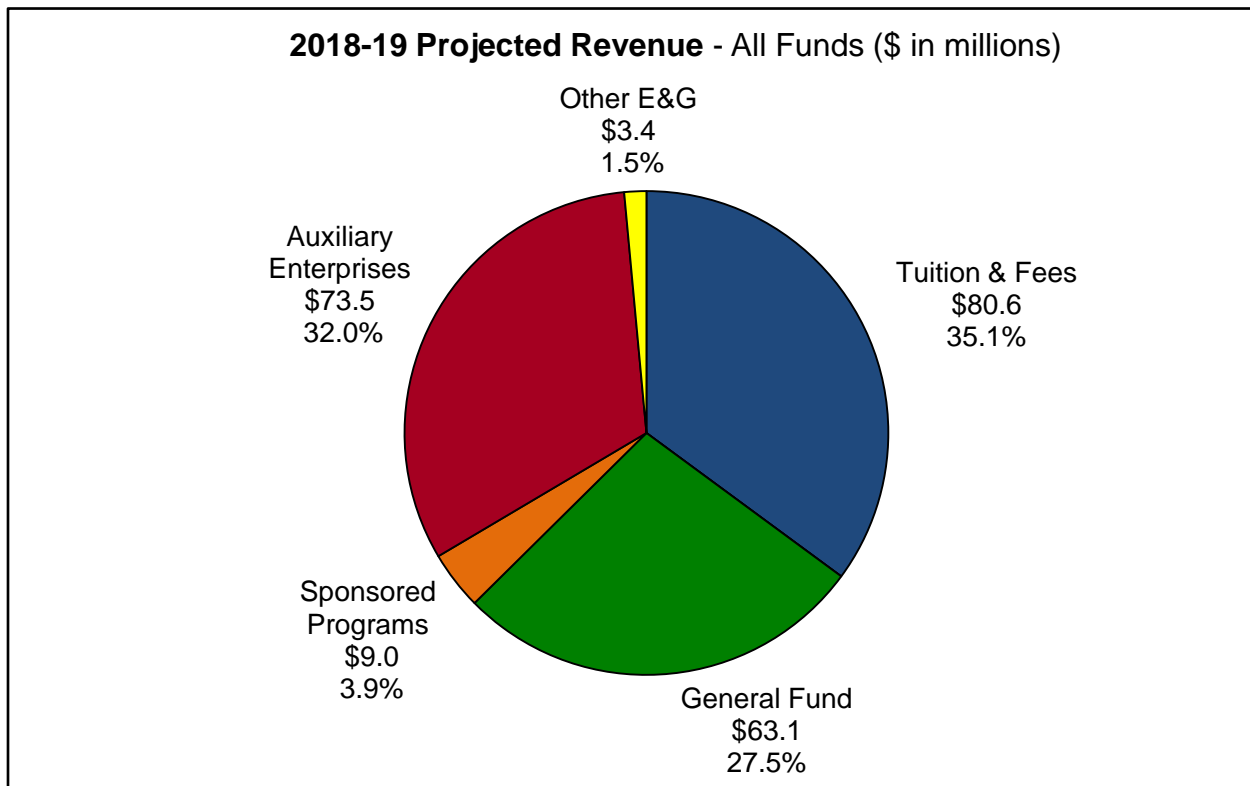
Radford University's institutional budget is derived from two fund sources:

- **General Fund (GF)** – Virginia tax dollars (unrestricted), distributed through the Commonwealth's 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, etc.).

Total University revenue is expected to be \$229.5 million for fiscal year 2018-19, which reflects a 5.4 percent increase above the 2017-18 Adjusted Total Budget. The increase is attributable to incremental operating support from the Commonwealth and Board approved tuition and fee rates.

The majority of the University's total operating budget (72.5 percent) is supported through nongeneral fund sources. The remaining 27.5 percent is supported through the general fund. Figure 4 displays the breakdown of projected revenue by major funding sources.

Figure 4: 2018-19 Projected Total Revenue (All Sources and Programs)



2018-19 Projected Total Expenditures

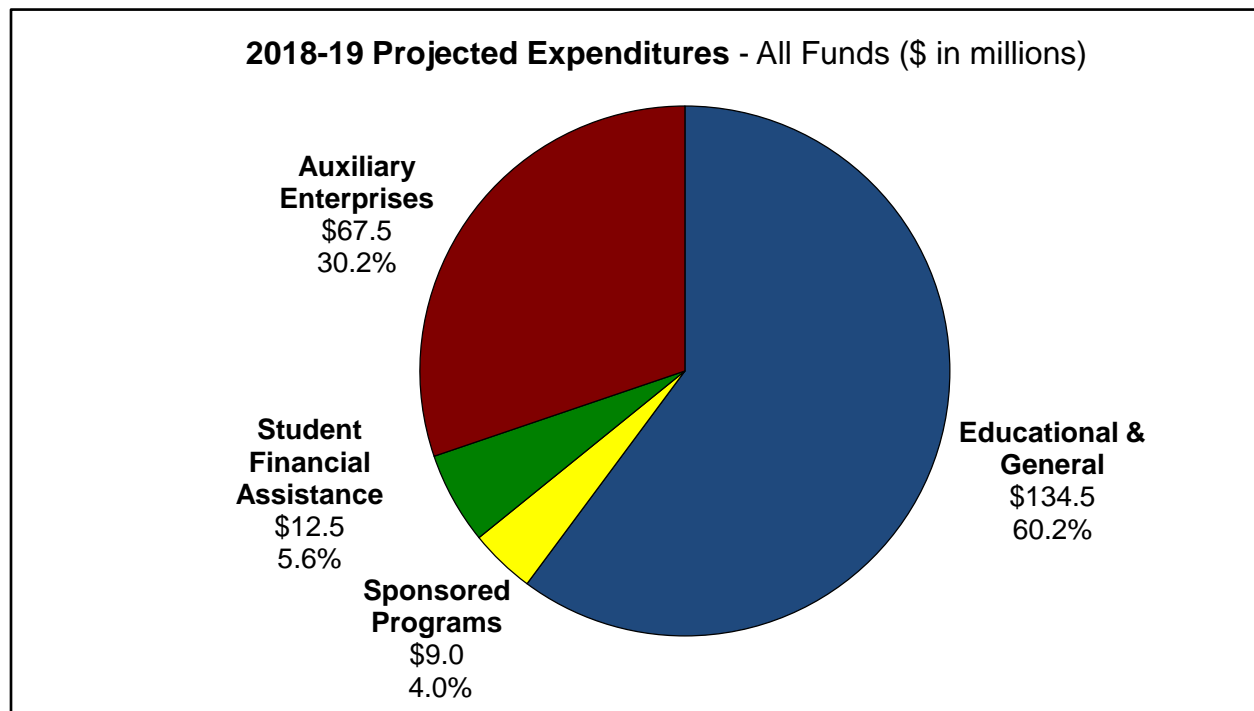
Expenditures are expected to total \$223.5 million for 2018-19. Projected expenditures are set less than projected revenues due to required Auxiliary Enterprises reserve fund deposits that must be generated to meet the SCHEV guidelines for operating, equipment renewal and replacement, and capital projects.

Figure 5 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 60.2 percent of the expenditures budgeted while Auxiliary Enterprises accounts for 30.2 percent. The remaining 9.6 percent is split between Student Financial Assistance and Sponsored Programs.

Figure 5: 2018-19 Projected Expenditures by Major Program



Attachment I and Schedules A and B provide an overview of the University's proposed 2018-19 operating budget by major program. Attachment I details the 2018-19 Funded E&G Initiatives by Division, Schedule A provides an overview of the 2018-19 Total University Operating Budget, and Schedule B reflects the 2018-19 Auxiliary Enterprise Budget by major program area.

The 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 2018-19 E&G operating budget (base and one-time) totals \$134.5 million. The projected increase in E&G revenue is primarily derived from incremental tuition revenue generated from Board-approved tuition and fees.

In 2018-19, the percentage of the E&G budget supported by general fund is projected to be 39 percent. The University is anticipated to receive \$0.7 million in new general fund over the previous year for central appropriation adjustments, legislative mandated salary and fringe benefit rate increases, and operational investments. Projected E&G nongeneral fund revenue is derived primarily from tuition and fees at \$78.7 million, with all other E&G revenue totaling \$3.4 million.

Resource Allocations

During the May 2018 Board of Visitors meeting, programmatic priorities were outlined and incorporated into the proposed 2018-19 budget. This included \$1.4 million of additional nongeneral fund support for strategic plan initiatives. The investment signaled the Board's commitment to the initiatives contained within the strategic plan. .

Attachment I provides an overview of the E&G base budget initiatives funded in 2018-19. In addition, Attachment II illustrates the initial budget assumptions provided to the Board in May 2018, as well as, any changes that occurred prior to finalization of the actual 2018-19 operating budget.

Student Financial Assistance Program

Commonwealth support from the general fund is appropriated for scholarships and fellowships to undergraduate and graduate students. The authorized general fund appropriation for fiscal year 2018-19 is \$10.6 million, an increase of \$0.5 million over fiscal year 2017-18. 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) –

The University receives external funding for grants and contracts from a variety of federal, state, private, and local sources. For fiscal year 2018-19, estimated annual activity for Sponsored Programs is projected at \$8.9 million.

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/or 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 2018-19, the revenue budget for Auxiliary Enterprises is projected to be \$73.5 million. It should be noted that all auxiliary budgets were adjusted to account for fringe benefit rate changes, the alignment of indirect cost and utility changes as necessary.

It is projected that approximately \$6.0 million will be generated in 2018-19 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 future considerations for auxiliary reserve balances: residence hall improvements, athletic complex renovations, equipment renewal and replacement, and land acquisition.

Action:

Radford University Board of Visitors approval of the 2018-19 operating budget as presented in Schedule A for Total Operating Budget and Schedule B for Auxiliary Enterprises.

RADFORD UNIVERSITY BOARD OF VISITORS
Resolution
October 2, 2018

Approval of the Radford University 2018-19 Operating Budget

BE IT RESOLVED, the Radford University Board of Visitors approves the fiscal year 2018-19 operating budget as presented in Schedule A for Total Operating Budget and Schedule B for Auxiliary Enterprises.

Radford University
E&G Requested Initiatives by Division
2018-19

	Dollars in Thousands (\$)			FTE	
	Mandatory	Programmatic	Division Reallocations	Resources Total	Positions
Academic Affairs					
Graduate College - Position Realignment		\$7.7		\$7.7	1.00
HIPS - Position Realignment		26.1	(19.0)	7.1	
IDSL Degree Completer		50.0		50.0	1.00
MFA Design Thinking Faculty	73.0			73.0	1.00
International Education		10.0		10.0	
Promotion & Tenure	186.0			186.0	
Research Rookies	120.0			120.0	
Faculty Travel	235.0			235.0	
Search Travel	50.0			50.0	
Academic Affairs Total	\$664.0	\$93.8	(\$19.0)	\$738.8	3.00
Central Administration					
Audit - Position Realignment	6.6			6.6	
Central Administration Total	\$6.6			\$6.6	
Central Resources					
Fringe Adjustments					
State Mandated Health Adjustment	827.1			827.1	
Health Insurance - Life Changes	100.4			100.4	
Other Employee Benefits	(5.5)			(5.5)	
Workers Comp., Line of Duty, Misc.	66.0			66.0	
Division Position Realignments - Fringes	62.7	167.5		230.2	
Other Increases					
Central Systems (PBS, Cardinal, PMIS)	50.0			50.0	
AP Leave Payouts	100.0			100.0	
Leases - Art & IMPACT	87.2			87.2	
Strategic Plan Implementation		1,444.3		1,444.3	
One-Time Operating Restoration	344.7			344.7	
Recovery Rate Changes	203.0			203.0	
Central Resources Total	\$1,898.5	\$1,779.2		\$3,677.6	
Information Technology					
Mandatory-Contract Escalators	70.2			70.2	
Position Realignments		210.5	(210.5)		
Identity Mgmt.		41.5	(41.5)		
Multi-Function Device Contract Change	15.0			15.0	
Academic Integrity		20.0		20.0	
Information Technology Total	\$85.2	\$272.0	(\$252.0)	\$105.2	
Finance & Administration					
Facilities & Other-Mandatory-Contract Escalators	80.0			80.0	
Position Realignments		25.0		25.0	
Finance & Administration Total	\$80.03	\$25.00		\$105.03	
Student Affairs					
Mandatory - Contract Escalator	0.9			0.9	
OSSR - Operating		12.5		12.5	
Position Realignment					0.25
Student Affairs Total	\$0.9	\$12.5		\$13.4	0.25
Enrollment Management					
Position Realignments		101.1		101.1	
IGRAD	5.0			5.0	
Royall Deposit IQ	40.0			40.0	
Enrollment Management Total	\$45.0	\$101.1		\$146.1	
University Advancement					
Position Realignments		302.0		302.0	3.00
Operating		40.0		40.0	
University Advancement Total		\$342.0		\$342.0	3.00
University Relations					
Position Realignment		\$12.0		\$12.0	1.00
University Relations Total		\$12.0		\$12.0	1.00
Grand Total	\$2,717.5	\$2,470.1	(\$271.0)	\$4,916.5	7.25

Radford University
Resource Allocation Analysis
2018-19

	<i>Original</i> May 2018 Assumptions	<i>Proposed</i> July 2018 Budget	Dollar Change
<u>REVENUE</u>			
General Fund Changes			
2017-18 Central Fund Alignment	\$118,006	\$118,006	\$0
2018-19 Interest Earnings & CC Rebates	180,000	180,000	0
2018-19 Fringe Rate Changes	566,064	566,385	321
2018-19 Central Systems & Other Changes	38,152	38,152	0
Total General Fund Changes	\$902,222	\$902,543	\$321
Nongeneral Fund Changes			
Tuition & Fees	\$3,999,840	\$4,040,079	\$40,239
Sales & Services	(60,000)	(60,000)	0
Private Support	201,653	201,653	0
VRS Recoveries	344,731	304,492	(40,239)
Need Based Scholarships	(472,225)	(472,225)	0
Total Nongeneral Fund Changes	\$4,013,999	\$4,013,999	\$0
Total Revenue Changes	\$4,916,221	\$4,916,542	\$321
<u>EXPENSES</u>			
Non-Discretionary Cost Increases			
Mandatory Costs			
2018-19 Fringe Rate Changes	\$938,101	\$938,101	\$0
Central Cost Commitments			
AA Promotion & Tenure	220,670	214,140	(6,530)
Contracts & Compliance	337,421	258,400	(79,021)
Contract Payouts	100,000	100,000	0
One-Time Operating Restoration	344,731	344,731	0
Recovery Rate Changes	202,981	202,981	0
Sub-Total Central Commitments	\$2,143,904	\$2,058,353	(\$85,551)
Division Recurring Requirements			
Academic Affairs	\$612,775	\$609,208	(\$3,567)
Finance & Administration	29,778	29,212	(566)
Information Technology	35,000	29,124	(5,876)
Central Administration	8,147	53,026	44,879
Student Affairs	13,441	13,441	0
University Relations	14,915	14,915	0
University Advancement	435,663	435,663	(0)
Enrollment Management	178,339	229,340	51,001
General Strategic Plan Implementation	1,444,260	1,444,260	0
Sub-Total Division Requirements	\$2,772,317	\$2,858,189	\$85,872
Total Non-Discretionary Cost Increases	\$4,916,221	\$4,916,542	\$321
SURPLUS / (DEFICIT)	\$0	\$0	\$0

