



## MEMORANDUM

TO: Members of the Administration and Finance Committee  
Robert M. Tata, Chair  
Fred J. Whyte, Vice Chair  
Ronald C. Ripley (~~ex-officio~~)  
John F. Biagas (~~ex-officio~~)  
Yvonne T. Allmond  
Alton J. Harris  
Ross A. Mugler  
Donna L. Scassera  
William D. Sessoms, Jr.  
John R. Lombard (Faculty Representative)

FROM: David F. Harnage  
Chief Operating Officer

DATE: November 20, 2015

SUBJECT: Meeting of the Committee, December 3, 2015

The Administration and Finance Committee will meet on Thursday, December 3, 2015, from 9:00-10:30 a.m. in the Board Room of Webb University Center. Enclosed for your review are the agenda and supporting documents.

### I. ACTION ITEM

- A. Approval of Minutes ±The Committee will consider a motion to approve the minutes of the Administration and Finance Committee meeting held on September 24, 2015.

### II. PRESENTATIONS

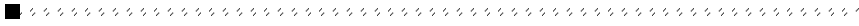
- A. Unaudited Financial Statements ± Ms. Mary Deneen, Assistant Vice President for Finance/University Controller, will present the enclosed Unaudited Financial Statements for the year ended June 30, 2015.

- B. VRS/ORP Update ±September Sanderlin, Vice President for Human Resources, will EULHI WKH & RPPLWVHH RQ SURSRVHG FkdQJHV WR WK Retirement Program that will impact Old Dominion University employees.
- C. Chief Operating Officer ¶ Report ±In his report to the Committee, Chief Operating Officer Harnage will brief the Committee on several items of interest.

### III. STANDING REPORTS

The Committee will receive briefings on the following standing reports:

- A. Capital Outlay Projects Status Report - Dale Feltes, Director of Design & Construction (Enclosed)
- B.



