RADFORD UNIVERSITY

Annual Financial Report

For the Year Ended June 30, 2023

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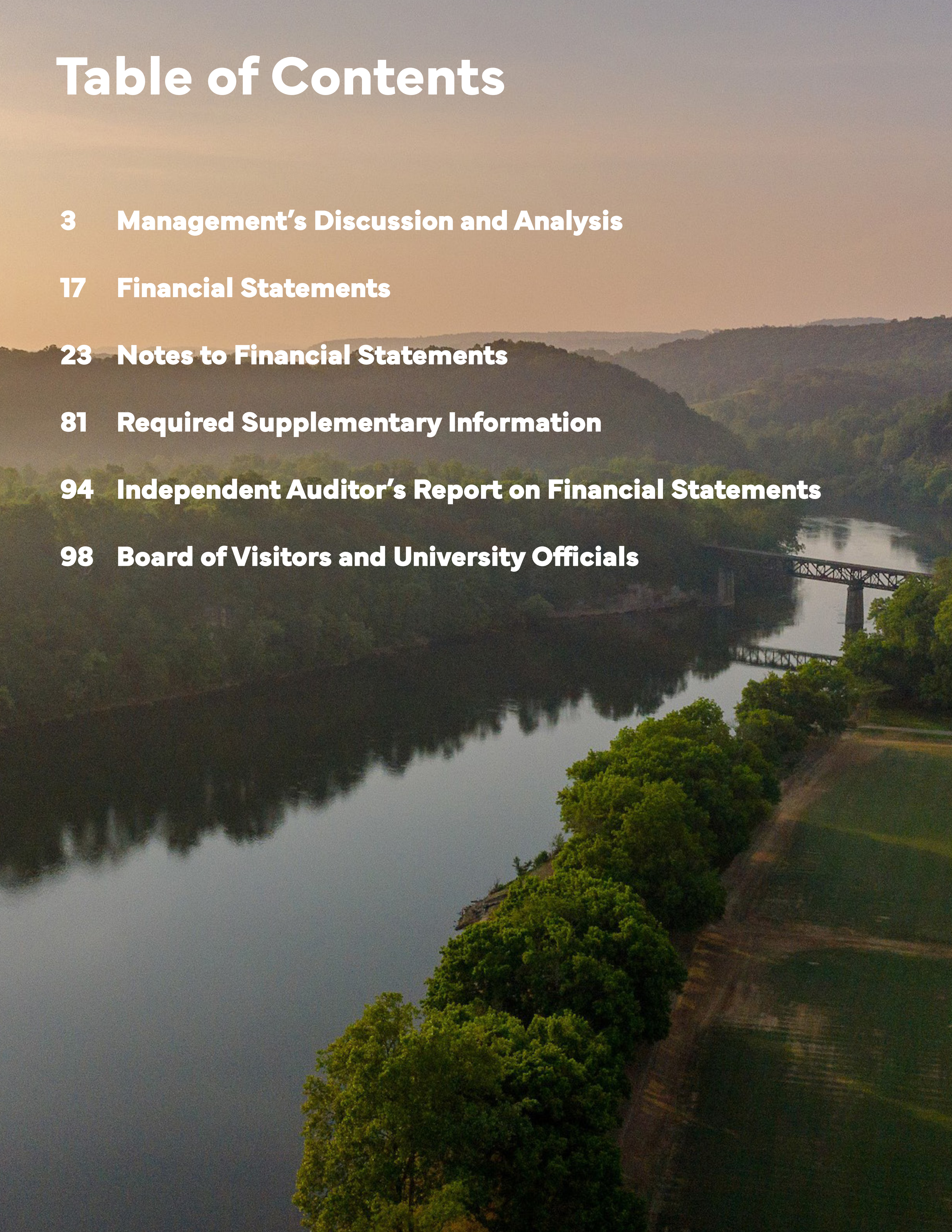


Management's Discussion and Analysis (Unaudited)

RADFORD UNIVERSITY

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 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, 2023. 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 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. The University's management is responsible for all financial information presented, including this discussion and analysis.

The University Financial Statements Include:

- Statement of Net Position
- Statement of Revenues, Expenses, and changes in Net Position
- Statement of Cash Flows
- Financial Notes Disclosures
- Required Supplementary Information

All financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles.

University Overview

Founded in 1910 as an all-women's college, Radford University became coeducational in 1972 and was granted university status by the Virginia General Assembly in 1979. Radford University is located in the New River Valley approximately 35 miles southwest of Roanoke, Virginia in the Blue Ridge Mountains. With a main campus in Radford, Virginia and a health sciences-focused educational site in Roanoke, Virginia, the University enrolls approximately 9,000 students, employs nearly 1,500 faculty and staff and has an annual budget of approximately $240 million.

Radford University serves the Commonwealth of Virginia and the nation through a wide range of academic, cultural, human service and research programs. Well known for its strong faculty/student bonds, innovative use of technology in the learning environment and vibrant student life on a beautiful 211-acre American classical campus, Radford University offers students many opportunities to get involved and succeed in and out of the classroom. The University offers 76 bachelor's degree programs in 47 disciplines, three associate degrees, and six certificates at the undergraduate level; 28 master's programs in 23 disciplines and six doctoral programs at the graduate level; and 14 post-baccalaureate certificates and one post-master's certificate. A Division I member of the NCAA and Big South Conference, Radford University competes in 16 men's and women's varsity sports programs. With over 300 clubs and organizations, Radford University offers many opportunities for student engagement, leadership development and community service. In addition to robust academic offerings and engaging student experiences on the main campus located in Radford, Virginia, Radford University also offers a clinical-based educational experience for more than 1,100 students living and learning in Roanoke, Virginia as part of Radford University Carilion, a public-private partnership focused on the cutting-edge delivery of health sciences programming, outreach and service.

Amongst the many achievements of the University for the year included:

- ***Re-accreditation from the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC)-pending completion December 2023***
- ***Named a College of Distinction for the undergraduate programs in business, education, and nursing, and student support for career development and military veterans***
- ***The School of Nursing was recognized as the best in Virginia by registerednursing.org***
- ***US News and World moved Radford University to the nationally recognized universities category where RU continued to rank in the top third for nursing, business, computer science, social mobility, and overall***
- ***Fortune magazine ranked the part time and accelerated MBA program amongst the best of its kind***

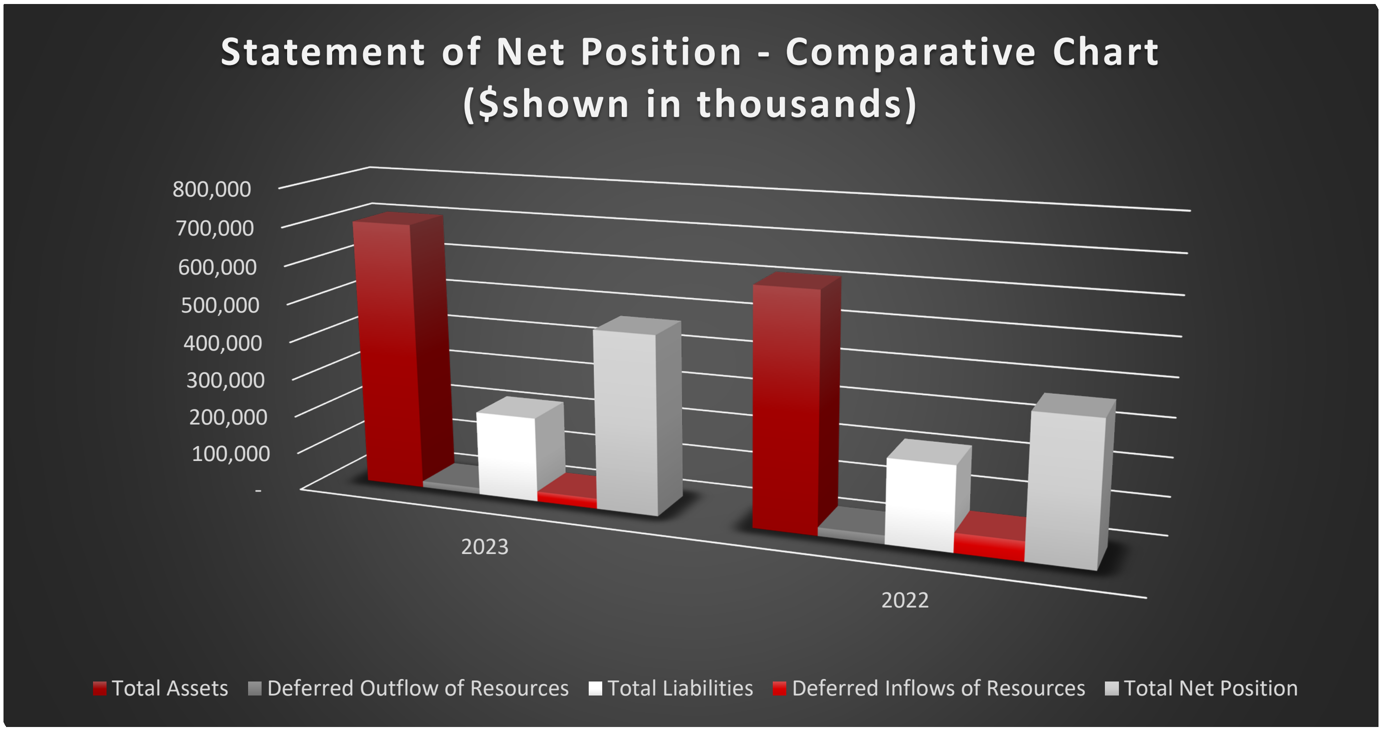
Statement of Net Position

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 non-expendable 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.

The University's Statement of Net Position at June 30, 2023, and June 30, 2022, is summarized as follows:

Summary of the Statement of Net Position (in thousands)	2023	2022	Amount Increase/ (Decrease)	Percent Increase/ (Decrease)
Current Assets	195,592	199,247	(3,655)	-2%
Capital Assets, net	444,740	408,919	35,821	9%
Non-Current Assets	62,847	5,882	56,965	968%
Total Assets	703,179	614,048	89,131	15%
Deferred Outflow of Resources	16,650	22,895	(6,245)	-27%
Total Assets and Deferred Outflow of Resources	719,829	636,943	82,886	13%
Current Liabilities	61,629	59,346	2,283	4%
Non-Current Liabilities	161,484	159,202	2,282	1%
Total Liabilities	223,113	218,548	4,565	2%
Deferred Inflows of Resources	26,749	50,958	(24,209)	-48%
Total Liabilities and Deferred Inflows of Resources	249,862	269,506	(19,644)	-7%
Total Net Position	469,967	367,437	102,530	28%



Net Position

Net position is classified into four major components: net investment in capital assets, restricted expendable, restricted non-expendable 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.

Net Position (in thousands)	2023	2022	Amount Increase/ (Decrease)	Percent Increase/ (Decrease)
Net Investment In Capital Assets	350,510	310,553	39,957	13%
Restricted- Expendable	65,004	10,796	54,208	502%
Unrestricted	54,453	46,088	8,365	18%
Total Net Position	**469,967**	**367,437**	**102,530**	**28%**

The University's net position increased twenty eight percent from the prior fiscal year. This is primarily due to the increase in non-current assets due from the Commonwealth for capital appropriations and net capital assets. The non-current and restricted assets-expendable increased due to the University receiving capital appropriations for major construction projects that are beginning or being completed over the next fiscal year. These projects funded include final costs for the Center for Adaptive Innovation (CAIC) $27 million, Improving Campus Infrastructure $15 million, and building a new sustainable heating and power Cogen facility $11 million. The University's non-depreciable capital assets increased due to the construction in progress for the Center for Adaptive Innovation, and renovations of residence halls.

The University's total assets increased fifteen percent in the current year. The majority of the increase resulted from the non-current capital appropriations of $57 million. In addition to the capital appropriations the University had $57 million of capital asset purchases in the current fiscal year (see cash flow statement), offset by $25 million in depreciation and amortization. To a lesser degree the capital assets were also affected by implementation of GASB Statement 96, Subscription Based Information Technology Arrangements, that capitalizes previously expensed IT arrangements that are amortized over the shorter life of the asset or contract by $3 million. These factors accounted for a total net increase of $89 million in assets and approximately $36 million increase in net capital assets.

The total liabilities increased this year by $5 million. The increases in current liabilities of $2 million were due to net changes in salaries payable, accrued expenses, and capital projects account payable of $3 million offset by a total decrease in interest payable, unearned revenues, and faculty early retirement plan balances of $1 million. The non-current liabilities were increased by the implementation of GASB 96 by $2 million, which in addition to creating amortizable right to use assets also created liabilities with interest expense to be amortized over the life of the IT contracts. This change was partially offset by net changes to long term debt and pension balances resulting in the net increase of $1 million in non-current liabilities.

Net decreases in the deferred outflows and inflows of $18 million are a result of accounting for the University's defined benefit pension and other post employment plans. Details of these changes can be found in Notes 16, 18, and the required supplementary information.

The capital driven increases more than offset the increase in liabilities and changes to pensions and post employment obligations resulting in a net position increase of $103 million for the fiscal year.

Capital Projects

The University is constantly accessing its programs, population, and space needs. To further its education mission while continuing to meet its goals of promoting sustainability through LEED (Leadership in Energy and Design) is a paramount piece of the overall University strategic plan.

Currently, the largest construction project is the Artis Center for Adaptive Innovation and Creativity, due for completion in Fall 2024. At 178,000 square feet the Artis Center represents the largest capital construction in the history of Radford University in relation to total project funding and square footage. This building will be home to the college of Visual and Performing Arts and will function as an interdisciplinary space serving the Waldron College of Health and Human Services and the Artis College of Science and Technology. In addition to providing state of the art instruction support, clinical lab space, and art studios the building is expected to be LEEDs-Silver certified.

The University is also undergoing continuous improvements construction projects including renovation of dormitory spaces and infrastructure maintenance and upgrades. See note 5, Capital Assets for details. See Note 15 for construction commitment details.

Debt Financing

The University is dedicated to maintaining fiscally responsible levels of debt to effectively operate within its means and maximize its resources to reach its strategic goals. The University did not issue any new debt for the fiscal year and continues to maintain its low debt burden levels. See Note 7 for more detail.

Artist Rendering of Center of Adaptive Innovation - Completion Expected FY24

Major Projects in Progress:	Current Year Expenditures	Expected Completion
Artis Center For Adaptive Innovation and Creativity	44,086,241	FY25
Norwood and Tyler Residence Hall Renovation	1,856,023	FY24

Statement of Revenues, Expenses, and Changes in Net Position

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

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

Nonoperating revenues are revenues received for which goods and services are not directly provided. For example, state appropriations are non operating 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.