Radford University
Proposed University Operating Budget
2018-19

Dollars in Thousands

	Annual Budget for 2017-18			2017-18	2018-19 Adjustments			2018-19
	Original Total Budget	(a) Adjustments	Adjusted Total Budget	(b) Adjusted Total Budget	Technical Adjustments	Base Adjustments	One-Time Adjustments	Recommended Total Budget
Educational and General Programs								
<u>Revenues</u>								
General Fund	\$51,727	\$137	\$51,864	\$51,864	(\$137)	723	\$0	\$52,450
Tuition and Fees	73,801	(953)	72,848	72,848	953	3,508	1,344	78,653
All Other Income	2,729	39	2,768	2,768	(1,758)	686	1,683	3,379
Revenue	\$128,257	(\$778)	\$127,480	\$127,480	(\$941)	\$4,917	\$3,027	\$134,481
<u>Expenditures</u>								
Instructional & Academic Support	(\$84,629)	\$3,437	(\$81,191)	(\$81,191)	(\$2,066)	(\$2,243)	(\$1,344)	(\$86,844)
All Other Support Programs	(43,628)	(2,660)	(46,288)	(\$46,288)	3,008	(2,674)	(1,683)	(\$47,637)
Expenditures	(\$128,257)	\$778	(\$127,480)	(\$127,480)	\$941	(\$4,917)	(\$3,027)	(\$134,481)
Reserve Draw (Deposit)	0	0	0	0	0	0	0	0
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Student Financial Assistance								
Revenue	\$12,028	\$95	\$12,123	\$12,123	(\$95)	\$520	\$0	\$12,547
Expenditures	(12,028)	(95)	(12,123)	(12,123)	95	(520)	0	(12,547)
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	\$1,860	\$7,960	\$7,960	(\$1,860)	\$2,862	\$0	\$8,962
Expenditures	(6,100)	(1,860)	(7,960)	(7,960)	1,860	(2,862)	0	(8,962)
Reserve Draw (Deposit)	0	(0)	(0)	(0)	(0)	0	0	(0)
NET	\$0	(\$0)	(\$0)	(\$0)	\$0	\$0	\$0	(\$0)
Auxiliary Enterprises								
Revenues	\$70,074	\$168	\$70,242	\$70,242	(\$162)	\$3,360	\$92	\$73,532
Expenditures	(63,321)	(2,636)	(65,957)	(65,957)	2,786	(1,826)	(2,546)	(67,542)
Reserve Draw (Deposit)	(6,754)	2,468	(4,285)	(4,285)	(2,625)	(1,534)	2,454	(5,990)
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total University								
Revenues	\$216,459	\$1,345	\$217,804	\$217,804	(\$3,058)	\$11,658	\$3,119	\$229,523
Expenses	(209,706)	(3,813)	(213,519)	(213,519)	5,682	(10,124)	(5,572)	(223,533)
Reserve Draw (Deposit)	(6,754)	2,468	(4,285)	(4,285)	(2,625)	(1,534)	2,454	(5,990)
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Notes:

- (a) Original Total Budget - Reflects the 2017-18 Operating Budget as of July 1, 2017 which was approved by the Board at the September 2017 meeting. Both recurring and one-time operating budgets are included.
(b) Adjusted Total Budget - Reflects the 2017-18 Operating Budget as of June 30, 2018. Both recurring and one-time operating budgets are included.
(c) Recommended Total Budget - Reflects the proposed 2018-19 Original Total Budget as of July 1, 2018. Both recurring and one-time operating budgets are included.

Radford University
Proposed Auxiliary Enterprise Budget
2018-19

Dollars in Thousands

	Annual Budget for 2017-18			2017-18	2018-19 Adjustments			2018-19
	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	\$33,667	\$0	\$33,667	\$33,667	\$0	\$2,257	\$0	\$35,924
Expenditures	(30,362)	(663)	(31,025)	(31,025)	542	(818)	(789)	(32,090)
Reserve Draw (Deposit)	(3,305)	663	(2,642)	(2,642)	(542)	(1,439)	789	(3,834)
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bookstore								
Revenues	\$490	\$0	\$490	\$490	\$0	\$0	\$0	\$490
Expenditures	(272)	0	(272)	(272)	0	(0)	0	(272)
Reserve Draw (Deposit)	(218)	0	(218)	(218)	0	0	0	(218)
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Parking & Transportation								
Revenues	\$2,030	\$4	\$2,034	\$2,034	(\$4)	(\$59)	\$0	\$1,971
Expenditures	(1,452)	(1)	(1,453)	(1,453)	19	(69)	(110)	(1,613)
Reserve Draw (Deposit)	(578)	(4)	(581)	(581)	(15)	128	110	(358)
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Telecommunications								
Revenues	\$585	\$0	\$585	\$585	\$0	\$0	\$0	\$585
Expenditures	(492)	6	(487)	(487)	0	(7)	(26)	(521)
Reserve Draw (Deposit)	(93)	(6)	(98)	(98)	0	7	26	(64)
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Student Health Services								
Revenues	\$3,108	(\$4)	\$3,104	\$3,104	\$4	\$156	\$0	\$3,264
Expenditures	(2,955)	(933)	(3,888)	(3,888)	1,025	(151)	(5)	(3,019)
Reserve Draw (Deposit)	(153)	937	784	784	(1,029)	(4)	5	(245)
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Student Programming								
Revenues	\$8,239	(\$47)	\$8,192	\$8,192	\$47	\$107	\$0	\$8,346
Expenditures	(8,025)	(251)	(8,275)	(8,275)	250	(196)	(34)	(8,255)
Reserve Draw (Deposit)	(214)	298	84	84	(297)	89	34	(91)
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Building & Facilities								
Revenues	\$3,326	(\$2)	\$3,324	\$3,324	\$2	\$44	\$0	\$3,370
Expenditures	(1,468)	(22)	(1,490)	(1,490)	14	(48)	0	(1,524)
Reserve Draw (Deposit)	(1,858)	24	(1,834)	(1,834)	(16)	4	0	(1,846)
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Enterprise Functions								
Revenues	\$6,651	(\$55)	\$6,596	\$6,596	\$55	\$545	\$0	\$7,196
Expenditures	(6,065)	(2)	(6,067)	(6,067)	13	(164)	(1,365)	(7,583)
Reserve Draw (Deposit)	(586)	57	(529)	(529)	(68)	(382)	1,365	386
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Intercollegiate Athletics								
Revenues	\$11,978	\$272	\$12,250	\$12,250	(\$266)	\$310	\$92	\$12,386
Expenditures	(12,230)	(770)	(13,000)	(13,000)	923	(373)	(217)	(12,666)
Reserve Draw (Deposit)	252	499	750	750	(658)	63	125	280
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Auxiliary Enterprise								
Revenues	\$70,074	\$168	\$70,242	\$70,242	(\$162)	\$3,360	\$92	\$73,532
Expenses	(63,321)	(2,636)	(65,957)	(65,957)	2,786	(1,826)	(2,546)	(67,542)
Reserve Draw (Deposit)	(6,754)	2,468	(4,285)	(4,285)	(2,625)	(1,534)	2,454	(5,990)
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Notes:

- (a) Original Total Budget - Reflects the projected 2017-18 Operating Budget as of July 01, 2017 which was approved by the Board at the September 2017 meeting. Both recurring and one-time
(b) Adjusted Total Budget - Reflects the 2017-18 Operating Budget as of June 30, 2018. Both recurring and one-time operating budgets are included.
(c) Recommended Total Budget - Reflects the proposed 2018-19 Original Total Budget as of July 1, 2018. Both recurring and one-time operating budgets are included.

May 2018 Minutes

RADFORD UNIVERSITY

Board of Visitors

RADFORD UNIVERSITY

Board of Visitors

BUSINESS AFFAIRS AND AUDIT COMMITTEE MEETING
1:30 P.M.
MAY 3, 2018
MARY ANN JENNINGS HOVIS MEMORIAL BOARD ROOM
THIRD FLOOR, MARTIN HALL, RADFORD, VA

DRAFT
MINUTES

COMMITTEE MEMBERS PRESENT

Mr. Robert A. Archer, Chair
Dr. Jay A. Brown, Vice Chair
Mr. Gregory A. Burton
Dr. Debra K. McMahan

COMMITTEE MEMBER ABSENT

Dr. Javaid Siddiqi

BOARD MEMBERS PRESENT

Mr. Mark S. Lawrence, Rector
Mr. Randy J. Marcus, Vice Rector
Ms. Krisha Chachra
Dr. Rachel D. Fowlkes
Dr. Susan Whealler Johnston
Mr. James R. Kibler, Jr.
Ms. Karyn Moran
Mr. Steve Robinson
Ms. Georgia Anne Snyder-Falkinham
Ms. Lisa Throckmorton
Dr. Jake Fox, Faculty Representative (Non-voting Advisory Member)
Ms. Jessica Wollmann, Student Representative (Non-voting Advisory Member)

OTHERS PRESENT

President Brian O. Hemphill
Mr. Richard S. Alvarez, Vice President for Finance and Administration and Chief Financial Officer
Mr. Mike Biscotte, Director Facilities Planning and Construction
Mr. Joe Carpenter, Vice President for University Relations and Chief Communications Officer
Ms. Karen Castele, Secretary to the Board of Visitors and Special Assistant to the President
Mr. Jorge Coartney, Executive Director Facilities Management
Dr. Kenna Colley, Interim Provost and Vice President for Academic Affairs

Mr. Grady DeVilbiss, Director of Emergency Management
Mr. Michael Gawrys, Budget Coordinator of Forecasting & Operations
Ms. Stephanie Jennelle, Associate Vice President for Finance and University Controller
Mr. Danny M. Kemp, Vice President for Information Technology and Chief Information Officer
Dr. Ann Marie Klotz, Vice President for Student Affairs
Dr. Eric Lovik, Director of Institutional Research
Ms. Margaret McManus, University Auditor
Mr. James Perkins, Director of University Services
Ms. Laura Quesenberry, Assistant Budget Director
Mr. Chad Reed, Associate Vice President for Budget and Financial Planning
Mr. Mike Reinholtz, Auditor of Public Accounts
Ms. Ashley Schumaker, Chief of Staff, Office of the President
Ms. Susan Trageser, Associate Vice President for Student Affairs and Dean of Students
Mr. David Underwood, Interim Chief of Police Radford University
Mr. Allen Wilson, Senior Assistant Attorney General, Commonwealth of Virginia

Radford University faculty and staff

CALL TO ORDER

Mr. Robert Archer, Chair, called the meeting to order at 1:31 p.m. in the Mary Ann Jennings Hovis Memorial Board Room on Third Floor, Martin Hall at Radford University, Radford, Virginia. Mr. Archer welcomed everyone to the Business Affairs and Audit Committee meeting, and he thanked Mr. Richard Alvarez and his team for all they do and stated that it has been a pleasure working with him over the past few years, especially this year as the Committee Chair.

APPROVAL OF AGENDA

Mr. Archer asked for a motion to approve the May 3, 2018 meeting agenda, as published. Mr. Gregory Burton so moved, Dr. Jay Brown seconded the motion and the agenda was unanimously approved, as published.

APPROVAL OF MINUTES

Mr. Archer asked for a motion to approve the minutes of the February 15, 2018 meeting of the Business Affairs and Audit Committee, as published. Mr. Burton so moved, Dr. Brown seconded the motion and the minutes were unanimously approved, as published.

REPORTS AND RECOMMENDATIONS

Report from the Auditor of Public Accounts

Mr. Mike Reinholtz, Project Manager with the Auditor of Public Accounts (APA), provided a summary of the APA's audit of the University's Fiscal Year (FY) 2017 financial statements, noting that the University received an unmodified opinion with no material weaknesses. The report will be provided directly to members of the Board of Visitors. A copy of the report is attached hereto as *Attachment A* and is made a part of hereof. Mr. Reinholtz also presented information regarding the upcoming audit timeline of the University's FY 2018 financial statements, which will include a student financial aid audit.

Report from the University Auditor

Ms. Margaret McManus, University Auditor, presented an oral report on the University Discretionary Fund review for the quarter ended March 31, 2018. One hundred percent of University Discretionary Fund expenditures were reviewed, and all were found in compliance with the Board of Visitors' guidelines. She provided an update on the department's recent external Quality Assurance Review. Ms. McManus also presented a follow-up audit status report, and a copy is attached hereto as **Attachment B** and is made a part hereof.

Capital Projects Update

Mr. Richard Alvarez, Vice President for Finance and Administration and Chief Financial Officer, presented an update of current capital projects. The Reed and Curie Halls renovation project was approved in the spring 2016 state bond package, and the renovation started in late summer 2017 with completion in December 2019 and classes beginning in January 2020. Phase 2 of the residence halls' umbrella renovation project achieved substantial completion in August 2017 and assimilation of the final close out items continues. Mr. Alvarez also presented an update on the space utilization and realignment projects occurring throughout campus. A copy of the report is attached hereto as **Attachment C** and is made a part hereof.

ACTION ITEMS

Resolution to Approve Tuition and Fees for 2018-2019

Mr. Alvarez and Mr. Chad Reed, Associate Vice President of Budget and Financial Planning, discussed the financial outlook for the 2018-2019 operating budget and presented the committee with the proposed 2018-2019 tuition and fee recommendations. Mr. Reed said 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 2018-2019. There was substantive discussion on the proposed tuition rates, including a review of fees in comparison with other institutions. Giving full consideration to the legislative, economic and enrollment-related factors for the 2018-2019 academic year, tuition, fees and room and board charges are proposed to increase \$861 (or 4.34 percent) for full-time, in-state undergraduates living on campus and \$861 (or 2.70 percent) for full-time, out-of-state undergraduates.

Mr. Archer asked for a motion to recommend to the Board of Visitors the resolution for tuition and fees for the 2018-2019 academic year as reflected in the Summary of Proposed 2018-2019 Tuition and Fees beginning with the fall 2018 semester and thereafter until otherwise adjusted by the Board of Visitors. Mr. Burton so moved, Dr. Brown seconded the motion and the motion passed unanimously. A copy of the documentation, together with the proposed resolution, is attached hereto as **Attachment D** and is made a part hereof.

ADJOURNMENT

With no further business to come before the committee, Mr. Archer asked for a motion to adjourn the meeting. Mr. Burton made the motion, Dr. Brown seconded the motion and the motion carried unanimously. The meeting adjourned at 2:24 p.m.

Respectfully submitted,

Pamela Fitchett
Administrative Assistant to the Vice President for Finance and Administration
and Chief Financial Officer



RADFORD UNIVERSITY

INTERCOLLEGIATE ATHLETICS PROGRAMS

FOR THE YEAR ENDED

JUNE 30, 2017

Auditor of Public Accounts

Martha S. Mavredes, CPA

www.apa.virginia.gov

(804) 225-3350



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January 10, 2018

The Honorable Ralph S. Northam
Governor of Virginia

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

Brian O. Hemphill
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 3.2.4.15.1, for the year ended June 30, 2017. University management is responsible for the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs (Schedule) and the Schedule's compliance with NCAA requirements. 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 four 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 process 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, 2017, 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 trial balance worksheets, and agreed the amounts in management's trial balance worksheets to the Intercollegiate Athletics Department's accounts in the accounting records. We noted no differences between the amounts in the Intercollegiate Athletics Department's accounting records and the amounts on the trial balance. We discussed the nature of

adjusting journal entries with management and are satisfied that the adjustments are appropriate.

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 ten percent of prior period amounts or budget estimates.