*Old Dominion University  
Financial Statements*

*June 30, 2015*

*(unaudited)*



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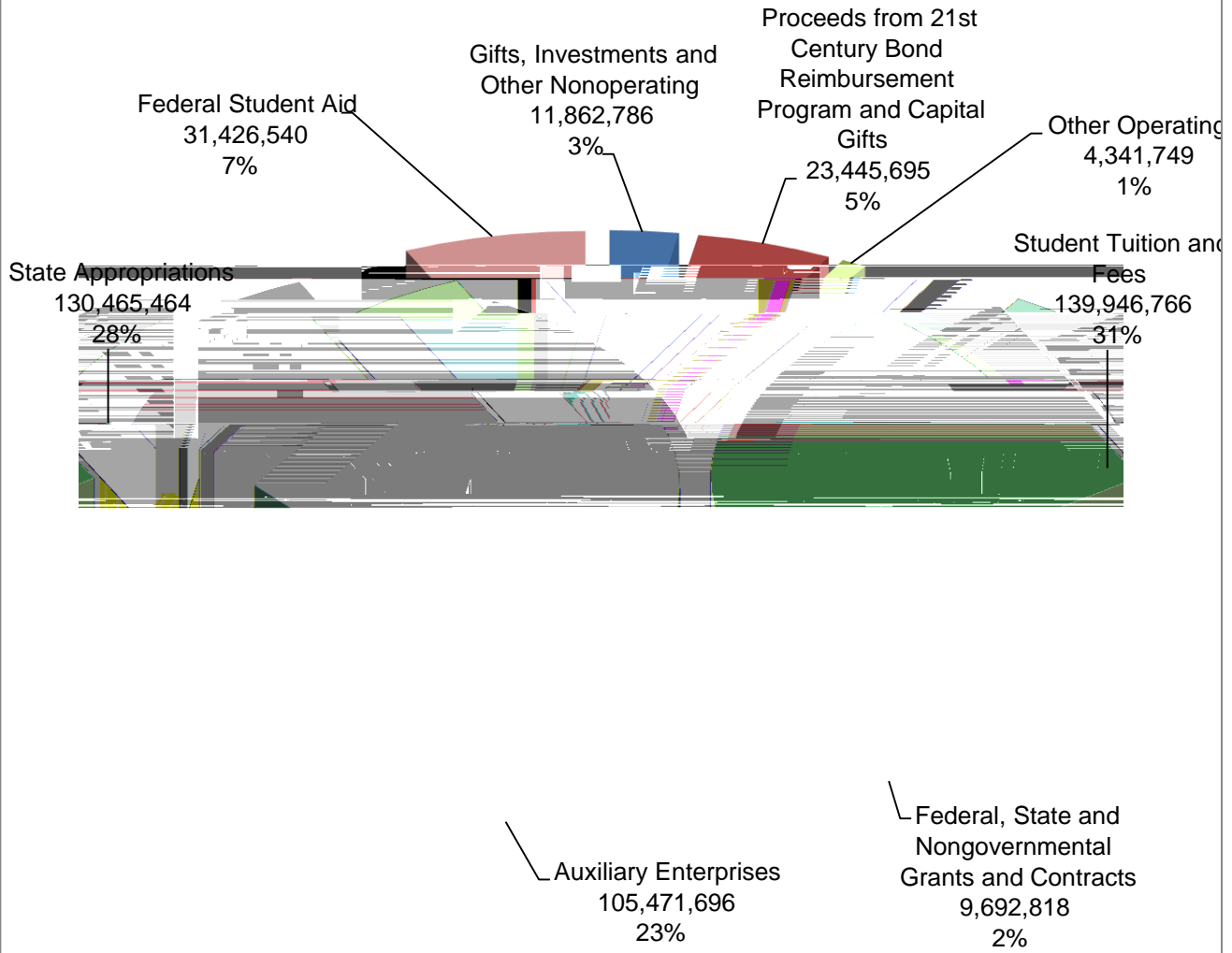




The University's financial position remained strong at the end of fiscal year 2015 with an increase in total assets and deferred outflows of \$69.7 million or 9.5%. The growth in current assets of \$10.9 million or 9.8% was