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

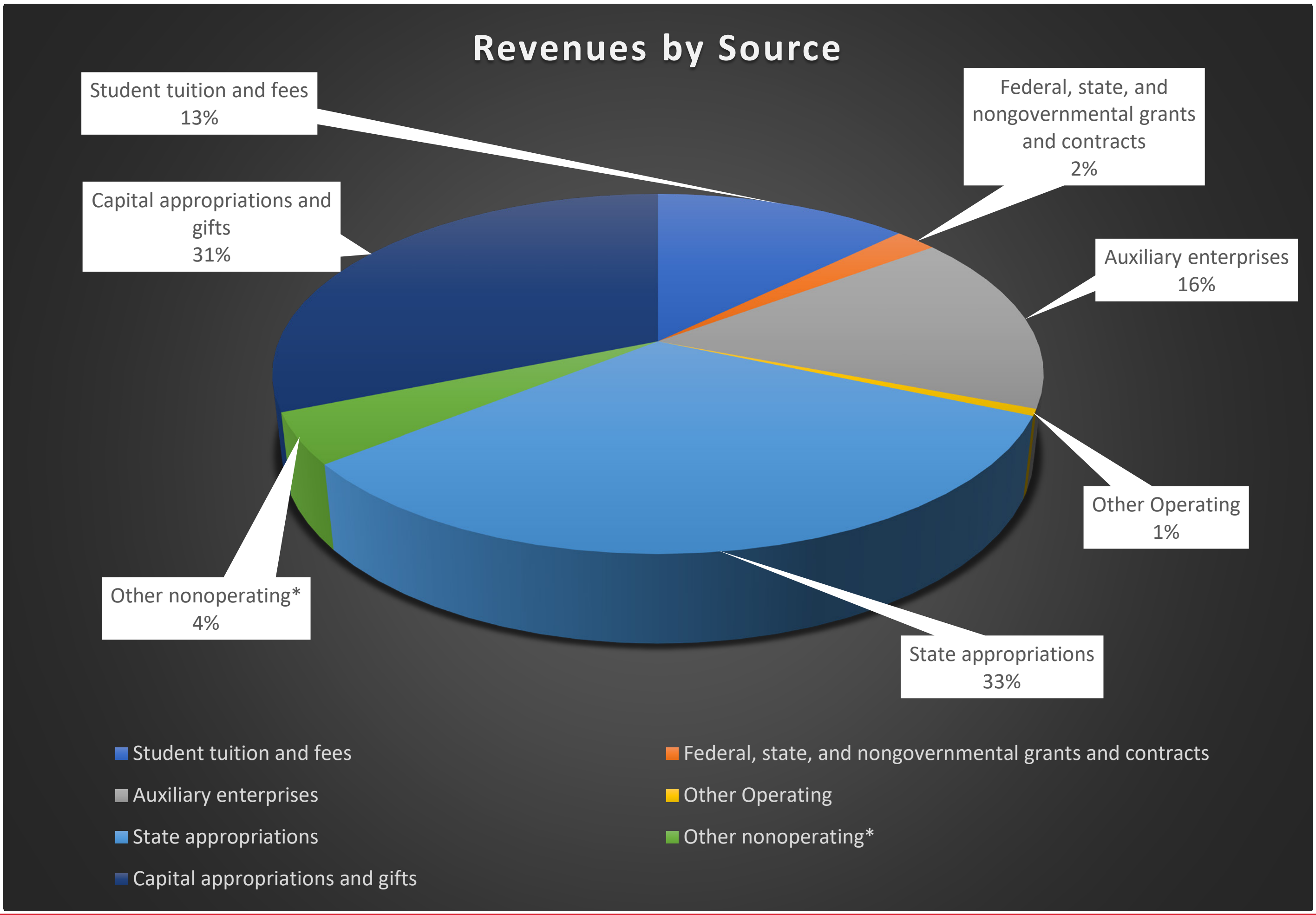
	2023	2022	Amount Increase/ (Decrease)	Percent Increase/ (Decrease)
Operating Revenues	100,372	118,676	(18,304)	-15%
Less: Operating Expenses	216,758	234,076	(17,318)	-7%
Operating Loss	(116,386)	(115,400)	(986)	1%
Nonoperating revenues (expenses)	118,702	133,158	(14,456)	-11%
Income before other revenues, expenses, gains, or losses	2,316	17,758	(15,442)	-87%
Other revenues, expenses, gains, or losses	99,394	20,527	78,867	384%
Increase/(Decrease) in net position	101,710	38,285	63,425	166%
Net position - beginning of the year	367,437	326,675	40,762	12%
Net position restatement for GASB Statements Implemented	820	2,477	(1,657)	-67%
Net position - end of year	469,967	367,437	102,530	28%

The University's revenues for the years ended June 30, 2023 and June 30, 2022, are summarized below:

Revenues by Source Comparison
($ shown in thousands)

Revenues by Source	**2023**	**2022**	**Amount Increase/ (Decrease)**	**Percent Increase/ (Decrease)**
Student tuition and fees	40,410	57,063	(16,653)	-29%
Federal, state, and nongovernmental grants and contracts	6,712	7,319	(607)	-8%
Auxiliary enterprises	51,327	52,110	(783)	-2%
Other Operating	1,922	2,185	(263)	-12%
State appropriations	104,170	86,205	17,965	21%
Other nonoperating*	14,533	46,953	(32,420)	-69%
Capital appropriations and gifts	99,394	20,526	78,868	384%
Total Revenue by Sources	318,468	272,361	46,107	17%

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



Revenues

The University revenues increased a net $46 million from the prior fiscal year driven primarily by an increase in capital appropriations of $79 million, state appropriations of $18 million, and $3 million of interest income. These factors were partially offset by the ending of the Higher Education Emergency Relief Fund (HEERF) nonoperating revenue of $38 million and the decrease in student tuition and fees, net of tuition discounts of $17 million.

The capital appropriations and gifts consisted of appropriations received for the Center for Adaptive Innovation, Improvements to Campus Infrastructure, and a planned heating and power Cogen facility. Additionally, the capital appropriations also include reimbursements from the VCBA 21st Century program and the VCBA equipment trust program. The large increase of $23 million from prior fiscal year to the VCBA 21st Century program, as outlined in note 14, is due to reimbursements on the Center for Adaptive Innovation as the project was in full gear for the current fiscal year with completion expected in the beginning of FY25.

The student tuition and fees decreased by $17 million. $4 million of this decrease is as a result of enrollment drop. The remaining decrease in the student tuition and fees line resulted primarily from the University adopting a new methodology for allocating tuition discount allowances from institutional aid per the revised guidelines of the National College and University Business Officers (NACUBO). This newly adopted methodology, as outlined in note 24, allocates more of the institutional aid provided by the University to the tuition revenue and less to the auxiliary activities revenue and the student aid expenses. This decrease in the allocation of the discount to auxiliary revenue activities partially offset the decline in auxiliary revenues resulting from the enrollment drop. The remaining change to the allocation created a decrease in student aid expenses.

Expenses

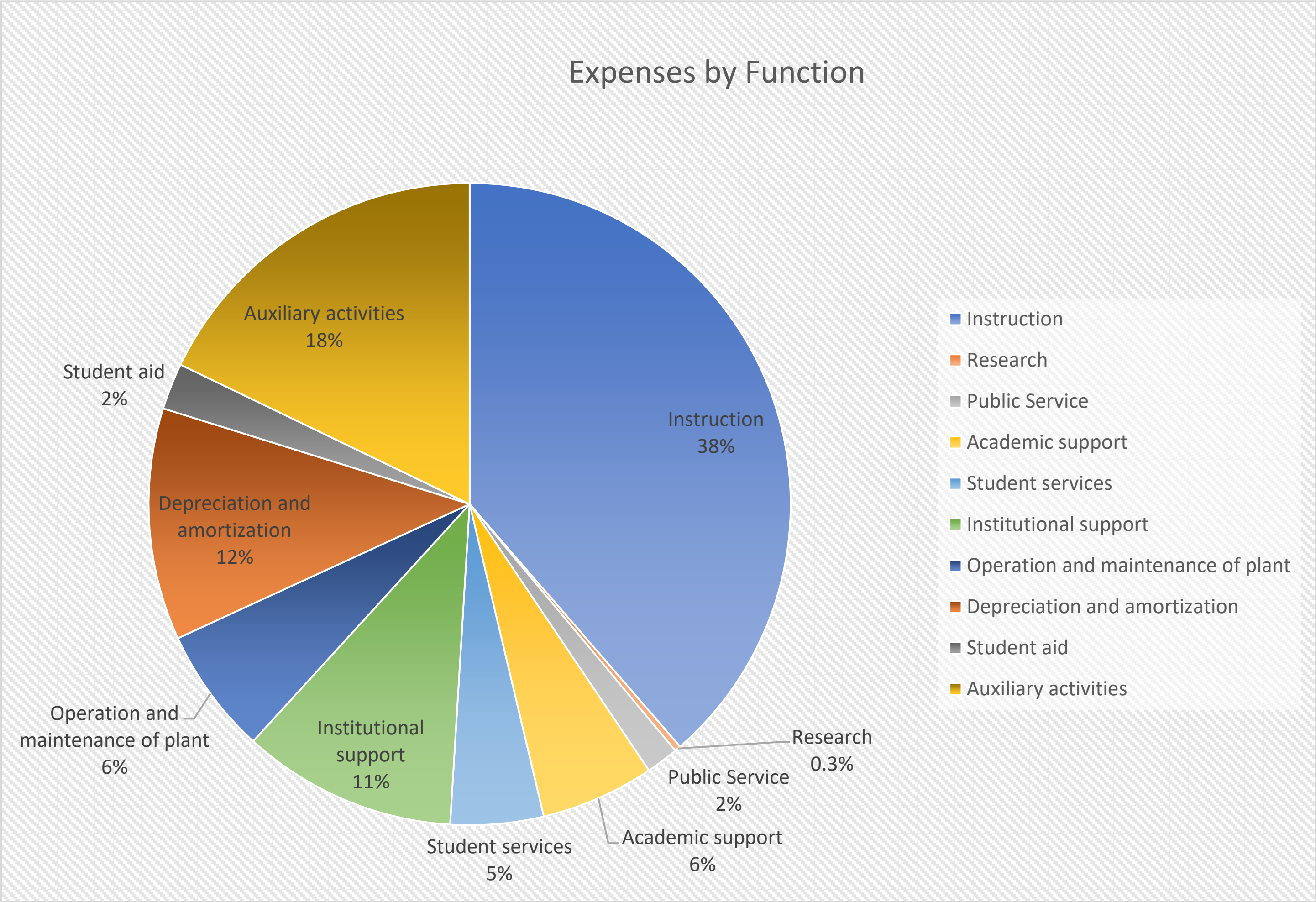
The operating expenses of the University decreased this year by approximately $17 million. The overall drivers of the decrease were the end of the Higher Education Emergency Relief Fund (HEERF), the reinstitution of applying auxiliary overhead recoveries after a COVID era hiatus, results from the newly adopted method change in tuition discount allowances that allocated more institutional aid to tuition revenue reduction, the implementation of GASB 96 capitalizing previously expensed software expenses, reduced compensation expense, and the decrease in auxiliary variable expenses derived from the enrollment drop. The largest increases were for instruction and student services, $7 million and $2 million respectively. Decreases were partially offset by a rise in depreciation from large FY22 capital additions put in place, increased amortization expense resulting from GASB 96 right to use assets being created, and an increase in payroll expenses.

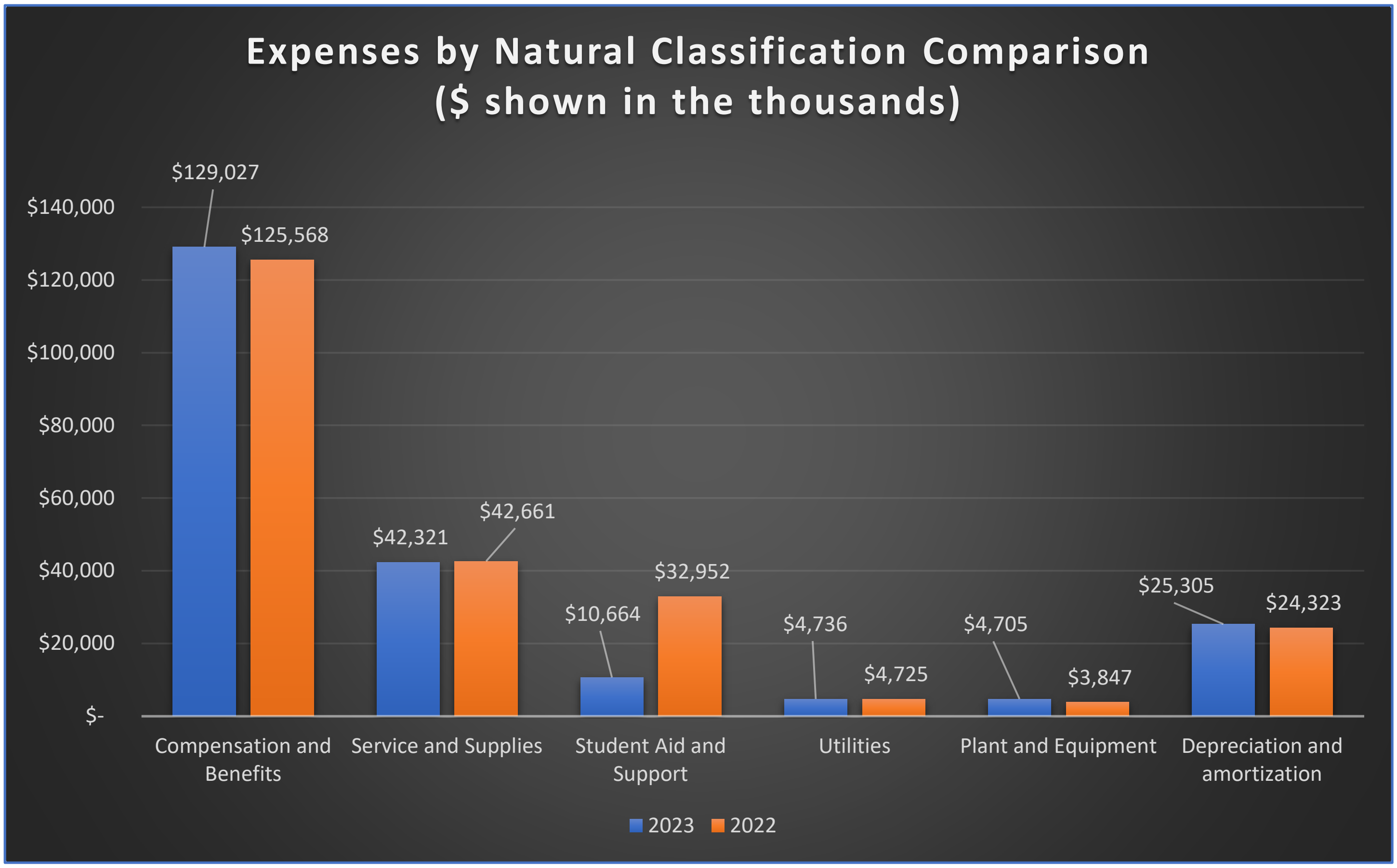
In particular, the institutional support $6 million decrease is primarily a result of $5 million from auxiliary recoveries restarted in the FY23 cycle, and $1 million for software expenses previously expenses before the implementation of GASB Standard 96. The student aid expense $22 million decrease was caused by the ending of the HEERF student portion funding of $17 million, and $6 million re-allocated to tuition and auxiliary discounts under the new methodology.

The University's expenses, for the years ended June 30, 2023 and June 30, 2022, are summarized below:

Expenses by Function Comparison
($ shown in thousands)

Operating Expenses	**2023**	**2022**	**Amount (Increase/ (Decrease)**	**Percent Increase/ (Decrease)**
Instruction	83,720	77,162	6,558	8%
Research	665	621	44	7%
Public Service	3,551	3,095	456	15%
Academic support	12,400	10,918	1,482	14%
Student services	10,144	8,455	1,689	20%
Institutional support	23,428	29,864	(6,436)	-22%
Operation and maintenance of plant	13,797	12,137	1,660	14%
Depreciation and amortization	25,305	24,323	982	4%
Student aid	5,062	26,667	(21,605)	-81%
Auxiliary activities	38,686	40,834	(2,148)	-5%
Total operating expenses	**216,758**	**234,076**	(17,318)	**-7%**


Expenses by Function
Instruction 38%
Research 0.3%
Public Service 2%
Academic support 6%
Student services 5%
Institutional support 11%
Operation and maintenance of plant 6%
Depreciation and amortization 12%
Student aid 2%
Auxiliary activities 18%
Instruction
Research
Public Service
Academic support
Student services
Institutional support
Operation and maintenance of plant
Depreciation and amortization
Student aid
Auxiliary activities


Expenses by Natural Classification Comparison
($ shown in the thousands)
$140,000
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$-
$129,027
$125,568
$42,321
$42,661
$10,664
$32,952
$4,736
$4,725
$4,705
$3,847
$25,305
$24,323
Compensation and Benefits
Service and Supplies
Student Aid and Support
Utilities
Plant and Equipment
Depreciation and amortization
2023
2022

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 non capital financing activities; cash flows from capital and related financing activities; cash flows from investing activities; and reconciliation of net operating loss to net cash used by operating activities.

Statement of Cash Flows - Summarized

($ shown in thousands)

Net cash (used by)/provided by:	**2023**	**2022**	**Amount (Increase/ (Decrease)**	**Percent Increase/ (Decrease)**
Cash Used by Operating activities	(95,660)	(99,241)	3,581	-4%
Noncapital financing activities	115,050	135,724	(20,674)	-15%
Capital and related financing activities	(23,887)	(14,921)	(8,966)	60%
Investing activities	3,011	278	2,733	983%
Net Increase/(Decrease) in Cash	(1,486)	21,840	(23,326)	-107%
Cash and cash equivalents - beginning of the year	166,226	144,386	21,840	15%
Cash and cash equivalents - end of the year	164,740	166,226	(1,486)	-1%

The University had a small decrease of $2 million in the ending cash balance for the current fiscal year. This was essentially a result of increased capital and state appropriations being offset by the ending of HEERF funding and increased purchases of capital assets for the CAIC.

Operating activities cash used increased $4 million from the prior fiscal year. The University recognized an almost $5 million decrease in service payments that were offset by $1 million decreases in grant and auxiliary service revenues.