Revenues

9. We obtained the amount of ticket sales revenue recorded in the Schedule. Revenue related to ticket sales was deemed to be 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 with minor differences attributed to the methodology used for projecting student fee revenue.
11. Intercollegiate Athletics Department management provided us with a listing of settlement reports and game guarantee agreements for away games during the reporting period. Game guarantee revenue for away games was deemed immaterial for detailed testing.
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 that constituted more than ten percent of total contributions received for Intercollegiate Athletics Programs. We reviewed contributions from the Radford University Foundation, Inc., which exceeded ten percent of all contributions and agreed them to supporting documentation.
13. Intercollegiate Athletics Department management provided a list of in-kind contributions during the reporting period. This amount was deemed to be immaterial for detailed testing.
14. We obtained the amount of revenue from tournaments, conference distributions, and NCAA distributions recorded in the Schedule. This amount was deemed to be immaterial for detailed testing.
15. We obtained the amount of revenue related to royalties, licensing, advertisements, and sponsorships recorded in the Schedule. This amount was deemed to be immaterial for detailed testing.

16. We obtained the amount of revenue related to other revenue recorded in the Schedule. This amount 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. Since 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 obtained the students' account detail from the institution's student information system. We agreed each student's information to the information reported in the NCAA Membership Financial Reporting System. We also ensured that the total aid amount for each sport 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. Game guarantee expenses for home games 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. We obtained the amount of disbursements related to severance payments recorded in the Schedule. 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 team travel; sports equipment, uniforms and supplies; direct overhead and administrative expenses; and indirect cost paid to the institution by athletics. As exceptions were noted in the prior year, an additional sample of disbursements for sports equipment, uniforms and supplies was selected. We compared and agreed the selected operating expenses to adequate supporting documentation. We found all reviewed amounts to be properly approved, reasonable to intercollegiate athletics, and properly recorded in the accounting records.

23. We obtained the amount of disbursements related to debt service payments, lease payments, and rental fees for athletics facilities for the reporting year recorded in the Schedule. This amount was deemed immaterial for detailed testing.
24. We obtained an understanding of the University's methodology for charging indirect cost to the athletic department. We evaluated indirect cost charges for reasonableness and noted proper reporting of these charges in the Schedule.

Other Reporting Items

25. We obtained the amount for all outstanding intercollegiate athletics debt during the reporting period. This amount was deemed immaterial for detailed testwork.
26. We agreed total outstanding institutional debt to supporting debt schedules and the University's unaudited financial statements, as the audited financial statements were not yet available.
27. We agreed the fair value of athletics dedicated endowments to supporting documentation provided by the University's Foundation.
28. We agreed the fair value of institutional endowments to supporting documentation, including the audited financial statements of the University's Foundation.
29. We obtained a schedule of athletics related capital expenditures made during the period. We determined that the amount of capital expenditures was immaterial for detailed testing.

Additional Procedures

30. We compared the sports sponsored, as reported in the NCAA Membership Financial Reporting System, to the squad lists of the institution. We noted agreement of the sports reported.
31. We obtained the institution's Sports Sponsorship and Demographics Forms Report for the reporting year. We validated that the countable sports identified by the institution met the minimum requirements for number of contests and minimum number of participants as defined in NCAA Bylaw 20.9.6.3. We ensured that countable sports have been properly identified in the NCAA Membership Financial Reporting System for the purpose of revenue distribution calculations.
32. We obtained a listing of student-athletes receiving Pell Grant awards from the institution's student information system and agreed the total value of these Pell Grants to the amount reported in the NCAA Membership Financial Reporting System. We noted agreement of the amounts reported.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit, 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.

AUDITOR OF PUBLIC ACCOUNTS

JRQ/alh

RADFORD UNIVERSITY
SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
For the year ended June 30, 2017

	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Operating revenues:					
Ticket sales	\$ 42,645	\$ 12,212	\$ 892	\$ -	\$ 55,749
Student fees	-	-	-	10,863,276	10,863,276
Guarantees	385,000	55,000	10,000	-	450,000
Contributions	22,427	8,108	374,799	164,828	570,162
In-Kind	5,000	-	50,508	18,857	74,365
NCAA distributions	-	-	26,475	339,398	365,873
Conference distributions (non-media or bowl)	-	-	1,750	63,953	65,703
Royalties, licensing, advertisement and sponsorships	10,000	1,365	29,454	438,849	479,668
Other operating revenue	-	500	1,064	28,407	29,971
Total operating revenues	465,072	77,185	494,942	11,917,568	12,954,767
Operating expenses:					
Athletic student aid	497,871	459,594	2,272,061	-	3,229,526
Guarantees	6,000	2,500	-	-	8,500
Coaching salaries, benefits, and bonuses paid by the University and related entities	572,971	331,137	1,637,363	-	2,541,471
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities	56,862	44,381	-	2,379,866	2,481,109
Severance payments	9,828	-	-	1,744	11,572
Recruiting	46,687	37,612	80,818	-	165,117
Team travel	130,828	111,316	484,552	-	726,696
Sports equipment, uniforms, and supplies	52,162	35,973	355,214	92,555	535,904
Game expenses	46,410	24,800	81,793	27,819	180,822
Fundraising, marketing and promotion	5,660	500	13,114	103,342	122,616
Spirit groups	45,356	45,356	-	-	90,712
Athletic facility debt service	-	-	58,846	14,891	73,737
Direct overhead and administrative expenses	1,950	1,168	105,253	839,368	947,739
Indirect cost paid to the institution by athletics	-	-	-	1,042,033	1,042,033
Medical expenses and insurance	-	-	734	388,371	389,105
Memberships and dues	105	800	5,855	41,398	48,158
Student-Athlete Meals (non-travel)	14,412	13,099	43,393	-	70,904
Other operating expenses	55,029	22,413	83,899	83,324	244,665
Total operating expenses	1,542,131	1,130,649	5,222,895	5,014,711	12,910,386
Excess (deficiency) of revenues over (under) expenses	\$(1,077,059)	\$(1,053,464)	\$(4,727,953)	\$6,902,857	\$ 44,381

Other Reporting Items:

Total athletics-related debt	\$ 25,527
Total institutional debt	\$ 54,812,137
Value of athletics-dedicated endowments	\$ 3,131,675
Value of institutional endowments	\$ 50,346,509
Total athletics-related capital expenditures	\$ 195,489

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

RADFORD UNIVERSTIY
NOTES TO SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2017

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, 2017. 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 \$570,162 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, 2017, is as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
June 30, 2018	\$12,308	\$ 455
June 30, 2019	<u>12,567</u>	<u>197</u>
Total	<u>\$24,875</u>	<u>\$ 652</u>

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 2017, this charge to the athletics' departments amounted to \$1,042,033 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, 2017, follows:

Depreciable capital assets:	
Buildings	\$31,595,010
Equipment	1,370,275
Site Improvements	<u>5,661,405</u>
Total depreciable capital assets	<u>38,626,690</u>
Less accumulated depreciation for:	
Buildings	(14,378,456)
Equipment	(747,031)
Site Improvements	<u>(3,174,078)</u>
Total accumulated depreciation	<u>(18,299,565)</u>
Total capital assets for intercollegiate athletics, net of accumulated depreciation	<u>\$20,327,125</u>

RADFORD UNIVERSITY

As of June 30, 2017

BOARD OF VISITORS

Christopher Wade, Rector

Javaid Siddiqi, Vice Rector

Mary Weeks, Secretary

Robert A. Archer	Susan Whealler Johnston
Jay A. Brown	Mark S. Lawrence
Krishna Chachra	Randolph J. Marcus
Callie M. Dalton	Debra K. McMahon
Rachel D. Fowlkes	Alethea Robinson
Mary Ann Hovis	Steve A. Robinson
Georgia Anne Snyder-Falkinham	

UNIVERSITY OFFICIALS

As of January 10, 2018

Brian O. Hemphill, President

Richard S. Alvarez, Vice President for Finance and Administration

Robert G. Lineburg, Director of Intercollegiate Athletics Programs



RADFORD UNIVERSITY

REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2017

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



AUDIT SUMMARY

We have audited the basic financial statements of Radford University as of and for the year ended June 30, 2017, and issued our report thereon, dated April 24, 2018. Our report, included in Radford University's Annual Report, is available at the Auditor of Public Accounts' website at www.apa.virginia.gov and at Radford University's website at www.radford.edu. Our audit found:

- the financial statements are presented fairly, in all material respects;
- no internal control findings requiring management's attention; and
- no instances of noncompliance or other matters required to be reported under Government Auditing Standards.

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FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

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UNIVERSITY OFFICIALS

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April 24, 2018

The Honorable Ralph S. Northam
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 discretely presented component unit of **Radford University** (University) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated April 24, 2018. Our report includes a reference to another auditor. 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 unit of the University, which was audited by another auditor 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 opinions 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Status of Prior Findings

The University has taken adequate corrective action with respect to the audit finding reported in the prior year.

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. We discussed this report with management at an exit conference held on April 24, 2018.

AUDITOR OF PUBLIC ACCOUNTS

JMR/clj

RADFORD UNIVERSITY

As of June 30, 2017

BOARD OF VISITORS

Christopher Wade
Rector

Javaid Siddiqi
Vice Rector

Robert A. Archer	Susan Whealler Johnston
Jay A. Brown	Mark S. Lawrence
Krishna Chachra	Randolph J. Marcus
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Mary Weeks
Secretary to the Board of Visitors

UNIVERSITY OFFICERS

Brian O. Hemphill
President

Richard S. Alvarez
Vice President for Finance and Administration

RADFORD UNIVERSITY
OFFICE OF AUDIT AND ADVISORY SERVICES
FOLLOW-UP AUDIT STATUS REPORT
BUSINESS AFFAIRS AND AUDIT COMMITTEE
MAY 2018

Audit: IT – Micros				
Business Issue	Planned Action	Action Date	Status	
6.0	<p>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.</p> <p>The lack of a formal policy and procedure results in inconsistency in approving and granting access.</p>	The Division of Finance and Administration will establish a formal University Door Access policy, to address access via ID card and via key.	<p>June 15, 2016 Revised to January 31, 2017 Revised to June 30, 2017 Revised to January 31, 2018 Revised to August 1, 2018</p>	In process
Audit: IT – PeopleAdmin				
Business Issue	Planned Action	Action Date	Status	
2.2	<p>Improvements are needed in the management of PeopleAdmin user accounts. Specifically,</p> <p>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.</p>	Human Resources will identify, document, and implement an annual process of recertifying user accounts, followed by a review by the System Owner and Data Owner.	<p>September 30, 2017 Revised to February 16, 2018 Revised to July 1, 2018</p>	In Process

Audit: Student Health and Counseling Services Contract Audit

Business Issue		Planned Action	Action Date	Status
1.2	<p>The contract states that the Contractor shall ensure "that 95 percent of all entering students" have submitted a health record form with immunization history.</p> <p>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.</p>	<p>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.</p> <p>The University will monitor compliance with the requirement at least semi-annually.</p>	<p>April 1, 2017 Revised to July 1, 2017 Revised to March 15, 2018 Revised to October 31, 2018</p>	In process
3.0	<p>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).</p>	<p>The University will obtain legal guidance on this issue and update the contract language accordingly.</p> <p><u>Updated Action Plan:</u> The University obtained legal guidance from the Attorney General's Office. The guidance was that the contract should continue to state that student medical records would be controlled by HIPAA. Therefore, no contract modification was made for this issue.</p>	<p>July 1, 2017 Revised to March 15, 2018</p>	Complete
6.1	<p>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,</p> <p>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.</p>	<p>The University will obtain legal guidance on this issue and update the contract language accordingly.</p>	<p>July 1, 2017 Revised to March 15, 2018 Revised to July 30, 2018</p>	In process
6.2	<p>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,</p>	<p>The University will modify the contract to require the Contractor to review the nurse advice line call report each morning, follow up as</p>	<p>July 1, 2017 Revised to March 15, 2018 Revised to</p>	In process

	b) In our sample of eleven calls, two of them (18%) had no documentation that the calls were reviewed for potential follow-up.	needed, document the action taken, and maintain documentation of the review.	July 30, 2018	
9.0	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.	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.	July 1, 2017 Revised to March 15, 2018 Revised to July 30, 2018	In process

**RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs and Audit Committee
May 3, 2018**

**Information Item
Capital Projects Update**

Item: Facilities Planning and Construction update on capital projects.

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

1. Reed-Curie Renovation

Project Budget ----- \$33,262,000

Architect/Engineer Firm----- Cannon Design

Construction Manager----- Branch and Associates

The Reed-Curie renovation project was approved in the spring 2016 state bond package, as described in the RU six-year capital plan submission to the state. The project will completely renovate the existing Reed Hall and Curie Hall science buildings to complement the recent addition of the Center for the Sciences, ultimately providing an overall state-of-the-art facility for nearly all of RU's Artis College of Science and Technology departments.

Occupants in the renovated building will include the Departments of Physics, Geology, Geospatial Sciences, and the Office of the Dean. The Cyber Security Center will also be housed in the renovated building, along with support spaces for the Chemistry and Biology Departments. The greenhouse will also be renovated and remain located adjacent to the renovated Reed Hall.

The state initially approved funding for detailed planning for the project, and the Architect-Engineer completed initial field work and programming meetings with the occupants. The Schematic Design package was submitted to BCOM in late February 2017 and to the state's Art and Architectural Review Board in late March, and the Preliminary Design was submitted to BCOM in May. With approval of all of these submissions, the state approved final funding for the remainder of design and the construction on June 30, 2017. The Working Drawings were submitted to the state in December 2017, and the Final Permit documents including incorporation of BCOM review comments were submitted for approval April 6, 2018.

Construction Management-at-Risk (CM) construction delivery method approval was obtained from BCOM, and the CM preconstruction contract was awarded to Branch and Associates in March 2017. During the summer of 2017, RU completed the relocation of staff and equipment to various swing spaces on campus to render the building unoccupied. Building Permit documents and an Interim Guaranteed Maximum Price (GMP) for an Early Release Demolition Package were submitted to BCOM and the Attorney General, and were approved with a Notice-to-Proceed executed on January 5, 2018. RU also completed several tasks during winter break of 2017 to facilitate demolition/construction startup, including removal and surplus of remaining furnishings, hazardous materials abatement, and establishment of construction entrance and laydown area and fencing. The GMP amount for the full project has been received and agreed to by the University, such that the associated CM construction contract is anticipated to be awarded in late April 2018. The final completion of project construction is scheduled for December 2019 to allow classes in January 2020.

2. Renovate Residence Halls Umbrella Project

Project Budget ----- \$36,000,000

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

Contractor (Phase 2)----- G&H Contracting

Phase 2 of the residence hall renovations project included the upgrade of life safety systems for Muse Hall. This project addressed the most critical life safety infrastructure needs of Muse Hall, including a new fire alarm system, new lightning protection system, replacement or upgrades to all seven elevators, and upgrades to exit stairway and exterior ramps. The project also included renovations to a number of support spaces on the first floor including a new lounge and refurbished lobby along with a new fire command center.

Phase 2 achieved substantial completion August 2017 and assimilation of final close out items continues.

This spring an additional phase for the purchase of select student dorm room furniture to furnish rooms on the first floor was added to the project. Furniture is anticipated to be delivered and installed in time for August 2018 move-in.

3. Non-Capital Item – Update on Space Utilization and Realignment Projects

Several large-scale capital projects were recently completed including: new construction of buildings for the College of Humanities and Behavioral Sciences, Center for Science and Technology, as well as the renovation of Whitt Hall totaling 255,000 new square feet and 28,692

square feet of renovated space. The completion of these capital projects provided a unique opportunity to take deliberate action to reallocate and renovate recently vacated space on campus. The Space Utilization and Realignment projects were developed in conjunction with the University's academic and administrative groups to identify adjacencies, synergies, and improvements in efficiency.

After extensive planning and construction, the Facilities Management team has completed projects in Russell Hall, Martin Hall, Fairfax Corridor, Heth Hall, Waldron Hall and is on schedule to complete work in Cook Hall in time for fall opening. These projects have provided additional space to meet a variety of University programmatic needs. The project work has improved departmental efficiency by improving adjacencies and amplifying collaboration between departments.