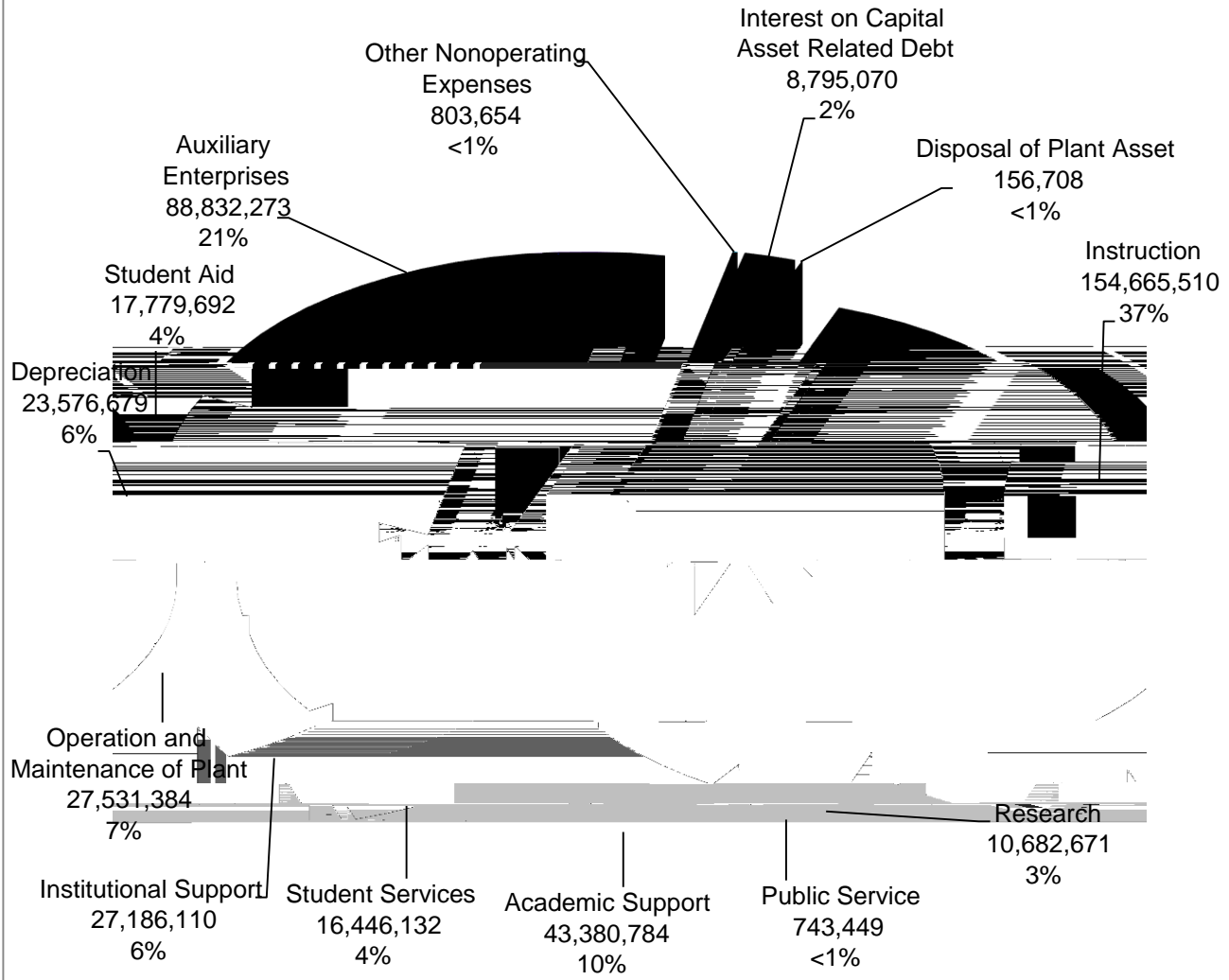


# Revenues



Total operating revenues are primarily comprised of student tuition and fees and auxiliary enterprise revenue. Student tuition and fees increased \$9.6 million or 7.4% and auxiliary enterprise revenue had growth of \$1.8 million or 1.7% from the prior fiscal year. The growth in tuition and fee revenue was due to the rise in both in-state and out-of-state tuition rates and the auxiliary revenue increase was due to an increase in fees. The University received increased funding from federal, state and local grants. This resulted in a total increase in operating revenues of \$14.3 million or 5.9%. Nonoperating revenue had a slight increase of \$0.4 million as a result of increases in Pell grant revenue and gifts offset by a reduction in investment income. Finally, other revenues decreased \$11.8 million or 33.3% as a result of fewer funds from the 21<sup>st</sup> Century Bond Program.

# Expenses



Operating expenses increased slightly by \$10.3 million or 2.6% primarily due to faculty promotions and retention efforts to retain well qualified faculty combined with mandatory cost increases related to health care costs and retirement contributions. In addition, there were increases in contractual obligations, leases, and the operation and maintenance of new facilities.

## Statement of Cash Flows

The Statement of Cash Flows provides relevant information that aids in the assessment of the University's ability to generate cash to meet present and future obligations and provides detailed information reflecting the University's sources and uses of cash during the fiscal year. The statement is divided into five sections. The first section deals with operating cash flows and reflects the sources and uses to support the essential mission of the University. The primary sources are tuition and fees (\$155.6 million) and auxiliary enterprises (\$122.3 million). The primary uses are payments to employees including salaries, wages, and fringe benefits (\$240.5 million) and payments to vendors (\$95.1 million).