The non-capital financing activities decreased $21 million due to the ending of the Higher Education Emergency Relief Fund (HEERF) $38 million, which was partially offset by a $18 million increase in state appropriations.

Capital related changes were due to the increase in capital appropriations $16 million, decrease in debt payments $5 million offset by the increase in capital purchases for the CAIC $29 million.

The investing activities consist primarily of interest income. The University realized an almost $3 million increase in received auxiliary interest income. The increase was prescribed to the major increase in federal funding interest rates that occurred during the fiscal year and the capital appropriations available balance .

Economic Outlook

The University continues to closely monitor the fiscal environment in which the University operates and reviews key factors in the annual update of the University's operating budget. The University's 2023-24 operating budget was developed in consideration of projected enrollment levels, legislative actions, Board-approved tuition and fee rates, the strategic priorities of the University, and the overall economic outlook.

Into the future, the University will be continuing to build on the areas of distinctiveness such as affordable access, engaged learning opportunities, geographic location, meeting workforce demands, and fiscal and plant stewardship. The University is also heavily focused on areas of opportunities to grow and thrive beyond stabilizing enrollment, such as defining the University's brand identity, broadening external outreach and focusing on developing the internal workforce. As the University's current strategic plan, 2018-2023 Strategic Plan: Embracing the Tradition and Envisioning the Future, concludes December 2023, the University is currently underway in formulating a two-year strategic plan to guide operations and programs with a strategic enrollment and recruitment focus through 2025. As a new two-year plan is carried out, a comprehensive five-year strategic plan will be developed in parallel to guide the University from 2026-2030. With an outcome-driven focus, the University will ensure students are recruited and retained to be successful in and outside the classroom. The University's top priority is to remain affordable and accessible to students while offering high quality academic programs and educational experiences.

The University continues to appreciate and remain steadfast in the commitment of being strong stewards of Commonwealth resources. The General Assembly 2023 Special Session I showcased the Commonwealths' commitment to higher education with investments in need-based undergraduate financial aid and funding to maintain affordable access and to address nursing shortages by ensuring nursing salaries are competitive. These resources will assist in the University in the commitment of remaining affordable and ensuring transformative educational experiences are provided.

FINANCIAL STATEMENTS

RADFORD
UNIVERSITY

Radford University
Statement of Net Position
As of June 30, 2023

	Radford University	Component Unit Radford University Foundation, Inc.
ASSETS		
Current assets		
Cash and cash equivalents (Note 2)	$177,633,210	$900,628
Restricted cash and cash equivalents (Note 2)	13,606	-
Account receivables, net of allowance for doubtful accounts (Note 3)	2,662,720	-
Contributions receivable, net of allowance for uncollectible contributions (Note 22A)	-	1,897,250
Due from the Commonwealth (Note 14)	6,369,713	-
Due from Federal Government	68,922	-
Inventory	693,676	-
Notes receivable, net of allowance for doubtful account (Note 3, 22B)	524,202	-
Prepaid expenses	7,625,776	118,311
Prepaid lease incentive (Note 22G)	-	6,704,837
Other receivables	-	291,447
Total current assets	195,591,825	9,912,473
Noncurrent assets		
Investments (Note 22C)	-	80,923,481
Contributions receivable, net of allowance for uncollectible contributions (Note 22A)	-	1,314,499
Other postemployment benefits (Note 18)	3,329,468	-
Other assets	1,042,056	471,583
Due from the Commonwealth (Note 14)	56,504,811	-
Funds held in trust by others	-	945,898
Notes receivable, net of allowance for doubtful account (Note 3, 22B)	576,195	97,343
Prepaid expenses	1,394,966	-
Depreciable and amortizable capital assets, net (Notes 5, 22D)	347,708,945	12,617,310
Nondepreciable capital assets (Notes 5, 22D)	97,030,480	4,269,141
Total noncurrent assets	507,586,921	100,639,255
Total assets	$703,178,746	$110,551,728
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources from net pension obligation (Note 16)	$11,073,844	$-
Deferred outflows of resources from other post employment benefits (Note 18)	5,294,219	-
Deferred loss on long-term debt defeasance (Note 7)	281,934	-
Total deferred outflows of resources	$16,649,997	$-

The notes to the financial statements, referenced above, are an integral part of the statements.

Radford University
Statement of Net Position (Continued)
As of June 30, 2023

LIABILITIES	Radford University	Component Unit Radford University Foundation, Inc.
Current liabilities		
Accounts payable and accrued expenses (Note 6)	$25,515,750	$418,187
Unearned revenue	10,548,128	52,644
Obligations under securities lending	12,906,774	-
Deposits held in custody for others	735,940	-
Current portion of long-term debt (Notes 7,8, 9,and 22E)	7,716,083	668,540
Current portion of other noncurrent liabilities (Note 10)	3,621,221	113,070
Current portion of other postemployment benefits (Note 18)	585,283	-
Trust and annuity obligations	-	37,989
Total current liabilities	61,629,179	1,290,430
Noncurrent liabilities		
Long-term debt (Notes 7,8,9, 22E)	81,849,171	13,895,610
Pension obligations (Note 16)	55,467,946	-
Other postemployment benefits (Note 18)	18,798,957	-
Trust and annuity obligations	-	174,236
Other noncurrent liabilities (Note 10)	5,367,873	-
Total noncurrent liabilities	161,483,947	14,069,846
Total liabilities	$223,113,126	$15,360,276
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources from net pension obligation (Note 16)	$13,859,590	$-
Deferred inflows of resources from other postemployment benefits (Note 18)	11,905,174	-
Deferred inflows of resources from PPP Agreements (Note 4)	781,543	-
Deferred gain on long-term debt defeasance (Note 7)	202,345	-
Total deferred inflows of resources	$26,748,652	$-
NET POSITION		
Net investment in capital assets	$350,509,903	$5,955,657
Restricted for:		
Expendable		
Scholarships and other	165,902	15,018,763
Instruction and research	5,128,230	3,458,405
Loans	-	-
Capital Projects	56,504,812	-
Other	3,205,214	16,666,119
Nonexpendable		
Scholarships and other	-	34,902,965
Instruction and research	-	2,332,041
Other	-	6,594,130
Unrestricted	54,452,904	10,263,372
Total net position	$469,966,965	$95,191,452

The notes to the financial statements, referenced above, are an integral part of the statements.

Radford University
Statement of Revenues, Expenses, and Changes in Net Position
As of June 30, 2023

	Radford University	Component Unit Radford University Foundation, Inc.
OPERATING REVENUES		
Student tuition and fees, net of scholarship allowance (Note 24)	$40,409,565	$-
Gifts and contributions	-	4,939,399.00
Federal grants and contracts	4,411,894	-
State grants and contracts	1,681,891	-
Nongovernmental grants and contracts	618,839	-
Auxiliary enterprises, net of scholarship allowance (Note 11)	51,327,551	-
Other operating revenues	1,922,090	1,211,214
Total operating revenues	100,371,830	6,150,613
OPERATING EXPENSES		
Instruction	83,720,026	180,112
Research	665,217	-
Public service	3,551,353	-
Academic support	12,399,620	2,283,685
Student services	10,144,443	-
Institutional support	23,428,169	2,686,204
Operation and maintenance of plant	13,796,817	-
Depreciation and amortization (Note 5)	25,304,940	432,068
Student aid	5,061,860	2,656,100
Auxiliary activities (Note 11)	38,685,869	-
Total operating expenses (Note 12)	216,758,314	8,238,169
Operating loss	(116,386,484)	(2,087,556)
NONOPERATING REVENUES (EXPENSES)		
State appropriations (Note 13)	104,170,084	-
Federal student financial aid (Pell)	11,517,830	-
Interest income	3,011,250	5,577,457
Interest on capital asset and lease-related debt	(2,509,240)	(572,264)
Gain (Loss) on capital assets	51,233	(12,072)
Nonoperating transfers to the Commonwealth	(435,721)	-
Other nonoperating revenues (expenses), net	2,897,201	-
Net nonoperating revenues	118,702,637	4,993,121
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	2,316,153	2,905,565
Capital appropriations and gifts (Note 14)	99,393,821	7,700
Additions to permanent endowments	-	1,274,063
Additions to term endowments	-	14,165
Total other revenues	99,393,821	1,295,928
Increase (decrease) in net position	101,709,974	4,201,493
Net position - beginning of year	367,436,992	90,989,959
Restatement for GASB 96 Implementation	819,999	
Net position - end of year	$469,966,965	95,191,452

The notes to the financial statements, referenced above, are an integral part of the statements

Radford University
Statement of Cash Flows
As of June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	40,768,587
Grants and contracts	5,949,297
Auxiliary enterprises	51,229,994
Other receipts	1,737,839
Payments for salaries, wages and fringe benefits	(134,828,191)
Payments for services and supplies	(40,636,171)
Payments for utilities	(4,735,976)
Payments for scholarships and fellowships	(10,663,688)
Payments for noncapitalized plant improvements and equipment	(4,704,923)
Loans issued to students and employees	(216,928)
Collections of loans from students and employees	412,113
Federal Direct Lending Program - receipts	46,894,418
Federal Direct Lending Program - disbursements	(46,886,407)
Custodial and other receipts	1,298,085
Custodial and other payments	(1,278,309)
Net cash used by operating activities	$(95,660,260)
CASHFLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	104,170,084
Non-General Fund appropriations	(435,721)
Federal Student Financial Aid (Pell)	11,527,522
Federal Loan Contribution	(249,052)
Other non-operating receipts	37,601
Net cash provided by noncapital financing activities	115,050,434
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital debt	13,317
Capital appropriations	40,912,920
Capital gifts	1,744,993
Proceeds from sale of capital assets	61,712
Purchase of capital assets	(56,591,130)
Principal paid on capital debt, leases and installments	(7,187,009)
Interest paid on capital debt, leases and installments	(2,842,465)
Net cash used by capital financing activities	(23,887,662)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	3,011,250
Net cash provided by investing activities	3,011,250
Net increase in cash	(1,486,238)
Cash and cash equivalents - beginning of the year	180,107,417
Less: Securities Lending - Treasurer of Virginia	(13,881,137)
Net cash and cash equivalents - beginning of the year	166,226,280
Cash and cash equivalents - end of the year	164,740,042

The notes to the financial statements, referenced above, are an integral part of the statements

Radford University
Statement of Cash Flows (Continued)
As of June 30, 2023

RECONCILIATION OF STATEMENT OF CASH FLOWS, STATEMENT OF NET POSITION	
Statement of Net Position	
Cash and cash equivalents	$177,646,816
Less: Securities lending - Treasurer of Virginia (CY amount)	$(12,906,774)
Net cash and cash equivalents	$164,740,042
RECONCILIATION OF NET OPERATING LOSS TO NET CASH	
USED BY OPERATING ACTIVITIES:	
Operating loss	$(116,386,484)
Adjustments to reconcile net loss to net cash used by operating activities:	
Depreciation and amortization expense	25,304,940
Changes in assets, liabilities, deferred outflows, and deferred inflows:	
Receivables, net	(276,094)
Due from Commonwealth	40,862
Due from Federal Government-Federal Direct Lending	8,011
Due from Federal Government-Federal Teach and SEOG grants	5,650
Prepaid expenses	1,408,330
Inventory	(166,207)
Notes receivable, net	289,030
Other postemployment benefits asset	616,719
Deferred outflows of resources from other postemployment benefits obligation	632,485
Deferred outflows of resources from net pension obligation	5,576,167
Accounts payable and accrued expenses	1,441,520
Unearned revenue	(284,212)
Deposits held in custody for others	14,126
Accrued compensated absences	563,607
Other postemployment benefits obligation	(2,160,269)
Net pension obligation	12,832,756
Deferred inflow of resources from net pension liability	(21,536,567)
Deferred inflow of resources from postemployment benefits	(3,430,899)
Accrued faculty early retirement liability	106,783
PPP Agreements	(260,514)
Net cash used by operating activities	$(95,660,260)
NONCASH INVESTING, NONCAPITAL FINANCING, AND CAPITAL AND RELATED TRANSACTIONS	
Amortization of bond premium/discount and gain/loss on debt refunding	346,648
Loss on disposal of capital assets	(51,233)
Capital projects accounts payable	5,550,541
Right-to-use assets	1,974,716
Change in pension liability recognized as a component of non-operating revenue	2,859,600

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

Notes to the Financial Statements

Note 1
Significant Accounting Policies

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

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

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

During the year ended June 30, 2023, the Foundation made distributions of $3,822,144 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.

Radford University, in April 2021, entered into an affiliation agreement with Provident Resource Group Inc., a Georgia non-profit corporation, in conjunction with Radford University Foundation and its wholly owned subsidiaries RUF Real Estate Management LLC and RUF Hotel Land LLC. The affiliation agreement was entered into in order to facilitate the construction and management of The Highlander, a full service 124-key hotel and conference center to be located adjacent to university property. The hotel was completed and opened in Fall 2023. These financial statements do not include the assets, liabilities, and net position of the affiliate. Radford University has no further direct financial obligation or benefit pertaining to the affiliation agreement. The affiliate is not part of the financial reporting entity.

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, 2023, the following GASB statements became effective: Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, Statement 96, Subscription-Based Information Technology Arrangements, Statement 99 Omnibus 2022, requirements related to leases, PPPs, and SBITAs, paragraphs 11-25, and Implementation Guide No. 2021-1, Implementation Guidance Update, Questions 4.4-4.21.

Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, was established to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The statement is being adopted retroactively for all PPP arrangements in effect as of the beginning of the reported fiscal year, July 1, 2022.

Statement 96, Subscription-Based Information Technology Arrangements, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The statement is being adopted retroactively for all subscription-based technology-based arrangements in effect as of the beginning of the reported fiscal year, July 1, 2022.

The requirements effective in the current fiscal year do not affect the University.

Statement 99 Omnibus 2022, clarifies multiple technical provisions relating to leases, paragraph 11-17, PPP arrangements, paragraphs, 18-22, and SBITAs, paragraphs 23-25. The requirements effective in the current fiscal year and are applied to the university reporting of leases, PPPs, and SBITAs.

Implementation Guide No. 2021--1, Implementation Guidance Update, clarifies technical provisions and provides examples for case study. Questions 4.4-21 relate to technical lease issues resulting from GASB Standard 87. The University is implementing these updates to the guidance in the current fiscal year.

The Foundation is a non-profit organization that prepares its financial statements in conformity with U.S. generally accepted accounting principles as prescribed by FASB, including FASB Statement 117, Financial Statements of Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition and presentation features. Reclassifications and adjustments have been made to convert the Foundation's financial information to GASB presentation format. The University has several $1 leases with the Foundation that are paid annually. These leases include the President's house and the SELU property.

Basis of Accounting

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

Cash and Cash Equivalents

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

Investments

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

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

Accounts Receivable

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

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

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

Prepaid Expenses
As of June 30, 2023, the University's prepaid expenses included items such as insurance premiums, membership dues, conference registrations, lease payments, subscription based technology arrangements (SBITA), and publication subscriptions for fiscal year 2024 that were paid in advance.

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

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

Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expense categories. Right-to-use assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying

Asset Category	***Estimated Useful Life***
Buildings	40 years
Building Improvements	20 years
Other improvements and infrastructure	20 years
Equipment	3-15 years
Intangibles (purchased software)	3-15 years
Library materials	10 years
Intangible right to use leased assets	Shorter of lease term or asset useful life
Intangible right to use subscription software	Life of subscription, including renewals

Leases
Lease agreements in excess of one year including all non-cancelable periods that have a present value of future payments in excess of $50,000 are recognized as a lease liability with a corresponding right to use asset amortized over the shorter of lease term or category. Future cash outflows are discounted to present value using the stated rate of the contract or the incremental borrowing rate of the University for similar debt at the beginning of the lease term. Lease liabilities and right to use assets have been recognized as of the implementation date July 1, 2021 in accordance with GASB Statement 87 implementation. See Note 8 for details.

Subscription-Based Technology Arrangements (SBITA)
SBITA agreements in excess of one year including all non-cancelable periods that have a present value of future payments in excess of $5,000 are recognized as a liability with a corresponding right to use asset amortized over the subscription term. Future cash outflows are discounted to present value using the stated rate of the contract or the incremental borrowing rate of the University for similar debt at the beginning of the subscription term. Subscription liabilities and right to use assets have been recognized as of the implementation date July 1, 2022 in accordance with GASB Statement 96 implementation. See Note 9 for details.

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, 2023, 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 10 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, 2023.