To date the initiative has directly affected 125,000 square feet of space and has resulted in the successful movement of 33 departments. Through this process, a total of 31,000 square feet of off-campus leased space was returned to the University's main campus footprint. The Space Utilization and Realignment projects are:

Russell Hall Renovation:

Russell Hall was vacated following the completion of the new College of Human and Behavioral Sciences building. During the planning phase, the vacation of Russell Hall presented an opportunity for the University to establish a "Front Door" for University visitors. The project impacted 45,000 square feet of the building. Space on the first floor was renovated to create a "Welcome Center" for the University's Admissions and Advancement teams. Inviting spaces for greeting and interfacing with perspective students, their families, and supporters were created. New amenities include private interview rooms, a presentation room, and lounge areas. First and second floor renovations for Advancement enabled divisional cohesiveness by bringing units housed "off campus" back to campus. The new space provides synergy between the offices of Advancement, Admissions, and Center for Career and Talent Development by providing a professional environment that can be shared by each unit for their respective needs. Additionally, the Telephone Outreach Program was relocated to the second floor.

On the third floor, space was created for the Center for Accessibility Services with adjacency to Admissions to eliminate the need for perspective students to be directed to another building for support during campus visits. A test center was also constructed within the Center's space.

The ROTC academic program was returned to main campus with the renovation of Russell Hall lower level. Moving the program back to campus provides for a more cohesive environment with the campus community with updated professional finishes in a welcoming environment.

Cook Hall:

Similar to Russell Hall, with the completion of the College of Human and Behavioral Sciences building, several spaces within Cook were vacated. The vacated space has been renovated to provide space to bring Appalachian Studies back to campus from non-traditional off-campus leased space. The department of Recreation, Parks, and Tourism was moved from Waldron Hall enabling the department to be located in a single area. The departure from the 4,000 square foot Nursing Simulation Center, currently located at RU Corporate Park, represents an exciting opportunity for the University's Nursing program. Once the new Simulation Center renovation is completed, the department will have 4,280 additional square feet which effectively doubles the size of the University's Simulation Center. The relocation of the Nursing Simulation Center to Cook Hall will provide efficiency and synergies that will benefit the entire Waldron College of Health and Human Services.

Waldron Hall:

Additional space was captured within Waldron Hall with the relocation of Recreation, Parks, and Tourism. The 4,000 square foot renovation of these spaces provided necessary clinical space for the departments of Communication Sciences and Disorders and Occupational Therapy to meet accreditation requirements. Many occupants were relocated allowing for departmental faculty to work closely together while being near clinic and research spaces.

Martin Hall:

With the relocation of Admissions and Advancement to Russell Hall, vacated spaces in Martin Hall were repurposed to house the Division of University Relations, which was previously scattered in multiple locations including the basement of the library. The entire University Relations division is now located within Martin Hall.

Vice Presidential suites were created on the second floor to support Enrollment Management and Student Affairs. Space on the second floor was also renovated for the Assistant Provost for Assessment to be relocated back to campus with other academic units. The creation of an Executive Conference room on the second floor of Martin Hall provided a professional meeting space for Vice Presidents and BOV subcommittee meetings.

Fairfax Corridor Improvements:

The additional academic space from capital construction allowed for the demolition of 702, 704, and 706 Fairfax and 307 Adams Street. This demolition allowed for the creation of a University bus stop for Transit Services as well as improved access for deliveries to Dalton and Hurlburt Halls. Additional improvements on the Fairfax corridor allowed for the construction of parking lot JJ (41 new spaces) as well as a pedestrian green space on the east side of Dalton Hall.

2018-19 Higher Education Environmental Factors

RADFORD
UNIVERSITY

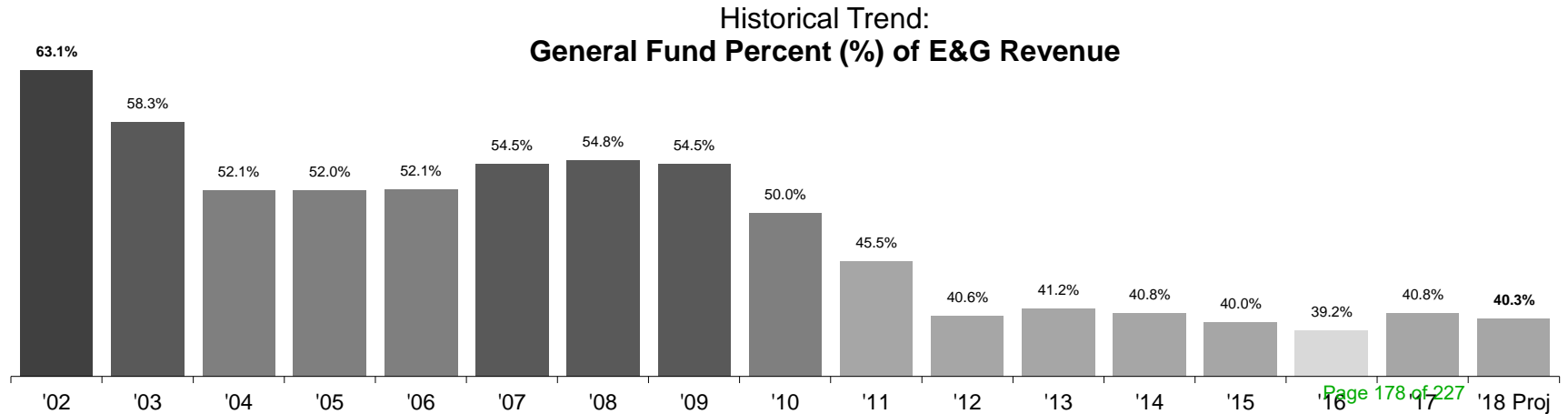
Environmental Factors

- 1) **General Fund Stability** - the university is tasked with further leveraging internal funding sources to drive institutional priorities.
** The impending 2018-20 biennial budget is without concurrence on a final fiscal plan.*
- 2) **Projected Enrollment Trends** - competition for in-state undergraduate students has become increasingly more competitive in recent years.
- 3) **Mandatory Cost Increases** - in addition to state mandated items, the University must also address mandatory cost pressures including contractual commitments, operation and maintenance of facilities, escalators, etc.
- 4) **Implementation of Strategic Plan** - budget development sought to align divisional priorities with the efforts identified in the 2018-2023 strategic plan.

1) General Fund Stability

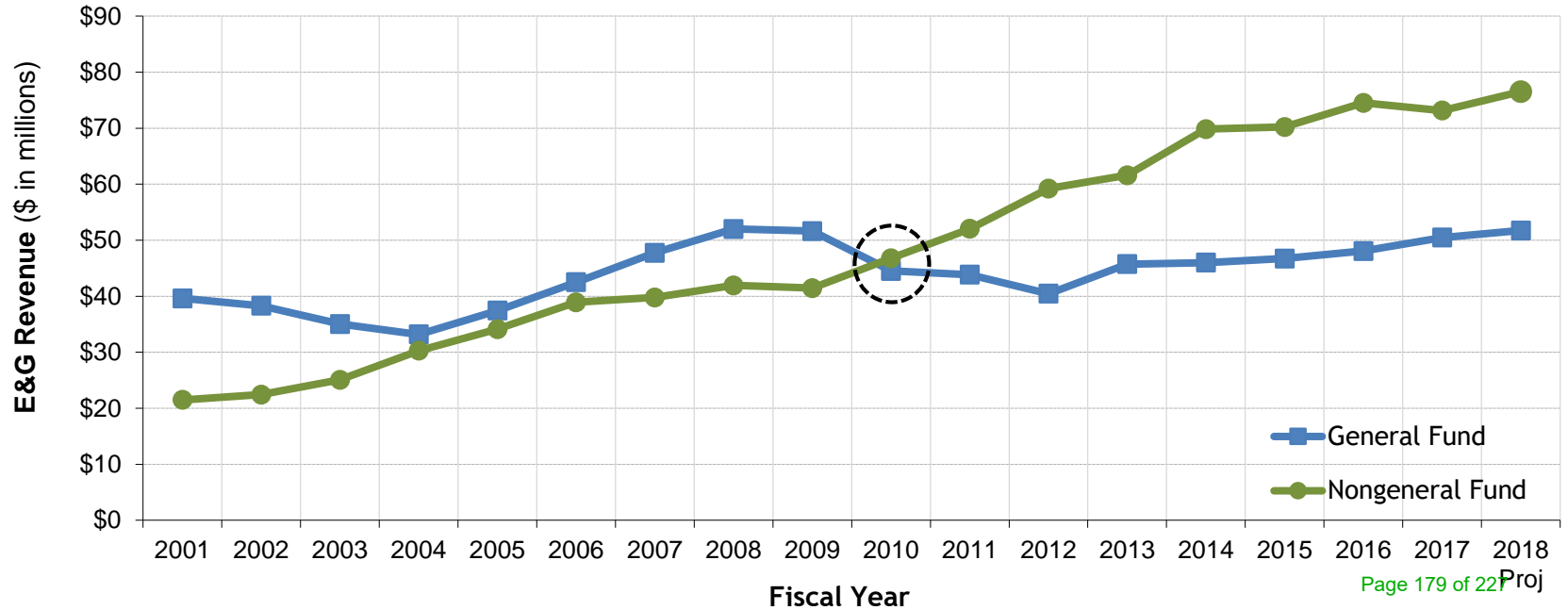
Public Higher Education utilizes a shared cost model

- Higher Education is not a mandated state budget item, but state policy seeks to contribute **67%** share of the cost of education