The second section presents cash flows from non-capital financing activities and reflects nonoperating sources and uses of cash primarily to support operations. The largest

## Economic Outlook

The passage of the Virginia Higher Education Opportunity Act by the 2011 Session of the General Assembly speaks to the importance of policy goals of increasing accessibility and enrollments in high-demand disciplines such as Science, Technology, Engineering, and Mathematics (STEM) and the number of restructuring initiatives to enhance progress in promoting higher education opportunities. Old Dominion ranks third in the production of STEM programs. To further assess institutional performance, Chapter 2, 2014 Virginia Acts of Assembly, Special Session I included a requirement in the General Provisions to assess and certify institutional performance annually on several financial and administrative standards. The State Council of Higher Education (SCHEV) recently certified that Old Dominion University passed all the standards.

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OLD DOMINION UNIVERSITY  
STATEMENT OF NET POSITION  
As of June 30, 2015

	Old Dominion University	Component Units
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 93,645,949	\$ 36,736,136
	16,793,540	15,341,821
	-	4,324,965
Due from the Commonwealth (Note 5)	7,016,354	-
Appropriations available	822,908	-
Travel advances	-	156,527
Prepaid expenses	2,858,118	793,375
Inventory	502,296	-
	1,276,918	-
Other assets	-	210,507
Total current assets	122,916,083	57,563,331
Noncurrent assets:		
Restricted cash and cash equivalents (Note 3)	45,247,975	-
Endowment investments (Note 4)	8,463,995	-
Investments (Notes 3 and 12)	16,293,347	212,429,917
Accounts receivable	-	49,086,265
Contributions receivable (Net of allowance for doubtful collections \$3,013,301) (Note 12)	-	12,022,250
Notes receivable (Net of allowance for doubtful accounts \$57,568)	1,755,121	-
Nondepreciable capital assets (Notes 6 and 12)	58,644,174	22,107,616
Capital assets (Notes 6 and 12)	529,644,358	7,106,167
Total noncurrent assets	660,048,970	302,752,215
Total assets	782,965,053	360,315,546
Deferred outflows of resources	22,292,622	-
Total assets and deferred outflows of resources	805,257,675	360,315,546
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		
Current liabilities:		
Accounts payable and accrued expenses (Note 7)	40,030,638	9,703,548
Due to affiliates	-	8,036,652
Unearned revenue	9,020,296	5,143,399
Obligations under securities lending (Note 3)	2,148,479	-
Deposits held in custody for others	1,903,152	38,754
Other liabilities	-	12,117,929
Line of credit	-	6,498,042
Long-term liabilities - current portion (Notes 8 and 12)	21,398,661	2,482,352
Total current liabilities	74,501,226	44,020,676
Noncurrent liabilities (Notes 8 and 12)	367,605,776	77,182,962
Total liabilities	442,107,002	121,203,638
Deferred inflows of resources	20,052,000	-
Total liabilities and deferred inflows of resources	462,159,002	121,203,638
<b>NET POSITION</b>		
Net investment in capital assets	358,060,230	19,146,341



OLD DOMINION UNIVERSITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
For the Year Ended June 30, 2015