Noncurrent Liabilities

Noncurrent liabilities include the following:

- Principal amounts of notes and bonds payable and long-term leases with maturities greater than one year
- Estimated amounts for accrued compensated absences
- Refundable contributions from the Federal government to fund the operations of the Perkins Loan Program and the Nursing Student Loan Program
- Estimated pension obligation for the University's defined benefit pension plans
- Estimated other postemployment benefits for the University's defined postemployment benefit plans
- Faculty Early Retirement Plan (FERP)

See Notes 7, 10, 16 and 18 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 14 for detailed information.

Other Postemployment Benefits

For purposes of measuring the other postemployment benefits (OPEB) asset or liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) OPEB plans; and the additions to/deductions from the VRS OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. See Note 16 for general information about the OPEB plans and calculation of the net pension asset or liability.

Group Life Insurance Program (GLI)

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the VRS Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

State Employee Health Insurance Credit Program (HIC)

The Virginia Retirement System (VRS) State Employee Health Insurance Credit Program is a single employer plan that is presented as a multiple-employer, cost-sharing plan. The State Employee Health Insurance Credit Program was established pursuant to § 51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The State Employee Health Insurance Credit Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired state employees. For purposes of measuring the net State Employee Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the State Employee Health Insurance Credit Program OPEB, and the State Employee Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) State Employee Health Insurance Credit Program; and the additions to/deductions from the VRS State Employee Health Insurance Credit Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

VRS Disability Insurance Program (VSDP)

The Virginia Retirement System (VRS) Disability Insurance Program (Virginia Sickness and Disability Program) is a single employer plan that is presented as a multiple-employer, cost-sharing plan. The Disability Insurance Program was established pursuant to §51.1-1100 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Disability Insurance Program is a managed care program that provides sick, family and personal leave and short-term and long-term disability benefits for State Police Officers, state employees, and VaLORS employees. For purposes of measuring the net

Disability Insurance Program OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to the Disability Insurance Program OPEB, and Disability Insurance Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Disability Insurance Program OPEB Plan and the additions to/deductions from the VRS Disability Insurance Program OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Line of Duty Act Program (LODA)

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) is a multiple-employer, cost-sharing plan. The Line of Duty Act Program was established pursuant to § 9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Line of Duty Act Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. For purposes of measuring the net Line of Duty Act Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Line of Duty Act Program OPEB, and Line of Duty Act Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Line of Duty Act Program OPEB Plan and the additions to/deductions from the VRS Line of Duty Act Program OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pre-Medicare Retiree Healthcare Plan

Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes. This program was established by Title 2.2, Chapter 28 of the Code of Virginia for retirees who are not yet eligible to participate in Medicare. It is the same health insurance program offered to active employees and managed by the Virginia Department of Human Resource Management. After retirement, Radford University no longer subsidizes the retiree's premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, retiree rates are effectively lower than what might otherwise be available outside of this benefit.

Deferred Outflows and Inflows of Resources

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

Net Position

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

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

Restricted–expendable—The expendable restricted component of net position includes resources the University is legally or contractually obligated to expend in accordance with restrictions imposed by external third parties.

Restricted–nonexpendable—Restricted nonexpendable net position consists of endowment and similar type funds in which donors or other outside sources have stipulated that the principal is to be maintained in perpetuity and invested for the purpose of producing present or future income to be expended or added to the principal. As of June 30, 2023, the University does not have nonexpendable restricted net position.

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

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

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

Commonwealth Equipment and Capital Project Reimbursement Programs
The Commonwealth has established several programs to provide state-supported institutions of higher education with bond proceeds for financing the acquisition of instructional and research equipment and facilities. During fiscal year 2023, funding has been provided to the University from two programs: 21st Century and Equipment Trust Fund (ETF). The Commonwealth issues bonds and uses the proceeds to reimburse the University, and other institutions of higher education, for expenses incurred in the acquisition of equipment and facilities. The bond liability is assumed by the Commonwealth and is not reflected as a liability of the University.

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

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

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

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

Tuition 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. Tuition 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. Tuition discounts and allowances are reported using Method B, per student by fiscal year, as prescribed by the National Association of College and University Business Officers (NACUBO), which calculates scholarship discounts and allowances on a university-wide basis rather than on an individual basis.

Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that such revenues are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance. See Note 24 for more details.

Restatement of Beginning Net Position
The beginning net position has been restated due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription Based Internet Technology Arrangements (SBITA). This standard requires the University to recognize a SBITA liability and a right-of-use asset for all SBITAs. As a result, the restatement of beginning net position reflects the recognition of additional SBITA liabilities and corresponding right-of-use assets as of the beginning of the earliest period presented. The impact of this restatement is an increase of $819,999 in beginning net position.

Note 2
Cash and cash equivalents

The following information is provided with respect to the University's cash, cash equivalents, and investments and related risk disclosures as of June 30, 2023, 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, 2023.

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, 2023.

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 2023.

Cash and Cash Equivalents

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

Investments

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

Cash and cash equivalents at June 30, 2023	
	Market Value
Cash and cash equivalents:	
Cash on hand and deposited with financial institutions	$10,763,102
Cash with the Treasurer of Virginia	153,963,334
Collateral held for Securities Lending	12,906,774
Total cash and cash equivalents	**$177,633,210**
Restricted cash and cash equivalents:	
Current:	
Cash and cash equivalents – revenue credit account	$13,606
Total restricted cash and cash equivalents	**$13,606**

Securities Lending Transactions

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

Restricted Cash

During the current fiscal year, the University contracted with a retirement account vendor that resulted in the creation of a revenue credit account. This cash account is held and administered by the vendor and the expenditures of the balance are restricted to purpose by contract.

Note 3
Accounts and Notes Receivable

Accounts receivable consisted of the following at June 30, 2023:	
Student tuition and fess	$806,635
Auxiliary enterprises	852,955
Federal, state, and nongovernmental grants and contracts	848,223
Other activities	536,416
	3,044,229
Less allowance for doubtful accounts	(381,509)
Net accounts receivable	$2,662,720
Notes receivable consisted of the following at June 30, 2023:	
Current portion:	
Federal student loans	$602,108
Institutional student loans	103,070
Less allowance for doubtful accounts	(180,976)
Net current notes receivable	$524,202
Noncurrent portion:	
Federal student loans	$632,478
Institutional student loans	142,912
Less allowance for doubtful accounts	(199,195)
Net noncurrent notes receivable	$576,195

Note 4
Public-Private Partnership and Public-Public Partnerships (PPP and APA Agreements)

The University regularly enters into agreements with private and public entities to operate essential services. As of the reporting date of June 30, 2023, all of the revenue streams originating from PPP agreement assets are variable in nature. The University has two multi-year auxiliary lease revenue streams as detailed below that are contingent upon future events and therefore cannot be reliably measured and recognized until the conditions for revenue recognition are met. As such, no receivables related to revenue streams have been recognized in the financial statements. The PPP agreements do have capital improvement clauses and non-current receivables have been recorded to reflect the future asset that will be placed in service at the end of the current contracts.

The University is in the seventh year of a ten-year contract for dining services. The University provides space and operational support in return for commissions based on graduated sales level. As a result of the capital improvements in the PPP agreement, the University has recorded a non-current receivable (other assets) of $1,042,056 and a deferred inflow of resources with a net book value of $781,543 as of June 30, 2023.

The University is in the eighth year of a ten-year contract for bookstore services. The University provides space and operational support in return for commissions based on graduated sales level. The capital improvements in the PPP agreement were fully amortized within the first five years of the contract per the agreed upon conditions.

Note 5
Capital Assets

Capital Assets	*Beginning Balance July 1, 2022	Additions	Deletions	Ending Balance June 30, 2023
Non Depreciable Capital Assets				
Land	$14,567,979	$1,076,996	$-	$15,644,975
Construction in progress	33,520,060	50,608,382	2,742,937	81,385,505
TOTAL NON DEPRECIABLE CAPITAL ASSETS	**$48,088,039**	**$51,685,378**	**$2,742,937**	**$97,030,480**
Other Capital Assets				
Buildings	$501,517,150	$1,644,396	$-	$503,161,546
Equipment	44,244,880	2,051,148	1,088,065	45,207,963
Infrastructure	23,957,947	791,863	-	24,749,810
Other Improvements	22,207,934	139,666	-	22,347,600
Capitalized Software	8,219,405	-	797,147	7,422,258
Library Materials	28,258,096	1,372,291	113,040	29,517,347
Right to use intangible assets:				-
Land	-	435,150	-	435,150
Buildings	39,557,533	-		39,557,533
Equipment	264,390	-	-	264,390
**SBITA	2,432,456	3,326,136	-	5,758,592
TOTAL OTHER CAPITAL ASSETS	**670,659,791**	**9,760,650**	**1,998,252**	**678,422,189**
Less: Accumulated Depreciation				
Buildings	$208,490,479	$13,868,275	$-	$222,358,754
Equipment	33,730,203	2,184,236	1,077,585	34,836,854
Infrastructure	22,128,958	197,542	-	22,326,500
Other Improvements	10,587,726	826,069	-	11,413,795
Library Materials	20,546,859	1,525,048	113,039	21,958,868
TOTAL ACCUMULATED DEPRECIATION	**295,484,225**	**18,601,170**	**1,190,624**	**312,894,771**
Less: Accumulated Amortization				
Capitalized Software	7,554,941	594,635	797,147	7,352,429
Land	-	72,524	-	72,524
Buildings	4,224,714	4,404,510	-	8,629,224
Equipment	132,195	132,195	-	264,390
**SBITA	-	1,499,906	-	1,499,906
TOTAL ACCUMULATED AMORTIZATION	**$11,911,850**	**$6,703,770**	**$797,147**	**$17,818,473**
TOTAL OTHER CAPITAL ASSETS, NET	**363,263,716**	**(15,544,290)**	**10,481**	**347,708,945**
TOTAL CAPITAL ASSETS, NET	**$411,351,755**	**$36,141,088**	**$2,753,418**	**$444,739,425**

*- The beginning balances have been adjusted to reflect the implementation of GASB 96.

** - Subscription based information technology arrangements implemented under GASB 96

Note 6

Accounts Payable and Accrued Expenses

Summarized as of June 30, 2023:

Employee salaries, wages, and fringe benefits payable	$14,366,073
Vendors and suppliers accounts payable	5,269,827
Capital projects accounts and retainage payable	5,550,541
Due to Radford University Foundation	154,041
Accrued interest payable	175,268
Total accounts payable and accrued expenses	**$25,515,750**

Note 7
Long-Term Debt

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

The composition of Notes Payable at June 30, 2023, is summarized as follows:

Notes Payable - Pooled Bonds:	Interest Rates at Issuance	Maturity at Issuance
Student Fitness Center		
Series 2016A, $2.285 million par amount - partial	3.00% - 5.00%	1-Sep-29
refunding of Series 2009B		
Series 2013A, $4.865 million par amount	2.00% - 5.00%	1-Sep-33
Series 2021B, $13.46 million par amount - partial	0.48% - 1.91%	1-Sep-33
refunding of Series 2011A, 2012B, 2013A		

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, 2023, 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%	1-Jun-33
Renovation of Pocahontas, Bolling, Draper (residence halls)		
Series 2014A, $11.080 million par amount	2.00% - 5.00%	1-Jun-34
Series 2015A, $8.820 million par amount	2.00% - 5.00%	1-Jun-35
Series 2016A, $7.160 million par amount	3.00% - 5.00%	1-Jun-36
Acquire Property for Campus Expansion (off-campus apartments)		
Series 2020A, $16.030 million par amount	1.63% - 4.00%	1-Jun-40

A summary of changes in long term liabilities as of June 30,2023, is summarized as follows:

Long Term Liabilities	Beginning Balance July 1, 2022	Additions	Reductions	Ending Balance June 30, 2023	Current Portion
Notes payable –Pooled Bonds	$16,686,233	$-	$1,380,738	$15,305,495	$1,410,000
Bonds Payable - 9c	41,902,757	-	2,327,593	39,575,164	2,170,000
Right-to-use lease liabilities	36,091,694	435,150	3,999,802	32,527,042	3,529,502
Right-to-use SBITA Liabilities**	1,794,887	1,539,566	1,176,900	2,157,553	606,581
*** Total long-term liabilities**	**$96,475,571**	**$1,974,716**	**$8,885,033**	**$89,565,254**	**$7,716,083**

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

***** The balances as of July 1, 2022 have been adjusted to comply with implementation of GASB 96. See Note 8 Right-to-use liabilities for more information.***

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

Fiscal Year Ending	Notes Payable Pooled Bonds	Bonds Payable - 9c
June 30, 2024	$1,410,000	$2,170,000
June 30, 2025	$1,520,000	$2,270,000
June 30, 2026	$1,545,000	$2,365,000
June 30, 2027	$1,555,000	$2,465,000
June 30, 2028	$1,580,000	$2,560,000
2029-2033	$7,125,000	$14,235,000
2034-2038	$340,000	$8,245,000
2039-2043		$2,025,000
Unamortized Premium	**$230,495**	**$3,240,164**
Total	**$15,305,495**	**$39,575,164**

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

Fiscal Year Ending	Notes Payable Pooled Bonds	Bonds Payable - 9c
June 30, 2024	$215,516	$1,186,556
June 30, 2025	$195,383	$1,092,406
June 30, 2026	$181,380	$999,556
June 30, 2027	$165,252	$901,906
June 30, 2028	$144,144	$806,144
2029-2033	$321,590	$2,563,806
2034-2038	$3,247	$623,838
2039-2043		$57,094
Total	**$1,226,512**	**$8,231,306**

Long-Term Debt Defeasance

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

The advanced refunding resulted in a deferred accounting loss of $176,827 for the Series 2011 and 2012 bonds, and resulted in a deferred accounting gain of $258,622 for the series 2013 bonds refunded, which is being amortized to interest expense over the life of the new debt. The defeasance reduced the University's total debt service obligation by $1,202,463 for the 13 years after the bonds were issued. The debt service savings discounted at a rate of 1.144 percent for 2011A, 1.276 percent for 2012B and 1.391 percent for 2013A resulted in a total economic gain of $1,178,451. At June 30, 2023, $281,934 of deferred accounting losses are reported on the Statement of Net Position as a deferred outflow of resources. At June 30, 2023, $202,345 of the deferred accounting gains are reported on the Statement of Net Position as a deferred inflow of resources.

For financial reporting purposes, these notes payables are considered an in-substance defeasance and have therefore been removed from the long-term debt payable line item of the Statement of Net Position. The assets in escrow have similarly been excluded. As of June 30, 2023, $2,890,000 of the notes are considered defeased and outstanding.

Note 8
Right-to-Use Assets - Leases

The University in the course of regular business operations enters into term lease agreements for land, buildings, and equipment. 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. The University implemented GASB Statement 87, Leases, as of July 1, 2021, retrospectively.

Basis of Accounting

The leases that have non-cancelable terms in excess of one year and a present value of future lease payments in excess of the University's materiality threshold of $50,000 are represented in the financial statements as long-term lease liabilities. The University, in compliance with GASB Statement 87 also recognizes intangible right-to-use assets in relation to these long-term lease liabilities that are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. Additional information on the right-to-use assets can be found in Note 5.

The University discounts future lease payments by applying rates as follows: the explicitly stated contract rate if available, and then the incremental borrowing rate on similar debt, which for the fiscal year 2023, is 5.99%.

A portion of the University's leases are lease agreements with the Radford University Foundation, Inc. (The Foundation), a component unit of the University. The Foundation is a non-profit organization that measures and reports its operating and financial leases in accordance with Financial Accounting Standards Board (FASB) standards. The Foundation implemented ASC 842, Lease accounting in the current fiscal year. Due to differences in accounting standards, the related party leases that are reported by the University as a long-term liability and are being amortized over the lease term may be reported as either operating of financed leases at different present values by the Foundation. Information on the Foundation's statements can be found in Note 22.

The University currently does not have any lease agreements with bargain purchase options that require residual value or any variable payment considerations. The University has not engaged in any sub-lease, sale/lease-leaseback transactions, or arrangements that require pledged collateral. The University found no conditions that required impairments to the lease assets or liabilities as of June 30, 2023.

The University has one related party lease that was remeasured as of July 1, 2022 at an incremental borrowing rate of 3.48%.

Description of Leases
Equipment

The University has entered into an agreement to lease office equipment. The lease agreement qualifies as other than short term lease under GASB 87 and, therefore, was recorded at the present value of the future minimum lease payments as of the date of retrospective application on July 1, 2021.