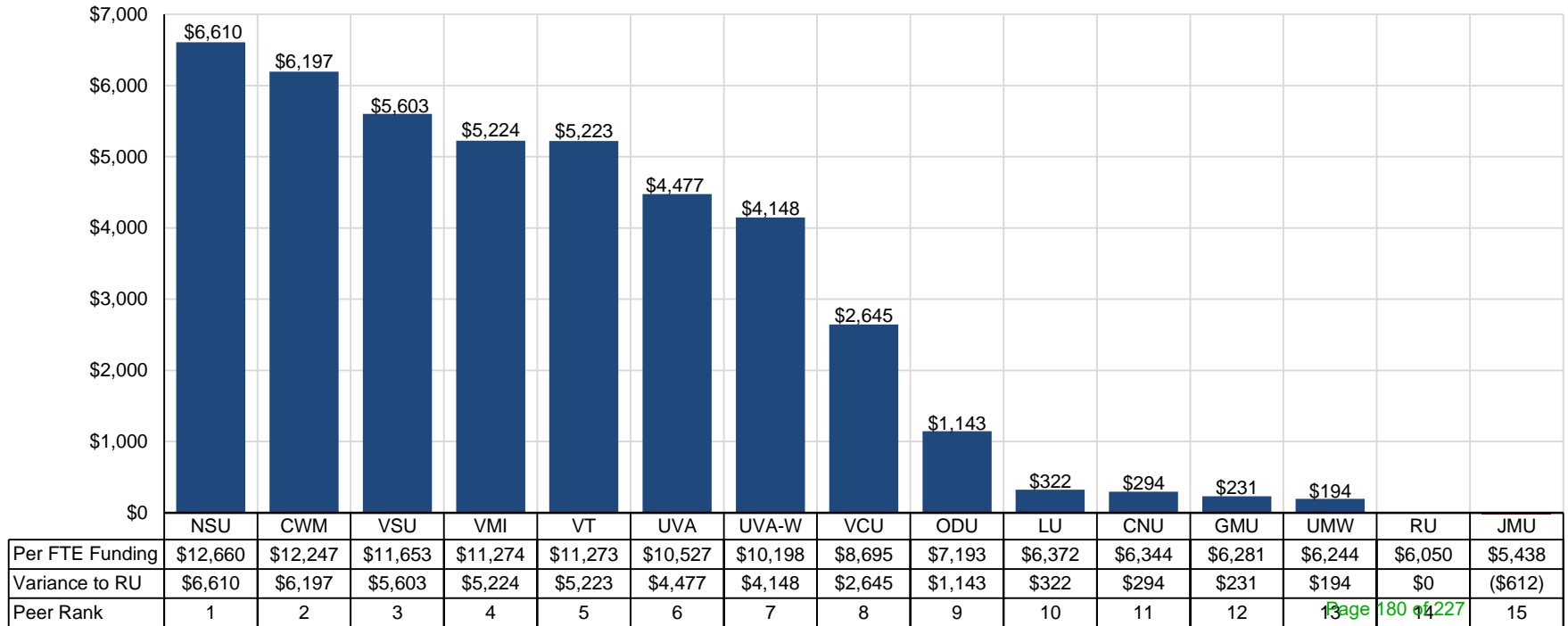
Shift in Higher Education Funding

Radford University E&G Funding Trend

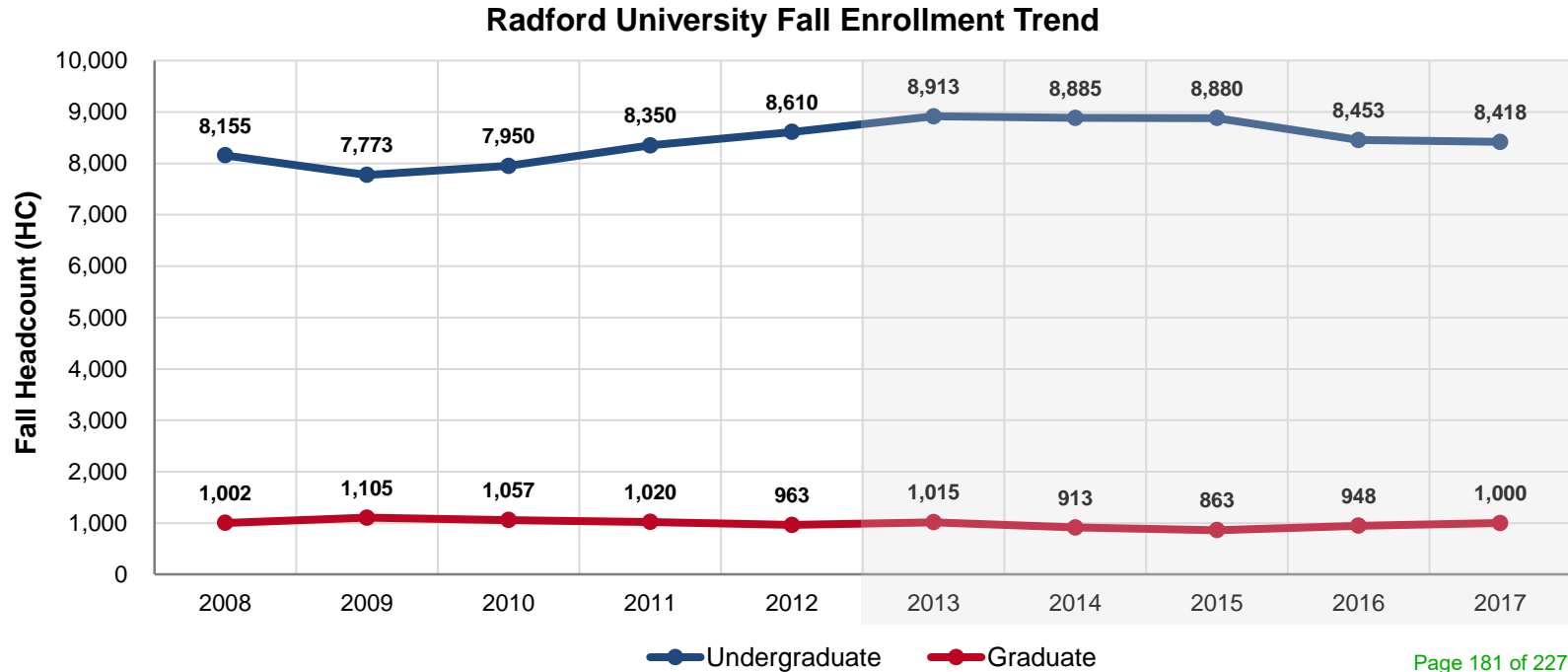


General Fund per In-State FTE: Variance to RU

Source: IPEDS (2015-16) - Four Year Publics



2) Enrollment Trends



Total FTE Enrollment

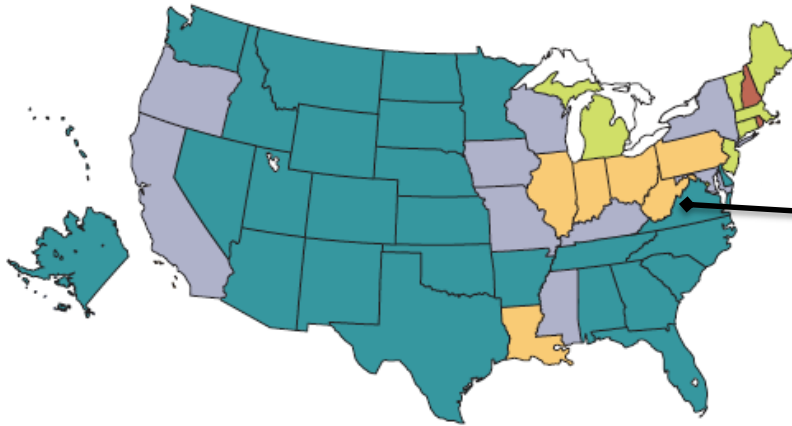
FY 2017 In-State vs. Out-of-State

2016-17 Enrollment FTE			
	IS FTE	OoS FTE	Total
UVA - W	1,553	93	1,646
CNU	4,676	310	4,986
LU	4,407	299	4,706
RU	8,552	613	9,165
UMW	3,914	383	4,297
ODU	17,830	2,201	20,031
VCU	23,788	4,709	28,497
NSU	3,977	824	4,801
GMU	23,166	6,211	29,377
JMU	15,375	5,463	20,838
VSU	3,321	1,185	4,506
VT	22,109	11,566	33,675
CWM	5,233	3,377	8,610
VMI	1,180	773	1,953
UVA	14,028	10,301	24,329

Percent of Inst. Total	
% IS	% OoS
94%	6%
94%	6%
94%	6%
93%	7%
91%	9%
89%	11%
83%	17%
83%	17%
79%	21%
74%	26%
74%	26%
66%	34%
61%	39%
60%	40%
58%	42%

2016-17 UG Tuition	
\$ IS	\$ OoS
\$5,369	\$22,079
\$7,870	\$19,496
\$7,350	\$21,780
\$7,045	\$19,126
\$7,948	\$22,538
\$6,348	\$23,328
\$10,989	\$30,146
\$5,318	\$17,680
\$8,204	\$29,486
\$5,896	\$21,670
\$5,386	\$15,916
\$10,941	\$28,064
\$15,810	\$36,850
\$8,461	\$32,770
\$13,515	\$42,859

High School Graduation Trends (2014-2024)



Enrollment Demographic	10-Yr. Changes	Percent Increase
Total Virginia	10,375	12.7%
White, Non-Hispanic	(778)	-1.7%
Hispanic	6,820	99.1%
Black, Non-Hispanic	1,653	10.1%
Asian/Pacific Islander	3,821	65.9%

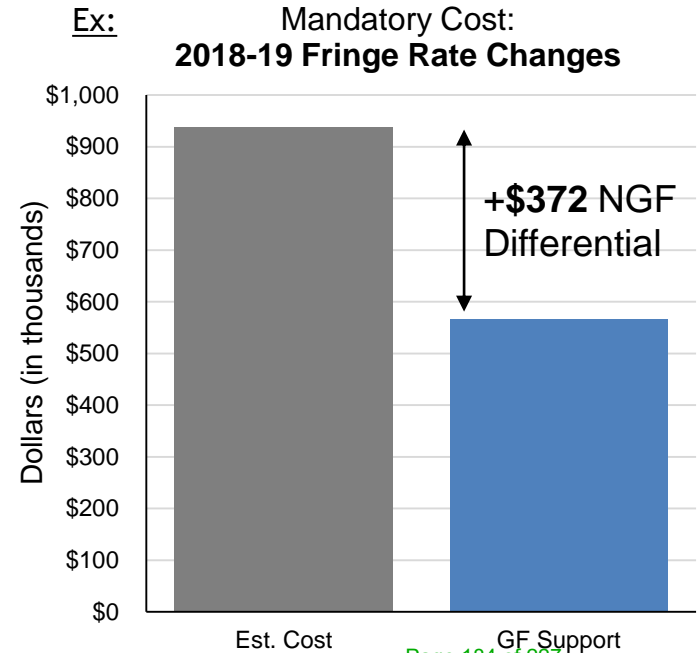
Source: Ruffalo Noel Levitz. (2014). *2014-24 projections of high school graduates by state and race/ethnicity, based primarily on data from WICHE.* Coralville, Iowa: Ruffalo Noel Levitz.

- States that will have severe overall declines in high school graduates (decreases greater than or equal to 10 percent)
- States that will have a moderate overall decrease in high school graduates (decreases between 3 and 10 percent)
- States that will have a minimal overall change in high school graduates (less than 3 percent change, up or down)
- States that will have a moderate overall increase in high school graduates (increases between 3 and 10 percent)
- States that will have large overall increases in high school graduates (increases greater than or equal to 10 percent)

3) Mandatory Cost Increases

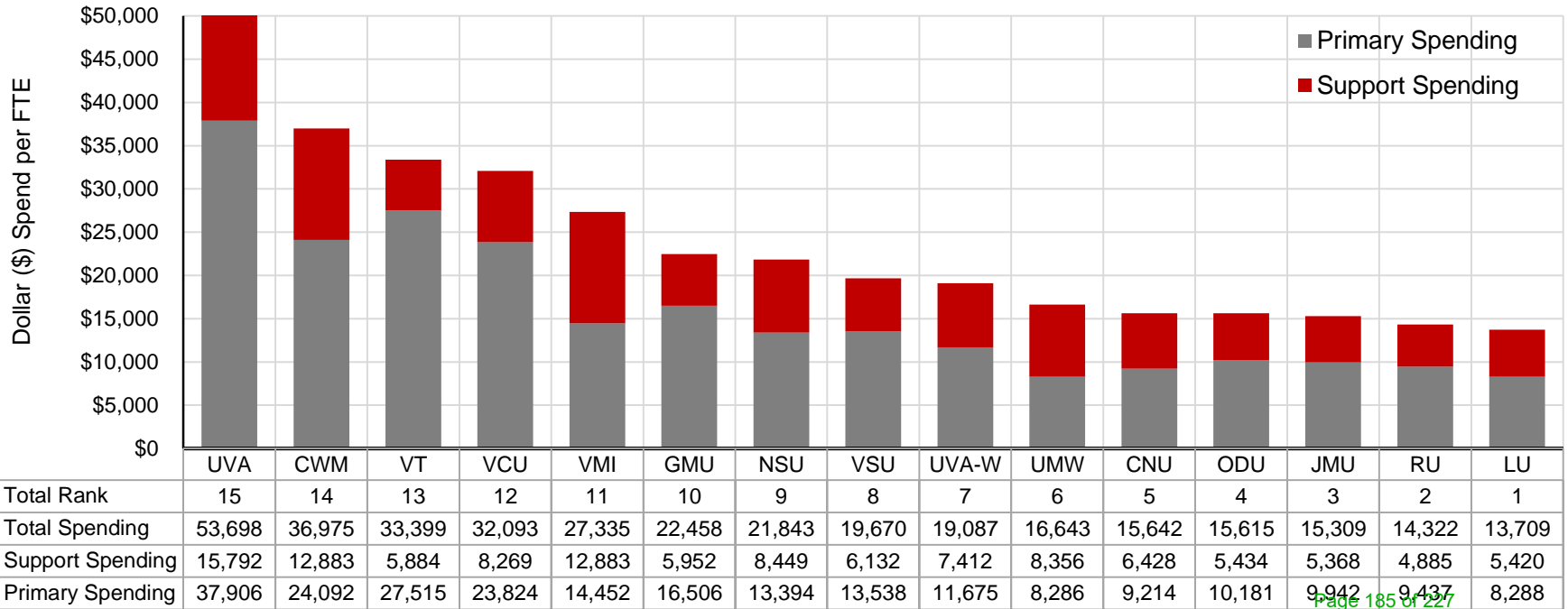
The University must address a number of state mandated items that continue to be a driving force in increasing the cost of education.

- Prior to pursuing any programmatic opportunities, the institution must first account for all unavoidable cost increases for the upcoming fiscal year.
- There is a growing reliance on making institutional strategic investments.



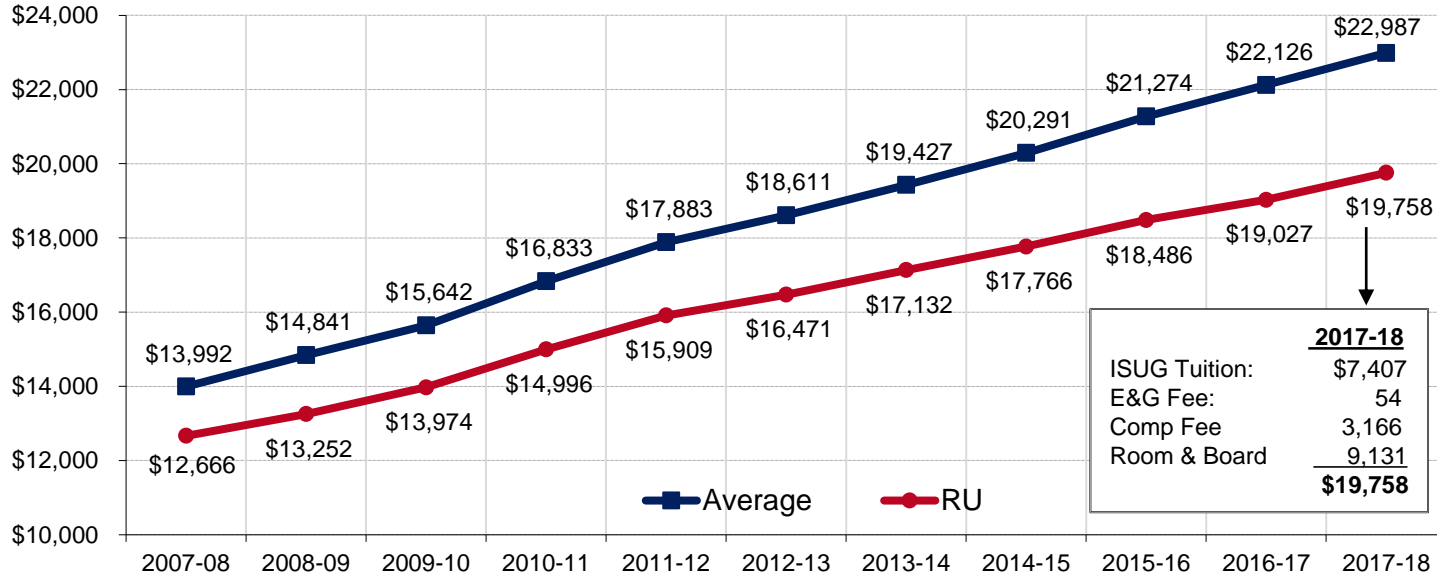
VA Institutions Functional Spend per FTE:

Source: IPEDS (2015-16) - Four Year Publics



Total Cost: 3rd lowest cost provider

Comparison, In-State Undergraduate
 RU and Average 4-year VA Public Institutions of Higher Education



Rank	Inst.	2017-18
1	CWM	\$33,843
2	VMI	\$27,450
3	UVA	\$27,060
4	CNU	\$24,878
5	VCU	\$23,811
6	LU	\$23,138
7	GMU	\$23,014
8	UMW	\$22,344
9	VT	\$21,920
10	JMU	\$20,990
11	ODU	\$20,472
12	UVA-W	\$20,139
13	RU	\$19,758
14	VSU	\$19,606
15	NSU	\$18,902

Average = \$22,987

4) Implement Strategic Plan

It is imperative the University is focused on the future. Where we want to be as an institution, not where we are, should drive our strategic focus.

2018-2023 Strategic Plan:

“Embracing the Tradition and Envisioning the Future”

- Reflects the involvement of a diverse group of campus representatives, community members, and other University stakeholders.
- The new plan contains a total of 6 areas of focus, 22 goals, and countless strategies for achieving the University’s mission; *past and present*.

Focal Areas:

1. Academic Excellence & Research (4)
2. Brand Identity (2)
3. Economic Development & Community Partnership (2)
4. Philanthropic Giving & Alumni Engagement (3)
5. Strategic Enrollment Growth (8)
6. Student Success (3)

() = Denotes the number of goals for each area

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2018-19 Tuition & Fee Recommendations

RADFORD
UNIVERSITY

2018-19 Proposed Resource Allocation - Revenue

	2018-19 Assumptions
REVENUE	
General Fund Changes	
2017-18 Central Fund Alignment	\$118,006
2018-19 Interest Earnings & CC Rebates	180,000
2018-19 Fringe Rate Changes	566,064
2018-19 Central Systems & Other Changes	38,152
Total General Fund Changes	\$902,222
Nongeneral Fund Changes	
Tuition & Fees	\$3,999,840
Sales & Services	(60,000)
Private Support	201,653
VRS Recoveries	344,731
Need Based Scholarships	(472,225)
Total Nongeneral Fund Changes	\$4,013,999
Total Revenue Changes	\$4,916,221

Limited available resources. The General Assembly continues to remain focused on strengthening the overall fiscal position of the Commonwealth.

Giving full consideration to legislative actions, economic outlook, and enrollment related factors for the upcoming 2018-19 fiscal year, a **tuition increase** has been proposed for both in-state and out-of-state students.

2018-19 Proposed Resource Allocation - Expense

	2018-19 Assumptions
EXPENSES	
Non-Discretionary Cost Increases	
Mandatory Costs	
2018-19 Fringe Rate Changes	\$938,101
Central Cost Commitments	
AA Promotion & Tenure	220,670
Contracts & Compliance	337,421
Contract Payouts	100,000
One-Time Operating Restoration	344,731
Recovery Rate Changes	202,981
Sub-Total Central Commitments	\$2,143,904
Division Recurring Requirements	
Academic Affairs	\$612,775
Finance & Administration	29,778
Information Technology	35,000
Central Administration	8,147
Student Affairs	13,441
University Relations	14,915
University Advancement	435,663
Enrollment Management	178,339
General Strategic Plan Implementation	1,444,260
Sub-Total Division Requirements	\$2,772,317
Total Non-Discretionary Cost Increases	\$4,916,221
SURPLUS / (DEFICIT)	\$0

Estimated general fund support for health and other fringe benefit rate changes is **\$566,064**. This will assist in defraying a portion of the cost; however, the University must address the remaining **\$372,037** to fund the state mandate.

Each funded item is required to align with the goals and objectives of the **2018-23 strategic plan**. Resources are to fund the absolute highest priorities across each division.