	Old Dominion University	Component Units
Operating revenues:		
Student tuition and fees (Net of scholarship allowances of \$25,251,241)	\$ 139,946,766	\$ -
Gifts and contributions	-	5,891,565
Federal grants and contracts	6,533,285	-
State grants and contracts	808,085	-
Indirect cost	-	8,141,733
Sponsored research	-	39,912,696
Nongovernmental grants and contracts	2,351,448	-
Auxiliary enterprises (Net of scholarship allowances of \$20,099,814)	105,471,696	-
Other operating revenues	4,341,749	9,665,252
Total operating revenues	<u>259,453,029</u>	<u>63,611,246</u>
Operating expenses:		
Instruction	154,665,510	2,014,041
Research	10,682,671	47,113,685
Public service	743,449	-
Academic support	43,380,784	6,500,835
Student services	16,446,132	-
Institutional support	27,186,110	15,474,430
Operation and maintenance	27,531,384	2,080,084
Depreciation	23,576,679	303,963
Student aid	17,779,692	3,228,942
Auxiliary activities	88,832,273	-
Total operating expenses	<u>410,824,684</u>	<u>76,715,980</u>
Operating income (loss)	<u>(151,371,655)</u>	<u>(13,104,734)</u>
Nonoperating revenues (expenses):		
State appropriations (Note 11)	131,524,764	-
Pell grant revenue	31,426,540	-
Gifts	11,628,033	-
Investment income (Net of investment expenses of \$237,291)	223,975	8,863,679
Other	(95,181)	-
Interest on capital asset-related debt	(8,795,070)	-
Payments to Commonwealth from state appropriations	(1,059,300)	-
Payments to Treasury Board	(374,473)	-
Net nonoperating revenues (expenses)	<u>164,479,288</u>	<u>8,863,679</u>
Income before other revenues, (expenses), gains, and (losses)	<u>13,107,633</u>	<u>(4,241,055)</u>
Proceeds from 21st Century bond reimbursement program	17,333,614	-
Capital gifts and grants	6,112,081	-
Bond issuance expense	(334,000)	-
Disposal of plant assets	(156,708)	(4,273)
Build America bond interest	10,778	-
Contributions to permanent endowments	-	4,615,893
Total other revenues, (expenses), gains, and (losses)	<u>22,965,765</u>	<u>4,611,620</u>
Increase in net position	36,073,398	370,565
Net position - beginning of year (as restated) (Note 2)	<u>307,025,275</u>	<u>238,741,343</u>
Net position - end of year	<u>\$ 343,098,673</u>	<u>\$ 239,111,908</u>

The accompanying Notes to Financial Statements are an integral part of this statement.



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RECONCILIATION OF STATEMENT OF CASH FLOWS TO STATEMENT OF  
NET POSITION:

Statement of Net Position

Cash and cash equivalents	\$ 138,893,924
Less: Securities lending - Treasurer of Virginia	<u>(2,073,433)</u>

Net cash and cash equivalents \$ 136,820,491

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

Operating (loss) \$ (151,371,655)

Adjustments to reconcile net income/(loss) to net cash used by operating activities:

Depreciation expense	23,576,679
Changes in assets and liabilities:	
Receivables, net	(5,072,838)
Prepaid expenses	(52,044)
Inventory	229,906
Accounts payable and accrued expenses	1,402,364
Deposits	(256,573)
Unearned revenue	<u>111,556</u>

Net cash used by operating activities \$ (131,432,605)

Non-cash investing, capital and financing activities:

Securities lending	\$ 2,073,433
Change in fair value of investments	\$ (695,521)
Capitalization of interest expense	\$ 417,880
Amortization of bond premium	\$ 1,637,430
Change in receivables related to nonoperating income	\$ 198,788

The accompanying Notes to Financial Statements are an integral part of this statement.

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# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2015

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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#### Reporting Entity

Old Dominion University (the University) is a comprehensive university that is part of the Commonwealth of Virginia's statewide system of public higher education. The University's Board of Visitors, appointed by the Governor, is responsible for overseeing governance of the University. A separate report is prepared for the Commonwealth which includes 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 of Virginia and is included in the basic financial statements of the Commonwealth.

The University includes all entities over which the University exercises or has the ability to exercise oversight authority for financial reporting purposes. Under Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*, the Old Dominion University Educational and Real Estate Foundations, the Old Dominion Athletic Foundation, and the Old Dominion University Research Foundation (the Foundations) are included as component units of the University. These foundations are legally separate and tax-exempt organizations formed to promote the achievements and further the aims and purposes of the University.