The agreement, executed prior to July 1, 2021 for a three-year period is in its final year per the contract as of June 30, 2023. The lease requires a monthly minimum payment of $11,420. There are variable components to the contract such as copier usage that are not incorporated into the lease liability as they are not fixed in substance. The lease liability was measured and discounted at the University incremental borrowing rate of 3.48%. After the initial lock-up period of three years the office equipment contract was renewed for fiscal year 2024 on a year to year basis. As a result of the new contract clauses this contract will be recorded in the following fiscal years as a short-term lease.

Buildings

The University has entered into an agreement to lease various buildings for office use, instruction, and general operations of the University. These lease agreements qualify as other than short term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments.

The first agreement is with the Radford University Foundation to lease multiple real estate properties, primarily used as student residential housing. This lease was formerly reported in the financials of the University as a capital lease prior to implementation of GASB Standard

87 as of July 1, 2021.

The lease has 251 monthly payments remaining for an amount determined by the Foundation's debt service as of June 30, 2023. The debt service payments are fixed in substance and do not have a variable component included in the liability. The lease liability was initially measured and discounted at the University incremental borrowing rate of 3.48%. The University has recorded a right-to-use asset with a net book value of $12,167,140 as of June 30, 2023.

The second agreement is with a subsidiary of the Radford University Foundation to lease student residential housing for a five-year term. There are two years remaining on the lease contract as of June 30, 2023 at an annual payment rate of $37,541. There are no variable payment components of the lease. The lease liability was measured and discounted at the University incremental borrowing rate of 3.48%. As a result of the lease, the University has recorded a right-to-use asset with a net book value of $94,753 as of June 30, 2023.

The third agreement executed in 2018 is for a five-year term to house an art gallery. There is final year of the lease contract as of June 30, 2023 at an annual payment rate of $55,000. There are no variable payment components of the lease. The lease liability was measured and discounted at the University incremental borrowing rate of 3.48%. As a result of the lease, the University has recorded a right-to-use asset with a net book value of $19,485 as of June 30, 2023.

The fourth agreement executed in 2019 is for a ten-year term for the facilities of Radford University Carilion (RUC). There are six years remaining on the lease contract as of June 30, 2023 at an annual payment rate of $3,565,662. There are no variable payment components of the lease. The lease liability was measured and discounted at the University incremental borrowing rate of 3.48%. As a result of the lease, the University has recorded a right-to-use asset with a net book value of $18,398,007 as of June 30, 2023.

The fifth agreement executed in 2021 is for a three-year term and encompasses two leases for separate floors of residential housing for the students of Radford University Carilion. There is one year remaining on the first lease contract as of June 30, 2023 at an annual payment rates of $212,500. The second lease made the final remaining payment of $425,000 in the current fiscal year. There are no variable payment components of the lease. The lease liabilities were measured and discounted at the University incremental borrowing rate of 3.48%. As a result of the lease, the University has recorded a right-to-use asset for the agreement, including both leases, with a net book value of $248,924 as of June 30, 2023.

Land

The sixth agreement executed as of July 1, 2022 is for a five-year term lease for land. There are no variable payment components of the lease. The lease liability was measured and discounted at the University incremental borrowing rate of 5.99%. As a result of the lease, the University has recorded a right-to-use asset with a net book value of $362,625 as of June 30, 2023.

Lease commitments

There are no known lease commitments as of June 30, 2023.

Schedule of maturity for all lease liabilities:

Years	Principal	Interest	Total Payment
2024	3,529,502	1,139,218	4,668,720
2025	3,479,654	1,014,234	4,493,888
2026	3,704,574	890,800	4,595,374
2027	3,838,088	759,342	4,597,430
2028	3,885,034	625,063	4,510,097
2029-2033	6,428,623	1,771,535	8,200,158
2034-2038	3,539,296	1,095,200	4,634,496
2039-2043	4,122,271	434,982	4,557,253
Totals	**$32,527,042**	**$7,730,374**	**$40,257,416**

Schedule of maturity for all related-party lease liabilities:

Years	Principal	Interest	Total Payment
2024	339,993	450,077	790,070
2025	389,184	439,470	828,654
2026	502,198	424,702	926,900
2027	519,674	407,225	926,899
2028	537,759	389,141	926,900
2029-2033	2,982,873	1,651,623	4,634,496
2034-2038	3,539,296	1,095,200	4,634,496
2039-2043	4,122,272	434,983	4,557,255
Totals	**$12,933,249**	**$5,292,421**	**$18,225,670**

See Note 7 Long Term Debt for roll forward schedule of lease and subscription based information technology arrangement liabilities.

Note 9
Right-to-Use Assets - Subscription Based Information Technology Arrangements (SBITA)

The University in the course of regular business operations enters into term agreements for internet and cloud-based software, support, maintenance, consulting, and equipment. In most cases, the University purchases rights to use the software on a year to year basis as needs evolve. The University is party to multiple master agreements amongst the Virginia University system and additionally has a few direct contracts with select vendors. The University has implemented GASB Statement 96, Subscription Based Internet Technology Arrangements, as of July 1, 2022, retrospectively.

Basis of Accounting
The subscriptions that have non-cancelable terms in excess of one year and a present value of future payments in excess of the University's materiality threshold of $5,000 are represented in the financial statements as long-term subscription liabilities. The University, in compliance with GASB Statement 96 also recognizes intangible right-to-use assets in relation to these long-term subscription liabilities that are amortized over the agreement terms. Additional information on the right-to-use assets can be found in Note 5. Additional information on the right-to-use liabilities can be found in Note 7.

The University's SBITAs typically range from 2-7 years, with renewal options ranging from 1-3 years. The University discounts future payments by applying rates as follows: the explicitly stated contract rate if available, and then the incremental borrowing rate on similar debt, which for the fiscal year 2023 is 5.99%.

The contracts in the University's SBITA portfolio do not contain variable payments based upon usage of the underlying assets or additional licenses.

The University currently does not have any agreements with termination penalty clauses. The University found no conditions that required impairments or re-measurements to the subscription liabilities as of June 30, 2023.

Schedule of maturity for SBITA liabilities:

Year	Principal	Interest	Total Payment
2024	606,582	124,682	731,264
2025	368,284	92,903	461,187
2026	305,002	70,843	375,845
2027	320,936	52,574	373,510
2028	179,351	33,349	212,700
2029-2033	377,398	45,490	422,888
Totals	$2,157,553	$419,841	$2,577,394

Note 10
Other Noncurrent Liabilities

The University's other noncurrent liabilities consist of accruals for compensated absences, federal loan program contributions refundable to the federal government and faculty early retirement incentive plan amounts.

Faculty Early Retirement Plan
Effective in June 2021, the University established the Faculty Early Retirement Incentive Plan (FERP) for tenured faculty members. The plan was designed to provide flexibility in the release of tenured faculty resources, budget re-allocations, and alignment with strategic goals of the University. The plan is a qualified plan within the meaning of IRC §401(a) and is a governmental plan within the meaning of IRC §414(d). Since it is a governmental plan it is not subject to the Employee Retirement Income Security Act of 1974 as amended.

The FERP has two components:
• Retirement Plan Incentive - The Supplemental DB Plan provides an annuity benefit equal to 105% of the faculty member's base annual salary as of the Retirement Date.
o The FERP Program provides that the benefit will be paid over a period of two to five years, as set forth in the FERP Program. For the FY23 FERP program, the benefit will be paid over a period of two years beginning with the calendar year following the faculty member's Retirement Date (January 2024).
o Participants can choose to roll over their benefit or receive cash disbursements monthly or twice annually.

• Health Care Subsidy - The University will provide a health care subsidy to a faculty member who is eligible for and timely applies to participate in the State Retiree Health Benefits Program.
o the subsidy will be paid until the faculty member attains age 65 or dies, if earlier.
o the subsidy is equal to the University's share of premiums under the State Health Benefits Program as of the faculty member's Retirement Date, and is adjusted each year as provided by the biennium budget for the Commonwealth of Virginia.
o The University requires substantiation of the faculty member's coverage under the State Retiree Health Benefits Program. Because the subsidy is a reimbursement of premiums for coverage under the State Retiree Health Benefits Program, the FERP Program states that the subsidy is provided tax-free under Code Section 213(d) (as a qualified medical expense). So long as the University confirms that a faculty member is covered by the State Retiree Health Benefits Program before paying the subsidy, this is treated as a tax-free reimbursement to the faculty member for that coverage, and is not reported on a Form 1099-NEC, Form W-2, or any other tax form.

As of June 30, 2023, 49 members have elected to join the plan, 33 members for the FY21 plan and 16 members for the FY23 plan. In order to satisfy IRS requirements, a trust fund was established as a means to meet obligations to plan participants. The University accrued a total plan liability of $1,751,203 in 2023 to cover all plan obligations for the FY23 members to begin payment in January 2024. The remaining accrued balance from the FY 21 plan, $905,850 will be paid out in July 2023. Due to the short-term nature of the liability, health care cost trend rate was not determined to have a material effect and therefore was not included in the calculation of the liabilities.

Summarized as of June 30, 2023:	Payments
Year	FERP Payments
2024	1,756,428
2025	900,625
Totals	$2,657,053

A summary of changes in other liabilities as of June 30,2023, is summarized as follows:

Other liabilities	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued compensated absences	4,022,466	1,029,462	465,855	4,586,073	1,655,903
Federal loan program contributions refundable	1,995,020	-	249,052	1,745,968	208,890
Faculty Early Retirement Plan	2,550,270	1,990,158	1,883,375	2,657,053	1,756,428
Total other liabilities	**$8,567,756**	**$3,019,620**	**$2,598,282**	**$8,989,094**	**$3,621,221**

Note 11
Auxiliary Enterprises Activities

Auxiliary operating revenues and expenses consisted of the following at June 30, 2023:

Revenues	2023	Expenses	2023
Room contracts, net of scholarship allowance of $3,219,387	$14,885,390	Residential facilities	$4,933,121
Dining service contracts, net of scholarship allowance of $2,159,275	10,234,305	Dining operations	14,347,758
Comprehensive fee, net of scholarship allowance of $4,732,621	20,840,542	Athletics	11,303,646
Other student fees and sales and services	5,367,314	Other auxiliary activities	8,101,344
Auxiliary enterprises revenues	**$51,327,551**	**Auxiliary activities expenses**	**$38,685,869**

Note 12
Natural Classification of Expenses

Natural Classification	Compensation and Benefits	Depreciation and Amortization	Plant and Equipment	Student aid and support	Services and Supplies	Utilities	Total
Instruction	71,135,784	-	2,052,468	197,163	10,334,611	-	83,720,026
Research	384,061	-	31,067	-	250,089	-	665,217
Public service	2,183,274	-	50,572	-	1,317,507	-	3,551,353
Academic support	10,577,655	-	340,888	-	1,481,077	-	12,399,620
Student services	7,227,950	-	86,780	15,680	2,814,033	-	10,144,443
Institutional support	15,633,252	-	445,241	-	7,349,676	-	23,428,169
Operation and maintenance of plant	5,994,464	-	577,224	-	4,596,409	2,628,720	13,796,817
Depreciation and amortization	-	25,304,940	-	-	-	-	25,304,940
Student aid	-	-	-	5,061,860	-	-	5,061,860
Auxiliary activities	15,890,922	-	1,120,683	5,388,985	14,178,023	2,107,256	38,685,869
Total	**$129,027,362**	**$25,304,940**	**$4,704,923**	**$10,663,688**	**$42,321,425**	**$4,735,976**	**$216,758,314**

Note 13
State Appropriations

	2022-2023
Original Legislative Appropriation:	
Educational and General (E&G) Programs	90,811,604
Student Financial Assistance (SFA)	16,651,049
Supplemental Appropriations:	
Interest Earnings & Credit Card Rebate	37,831
Grants	253,530
Institution Reserve	3,532,009
Reversion -- planned FY2023 carry forward	(7,115,939)
Adjusted Appropriation	**$104,170,084**

Note 14
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 2023, 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, 2023:

VCBA 21st Century program	$41,704,699
VCBA Equipment Trust Fund program	1,847,337
Capital project appropriations	55,771,108
Capital donations	70,677
Total Capital appropriations and gifts	**$99,393,821**

A portion of the funding for these programs is reported as a receivable, due from the Commonwealth, at June 30, 2023, which consisted of the following:

	Current	Non-Current
VCBA 21st Century program	$4,619,720	
VCBA Equipment Trust Fund program	1,744,993	
Virginia Emergency Education Relief	5,000	
Appropriations available - Capital Projects		$56,504,811
Total Due from the Commonwealth	**$6,369,713**	**$56,504,811**

Note 15
Commitments

At June 30, 2023, the University was a party to construction contracts totaling approximately $143.3 million of which $74.3 million has been incurred. Remaining commitments totaling $68.7 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.

Note 16
Defined Benefit Plans and Related Pension Obligation

General Information about the Pension Plan

Plan Description

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

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

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

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Eligible Members	**Eligible Members**	**Eligible Members**
Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund. Hybrid Opt-In Election	Employees are in Plan 2 if their membership date is on or after July 1, 2010 to December 31, 2013, and they have not taken a refund, or their membership date is prior to July 1, 2010, and they were not vested as of January 1, 2013.	Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
Hybrid Opt-In Election	Hybrid Opt-In Election	• Full-time permanent, salaried state employees*
VRS Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.	Same as Plan 1.	• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014
The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.		*Non-Eligible Members
If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.		Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:
		• Members of the Virginia Law Officers' Retirement System (VaLORS)
		Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

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

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

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Calculating the Benefit	**Calculating the Benefit**	**Calculating the Benefit**
The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.	See definition under Plan 1.	Defined Benefit Component: See definition under Plan 1 Defined Contribution Component: The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation	**Average Final Compensation**	**Average Final Compensation**
A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.	Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013. VaLORS: The retirement multiplier for VaLORS employees is 2.00% applied to hazardous duty service and 1.70% applied to non-hazardous duty service and no supplement.	Service Retirement Multiplier Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. VaLORS: Not applicable.
VaLORS: The retirement multiplier for VaLORS employees is 1.70% or 2.00%.		Defined Contribution Component: Not applicable.

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

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Disability Coverage	**Disability Coverage**	**Disability Coverage**
Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% 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.	Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	State employees (including Plan 1 and Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service	**Purchase of Prior Service**	**Purchase of Prior Service**
Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	Same as Plan 1.	Defined Benefit Component: Same as Plan 1, with the following exception: • Hybrid Retirement Plan members are ineligible for ported service. Defined Contribution Component: Not applicable.

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each state agency's contractually required employer contribution rate for the fiscal year ended June 30, 2023 was 14.46% of covered employee compensation for employees in the VRS State Employee Retirement Plan. For employees in the VaLORS Retirement Plan, the contribution rate was 24.60% of covered employee compensation. These rates were the final approved General Assembly rates which were based on actuarial determined rates from an actuarial valuation as of June 30, 2021. The actuarially determined rates, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the state agency to the VRS State Employee Retirement Plan were $7,578,706 and $7,767,037 for the years ended June 30, 2023, and June 30, 2022, respectively. Contributions from the state agency to the VaLORS Retirement Plan were $248,830 and $214,631 for the years ended June 30, 2023, and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately $219.1 million to the VRS State plan and $19.9 million to VaLORS. These special payments were authorized by Chapter 1 of the 2022 Appropriation Act, and are classified as special employer contributions.

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

At June 30, 2023, the state agency reported a liability of $53,633,686 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of $1,834,260 for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The state agency's proportion of the Net Pension Liability was based on the state agency's actuarially determined employer contributions to the pension plans for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the state agency's proportion of the VRS State Employee Retirement Plan was 1.182% as compared to 1.206% at June 30, 2021. At June 30, 2022, the state agency's proportion of the VaLORS Retirement Plan was 0.290% as compared to 0.295% at June 30, 2021.

For the year ended June 30, 2023, the state agency recognized pension expense of $4,226,293 for the VRS State Employee Retirement Plan and $157,014 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2021, and June 30, 2022, a portion of the pension expense was related to deferred amounts from changes in proportion and differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2023, the state agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Inflows of Resources	VRS State Employee Retirement Plan	VaLORS Retirement Plan
Differences between expected and actual experience	$3,547,462	$9,602
Net difference between projected and actual earnings on pension plan investments	7,817,146	150,431
Change in assumptions	-	-
Change in proportion and differences between employer contributions and proportionate share of contributions	2,313,800	21,149
Total	**$13,678,408**	**$181,182**

Deferred Outflows of Resources	VRS State Employee Retirement Plan	VaLORS Retirement Plan
Differences between expected and actual experience	-	$20,942
Net difference between projected and actual earnings on pension plan investments	-	-
Change in assumptions	2,151,842	25,026
Change in proportion and differences between employer contributions and proportionate share of contributions	1,048,191	307
Employer contributions subsequent to the measurement date	7,578,706	248,830
Total	**$10,778,739**	**$295,105**

The University's contributions subsequent to the measurement date totaling $7,827,536 ($7,578,706 for VRS State Employee and $248,830 for VaLORS) and reported as deferred outflows of resources related to pensions resulting from the state agency's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2024.