2018-19 Tuition & Fee Rate Proposals

RADFORD
UNIVERSITY

Proposed In-State Undergraduate Rates

	<u>Approved 2017-18</u>	<u>Proposed 2018-19</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Undergraduate				
<u>In-state Undergraduate (full-time) –</u>				
Tuition	\$7,407	\$7,922	\$515	
Mandatory Technology Fee	54	58	4	
Mandatory Comprehensive Fee	3,166	3,230	64	
Total In-state Undergraduate	\$10,627	\$11,210	\$583	
Room - Standard Double	5,127	5,281	154	
Board - 19 Meal Plan	4,105	4,229	124	
Total In-state Undergraduate Living in University Housing	\$19,859	\$20,720	\$861	4.34%

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Proposed Out-of-State Undergraduate Rates

	<u>Approved 2017-18</u>	<u>Proposed 2018-19</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Undergraduate				
<u>Out-of-state Undergraduate (full-time) –</u>				
Tuition	\$19,042	\$19,557	\$515	
Mandatory Capital Fee	447	447	0	
Mandatory Technology Fee	54	58	4	
Mandatory Comprehensive Fee	3,166	3,230	64	
Total Out-of-state Undergraduate	\$22,709	\$23,292	\$583	
Room - Standard Double	5,127	\$5,281	154	
Board - 19 Meal Plan	4,105	\$4,229	124	
Total Out-of-state Undergraduate Living in University Housing	\$31,941	\$32,802	\$861	2.70%

Proposed Traditional Graduate Program Rates

	<u>Approved 2017-18</u>	<u>Proposed 2018-19</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Undergraduate				
<u>In-state Graduate (full-time) –</u>				
Tuition	\$8,336	\$8,915	\$579	
Mandatory Technology Fee	54	58	4	
Mandatory Comprehensive Fee	3,166	3,230	64	
Total In-state Graduate	\$11,556	\$12,203	\$647	5.60%
<u>Out-of-State Graduate (full-time) –</u>				
Tuition	\$16,862	\$17,441	\$579	
Mandatory Capital Fee	447	447	0	
Mandatory Technology Fee	54	58	4	
Mandatory Comprehensive Fee	3,166	3,230	64	
Total Out-of-state Graduate	\$20,529	\$21,176	\$647	3.15%

Questions?



RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs and Audit Committee
May 3, 2018

Action Item
Recommendation for 2018-19 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, the University's strategic plan, 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 2018-19 academic year.

As required, the University must first address all unavoidable cost increases for the next fiscal year prior to pursuing programmatic opportunities. This includes fringe benefit and health insurance changes, promotion and tenure compensation adjustments, safety and security, contractual escalators, technology infrastructure support, and the operating and maintenance of new facilities coming online. Therefore, the proposed tuition and fee recommendations are not only necessary to cover the aforementioned increases, but also to maintain essential levels of instructional support and student support services.

The State's financial outlook has improved significantly since the beginning of the current 2016-18 biennium, and this year's legislative session continues to remain focused on strengthening the overall fiscal position of the Commonwealth. Recommended contributions to this effort include the establishment of a Revenue Cash Reserve which would serve in aggregate of the Revenue Stabilization Fund, also known as the *Rainy Day Fund*, and would seek to maintain the broader fiscal integrity of the Commonwealth.

At this time, however, the impending 2018-20 biennial budget remains at a legislative stalemate. The initial session officially concluded on March 10, 2018 without a concurrence on the final fiscal plan. Although both the Executive and House budget proposals contain similar funding allocations, the Senate provides an alternative approach to provide a different path toward the long-term financial health of the Commonwealth. Central to the dispute remains funding associated with Medicaid expansion. In an effort to reach an agreement, legislators are expected to return to Richmond on April 11, 2018.

The University's total enrollment is anticipated to improve over the next four years. While the University continues to do well in recruiting, in spite of flat high school graduation rates, 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, and actual enrollments will not be confirmed until the Fall 2018 census.

Based on the aforementioned legislative, economic, and enrollment related factors for the 2018-19 fiscal year, tuition, mandatory fees, and room and board charges are in aggregate recommended to increase \$861 (or 4.34 percent) for full-time in-state undergraduates and \$861 (or 2.70 percent) for full-time out-of-state undergraduates. This recommendation represents a conservative, sufficient, and prudent funding approach for the University in 2018-19.

Authority for Setting Tuition and Fees:

The current tuition policies identified in the 2017 Acts of Assembly, Chapter 836, Section 4-2.01.b (Higher Education Tuition and Fees) 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.

The 2016-18 Biennial Budget contains additional language in Item 185-1c related to the Board approval of tuition rates 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.

Additionally, in accordance with Section 23.1 – 307 (D) public institutions of higher education are required to give at least 30 days advanced public notice of any vote by the Board to increase undergraduate tuition or mandatory fees:

D. No governing board of any public institution of higher education shall approve an increase in undergraduate tuition or mandatory fees without providing students and the public a projected range of the planned increase, an explanation of the need for the increase, and notice of the date and location of any vote on such increase at least 30 days prior to such vote.

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) 2017-18 Tuition and Fees at Virginia's State-Supported Colleges and Universities annual report dated July 2017.

<http://www.schev.edu/docs/default-source/Reports-and-Studies/2017/tuition-and-fees-report-2017-18d557ba50bece61aeb256ff000079de01.pdf>

Development of Proposed Tuition and Fee Rates:

The proposed tuition and fee recommendations consider the legislative requirements outlined above, the University's Strategic Plan: *Embracing the Tradition and Envisioning the Future*, projected enrollment, the 2018-20 biennial budget proposals, mandatory cost drivers, programmatic directives, and the overall economic outlook.

On April 3, 2018, in accordance with Section 23.1 – 307(D) of the Code of Virginia, a 30-day public notification was issued for undergraduate tuition and mandatory fee increase ranging between 3.95 and 7.95 percent. It is recommended that full consideration be given to the potential tuition and fee assessments for the upcoming 2018-19 academic year. If approved, the revenue generated from the increase, in combination with state appropriations, will be used to address personnel costs, state mandated items, health benefit changes, student financial assistance, and select institutional initiatives.

The following depicts the process used to derive the 2018-19 tuition and fee recommendations and outlines the impact of each variable as it relates to the specific recommendation. Please refer to Schedule A for a summary of the necessary resource outlay for 2018-19.

Educational & General (E&G) Program:

University Strategic Plan: “*Embracing the Tradition and Envisioning the Future*”

Following a year-long intensive planning process and recent adoption by the Board of Visitors, Radford University has a renewed strategic direction for 2018–2023: *Embracing the Tradition and Envisioning the Future*. The goals identified within the five-year plan reflect not only the institution of Radford University but those it proudly serves; including our students, faculty, staff, alumni, and community. The plan is expected to chart the course for ongoing strategic action and will focus its efforts on serving both current and future generations of Highlanders.

The 2018-19 budget development cycle seeks to align divisional priorities with the efforts identified in the strategic plan. This included a comprehensive list of strategic goals within focus areas such as: Academic Excellence & Research, Brand Identity, Economic Development & Community Partnerships, Philanthropic Giving & Alumni Engagement, Strategic Enrollment Growth, and Student Success. Only those initiatives that aligned were considered during the current budget cycle. This will continue to be a point of fiscal relevance through the coming years.

Six-Year Planning Processes and 2017-18 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 the essential needs for the upcoming fiscal year and outline divisional priorities for the outlying years. 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 2018-20 Six-Year Plan to SCHEV this fiscal year. The University will be required to submit any updates to the 2018-20 plan to SCHEV by July 1, 2018. 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

In recent history, Radford University has experienced enrollment gains in total student population. Between 2009-10 and 2013-14 the University increased 1,144 full-time equivalent (FTE) students; however, since 2014-15 total enrollment has stabilized. Enrollment for 2018-19 is conservatively projected to be aligned with prior year levels. Considering Fall 2017 census data, guidance from SCHEV on enrollment trends, and demographic changes in the high school student pipeline, the 2018-19 proposed tuition and fees rates are based on a conservative enrollment target at this point in the year. These projections are closely aligned with prior year budget expectations; a prudent decision given the challenges of the current recruitment landscape. Actual enrollments will not, however, be confirmed until the Fall 2018 census.

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 a student's cost of education, general fund support is also 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. 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 (93.6 percent as of Fall 2017). SCHEV's calculation identifies that the University's E&G program should be funded 62 percent from state general fund support and 38 percent through institutional nongeneral fund sources (i.e. tuition, E&G fees, etc.). However, SCHEV's most recent calculation reflects an inversion with Radford University funding 61 percent from institutional nongeneral fund sources and 39 percent from state general funds.

Mandatory Cost Increases

2018 General Assembly Session Action –

As previously mentioned, the 2018 General Assembly Session was largely focused on strengthening the fiscal position of the Commonwealth. With some variation, the Governor, House of Delegates, and Senate all proposed creating safeguard reserves to protect against future hardship and maintain broader fiscal integrity. Unfortunately, the 2018-20 biennial budget remains unsigned. The initial legislative session concluded without an approved fiscal plan. The House and Senate budget proposals remained at odds with funding associated with Federal Medicaid program expansion. While both the Executive and House budget proposal have significant overlap, the Senate remains hesitant with regard to expansion efforts and requests an alternative approach to spending in lieu of accepting additional funding.

Contrary to prior years, the federal funds awarded from Medicaid expansion were ingrained into the framework of the Executive budget proposal. While institutional differences manifest between the competing budget proposals, the most significant impact to Radford University in 2018-19 is the uncertainty associated with funding the increase in undergraduate financial aid. This appropriation is critical in assisting a public mission of making undergraduate higher education more affordable for all Virginians. In an effort to reach an agreement, legislators will return to

Richmond to address a bipartisan compromise. Additional information will be known in the coming weeks; however, regardless of the outcome, Radford University is expected to remain prudent in tempering its ongoing fiscal outlook.

Minimal variation exists in the first year of the biennium related to direct funding allocations to Radford University. In 2018-19 employer contributions for health insurance benefits are expected to increase by 6.1 percent, or \$938,101. The estimated incremental general fund support to be received for health and other fringe benefit rate changes is \$566,064. This will assist in defraying a portion of the cost; however, the University must address the remaining \$372,037 to fully fund the mandated changes. In addition, each of the budget proposals called for the restoration of interest earnings and credit card rebates. It is estimated this would provide an additional \$180,000 in support for programmatic initiatives.

The House budget proposal included funding to increase degree production in data science, technology, science, engineering, healthcare, and education. The expectation is to increase 1,320 degree awards in these fields, across all institutions, over the next biennium. If the proposal is included in the Conference budget, it would provide \$514,230 in 2018-19 and \$1,028,460 in 2019-20 to Radford University for such purposes. All funding associated with this proposal would be directed to support the increased degree production as requested.

There are no base salary adjustments proposed in any of the three budget proposals for 2018-19; however, the House proposal does call for a 2 percent bonus for classified employees only. This proposal is based on the expectation of nongeneral fund savings at the State level and would have no recurring impact on future fiscal budgets.

Undergraduate student financial assistance, under both the Executive and House budget proposals, is planned to increase by \$807,335 in 2018-19 and \$1,375,857 in 2019-20. The Senate budget proposal redirected 50 percent of the allocations in each of the biennium years. This allocation of financial aid resources is important for the University and will assist in lowering the cost of higher education for students of deserving need.

The following schedule reflects the anticipated funding from the 2018 General Assembly Session providing additional general fund support for the University in 2018-19:

2018 General Assembly Funding Summary:

	Proposed 2018-19 Funding
E&G - Educational & General	
2017-18 Central Fund Alignment	\$118,006
2018-19 Interest Earnings/CC Rebates	180,000
2018-19 Fringe Rate Changes (*)	566,064
2018-19 Central System & Other Charges	38,152
Total E&G General Fund Recommendations	\$902,222
SFA - Student Financial Assistance	
2018-19 In-State Undergraduate Financial Aid	807,335
Total E&G and SFA (combined) General Fund	\$1,709,557

Notes:

(*) 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.

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 costs for previously approved projects. These initiatives, referred to as central cost commitments, combine to total \$2,143,598. 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 2018-19 totals \$1,328,057. While many requests were submitted to further operational priorities in support of implementing the strategic plan, only a handful of critical items were able to be addressed. Each funded item is required to align with the goals and objectives of the 2018-23 strategic plan. Therefore, the allocation of these resources are deemed necessary to fund the absolute highest priorities across each division and address the most critical of needs.

Out-of-State Tuition Outlook

For the last several years, out-of-state tuition rate increases have varied from the in-state increases because it was believed that the University was reaching a point of diminishing returns relative to out-of-state tuition rates exceeding 150 percent of actual cost of education. For 2018-19, the University proposes to increase out-of-state undergraduate and graduate tuitions by \$515 (or 2.70 percent) and \$579 (or 3.43 percent), respectively. This equitable approach will ensure a comparable dollar differential between in-state and out-of-state tuition when compared to the prior year. Out-of-state students are required to cover 100 percent of the calculated cost of education. The University's rates are within and exceed this requirement. The most recent SCHEV calculation (2017-18) indicated out-of-state students (undergraduate and graduates) were covering 144 percent of the average cost at Radford University (SCHEV July 2017 Agenda Book, page 89).

Refer to the Summary of Tuition and Fees for 2018-19, Schedule B at the end of this document, for further details on the proposed rates.

E&G Summary

Taking all of the above into consideration, the following represents the major factors considered in the proposed 2018-19 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) the implantation of the University's strategic plan, 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 2018-19, 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 2018-19.

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 2018-19, 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 2018-19, 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 2018-19, Schedule B at the end of this document, for the proposed rate.

Competency Based Education:

During the 2017-18 academic year, Radford University piloted two certificate programs based on the competency-based education model: Cybersecurity and Geospatial Intelligence. The asynchronous curriculum of these programs grant students more control in completing requirements beyond the scope of the standard credit hour measurement. Students are required to achieve certain skills or competencies in a designated subject matter, regardless of time, before they can complete the program. Therefore, it is an outcome, or competency, driven model that allows students the flexibility to manage program workloads at their desired pace.

Tuition rates are recommended to remain unchanged from prior year. While tuition is proposed at an annual rate, students will receive a pro-rated assessment on an ongoing six-month basis for as long as they are enrolled in the program. Refer to the Summary of Tuition and Fees for 2018-19, Schedule B at the end of this document, for the proposed rates.

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.

To cover the increasing costs associated with maintaining these technology requirements the fee is recommended to increase \$4 (or 7.41 percent) in 2018-19. Refer to the Summary of Tuition and Fees for 2018-19, 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 2018-19. As both the DNP and MFA degree programs are assessed the online program fee, they do not receive a comprehensive fee assessment. 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 2018-19, 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. This is required to pay a portion of the debt service on bonds issued under the 21st Century Program. The out-of-state capital fee is proposed to remain unchanged. The General Assembly previously increased the per credit hour fee in 2007, 2009, 2010, 2012, and 2017. Refer to the Summary of Tuition and Fees for 2018-19, 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 2.02 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 projects 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 Substance Abuse and Violence Education Support (SAVES) Office.

Student Services: The student fee supports student professional development through career, advising, and other resource services.

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. Smart Way Bus, Blacksburg Transit, etc.) may have separate user fees.

Refer to the Summary of Tuition and Fees for 2018-19, Schedule B at the end of this document, for the proposed rate.

Room Rates

During the previous academic year, Radford University realigned room charges to better account for the diverse array of housing options available. Standard occupancy accommodations were split into three different categories: **Phase I** consisting of the seven standard halls that have not been recently renovated, **Phase II** consisting of the seven residence halls that have been recently renovated, and **Super Suites** which are upgraded Phase II accommodations providing a shared kitchen space for the occupants. This change eliminated the ‘one-size-fits-all’ approach to the standard room type, and the cost of the facilities are aligned with students who occupy those respective rooms.

As a result of the aforementioned phased approach, the proposed 2018-19 room rates are recommended to increase a proportional 3.00 percent across all categories. This will alleviate any disparity in the already tiered pricing structure. The increase is necessary to cover increased costs associated with scholarships, maintenance and operations, programmatic requirements, debt service payments, fringe benefit and health insurance rate adjustments, student support services, and all associated indirect cost charges.