The Educational and Real Estate Foundations receive, administer, and distribute gifts for the furtherance of educational activities and objectives of the University. The Athletic Foundation receives, administers, and distributes gifts for the furtherance of educational and athletic activities of the University. For additional information on these foundations, contact Foundation Offices at 4417 Monarch Way, 4<sup>th</sup> Floor, Norfolk, Virginia 23529. The Educational and Real Estate Foundations and the Athletic Foundation have adopted December 31 as their year-end. All amounts reflected are as of December 31, 2014. The Research Foundation coordinates and accounts for substantially all grants and contracts awarded for research at the University. For additional information contact the Research Foundation at 4111 Monarch Way, Suite 204, Norfolk, Virginia 23508.

Although the University does not control the timing or amount of receipts from the Foundations, the majority of resources or income thereon that the Foundations hold and invest is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundations can only be used by or for the benefit of the University, the Foundations are considered component units of the University and are discretely presented in the financial statements.

#### Basis of Presentation

The University's accounting policies conform with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) in the Codification of Governmental Accounting and Financial Reporting Standards. The University follows accounting and reporting standards for reporting by special-purpose governments engaged only in business-type activities.

The Foundations are private, nonprofit organizations, and as such the financial statement presentation follows the recommendation of accounting literature related to nonprofits. As a result, certain revenue recognition criteria and presentation features are different from GASB revenue recognition and presentation features. No modifications have been made to the Foundations' financial information in the University's financial reporting entity for these differences.

Basis of Accounting

For reporting purposes, the University is considered a special-

transfer. Expenses for major capital assets and improvements (construction in progress) are capitalized as projects are constructed. Interest expense of \$417,880 relating to construction is capitalized net of interest income earned on resources set aside for this purpose for the year ended June 30, 20

## Net Position

GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments*, and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, require that the Statement of Net Position report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position is the difference between all other elements in a statement of net position and should be displayed in three components. Accordingly, the University’s net position is classified as follows:

**Net Investment in Capital Assets** consists of total investments in capital assets, net accumulated depreciation and outstanding debt obligations.

### Restricted Net Position:

**Nonexpendable** includes endowment and similar type assets whose use is limited by donors or other outside sources, and as a condition of the gift, the principal is to be maintained in perpetuity.

**Expendable** represents funds that have been received for specific purposes and the University is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external parties.

### Unrestricted Net Position



Student financial assistance grants and other federal, state, or nongovernmental programs are recorded as either operating or nonoperating revenues in the accompanying Statement of Revenues, Expenses and Changes in Net Position. To the extent that revenues from these programs are used to satisfy tuition, fees, and other charges, the University has recorded a scholarship allowance.

**NOTE 3: CASH AND CASH EQUIVALENTS AND INVESTMENTS**

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The following information is provided with respect to the University's cash, cash equivalents, and investments as of June 30, 2015





Type of Investment	Percentage of Investments	Fair Value	Standard & Poor's Credit Quality Rating
Municipal Securities			
Dallas Cnty Tex Hosp Dist Build America Bonds Ser B GO	0.07%	38,826	AA