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

Year ended June 30	VRS State Employee Retirement Plan	VaLORS Retirement Plan
FY 2024	$(3,684,264)	$(43,363)
FY 2025	$(4,697,123)	$(61,809)
FY 2026	$(5,794,520)	$(103,295)
FY 2027	$3,697,531	$73,560

Actuarial Assumptions

The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

Inflation 2.50%

Salary increases, including inflation 3.5%-5.35%

Investment rate of return 6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

Pre-retirement:
Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years.

Post-retirement:
Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females.

Post-disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.

Mortality Improvement:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

The total pension liability for the VaLORS Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

Inflation 2.50%

Salary increases, including inflation 3.5%-4.75%

Investment rate of return 6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of

rates for females set forward 2 years.

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Net Pension Liability

The net pension liability (NPL) is calculated separately for each plan and represents that particular plan's total pension liability determined in accordance with GASB Statement No. 67, less that plan's fiduciary net position. As of June 30, 2022, NPL amounts for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan are as follows (amounts expressed in thousands):

	State Employee Retirement Plan	VaLORS Retirement Plan
Total Pension Liability	$27,117,746	$2,474,068
Plan Fiduciary Net Position	22,579,326	1,841,041
Employers' Net Pension Liability (Asset)	$4,538,420	$633,027
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83%	74%

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)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi -Asset Public Strategies	6.00%	3.73%	0.22%
PIP- Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
Inflation	2.50%		
Expected arithmetic nominal return**	7.83%		

* The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

** On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, the rate contributed by the state agency for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the University's proportionate share of the VRS State Employee Retirement Plan and VaLORS Retirement Plan net pension liability using the discount rate of 6.75%, as well as what the 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 (5.75%) or one percentage point

Radford University's proportionate share	1.00% Decrease	Current Discount Rate	1.00% Increase
Net OPEB Liability	**-5.75%**	**-6.75%**	**-7.75%**
VRS State Employee Retirement Plan	$91,661,387	$53,633,686	$22,115,292
VaLORS Retirement Plan	$2,791,024	$1,834,260	$1,054,244

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 2022 Annual Report. A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2022-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, 2023, the University had accrued retirement contributions payable to the pension plan of $454,099 including $438,839 payable to the VRS State Employee Retirement Plan and $15,260 payable to the VaLORS Retirement Plan. The payable is based on retirement contributions earned by University employees through June 30, 2023, but not yet paid to the plan.

Note 17
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 $2.5 million for the year ended June 30, 2023 of which $330,362 is reflected as a current liability on the Statement of Net Position at June 30, 2023. Contributions to the optional retirement plan were calculated using the base salary amount of approximately $25.5 million for fiscal year 2023.

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 $239,020 for fiscal year 2023.

Note 18
Postemployment Benefits

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

Group Life Insurance Program (GLI) Plan Description
All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS

Eligible Employees

The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:

- City of Richmond
- City of Portsmouth
- City of Roanoke
- City of Norfolk
- Roanoke City School Board

Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The benefits payable under the Group Life Insurance Program have several components.

- Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- Accidental Death Benefit – The accidental death benefit is double the natural death benefit.
- Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
  - Accidental dismemberment benefit
  - Seatbelt benefit
  - Repatriation benefit
  - Felonious assault benefit
  - Accelerated death benefit option

Reduction in Benefit Amounts

The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $8,984 as of June 30, 2023.

VRS Disability Insurance Program (VSDP) Plan Description

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

The specific information for Disability Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

DISABILITY INSURANCE PROGRAM (VSDP) PLAN PROVISIONS

Eligible Employees

The Virginia Sickness and Disability Program (VSDP), also known as the Disability Insurance Trust Fund was established January 1, 1999, to provide short-term and long-term disability benefits for non-work-related and work-related disabilities.

Eligible employees are enrolled automatically upon employment. They include:

- Full-time and part-time permanent salaried state employees covered under VRS, SPORS and VaLORS (members new to VaLORS following its creation on October 1, 1999, have been enrolled since the inception of VSDP).
- State employees hired before January 1, 1999, who elected to transfer to VSDP rather than retain their eligibility to be considered for VRS disability retirement.
- Public college and university faculty members who elect the VRS defined benefit plan. They may participate in VSDP or their institution's disability program, if offered. If the institution does not offer the program or the faculty member does not make an election, he or she is enrolled in VSDP.

Benefit Amounts

The Virginia Sickness and Disability Program (VSDP) provides the following benefits for eligible employees:

- **Leave** – Sick, family and personal leave. Eligible leave benefits are paid by the employer.
- **Short-Term Disability** – The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. The benefit provides income replacement beginning at 100% of the employee's pre-disability income, reducing to 80% and then 60% based on the period of the disability and the length of service of the employee. Short-term disability benefits are paid by the employer.
- **Long-Term Disability (LTD)** – The program provides a long-term disability benefit beginning after 125 workdays of short-term disability and continuing until the employee reaches his or her normal retirement age. The benefit provides income replacement of 60% of the employee's pre-disability income. If an employee becomes disabled within five years of his or her normal retirement age, the employee will receive up to five years of VSDP benefits, provided he or she remains medically eligible. Long-term disability benefits are paid for by the Virginia Disability Insurance Program (VSDP) OPEB Plan.
- **Income Replacement Adjustment** – The program provides for an income replacement adjustment to 80% for catastrophic conditions.
- **VSDP Long-Term Care Plan** – The program also includes a self-funded long-term care plan that assists with the cost of covered long-term care services.

Disability Insurance Program (VSDP) Plan Notes:

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

Cost-of-Living Adjustment (COLA)

- During periods an employee receives long-term disability benefits, the LTD benefit may be increased annually by an amount recommended by the actuary and approved by the Board.
  - o Plan 1 employees vested as of 1/1/2013 – 100% of the VRS Plan 1 COLA (The first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%).
  - o Plan 1 employee non-vested as of 1/1/2013, Plan 2 and Hybrid Plan employees – 100% of the VRS Plan 2 and Hybrid COLA (The first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%).
- For participating full-time employees taking service retirement, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement.
  - o 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4.00%
- For participating full-time employees receiving supplemental (work-related) disability benefits, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement
  - o 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4.00%.

State Employee Health Insurance Credit Program (HIC) Plan Description

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

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

STATE EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS
Eligible Employees The State Employee Retiree Health Insurance Credit Program was established January 1, 1990, for retired state employees covered under VRS, SPORS, VaLORS and JRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: · Full-time and part-time permanent salaried state employees covered under VRS, SPORS, VaLORS and JRS.
Benefit Amounts The State Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees: · At Retirement – For State employees who retire, the monthly benefit is $4.00 per year of service per month with no cap on the benefit amount. · Disability Retirement – For State employees, other than state police officers, who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP), the monthly benefit is $120.00 or $4.00 per year of service, whichever is higher. For State police officer employees with a non-work-related disability who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP) the monthly benefit is $120.00 or $4.00 per year of service, whichever is higher. For State police officers with a work-related disability, there is no benefit provided under the State Employee Retiree Health Insurance Credit Program if the premiums are being paid under the Virginia Line of Duty Act. However, they may receive the credit for premiums paid for other qualified health plans.
Health Insurance Credit Program Notes: · The monthly Health Insurance Credit benefit cannot exceed the individual's premium amount. · Employees who retire after being on long-term disability under VSDP must have at least 15 years of service credit to qualify for the Health Insurance Credit as a retiree.

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

The specific information for LODA OPEB, including eligibility, coverage and benefits is set out in the table:

LINE OF DUTY ACT PROGRAM (LODA) PLAN PROVISIONS
Eligible Employees The eligible employees of the Line of Duty Act Program (LODA) include paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under VRS, SPORS, or VaLORS.
Benefit Amounts The LODA provides death and health insurance benefits for eligible individuals: · Death – The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: o $100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after. o $25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date. o An additional $20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001. · Health Insurance – The LODA program provides health insurance benefits. o The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors or family members.

Virginia State Health Plans Program (PMRH) for Pre-Medicare Retirees
The Commonwealth provides a healthcare plan established by Title 2.2, Chapter 28 of the *Code of Virginia* for retirees who are not yet eligible to participate in Medicare.

Following are eligibility requirements for Virginia Retirement System retirees:

PRE-MEDICARE RETIREE HEALTHCARE PLAN PROVISIONS
Eligible Employees Following are eligibility requirements for Virginia Retirement System retirees: · You are a retiring state employee who is eligible for a monthly retirement benefit from the Virginia Retirement System (VRS), and · You start receiving (do not defer) your retirement benefit immediately upon retirement*, and · Your last employer before retirement was the Commonwealth of Virginia, and · You were eligible for (even if you were not enrolled in) coverage as an active employee in the State Health Benefits Program until your retirement date (not including Extended Coverage/COBRA), and · You enroll no later than 31 days from your retirement date. *For VRS retirees, this means that your employing agency reported a retirement contribution or leave without pay status for retirement in the month immediately prior to your retirement date. Some faculty members may also be eligible if they are paid on an alternate pay cycle but maintain eligibility for active coverage until their retirement date. Effective January 1, 2017**, following are eligibility requirements for Optional Retirement Plan retirees: · You are a terminating state employee who participates in one of the qualified Optional Retirement Plans, and · Your last employer before termination was the Commonwealth of Virginia, and · You were eligible for (even if you were not enrolled in) coverage in the State Employee Health Benefits Program for active employees at the time of your termination, and · You meet the age and service requirements for an immediate retirement benefit under the non-ORP Virginia Retirement System plan that you would have been eligible

for on your date of hire had you not elected the ORP, and
· You enroll in the State Retiree Health Benefits Program no later than 31 days from the date you lose coverage (or lose eligibility for coverage) in the State Health Benefits Program for active employees due to your termination of employment.

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

The employer does not pay a portion of the retirees' healthcare premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, this generally results in a higher rate for active employees. Therefore, the employer effectively subsidizes the costs of the participating retirees' healthcare through payment of the employer's portion of the premiums for active employees.
This fund is reported as part of the Commonwealth's Healthcare Internal Service Fund. Benefit payments are recognized when due and payable in accordance with the benefit terms. Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes, and is administered by the Department of Human Resource Management. There were approximately 3,647 retirees and 92,839 active employees in the program as of June 30, 2022. There are no inactive employees entitled to future benefits who are not currently receiving benefits. There are no assets accumulated in a trust to pay benefits.

Contributions

Group Life Insurance Program (GLI)
The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023, was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the University were $451,190 and $462,579 for the years ended June 30, 2023, and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately $30.4 million to the Group Life Insurance Plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

Virginia Disability Insurance Program (VSDP)
The contribution requirements for the Disability Insurance Program (VSDP) are governed by §51.1-1140 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the Disability Insurance Program (VSDP) for the year ended June 30, 2023, was 0.61% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits payable during the year, with an adjustment to amortize the accrued OPEB assets. Contributions to the Disability Insurance Program (VSDP) from the University were $330,723 and $326,596 for the years ended June 30, 2023 and June 30, 2022, respectively.

Health Insurance Credit Plan (HIC)
The contribution requirement for active employees is governed by §51.1-1400(D) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each state agency's contractually required

employer contribution rate for the year ended June 30, 2023, was 1.12% of covered employee compensation for employees in the VRS State Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the University to the VRS State Employee Health Insurance Credit Program were $940,849 and $965,564 for the years ended June 30, 2023, and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately $8.5 million which was applied to the Health Insurance Credit Plan for state employees. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act.

Line of Duty Act (LODA)

The contribution requirements for the Line of Duty Act Program (LODA) are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the Line of Duty Act Program (LODA) for the year ended June 30, 2023, was $681.84 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021, and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the University were $13,637 and $13,728 for the years ended June 30, 2023, and June 30, 2022, respectively.

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

At June 30, 2023, the University reported the following liabilities (assets) for its proportionate share of the liabilities (assets).

GLI	$4,652,508
VSDP	(3,329,468)
HIC	9,077,336
LODA	377,244
PMRH	5,277,152

The VRS net OPEB liabilities (assets) were measured as of June 30, 2022 and the total VRS net OPEB liabilities (assets) used to calculate the VRS net OPEB Liabilities (assets) were determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The Pre-Medicare Retiree Healthcare OPEB liability of $363.4 million was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2022. For LODA, the University's proportion of the net OPEB liability was based on the entity's actuarially determined pay-as-you-go contributions to the LODA OPEB plan for the year ended June 30, 2022, relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. The University's proportion of the Pre-Medicare Retiree Healthcare OPEB liability was based on each employer's calculated healthcare premium contributions as a percentage of the total employer's calculated healthcare premium contributions for all participating employers. Net OPEB liabilities (assets) were based on the employer's actuarially determined employer contributions to the OPEB program for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022 and June 30, 2021, the participating University's proportionate share of the OPEB liabilities (assets) are listed below:

	GLI	VSDP	HIC	LODA	PMRH
June 30, 2022	0.386%	1.128%	1.108%	0.100%	1.452%
June 30, 2021	0.408%	1.145%	1.170%	0.109%	1.479%

For the year ended June 30, 2023, the participating University recognized the following OPEB expenses (gains) for these programs. Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense was related to deferred amounts from changes in proportion. Amounts include VRS State Employee Retirement Plan and VaLORS employees.

GLI	$115,979
VSDP	2,600
HIC	698,691
LODA	46,211
PMRH	(2,944,775)

At June 30, 2023, the University reported deferred outflows of resources and deferred inflows of resources related to the OPEB programs from the following sources:

GLI	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	$368,420	$186,648
Net difference between projected and actual earnings on OPEB program investments	-	290,713
Change in assumptions	173,531	453,173
Changes in proportionate share	277,750	494,224
Employer contributions subsequent to the measurement date	451,190	-
Total	**$1,270,891**	**$1,424,758**

VSDP	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	$335,160	$495,630
Net difference between projected and actual earnings on OPEB program investments	-	183,841
Change in assumptions	19,211	65,409
Changes in proportionate share	96,435	160,902
Employer contributions subsequent to the measurement date	330,723	-
Total	**$781,529**	**$905,782**

HIC	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	$1,554	$548,613
Net difference between projected and actual earnings on OPEB program investments	-	4,925
Change in assumptions	303,673	4,583
Changes in proportionate share and differences between actual and expected contributions	425,598	775,357
Employer contributions subsequent to the measurement date	940,849	-
Total	**$1,671,674**	**$1,333,478**

LODA	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	$28,983	$70,506
Net difference between projected and actual earnings on OPEB program investments	-	1,613
Change in assumptions	105,203	93,046
Changes in proportionate share	12,266	60,962
Employer contributions subsequent to the measurement date	13,637	-
Total	**$160,089**	**$226,127**

PMRH	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	$ -	$2,409,952
Change in assumptions	-	4,884,872
Changes in proportion	833,020	720,205
Amounts associated with transactions subsequent to the measurement date	577,016	-
Total	**$1,410,036**	**$8,015,029**

The following amounts are reported as deferred outflows of resources related to each OPEB program resulting from the University's contributions or amounts associated with transactions for PMRH subsequent to the measurement date will be recognized as a reduction of the OPEB liability (asset) in the fiscal year ending June 30, 2024.

GLI	$451,190
VSDP	330,723
HIC	940,849
LODA	13,637
PMRH	577,016

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

Year ended June 30	GLI	VSDP	HIC	LODA	PMRH
FY 2024	$(120,697)	$(174,697)	$(118,768)	$(4,523)	$(3,102,348)
FY 2025	(112,194)	(174,461)	(81,072)	(4,488)	(1,951,515)
FY 2026	(249,292)	(205,726)	(98,960)	(4,452)	(1,030,256)
FY 2027	(37,339)	17,603	(170,209)	(5,761)	(710,219)
FY 2028	(85,535)	19,103	(129,811)	(8,666)	(387,672)
Thereafter	-	63,202	(3,833)	(51,787)	-

Actuarial Assumptions

The total OPEB liability for all VRS programs was based on an actuarial valuation as of June 30, 2021, 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, 2022.