Refer to the Summary of Tuition and Fees for 2018-19, Schedule B at the end of this document, for further details on the proposed rates.

Board/Off-Campus Meal Plans

The proposed average 2018-19 board and off-campus meal plan rate increase of 3.02 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 residential board plans as part of their housing agreement. Off-campus students may elect to participate in any of the approved meal plan options.

To support the increase in apartment housing options offered by the University, a new Apartment Block meal plan is recommended at a rate of \$2,160 for the 2018-19 academic year (or \$1,080 per semester). The dining option will be required, at minimum, for those living in University apartment style housing. Refer to the Summary of Tuition and Fees for 2018-19, Schedule B at the end of this document, for further details on the proposed rates.

Reference Material:

For reference, Schedule C is an excerpt from the 2017-18 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:
2018-19 Resource Allocation Analysis

	2018-19 Assumptions		2018-19 Assumptions
REVENUE		EXPENSES	
General Fund Changes		Non-Discretionary Cost Increases	
2017-18 Central Fund Alignment	\$118,006	Mandatory Costs	
2018-19 Interest Earnings & CC Rebates	180,000	2018-19 Fringe Rate Changes	\$938,101
2018-19 Fringe Rate Changes	566,064	Central Cost Commitments	
2018-19 Central Systems & Other Changes	38,152	AA Promotion & Tenure	220,670
Total General Fund Changes	\$902,222	Contracts & Compliance	337,421
Nongeneral Fund Changes		Contract Payouts	100,000
Tuition & Fees	\$3,999,840	One-Time Operating Restoration	344,731
Sales & Services	(60,000)	Recovery Rate Changes	202,981
Private Support	201,653	Sub-Total Central Commitments	\$2,143,904
VRS Recoveries	344,731	Division Recurring Requirements	
Need Based Scholarships	(472,225)	Academic Affairs	\$612,775
Total Nongeneral Fund Changes	\$4,013,999	Finance & Administration	29,778
Total Revenue Changes	\$4,916,221	Information Technology	35,000
		Central Administration	8,147
		Student Affairs	13,441
		University Relations	14,915
		University Advancement	435,663
		Enrollment Management	178,339
		General Strategic Plan Implementation	1,444,260
		Sub-Total Division Requirements	\$2,772,317
		Total Non-Discretionary Cost Increases	\$4,916,221
		SURPLUS / (DEFICIT)	\$0

Schedule B:
Summary of Proposed 2018-19 Tuition and Fees

	<u>Approved 2017-18</u>	<u>Proposed 2018-19</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Undergraduate				
<u>In-state Undergraduate (full-time) –</u>				
Tuition	\$7,407	\$7,922	\$515	6.95%
Mandatory Technology Fee	54	58	4	7.41%
Mandatory Comprehensive Fee	3,166	3,230	64	2.02%
Total In-state Undergraduate	\$10,627	\$11,210	\$583	5.49%
Room - Standard Double	5,127	5,281	154	3.00%
Board - 19 Meal Plan	4,105	4,229	124	3.02%
Total In-state Undergraduate Living in University Housing	\$19,859	\$20,720	\$861	4.34%
<u>Out-of-state Undergraduate (full-time) –</u>				
Tuition	\$19,042	\$19,557	\$515	2.70%
Mandatory Capital Fee	447	447	0	0.00%
Mandatory Technology Fee	54	58	4	7.41%
Mandatory Comprehensive Fee	3,166	3,230	64	2.02%
Total Out-of-state Undergraduate	\$22,709	\$23,292	\$583	2.57%
Room - Standard Double	5,127	\$5,281	154	3.00%
Board - 19 Meal Plan	4,105	\$4,229	124	3.02%
Total Out-of-state Undergraduate Living in University Housing	\$31,941	\$32,802	\$861	2.70%

	<u>Approved 2017-18</u>	<u>Proposed 2018-19</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Graduate				
<u>In-state Graduate (full-time) –</u>				
Tuition	\$8,336	\$8,915	\$579	6.95%
Mandatory Technology Fee	54	58	4	7.41%
Mandatory Comprehensive Fee	3,166	3,230	64	2.02%
Total In-state Graduate	\$11,556	\$12,203	\$647	5.60%

<u>Out-of-State Graduate (full-time) –</u>				
Tuition	\$16,862	\$17,441	\$579	3.43%
Mandatory Capital Fee	447	447	0	0.00%
Mandatory Technology Fee	54	58	4	7.41%
Mandatory Comprehensive Fee	3,166	3,230	64	2.02%
Total Out-of-state Graduate	\$20,529	\$21,176	\$647	3.15%

Differential Tuition & Fees

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

Tuition	\$352	\$376	\$24	6.95%
Mandatory Technology Fee ¹	3	3	0	0.00%
Mandatory Comprehensive Fee ¹	132	135	3	2.26%
Total In-state Graduate MOT	\$487	\$514	\$27	5.63%

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

Tuition	\$943	\$967	\$24	2.59%
Mandatory Capital Fee ¹	19	19	0	0.00%
Mandatory Technology Fee ¹	3	3	0	0.00%
Mandatory Comprehensive Fee ¹	132	135	3	2.26%
Total Out-of-state Graduate	\$1,097	\$1,124	\$27	2.50%

¹ For applicable differential tuition programs, students enrolled in 12 to 18 credit hours will be assessed up to the annualized rate of \$1,615 per semester for the mandatory comprehensive fee, \$27 per semester for the technology fee, and \$223.50 per semester for the Out-of-State Capital Fee.

	<u>Approved 2017-18</u>	<u>Proposed 2018-19</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
<u>Doctor of Nursing Practice (DNP) In-State (per credit hour)</u>				
Tuition	\$471	\$504	\$33	6.95%
Mandatory Technology Fee ¹	3	3	0	0.00%
Mandatory Online Program Fee ²	25	25	0	0.00%
Total In-state Graduate DNP	\$499	\$532	\$33	6.56%

<u>Doctor of Nursing Practice (DNP) Out-of-State (per credit hour)</u>				
Tuition	\$964	\$997	\$33	3.40%
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	\$1,011	\$1,044	\$33	3.24%

<u>Doctor of Physical Therapy (DPT) In-State (per credit hour)</u>				
Tuition	\$449	\$480	\$31	6.95%
Mandatory Technology Fee ¹	3	3	0	0.00%
Mandatory Comprehensive Fee ¹	132	135	3	2.26%
Total In-state Graduate DPT	\$584	\$618	\$34	5.85%

<u>Doctor of Physical Therapy (DPT) Out-of-State (per credit hour)</u>				
Tuition	\$935	\$966	\$31	3.34%
Mandatory Capital Fee ¹	19	19	0	0.00%
Mandatory Technology Fee ¹	3	3	0	0.00%
Mandatory Comprehensive Fee ¹	132	135	3	2.26%
Total Out-of-state Graduate DPT	\$1,089	\$1,123	\$34	3.14%

¹ For applicable differential tuition programs, students enrolled in 12 to 18 credit hours will be assessed up to the annualized rate of \$1,615 per semester for the mandatory comprehensive fee, \$27 per semester for the technology fee, and \$223.50 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.

	<u>Approved 2017-18</u>	<u>Proposed 2018-19</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
<u>Master of Fine Arts in Design Thinking In-State (per credit hour)</u>				
Tuition	\$696	\$744	48	6.95%
Mandatory Technology Fee ¹	3	3	0	0.00%
Mandatory Online Program Fee ²	25	25	0	0.00%
Total In-state Graduate DNP	\$724	\$772	\$48	6.68%

Master of Fine Arts in Design Thinking Out-of-State (per credit hour)

Tuition	\$696	\$744	48	6.95%
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	\$743	\$791	\$48	6.51%

Competency Based Certificate Program (per year)

Tuition	\$6,000	\$6,000	\$0	0.00%
Mandatory Capital Fee ¹	0	0	0	0.00%
Mandatory Technology Fee ¹	0	0	0	0.00%
Total Competency Certificate	\$6,000	\$6,000	\$0	0.00%

¹ For applicable differential tuition programs, students enrolled in 12 to 18 credit hours will be assessed up to the annualized rate of \$1,615 per semester for the mandatory comprehensive fee, \$27 per semester for the technology fee, and \$223.50 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, 2018 Wintermester and Summer³ Rates

<u>Tuition</u>	<u>Approved 2017-18</u>	<u>Proposed 2018-19</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
<i>Undergraduate</i>				
In-state	\$308	\$329	\$21	6.95%
Out-of-state	793	814	21	2.70%
<i>Graduate</i>				
In-state	347	371	24	6.95%
Out-of-state	702	726	24	3.43%
In-state MOT	352	376	24	6.95%
Out-of-state MOT	943	967	24	2.59%
In-state DPT	449	480	31	6.95%
Out-of-state DPT	935	966	31	3.34%
In-state DNP	471	504	33	6.95%
Out-of-state DNP	964	997	33	3.40%
In-state MFA	696	744	48	6.95%
Out-of-state MFA	696	744	48	6.95%
Virginia Educator	266	284	18	6.95%
<u>Other Mandatory Fees</u>				
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	132	135	3	2.26%

²The 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.

³Summer 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 2017-18	Proposed 2018-19	Dollar Increase	Percent Increase
Mandatory Comprehensive Fee				
Athletics	\$1,180	\$1,180	\$0	0.00%
Auxiliary Building/Facilities	258	263	5	1.94%
Auxiliary Support	209	216	7	3.35%
Debt Service	299	299	0	0.00%
Recreation	282	287	5	1.77%
Student Activities	127	127	0	0.00%
Student Health	322	342	20	6.21%
Student Services	75	90	15	20.00%
Student Union	286	296	10	3.50%
Transit	128	130	2	1.56%
Total Comprehensive Fee	\$3,166	\$3,230	\$64	2.02%

Fall & Spring Annual Room Rates⁴

	Approved 2017-18	Proposed 2018-19	Dollar Increase	Percent Increase
Room				
Traditional Double	\$4,540	\$4,676	\$136	3.00%
Standard Double - Phase I	5,127	5,281	154	3.00%
Standard Double - Phase II	5,281	5,439	158	2.99%
Traditional Single	6,627	6,826	199	3.00%
Standard Single - Phase I	7,294	7,513	219	3.00%
Standard Single - Phase II	7,513	7,738	225	2.99%
Standard - Super Suite	5,545	5,711	166	2.99%
University Managed Apartments	5,909	6,086	177	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 Rates⁵

	<u>Approved 2017-18</u>	<u>Proposed 2018-19</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Residential Board Plan				
Flex Plan	\$3,982	\$4,102	\$120	3.01%
19 Meal Plan	4,105	4,229	124	3.02%
15 Meal Plan	3,994	4,114	120	3.00%
Apt Block	---	2,160	---	---
Non-Residential Meal Plan (<i>optional</i>)				
Flex Jr. Plan	\$2,012	\$2,074	\$62	3.08%
65 Meal Plan	1,003	1,034	31	3.09%
90 Meal Plan	1,389	1,431	42	3.02%

⁵Notes:

- a) Summer rates are prorated on the approved annualized rate.
- b) Select board and meal plans may not be available each term.

Schedule C:
2017-18 Operating Budget Plan and Financial Overview

2017-18 Tuition and Fees Overview

Source: 2017-18 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**

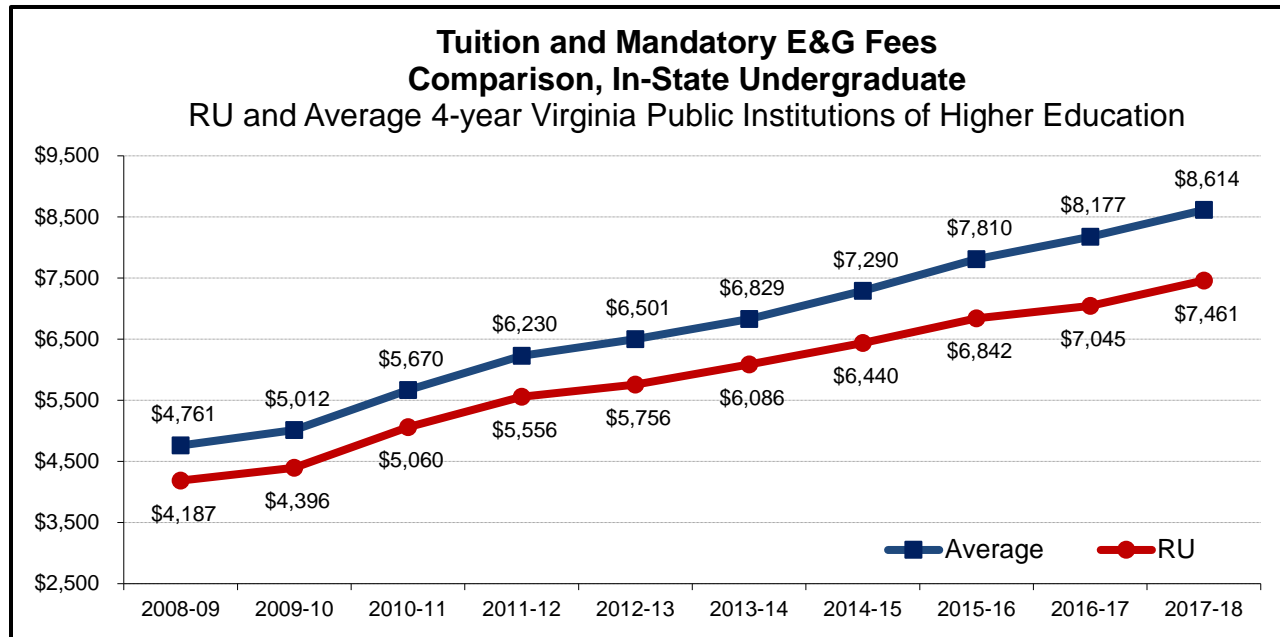
Radford University’s Tuition and Mandatory Fee rates from fiscal years 2014 through 2018 are as follows:

Total Tuition and Mandatory Fees								
In-State, Undergraduate Students								
Rank	Institution	FY14	FY15	FY16	FY17	FY18	\$ Change From FY17	% Change From FY17
1	College of William & Mary ¹	\$10,531	\$12,564	\$14,114	\$15,810	\$16,506	\$696	4.4%
2	University of Virginia	\$10,460	\$10,932	\$12,347	\$13,515	\$13,810	\$295	2.2%
3	Virginia Commonwealth University ¹	\$9,960	\$10,356	\$10,719	\$10,989	\$11,483	\$494	4.5%
4	Virginia Tech	\$9,703	\$10,197	\$10,628	\$10,941	\$11,263	\$322	2.9%
5	Virginia Military Institute	\$7,080	\$7,498	\$8,136	\$8,461	\$8,884	\$423	5.0%
6	George Mason University	\$7,220	\$7,562	\$7,976	\$8,204	\$8,672	\$468	5.7%
7	University of Mary Washington	\$6,758	\$7,146	\$7,716	\$7,948	\$8,306	\$358	4.5%
8	Christopher Newport University	\$6,554	\$6,962	\$7,642	\$7,870	\$8,270	\$400	5.1%
9	Longwood University	\$6,450	\$6,930	\$7,170	\$7,350	\$7,620	\$270	3.7%
10	Radford University	\$6,086	\$6,440	\$6,842	\$7,045	\$7,461	\$416	5.9%
11	Old Dominion University	\$5,492	\$5,813	\$6,193	\$6,348	\$6,648	\$300	4.7%
12	James Madison University	\$5,104	\$5,406	\$5,724	\$5,896	\$6,250	\$354	6.0%
13	Virginia State University	\$4,906	\$5,078	\$5,230	\$5,386	\$5,547	\$161	3.0%
14	University of Virginia at Wise	\$4,801	\$5,012	\$5,210	\$5,369	\$5,529	\$160	3.0%
15	Norfolk State University	\$3,810	\$4,536	\$5,162	\$5,318	\$5,478	\$160	3.0%
Average²		\$6,829	\$7,290	\$7,810	\$8,177	\$8,614	\$437	5.3%

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 E&G fees for 2017-18 is **13.4 percent (\$1,153)** lower than the average tuition and mandatory E&G fees at the other Virginia four-year public institutions of higher education.