## Interest Rate Risk: Maturities

Type of Investment	0-3 Months	4-12 Months	1-5 Years	6-10 Years
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	Interest Rates	Maturity	2015
General obligation bonds:			
Dormitory, Series 2007B	4.00% - 5.00%	2018	\$ 405,000
Dormitory, Series 2007B	4.00% - 5.00%	2019	1,475,000
Dormitory, Series 2008B	5.00%	2020	5,355,000
Dormitory, Series 2009C	4.00%	2022	1,152,193
Dormitory, Series 2009D	5.00%	2022	1,625,000
Dormitory, Series 2009D	5.00%	2022	2,465,000
Dormitory, Series 2010A	2.10% - 5.00%	2030	1,595,000
Dormitory, Series 2012A	5.00%	2024	654,765
Dormitory, Series 2013B	4.00% - 5.00%	2025	570,047
Dormitory, Series 2013B	4.00% - 5.00%	2026	2,760,934
Dormitory, Series 2013B	4.00% - 5.00%	2025	6,344,322
Dormitory, Series 2015B	4.00% - 5.00%	2027	2,826,720
Dormitory, Series 2015B	4.00% - 5.00%	2028	24,073,712
Total general obligation bonds			51,302,693
Revenue bonds:			
Classrooms, Series 2007B	4.25%	2018	797,136
Classrooms, Series 2014B	3.00% - 5.00%	2017	1,380,364
Classrooms, Series 2014B	3.00% - 5.00%	2020	289,722
Recreation, Series 2007B	4.25%	2018	413,781
Recreation, Series 2007B	4.00% - 4.50%	2020	6,674,866
Recreation, Series 2010B	5.00%	2021	630,000
Recreation, Series 2010B	5.00%	2022	6,070,000
Recreation, Series 2014B	3.00% - 5.00%	2017	723,812
Recreation, Series 2014B	3.00% - 5.00%	2020	326,564
Recreation, Series 2014B	3.00% - 5.00%	2017	1,051,710
Parking, Series 2007A	4.50% - 5.00%	2028	2,405,000
Parking, Series 2007B	4.25%	2018	149,083
Parking, Series 2007B	4.00% - 4.50%	2020	2,535,134
Parking, Series 2009A	2.50% - 5.00%	2029	4,320,000
Parking, Series 2010B	5.00%	2021	360,000
Parking, Series 2010B	5.00%	2022	1,860,000
Parking, Series 2010B	5.00%	2021	450,000
Parking, Series 2012A	5.00%	2024	560,000
Parking, Series 2012A	3.00% - 5.00%	2025	2,260,000
Parking, Series 2012A	3.00% - 5.00%	2017	255,824
Parking, Series 2012A	3.00% - 5.00%	2020	473,714
Parking, Series 2014B	3.00% - 5.00%	2017	598,290
Parking, Series 2014B	3.00% - 5.00%	2016	3,805,000
Athletic Facility, Series 2005A	4.375% - 5.00%	2017	165,000
Athletic Facility, Series 2005A	3.00% - 5.00%	2017	305,000
Athletic Facility, Series 2005A	4.50% - 5.00%	2017	135,000
Athletic Facility, Series 2005A	3.00% - 5.00%	2017	



A. Equipment Trust Fund Program

The Equipment Trust Fund (ETF) program was established to provide state-supported institutions of higher education bond proceeds for financing the acquisition and replacement of instructional and research equipment. The Virginia College Building Authority (VCBA) manages the program. The VCBA issues bonds and uses the proceeds to reimburse the University and other institutions of higher education for equipment purchased. Financing agreements for ETF state that the University owns the equipment from the date of purchase.

The Statement of Net Position line “Due from the Commonwealth” includes \$2,908,725 for equipment purchased by the University that was not reimbursed by the VCBA at year-end.

B. Defeasance of Debt

In November 2014, the Virginia College Building Authority issued \$186,035,000 in Educational Facilities Revenue Refunding Bonds, Series 2014B. In May 2015, the Commonwealth of Virginia issued \$214,285

NOTE 10:

## NOTE 12: COMPONENT UNIT FINANCIAL INFORMATION

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The University's component units are presented in the aggregate on the face of the financial statements. Below is a condensed summary of each foundation and the corresponding footnotes. The University has three component units - Old Dominion Athletic Foundation, Old Dominion University Educational and Real Estate Foundations