Inflation 2.50%

Salary increases, including inflation –

Employee Type	GLI	VSDP	HIC	LODA
General State	3.50-5.35%	3.50-5.35%	3.50-5.35%	N/A
Teachers	3.50-5.95%	N/A	N/A	N/A
SPORS	3.50-4.75%	3.50-4.75%	3.50-4.75%	N/A
VaLORS	3.50-4.75%	3.50-4.75%	3.50-4.75%	N/A
JRS	4.00%	N/A	4.00%	N/A
Locality-General	3.50-5.35%	N/A	N/A	N/A
Locality-Hazardous Duty	3.50-4.75%	N/A	N/A	N/A

Medical cost trend rates assumption (LODA)
Under age 65 7.00%-4.75%
Ages 65 and older 5.25%-4.75%

Year of ultimate trend rate (LODA)

Under age 65 Fiscal year ended 2028
Ages 65 and older Fiscal year ended 2023

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

Investment rate of return (LODA)
3.69%, including inflation*

*Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return.

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

Pre-Retirement:
Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to PUB2010 public sector mortality tables. Increased disability life expectancy. For future morality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change (N/A for LODA)

Mortality rates – Teachers (GLI)

Pre-Retirement:
Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:
Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year, 105% of rates for females

Post-Disablement:
Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males, 105% of rates for females set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males, and females set forward 2 years

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates for ages 55 to 61, 63, and 64, with 26 or more years of service; changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change (N/A for LODA)

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

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change (N/A for LODA)

Mortality rates – JRS Employees (GLI, HIC)

Pre-Retirement:
Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males and females set back 2 years

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Decreased rates for ages 60-66 and 70-72
Withdrawal Rates	No change
Disability Rates	No change
Salary Scale	Reduce increases across all ages by 0.50%
Discount Rate	No change

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

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all

Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased dates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

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

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

Pre-Medicare Retiree Healthcare Actuarial Assumptions and Methods

The total Pre-Medicare Retiree Healthcare OPEB liability was based on an actuarial valuation with a valuation date of June 30, 2022 (one year prior to the end of the fiscal year). The Department of Human Resource Management selected the economic, demographic and healthcare claim cost assumptions. The actuary provided guidance with respect to these assumptions. Initial healthcare costs trend rates used were 8.00 percent for medical and pharmacy and 4.00 percent for dental. The ultimate trend rates used were 4.50 percent for medical and pharmacy and 4.00 percent for dental.

Valuation Date	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.
Measurement Date	June 30, 2022 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed
Effective Amortization Period	5.86 years
Discount Rate	3.54%
Projected Salary Increases	5.35% to 3.5% based on years of service from 1 year to 20 years or more
Medical Trend Under 65	Medical & Rx: 8.00% to 4.50% Dental: 4.00%
Year of Ultimate Trend	2033
Mortality	Mortality rates vary by participant status and gender
Pre-Retirement:	Pub-2010 Benefits Weighted General Employee Rates projected generationally with a Modified MP-2021 Improvement Scale; females set forward 2 years
Post-Retirement:	Pub-2010 Benefits Weighted General Healthy Retiree Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for females
Post-Disablement:	Pub-2010 Benefits Weighted General Disabled Rates projected generationally with a Modified MP-2021 Improvement Scale; males and females set forward 3 years

Beneficiaries and Survivors:	Pub-2010 Benefits Weighted General Contingent Annuitant Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for males and females

The discount rate was based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date which is June 30, 2022.

Changes of Assumptions: The following actuarial assumptions were updated since the June 30, 2021 valuation based on recent experience:

- Retiree Participation - reduced the rate from 40% to 35%

Retiree participation was based on a blend of recent experience and the prior year assumptions.

The trend rates were updated based on economic conditions as of June 30, 2022. Additionally, the discount rate was increased from 2.16% to 3.54% based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date of June 30, 2023.

There were no plan changes in the valuation since the prior year.

Net OPEB Liability (Asset)

The net OPEB liability (NOL) or net OPEB asset (NOA) for the VRS administered programs represents each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the Measurement Date of June 30, 2022, NOL and NOA amounts are as follows (amounts expressed in thousands):

	GLI	VSDP	HIC	LODA
Total OPEB Liability	$3,672,085	$307,764	$1,043,748	$385,669
Plan Fiduciary Net Position	2,467,989	602,916	224,575	7,214
Employers' Net OPEB Liability (Asset)	$1,204,096	($295,152)	$819,173	$378,455
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	67.21%	195.90%	21.52%	1.87%

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

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

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi -Asset Public Strategies	6.00%	3.73%	0.22%
PIP- Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
Inflation	2.50%		
** Expected arithmetic nominal return	=	7.83%	

** The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.*

*** On October 10, 2019, The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.*

Long-Term Expected Rate of Return (LODA)

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.69% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Fidelity Fixed Income General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2022.

Discount Rate

GLI

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, the rate contributed by the University for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

VSDP

The discount rate used to measure VSDP OPEB liability (asset) was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, the rate contributed by participating employers to the VSDP OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VSDP OPEB Program's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total VSDP OPEB liability.

HIC

The discount rate used to measure the total State Employee HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, the rate contributed by the University for the Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the State Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total State Employee HIC OPEB liability.

LODA

The discount rate used for LODA was 3.69%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

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

The following presents the University's proportionate share of the net GLI, VSDP and HIC OPEB liability (asset) using the discount rate of 6.75%, net OPEB LODA liability using the discount rate of 3.69% and the University's proportionate share of the Total OPEB liability for PMRH using the discount rate of 3.54% as well as what the University's proportionate share of the OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Net OPEB Liability (Asset)	GLI	VSDP	HIC
1.00% Decrease (5.75%)	$6,769,944	$(3,064,474)	$ 10,193,066
Current Discount Rate (6.75%)	4,652,508	(3,329,468)	9,077,336
1.00% Increase (7.75%)	2,941,331	(3,562,301)	8,119,443

Net OPEB Liability	LODA
1.00% Decrease (2.69%)	$430,621
Current Discount Rate (3.69%)	377,244
1.00% Increase (4.69%)	333,576

Total OPEB Liability	PMRH
1.00% Decrease (2.54%)	$5,570,810
Current Discount Rate (3.54%)	5,277,152
1.00% Increase (4.54%)	4,989,663

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

Because the Line of Duty Act Program (LODA) and Pre-Medicare Retiree Healthcare Program (PMRH) contain provisions for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered University's proportionate share of the OPEB liability using health care trend rate of 7.00% decreasing to 4.75% for LODA, and 8.00% decreasing to 4.50% for PMRH, as well as what the covered University's proportionate share of the OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower or one percentage point higher than the current rate:

LODA

Net OPEB Liability	Total
1.00% Decrease (6.00% decreasing to 3.75%)	$317,910
Trend Rate (7.00% decreasing to 4.75%)	377,244
1.00% Increase (8.00% decreasing to 5.75%)	451,718

PMRH

OPEB Liability	Total
1.00% Decrease (7.00% decreasing to 3.50%)	$4,804,240
Trend Rate (8.00% decreasing to 4.50%)	5,277,152
1.00% Increase (9.00% decreasing to 5.50%)	5,821,717

Fiduciary Net Position

Detailed information about the Fiduciary Net Position for VRS OPEB Plan's is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the OPEB programs:

At June 30, 2023, the University had the following contributions payable to the plans. The payable is based on contributions earned by University employees through June 30, 2023, but not yet paid to the plan.

GLI	$18,796
VSDP	16,063
HIC	39,276

Note 19
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, 2023, the University estimates that no material liabilities will result from such audits or questions.

Note 20
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 operating section of the Statement of Cash Flows. For the fiscal year ended June 30, 2023, cash provided by the program totaled $46.9 million and cash used by the program totaled $46.9 million.

Note 21
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 Annual Comprehensive Financial Report.

Note 22
Component Unit Financial Information

(A) Contribution Receivable

The following summarizes the unconditional promises to give at June 30, 2023 and June 30, 2022:

Contributions expected to be collected in:	2023	2022
Current:		
Less than one year	$1,976,713	$2,198,085
Less – allowance for uncollectible contributions	$(79,463)	$(157,536)
Net current contributions receivable	$1,897,250	$2,040,549
Noncurrent:		
One to five years	1,063,470	1,190,145
More than five years	510,000	200,000
Less – allowance for uncollectible contributions	(40,984)	(27,803)
Less – discount to net present value	(217,987)	(148,968)
Net noncurrent contributions receivable	1,314,499	1,213,374
Total contributions receivable	**$3,211,749**	**$3,253,923**

Contributions receivable with due dates extending beyond one year are discounted to net present value. The applicable rate at June 30, 2023 and 2022 was 5.66%.

(B) Notes Receivable

During fiscal year 2016, the Foundation loaned $300,000 to a local not-for-profit daycare agency in exchange for a note receivable that is for the benefit of employees of the University. The note is non-interest bearing with deferred payments for the first five years, with annual payments of $25,000 for years 6 through 17. The Foundation has elected to record this receivable at fair value. Accordingly, the unearned discount on this receivable was $24,656 and $28,876 on June 30, 2023 and 2022, respectively. The Foundation forgave $11,250 and $10,250 of this note in exchange for guaranteed daycare slots for employees of the University during fiscal years 2023 and 2022, respectively. The applicable discount rate at June 30, 2023 and 2022 was 4.00%.

(c) Investments

Investments are comprised of the following as of June 30, 2023, and June 30, 2022:

	2023	2022
Cash and cash equivalents	$588,576	$1,829,213
Equities	755,642	726,832
Mutual funds with various investment strategies	64,712,633	59,033,050
Limited partnerships	14,866,630	14,822,886
Total Investments	**$80,923,481**	**$76,411,981**

Investments in securities are carried at fair value. The fair value of interests in limited partnerships are determined in good faith by external investment managers or other independent sources and reviewed by management. Because these alternative investments are not readily marketable, their estimated value is subject to additional uncertainty and therefore, value realized upon disposition may vary significantly from currently reported values.

Gifts of investments are recorded at their fair value (based upon quotations or appraisals) at the date of the gift. Purchases and sales of investments are recorded on the trade date.

Investment securities are exposed to several risks, such as interest rate, currency, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the Foundation's consolidated financial statements.

The Foundation manages an investment pool. Pooled investments and allocation of pooled investment income are accounted for using the unit market value method. The pool consists of endowment funds as well as funds functioning as endowments, in addition to other funds with and without donor restrictions.

(D) Capital Assets

A summary of land, buildings, and equipment at cost, less accumulated depreciation, for the years ending June 30, 2023, and June 30, 2022, is presented as follows:

	2023	2022
Buildings	$15,301,838	$15,274,630
Furniture and equipment	171,512	227,658
Land Improvements	500,994	500,994
Total depreciable assets, at cost	15,974,344	16,003,282
Less – accumulated depreciation	(3,357,034)	(3,032,741)
Total capital assets, net of accumulated depreciation	**$12,617,310**	**$12,970,541**
Land	$2,046,759	$2,046,759
Construction in progress	91,091	18,025
Collections of art	2,131,291	2,131,291
Total non depreciable capital assets	**$4,269,141**	**$4,196,075**
Total capital assets, net of accumulated depreciation	**$16,886,451**	**$17,166,616**

(E) Long-Term Debt

Line of credit and notes payable consisted of the following as of June 30, 2023, and June 30, 2022:	2023	2022
Line of credit, originated June 24, 2022 for $1.5 million, interest payable monthly at 1 Month SOFR plus 1.60% (6.69% and 3.10% at June 30, 2023 and 2022, respectively), outstanding principal due on demand. Unsecured.	300,000	
Note payable in monthly installments of $5,182 through May 2025, with interest payable at 1 Month IBOR plus 1.48% (6.67% and 2.60% at June 30, 2023 and 2022, respectively), unsecured.	108,604	163,956

Note payable in monthly installments calculated on a 25-year amortization with a balloon payment of remaining amount in May 2028, with interest payable at 1 Month SOFR plus 0.82%, with a floor of 1.57% beginning May 2021 (5.99% and 2.44% at June 30, 2023 and 2022, respectively). Secured by real estate and deposit accounts maintained by and investment property held with the institution. Additionally secured by an assignment of leases and rents.	332,193	342,295
Note payable in monthly interest only payments through April 2020, then monthly installments calculated on a 23-year amortization with a balloon payment of remaining amount in April 2025. Interest payable at 1 Month SOFR plus 0.82% (5.99% and 1.88% at June 30, 2023 and 2022, respectively). Secured by real estate and deposit accounts maintained by and investment property held with the institution. Additionally secured by an assignment of leases and rents.	1,302,923	1,323,527
Note payable in monthly interest only payments through April 2020, then monthly installments calculated on a 23-year amortization with a balloon payment of remaining amount in April 2025. Interest payable at 4.20%. Secured by real estate and deposit accounts maintained by and investment property held with the institution. Additionally secured by an assignment of leases and rents.	9,130,740	9,418,047
Note payable in monthly installments calculated on a 15-year amortization with a balloon payment of remaining amount in June 2024, with interest payable of 3.72%. Secured by real estate and deposit accounts maintained by and investment property held with the institution. Additionally secured by an assignment of leases and rents.	164,940	176,832
Note payable in monthly interest only payments through December 2021, then monthly installments calculated on a 25-year amortization with a balloon payment of remaining amount in May 2026. Interest payable at 2.39%. Secured by real estate, an assignment of rents and a pledge on securities.	2,852,028	2,941,461
Note payable in monthly installments calculated on a 17-year amortization with a balloon payment of remaining amount in June 2028, with interest payable at 1 Month SOFR plus 0.82%, with a floor of 1.57% (6.02% and 1.94% at June 30, 2023 and 2022, respectively). Secured by real estate and deposit accounts maintained by and investment property held with the institution. Additionally secured by an assignment of leases and rents.	372,722	389,977
Total lines of credit and note payable	**$14,564,150**	**$14,756,095**

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

2024	$668,540
2025	10,276,307
2026	2,693,795
2027	28,766
2028 and thereafter	599,742
Total principal payments	**$14,264,150**

Notes payables are subject to certain affirmative and negative covenants.

(F) In-Kind contributions

The University provided development and administration services to the Foundation. The value of this contributed time was based on salaries paid to those individuals plus fringe benefits, travel, and related office expenses. The Foundation recognized $1,747,458 of in kind services as of June 30, 2023.

(G) Operating Leases

The Foundation currently leases the Selu Conservancy, residential housing, office space, storage space, apartment buildings, and parking lots to the University under separate operating leases that expire in varying periods through April 2025. One leasing arrangement with the University requires that the Foundation receive rental revenue equal to the operating expenditures, capital expenditures and debt servicing on the properties. Based on the variability of the amounts to be received, rental revenue under this arrangement is not included in the future minimum rental receipts below. The Foundation also leases office space and residential housing to other parties under separate operating leases including subleases that expire in varying periods through May 2030. Rental income for 2023 and 2022 was $1,005,122 and $1,319,344, respectively.

Additionally, in April 2021, the Foundation entered into an agreement to lease land to an outside party who would construct an approximate $30 million hotel on the premises. Through June 30, 2023, the Foundation has made a $4.5 million investment into the construction of the hotel, incurred approximately $700,000 in due diligence and site preparedness costs and contributed approximately $1.7 million towards the purchase of furniture, fixtures and equipment within the hotel. This approximate $6.9 million has been capitalized to the balance sheet as a prepaid lease incentive and will be amortized over the life of the lease, currently expected to be sixty years. The Foundation has the right to receive a $3 per room fee for each nightly reservation. The Foundation has not included an estimate of future rental receipts for this project in the below totals.

The future minimum operating lease payments under the leases at June 30, 2023 are as follows:

2024	$156,463
2025	26,281
2026	12,000
2027	12,000
2028 and thereafter	35,000
Total lease receipts	**$241,744**

Note 23
Joint Ventures

In April of 2022 Radford University entered into a joint venture with regional governmental and higher education partners to create the New River Valley Passenger Rail Station Authority. The creation of the regional passenger rail authority will enable Members to share costs of developing, owning and operating an economic development asset that would be prohibitive to individual members. The Authority will directly benefit and enhance the economic base of the Members by allowing development, ownership, and operation of a facility on a cooperative basis. The exercise of the powers of the authority shall be for the benefit of the inhabitants of the commonwealth of Virginia, for the increase of commerce in the geographic area of the Members, and for the promotion of the safety, health, welfare, convenience, and prosperity of the inhabitants of the geographic region. The Authority may enter into participation agreements with one or more Members by which Facilities may be constructed and developed in the Region ("Participation Agreements"). Such Participation Agreements may include participation by public and private entities that are not Members.