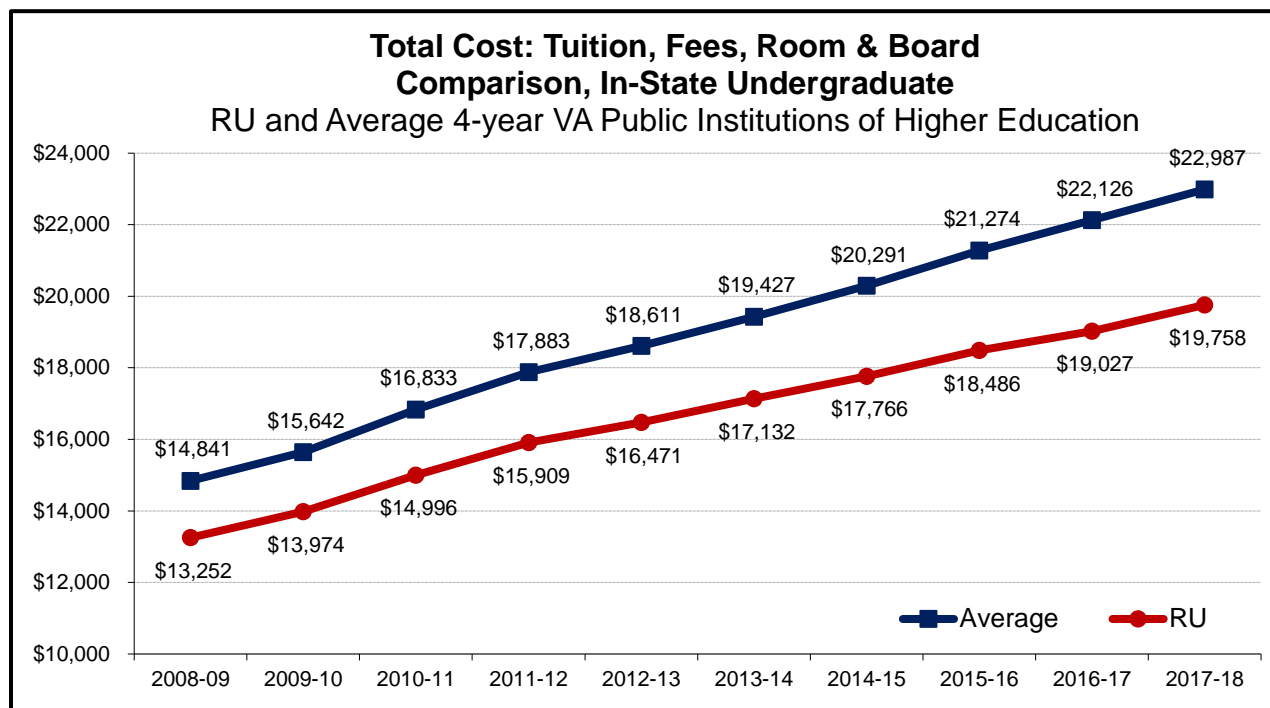


TOTAL PRICE (TUITION, MANDATORY FEES, ROOM AND BOARD)

The charts, graphs, and tables below 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 2017-18 academic year, Radford University’s total cost (tuition, mandatory fees, room and board) is **14.0 percent (or \$3,229)** lower than the average total cost at the other Virginia public four-year institutions of higher education.

In-State, Undergraduate Students	2017-18 State Average	2017-18 RU Total Cost	\$ RU Below Average	% RU Below Average
Tuition and Mandatory E&G Fees	\$8,614	\$7,461	(\$1,153)	-13.4%
Comprehensive Fee	\$4,088	\$3,166	(\$922)	-22.6%
Room & Board	\$10,285	\$9,131	(\$1,154)	-11.2%
Total	\$22,987	\$19,758	(\$3,229)	-14.0%



Total Tuition, Comprehensive Fees, Room & Board Fees In-State, Undergraduate Students								
Rank	Institution	FY14	FY15	FY16	FY17	FY18	\$ Change From FY17	% Change From FY17
1	College of William & Mary ¹	\$25,279	\$28,000	\$30,350	\$32,616	\$33,843	\$1,227	3.8%
2	Virginia Military Institute	\$22,492	\$23,890	\$25,202	\$26,460	\$27,450	\$990	3.7%
3	University of Virginia	\$22,175	\$23,050	\$24,869	\$26,440	\$27,060	\$620	2.3%
4	Christopher Newport University	\$21,050	\$21,960	\$23,140	\$23,968	\$24,878	\$910	3.8%
5	Virginia Commonwealth University ¹	\$21,084	\$21,716	\$22,358	\$23,049	\$23,811	\$762	3.3%
6	Longwood University	\$20,216	\$20,836	\$21,468	\$22,184	\$23,138	\$954	4.3%
7	George Mason University	\$18,898	\$19,814	\$21,462	\$22,030	\$23,014	\$984	4.5%
8	University of Mary Washington	\$18,782	\$19,682	\$20,764	\$21,508	\$22,344	\$836	3.9%
9	Virginia Tech	\$19,105	\$19,941	\$20,711	\$21,276	\$21,920	\$644	3.0%
10	James Madison University	\$18,049	\$18,858	\$19,462	\$20,118	\$20,990	\$872	4.3%
11	Old Dominion University	\$17,732	\$18,518	\$19,214	\$19,870	\$20,472	\$602	3.0%
12	University of Virginia at Wise	\$18,499	\$19,208	\$19,476	\$19,885	\$20,139	\$254	1.3%
13	Radford University	\$17,132	\$17,766	\$18,486	\$19,027	\$19,758	\$731	3.8%
14	Virginia State University	\$17,792	\$18,130	\$18,478	\$19,034	\$19,606	\$572	3.0%
15	Norfolk State University	\$15,600	\$16,176	\$17,336	\$18,228	\$18,902	\$674	3.7%
Average²		\$19,427	\$20,291	\$21,274	\$22,126	\$22,987	\$861	

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 C.M and VCU

RADFORD UNIVERSITY BOARD OF VISITORS

**Resolution
May 4, 2018**

Approval of 2018-19 Tuition and Fees

NOW, THEREFORE, BE IT RESOLVED that the Radford University Board of Visitors approves tuition and fees for the 2018-19 academic year as reflected in the Summary of Proposed 2018-19 Tuition and Fees beginning with the Fall 2018 semester and thereafter until otherwise adjusted by the Board of Visitors.

Summary of Proposed 2018-19 Tuition and Fees

	<u>Approved 2017-18</u>	<u>Proposed 2018-19</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Undergraduate				
<u>In-state Undergraduate (full-time) -</u>				
Tuition	\$7,407	\$7,922	\$515	6.95%
Mandatory Technology Fee	54	58	4	7.41%
Mandatory Comprehensive Fee	3,166	3,230	64	2.02%
Total In-state Undergraduate	\$10,627	\$11,210	\$583	5.49%
Room - Standard Double	5,127	5,281	154	3.00%
Board - 19 Meal Plan	4,105	4,229	124	3.02%
Total In-state Undergraduate Living in University Housing	\$19,859	\$20,720	\$861	4.34%
<u>Out-of-state Undergraduate (full-time) -</u>				
Tuition	\$19,042	\$19,557	\$515	2.70%
Mandatory Capital Fee	447	447	0	0.00%
Mandatory Technology Fee	54	58	4	7.41%
Mandatory Comprehensive Fee	3,166	3,230	64	2.02%
Total Out-of-state Undergraduate	\$22,709	\$23,292	\$583	2.57%
Room - Standard Double	5,127	\$5,281	154	3.00%
Board - 19 Meal Plan	4,105	\$4,229	124	3.02%
Total Out-of-state Undergraduate Living in University Housing	\$31,941	\$32,802	\$861	2.70%

	<u>Approved 2017-18</u>	<u>Proposed 2018-19</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Graduate				
<u>In-state Graduate (full-time) -</u>				
Tuition	\$8,336	\$8,915	\$579	6.95%
Mandatory Technology Fee	54	58	4	7.41%
Mandatory Comprehensive Fee	3,166	3,230	64	2.02%
Total In-state Graduate	\$11,556	\$12,203	\$647	5.60%

Out-of-State Graduate (full-time) –

Tuition	\$16,862	\$17,441	\$579	3.43%
Mandatory Capital Fee	447	447	0	0.00%
Mandatory Technology Fee	54	58	4	7.41%
Mandatory Comprehensive Fee	3,166	3,230	64	2.02%
Total Out-of-state Graduate	\$20,529	\$21,176	\$647	3.15%

Differential Tuition & Fees

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

Tuition	\$352	\$376	\$24	6.95%
Mandatory Technology Fee ¹	3	3	0	0.00%
Mandatory Comprehensive Fee ¹	132	135	3	2.26%
Total In-state Graduate MOT	\$487	\$514	\$27	5.63%

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

Tuition	\$943	\$967	\$24	2.59%
Mandatory Capital Fee ¹	19	19	0	0.00%
Mandatory Technology Fee ¹	3	3	0	0.00%
Mandatory Comprehensive Fee ¹	132	135	3	2.26%
Total Out-of-state Graduate	\$1,097	\$1,124	\$27	2.50%

¹ For applicable differential tuition programs, students enrolled in 12 to 18 credit hours will be assessed up to the annualized rate of \$1,615 per semester for the mandatory comprehensive fee, \$27 per semester for the technology fee, and \$223.50 per semester for the Out-of-State Capital Fee.

	<u>Approved 2017-18</u>	<u>Proposed 2018-19</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
<u>Doctor of Nursing Practice (DNP) In-State (per credit hour)</u>				
Tuition	\$471	\$504	\$33	6.95%
Mandatory Technology Fee ¹	3	3	0	0.00%
Mandatory Online Program Fee ²	25	25	0	0.00%
Total In-state Graduate DNP	\$499	\$532	\$33	6.56%

<u>Doctor of Nursing Practice (DNP) Out-of-State (per credit hour)</u>				
Tuition	\$964	\$997	\$33	3.40%
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	\$1,011	\$1,044	\$33	3.24%

<u>Doctor of Physical Therapy (DPT) In-State (per credit hour)</u>				
Tuition	\$449	\$480	\$31	6.95%
Mandatory Technology Fee ¹	3	3	0	0.00%
Mandatory Comprehensive Fee ¹	132	135	3	2.26%
Total In-state Graduate DPT	\$584	\$618	\$34	5.85%

<u>Doctor of Physical Therapy (DPT) Out-of-State (per credit hour)</u>				
Tuition	\$935	\$966	\$31	3.34%
Mandatory Capital Fee ¹	19	19	0	0.00%
Mandatory Technology Fee ¹	3	3	0	0.00%
Mandatory Comprehensive Fee ¹	132	135	3	2.26%
Total Out-of-state Graduate DPT	\$1,089	\$1,123	\$34	3.14%

¹ For applicable differential tuition programs, students enrolled in 12 to 18 credit hours will be assessed up to the annualized rate of \$1,615 per semester for the mandatory comprehensive fee, \$27 per semester for the technology fee, and \$223.50 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.

	<u>Approved 2017-18</u>	<u>Proposed 2018-19</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
<u>Master of Fine Arts in Design Thinking In-State (per credit hour)</u>				
Tuition	\$696	\$744	48	6.95%
Mandatory Technology Fee ¹	3	3	0	0.00%
Mandatory Online Program Fee ²	25	25	0	0.00%
Total In-state Graduate DNP	\$724	\$772	\$48	6.68%

Master of Fine Arts in Design Thinking Out-of-State (per credit hour)

Tuition	\$696	\$744	48	6.95%
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	\$743	\$791	\$48	6.51%

Competency Based Certificate Program (per year)

Tuition	\$6,000	\$6,000	\$0	0.00%
Mandatory Capital Fee ¹	0	0	0	0.00%
Mandatory Technology Fee ¹	0	0	0	0.00%
Total Competency Certificate	\$6,000	\$6,000	\$0	0.00%

¹ For applicable differential tuition programs, students enrolled in 12 to 18 credit hours will be assessed up to the annualized rate of \$1,615 per semester for the mandatory comprehensive fee, \$27 per semester for the technology fee, and \$223.50 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, 2018 Wintermester and Summer³ Rates

<u>Tuition</u>	<u>Approved 2017-18</u>	<u>Proposed 2018-19</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
<i>Undergraduate</i>				
In-state	\$308	\$329	\$21	6.95%
Out-of-state	793	814	21	2.70%
<i>Graduate</i>				
In-state	347	371	24	6.95%
Out-of-state	702	726	24	3.43%
In-state MOT	352	376	24	6.95%
Out-of-state MOT	943	967	24	2.59%
In-state DPT	449	480	31	6.95%
Out-of-state DPT	935	966	31	3.34%
In-state DNP	471	504	33	6.95%
Out-of-state DNP	964	997	33	3.40%
In-state MFA	696	744	48	6.95%
Out-of-state MFA	696	744	48	6.95%
Virginia Educator	266	284	18	6.95%
<u>Other Mandatory Fees</u>				
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	132	135	3	2.26%

²The 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.

³Summer 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 2017-18	Proposed 2018-19	Dollar Increase	Percent Increase
Mandatory Comprehensive Fee				
Athletics	\$1,180	\$1,180	\$0	0.00%
Auxiliary Building/Facilities	258	263	5	1.94%
Auxiliary Support	209	216	7	3.35%
Debt Service	299	299	0	0.00%
Recreation	282	287	5	1.77%
Student Activities	127	127	0	0.00%
Student Health	322	342	20	6.21%
Student Services	75	90	15	20.00%
Student Union	286	296	10	3.50%
Transit	128	130	2	1.56%
Total Comprehensive Fee	\$3,166	\$3,230	\$64	2.02%

Fall & Spring Annual Room Rates⁴

	Approved 2017-18	Proposed 2018-19	Dollar Increase	Percent Increase
Room				
Traditional Double	\$4,540	\$4,676	\$136	3.00%
Standard Double - Phase I	5,127	5,281	154	3.00%
Standard Double - Phase II	5,281	5,439	158	2.99%
Traditional Single	6,627	6,826	199	3.00%
Standard Single - Phase I	7,294	7,513	219	3.00%
Standard Single - Phase II	7,513	7,738	225	2.99%
Standard - Super Suite	5,545	5,711	166	2.99%
University Managed Apartments	5,909	6,086	177	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 Rates⁵

	<u>Approved 2017-18</u>	<u>Proposed 2018-19</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Residential Board Plan				
Flex Plan	\$3,982	\$4,102	\$120	3.01%
19 Meal Plan	4,105	4,229	124	3.02%
15 Meal Plan	3,994	4,114	120	3.00%
Apt Block	---	2,160	---	---
 Non-Residential Meal Plan (<i>optional</i>)				
Flex Jr. Plan	\$2,012	\$2,074	\$62	3.08%
65 Meal Plan	1,003	1,034	31	3.09%
90 Meal Plan	1,389	1,431	42	3.02%

⁵Notes:

- a) Summer rates are prorated on the approved annualized rate.
- b) Select board and meal plans may not be available each term.

End of Board of Visitors Materials