Each Member may participate in the development of each proposed Facility (a "Project") in accordance with the terms of the applicable Participation Agreement. Payment of the costs of a Project and receipt of any Project revenues by Members shall be in accordance with the terms of the Participation Agreement. Any individual Member may, at its discretion and as allowed by law, choose to enter into or not enter into specific Participation Agreements in support of any particular Project. Any Member Locality not entering into a Participation Agreement in support of a Project shall have no monetary obligation or other duty or responsibility in relation to that Project.

The establishment of the Authority has allowed exploration of Projects but currently no Participation Agreements are in place as of June 30, 2023. The University paid $35,000 in fiscal year 2023 as cost sharing for an economic impact study of the joint venture rail project. For more information on the New River Valley Rail Authority see https://vapassengerrailauthority.org/new-river-valley-document-library/

Note 24
Change of Estimate

In fiscal year 2023 the National Association of College and University Business Officers (NACUBO) disavowed the industry practice of using the alternate method to compute tuition discount allowances after extensive study and review. To replace the alternate method NACUBO prepared a theoretical outline and four allowable methods to adopt in accordance with the circumstances and policies of each college and university. As a result of the change of recommended industry practice the University has adopted calculating the tuition discount allowance on a fiscal year basis per student (Method B). This methodology accounts for the institutional aid of the University to be applied in order of tuition and mandatory fees, then auxiliary expenses, with the remaining accounted for as student aid. The change of methodology does not change the total institutional aid provided in the fiscal year by the University but will result in a larger proportion of the aid being classified as tuition discount compared to prior years. The chart below provides the percent allocated under the prior alternate method used in the fiscal year 2022 financials and the new method used for the financials as of June 30, 2023.

2022- Used alternate method
2023--Used Method B, per student by fiscal year

Allowance Category	2023	2022
Tuition	72%	38%
Auxiliary	22%	31%
Student aid	6%	31%

Allowance Amount	2023
Tuition	$31,802,635
Auxiliary	$10,111,283

Note 25
Subsequent Events

In February 2024, The Commonwealth Treasury Board completed the sale of the General Obligation Refunding Bonds, Series 2024B. The University's share of the principal amount is $ 9.4 million. The proceeds of these bonds were used to refund $9.4 million of outstanding bonds and refund general obligation bonds, series 2013A and 2014A that support 9(c) projects at the University. Interest payments on the bonds will be made semi-annually, with coupons ranging from 2.00 to 5.00 percent. Principal payments are made semi-annually with the final payment due June 1, 2034. The refunding generated a true interest cost of 2.594612% and resulted in net present value savings of $439,424.

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, 2015 through 2023 **

		2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability		1.182%	1.206%	1.252%	1.144%	1.119%	1.130%	1.098%	1.061%	1.005%
Employer's proportionate share of the net pension liability	$	53,633,686	43,743,665	90,680,985	72,307,220	60,586,000	65,837,000	72,383,000	64,986,000	56,267,000
Employer's covered payroll	$	55,707,371	53,392,757	56,308,891	47,714,545	46,243,818	45,264,292	43,206,118	40,612,813	38,332,872
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		96.28%	81.93%	161.04%	151.54%	131.01%	145.45%	167.53%	160.01%	146.79%
Plan fiduciary net position as a percentage of the total pension liability		83.26%	86.44%	72.15%	75.13%	77.39%	75.33%	71.29%	72.81%	74.28%

Schedule is intended to show information for 10 years. Since 2023 is the ninth year for this presentation, there are only nine years available. However, additional years will be included as they become available.

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

RADFORD UNIVERSITY
Schedule of Employer's Share of Net Pension Liability
VaLORS Employee Retirement Plan
*For the Years Ended June 30, 2015 through 2023 **

		2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability		0.290%	0.295%	0.300%	0.313%	0.277%	0.304%	0.290%	0.293%	0.261%
Employer's proportionate share of the net pension liability	$	1,834,260	1,539,074	2,343,302	2,169,968	1,725,000	1,996,000	2,246,000	2,082,000	1,761,000
Employer's covered payroll	$	981,599	1,028,602	1,109,047	1,094,298	956,754	1,047,748	1,002,575	982,575	918,334
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		186.86%	149.63%	211.29%	198.30%	180.30%	190.50%	224.02%	211.89%	191.76%
Plan fiduciary net position as a percentage of the total pension liability		74.41%	78.18%	65.74%	68.31%	69.56%	67.22%	61.01%	62.64%	63.05%

Schedule is intended to show information for 10 years. Since 2023 is the ninth year for this presentation, there are only nine years available. However, additional years will be included as they become available.

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

RADFORD UNIVERSITY

Schedule of Employer Contributions

VRS State Employee Retirement Plan

For the Years Ended June 30, 2014 through 2023

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
2023	$ 8,519,023	$ 8,519,023	$ -	$ 58,914,408	14.46%
2022	$ 8,055,286	$ 8,055,286	$ -	$ 55,707,371	14.46%
2021	$ 7,720,593	$ 7,720,593	$ -	$ 53,392,757	14.46%
2020	$ 7,612,962	$ 7,612,962	$ -	$ 56,308,891	13.52%
2019	$ 6,444,398	$ 6,444,398	$ -	$ 47,714,545	13.51%
2018	$ 6,238,291	$ 6,238,291	$ -	$ 46,243,818	13.49%
2017	$ 6,106,153	$ 6,106,153	$ -	$45,264,292	13.49%
2016	$ 6,078,232	$ 6,078,232	$ -	$ 43,206,118	14.07%
2015	$ 5,043,111	$ 5,043,111	$ -	$ 40,901,142	12.33%
2014	$ 3,399,941	$ 3,399,941	$ -	$ 38,812,116	8.76%

** Includes contributions (mandatory and match on voluntary) to the defined contribution portion of the hybrid plan.*

RADFORD UNIVERSITY

Schedule of Employer Contributions

VaLORS Employee Retirement Plan

For the Years Ended June 30, 2014 through 2023

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
2023	$ 248,830	$ 248,830	$ -	$ 1,011,504	24.60%
2022	$ 214,970	$ 214,970	$ -	$ 981,599	21.90%
2021	$ 225,264	$ 225,264	$ -	$ 1,028,602	21.90%
2020	$ 239,665	$ 239,665	$ -	$ 1,109,047	21.61%
2019	$ 233,802	$ 233,802	$ -	$ 1,094,298	21.37%
2018	$ 201,397	$ 201,397	$ -	$ 956,754	21.05%
2017	$ 220,551	$ 220,551	$ -	$ 1,047,748	21.05%
2016	$ 188,891	$ 188,891	$ -	$ 1,002,575	18.84%
2015	$ 175,205	$ 175,205	$ -	$ 991,540	17.67%
2014	$ 136,302	$ 136,302	$ -	$ 920,958	14.80%

Notes to Required Supplementary Information

For the Year Ended June 30, 2023

Pension – VRS and VaLORS

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions for the VRS – State Employee Retirement Plans as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Required Supplementary Information

Other Postemployment Benefits

Radford University
Schedule of University's Share of OPEB Liability (Asset)
For the Years Ended June 30, 2018 through June 30, 2023 *

Plan	Date	University's Proportion of the OPEB liability (asset)	University's Proportionate share of the OPEB liability (asset)	University's Covered Payroll **	**University's proportionate share of the OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
GLI	2023	0.386%	$ 4,652,508	$ 84,049,883	5.54%	67.21%
GLI	2022	0.408%	$ 4,753,837	$ 84,300,740	5.64%	67.45%
GLI	2021	0.424%	$ 7,075,865	$ 87,260,411	8.11%	52.64%
GLI	2020	0.390%	$ 6,346,825	$ 77,221,642	8.22%	52.00%
GLI	2019	0.399%	$ 6,056,000	$ 75,501,140	8.02%	51.22%
GLI	2018	0.406%	$ 6,109,000	$ 74,422,092	8.21%	48.86%
VSDP	2023	1.128%	$ (3,329,468)	$ 51,922,081	-6.41%	195.90%
VSDP	2022	1.145%	$ (3,946,187)	$ 49,476,947	-7.98%	229.01%
VSDP	2021	1.184%	$ (2,612,949)	$ 51,306,836	-5.09%	181.88%
VSDP	2020	1.069%	$ (2,096,975)	$ 43,505,213	-4.82%	167.18%
VSDP	2019	1.052%	$ (2,369,000)	$ 41,323,569	-5.73%	194.74%
VSDP	2018	1.066%	$ (2,189,000)	$ 40,043,228	-5.47%	186.63%
HIC	2023	1.108%	$ 9,077,336	$ 83,963,351	10.81%	21.52%
HIC	2022	1.170%	$ 9,878,929	$ 84,294,169	11.72%	19.75%
HIC	2021	1.210%	$ 11,108,976	$ 87,184,539	12.74%	12.02%
HIC	2020	1.120%	$ 10,338,029	$ 77,213,560	13.39%	10.56%
HIC	2019	1.124%	$ 10,257,000	$ 75,501,070	13.59%	9.51%
HIC	2018	1.156%	$ 10,522,000	$ 74,400,678	14.14%	8.03%
LODA	2023	0.100%	$ 377,244	$ 981,599	38.43%	1.87%
LODA	2022	0.109%	$ 482,489	$ 1,028,602	46.91%	1.68%
LODA	2021	0.114%	$ 478,496	$ 1,074,954	44.51%	1.02%
LODA	2020	0.116%	$ 415,080	$ 1,045,085	39.72%	0.79%
LODA	2019	0.123%	$ 384,000	$ 923,422	41.58%	0.60%
LODA	2018	0.116%	$ 304,000	$ 969,949	31.34%	1.30%
PMRH	2023	1.452%	$ 5,277,152	$ 83,816,134	6.30%	N/A
PMRH	2022	1.479%	$ 6,641,307	$ 83,816,134	7.92%	N/A
PMRH	2021	1.511%	$ 8,597,237	$ 82,598,627	10.41%	N/A
PMRH	2020	1.411%	$ 9,578,793	$ 84,224,100	11.37%	N/A
PMRH	2019	1.429%	$ 14,367,451	$ 74,815,192	19.20%	N/A
PMRH	2018	1.453%	$ 18,871,439	$ 73,411,461	25.71%	N/A

Schedule is intended to show information for 10 years. Since 2023 was the sixth year for this presentation, only six years of data is available. However, additional years will be included as they become available.

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

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

Radford University
Schedule of University's Contributions
For the Year Ended June 30, 2018 through June 30, 2023

Plan	Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	* University's Covered Payroll	Contributions as a % of Covered Payroll *
GLI	2023	$ 451,190	$ 451,190	$ -	$ 83,553,703	0.54%
GLI	2022	$ 462,579	$ 462,579	$ -	$ 84,049,883	0.55%
GLI	2021	$ 452,338	$ 452,338	$ -	$ 84,300,740	0.54%
GLI	2020	$ 457,653	$ 457,653	$ -	$ 87,260,411	0.52%
GLI	2019	$ 399,544	$ 399,544	$ -	$ 77,221,642	0.52%
GLI	2018	$ 392,606	$ 392,606	$ -	$ 75,501,140	0.52%
VSDP	2023	$ 330,723	$ 330,723	$ -	$ 54,216,885	0.61%
VSDP	2022	$ 326,596	$ 326,596	$ -	$ 51,922,081	0.63%
VSDP	2021	$ 301,821	$ 301,821	$ -	$ 49,476,947	0.61%
VSDP	2020	$ 318,790	$ 318,790	$ -	$ 51,306,836	0.62%
VSDP	2019	$ 265,075	$ 265,075	$ -	$ 43,505,213	0.61%
VSDP	2018	$ 272,736	$ 272,736	$ -	$ 41,323,569	0.66%
HIC	2023	$ 940,849	$ 940,849	$ -	$ 84,004,375	1.12%
HIC	2022	$ 965,564	$ 965,564	$ -	$ 83,963,351	1.15%
HIC	2021	$ 945,201	$ 945,201	$ -	$ 84,294,169	1.12%
HIC	2020	$ 1,021,736	$ 1,021,736	$ -	$ 87,184,539	1.17%
HIC	2019	$ 890,646	$ 890,646	$ -	$ 77,213,560	1.15%
HIC	2018	$ 890,913	$ 890,913	$ -	$ 75,501,070	1.18%
LODA	2023	$ 13,637	$ 13,637	$ -	$ 1,006,446	1.35%
LODA	2022	$ 13,728	$ 13,728	$ -	$ 981,599	1.40%
LODA	2021	$ 15,064	$ 15,064	$ -	$ 1,028,602	1.46%
LODA	2020	$ 15,527	$ 15,527	$ -	$ 1,074,954	1.44%
LODA	2019	$ 15,527	$ 15,527	$ -	$ 1,045,085	1.49%
LODA	2018	$ 13,050	$ 13,050	$ -	$ 923,422	1.41%

Schedule is intended to show information for 10 years. Since 2023 was the sixth year for this presentation, only six years of data is available. However, additional years will be included as they become available.

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

Notes to Required Supplementary Information

For the Year Ended June 30, 2023

Pre-Medicare Retiree Health (PMRH)

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

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

Changes of assumptions – The following actuarial assumptions were updated since the June 30, 2021 valuation based on recent experience:

- Retiree Participation - reduced the rate from 40% to 35%

Retiree participation was based on a blend of recent experience and the prior year assumptions.

The trend rates were updated based on economic conditions as of June 30, 2022. Additionally, the discount rate was increased from 2.16% to 3.54% based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2022.

Notes to Required Supplementary Information

For the Year Ended June 30, 2023

GLI, VSDP, HIC, LODA

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (Pre-retirement, post- retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service

Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change (N/A for LODA)

Teachers (GLI)

Mortality Rates (Pre-retirement, post- retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

SPORS Employees (GLI, VSDP, HIC, LODA)

Mortality Rates (Pre-retirement, post- retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates for ages 55 to 61, 63, and 64, with 26 or more years of service; changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability Rates	No change
Salary Scale	No change

Line of Duty Disability	No change
Discount Rate	No change (N/A for LODA)

VaLORS Employees (GLI, VSDP, HIC, LODA)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change (N/A for LODA)

JRS Employees (GLI, HIC)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Decreased rates for ages 60-66 and 70-72
Withdrawal Rates	No change
Disability Rates	No change
Salary Scale	Reduce increases across all ages by 0.50%
Discount Rate	No change

Largest Ten Locality Employers - General Employees (GLI)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Largest Ten Locality Employers – Hazardous Duty Employees (GLI)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Mortality Rates (Pre-retirement, post- retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

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

Mortality Rates (Pre-retirement, post- retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

June 5, 2024

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Visitors
Radford University

Bret Danilowicz
President, Radford University

INDEPENDENT AUDITOR'S REPORT

Report on Financial Statements

Opinions

We have audited the financial statements of the business-type activities and discretely presented component unit of Radford University, a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of another auditor, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of the University as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the discretely presented component unit of Radford University which is discussed in Notes 1 and 22. 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 solely on the report of the other auditor.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the component unit of the University that were audited by another auditor upon whose report we are relying were not audited in accordance with Government Auditing Standards.

Emphasis of Matters

Changes in Accounting Principle

As discussed in Notes 1, 4, and 9 of the accompanying financial statements, the University implemented Governmental Accounting Standards Board (GASB) Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to accounting and reporting for certain contractual arrangements to provide public services, and GASB Statement No. 96, Subscription-Based Information Technology Arrangements, related to accounting and reporting for subscription liabilities and right-to-use subscription assets. Our opinions are not modified with respect to these matters.

Change in Accounting Estimate

As discussed in Notes 1 and 24, the University adopted a new methodology for allocating financial assistance as either a scholarship allowance offsetting tuition and auxiliary revenue or a scholarship expense, as recommended by the National Association of College and University Business Officers. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 University's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements: Management's Discussion and Analysis on pages 3 through 16; the Schedule of Employer's Share of Net Pension Liability, the Schedule of Employer Contributions, and the Notes to the Required Supplementary Information on pages 82 through 85; and the Schedule of University's Share of OPEB Liability (Asset), the Schedule of University's Contributions, and the Notes to the Required Supplementary Information for the Health Insurance Credit, Group Life Insurance, Disability Insurance, Line of Duty, and Pre-Medicare Retiree Healthcare programs on pages 86 through 93. Such information is the responsibility of management and, 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 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 June 5, 2024, 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, grant agreements, and other matters. We anticipate releasing that report on or after June 21, 2024. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the University's internal control over financial reporting and compliance.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

ZLB/clj

RADFORD UNIVERSITY

Radford, Virginia
As of June 30, 2023

BOARD OF VISITORS

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