## Contributions Receivable

	Old Dominion Athletic Foundation	Old Dominion University Educational and Real Estate Foundations	TOTAL
<u>Current Receivable</u>			
Receivable due in less than one year	\$ 2,021,434	\$ 3,433,856	\$ 5,455,290
Less allowance for doubtful accounts	302,122	828,203	1,130,325
Net current accounts receivable	<u>1,719,312</u>	<u>2,605,653</u>	<u>4,324,965</u>
Receivable due in greater than 1 year, net of discount (\$1,446,802)	3,842,387	11,193,164	15,035,551
Less allowance for doubtful accounts	157,282	2,856,019	3,013,301
Net noncurrent contributions receivable	<u>3,685,105</u>	<u>8,337,145</u>	<u>12,022,250</u>
Total contributions receivable	<u>\$ 5,404,417</u>	<u>\$ 10,942,798</u>	<u>\$ 16,347,215</u>

Investments





## Component Unit Subsequent Event

In January 2015, the Educational Foundation entered into an unsecured line of credit in the amount of \$5.229 million (of which \$3.8 million was used to pay down the Educational Foundation's existing line of credit).

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

PLAN 1	PLAN 2	HYBRID PLAN
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**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.

PLAN 1	PLAN 2	HYBRID PLAN
<p><b>Retirement Contributions</b>            State employees, excluding state elected officials, and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p><b>Retirement Contributions</b>            State employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.</p>	<p><b>Retirement Contributions</b>            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.</p>

PLAN 1	PLAN 2	HYBRID PLAN
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**Vesting**

Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members







PLAN 1	PLAN 2	HYBRID PLAN
<p>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%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:  { The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.  { The member retires on disability.  { The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

PLAN 1	PLAN 2	HYBRID PLAN
<p>{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.</p> <p>{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.</p>		

**Disability Coverage**

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

**Disability Coverage**

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it

PLAN 1	PLAN 2	HYBRID PLAN
<p><b>Purchase of Prior Service</b>  Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p><b>Purchase of Prior Service</b>  Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b>  <u>Defined Benefit Component:</u>  Same as Plan 1, with the following exceptions:  xHybrid Retirement Plan members are ineligible for ported service.  xThe cost for purchasing refunded service is the higher of 4% of creditable compensation<sup>4</sup> reW* nBT/F2 11</p>

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

At June 30, 2015, the University reported a liability of \$109,562,000 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of \$3,421,000 for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The University's portion of the Net Pension Liability was based on the University's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the University's portion of the VRS State Employee Retirement Plan was 1.95702% as compared to 1.88275% at June 30, 2013. At June 30, 2014, the University's portion of the VaLORS Retirement Plan was 0.50752% as compared to 0.53392% at June 30, 2013.

For the year ended June 30, 2015, the University recognized pension expense of \$8,588,000 for the VRS State Employee Retirement Plan and \$256,000 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	19,555,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,620,000	-
Employer contributions subsequent to the measurement date	<u>9,425,735</u>	<u>-</u>
Total	<u>\$ 13,045,735</u>	<u>\$ 19,555,000</u>

\$9,425,735 reported as deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

<u>Year ended June 30</u>	
2016	(3,632,000)
2017	(3,632,000)
2018	(3,783,000)
2019	(4,888,000)

At June 30, 2015, the University reported deferred outflows of resources and deferred inflows of resources related to pensions for the VaLORS Retirement Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	354,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	143,000
Employer contributions subsequent to the measurement date	<u>286,245</u>	<u>-</u>
Total	<u>\$ 286,245</u>	<u>\$ 497,000</u>

\$286,245 reported as deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

Year ended June 30

2016	(144,000)
2017	(144,000)
2018	(122,000)
2019	(87,000)

Actuarial Assumptions

VRS

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

Inflation	2.5%
Salary increases, including inflation	3.5%



Post-Retirement:

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

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was







## Required Supplementary Information



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

Plan	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	University's Covered Employee Payroll	Contribution as a % of Covered Employee Payroll
State Employee	\$ 10,101,011	\$ 9,425,735	\$ 675,276	\$ 81,922,230	11.51%
VaLORS Employee	\$ 357,085	\$ 286,245	\$ 70,840	\$ 2,020,852	14.16%

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

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2015

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

**Changes of assumptions** ± The following changes in actuarial assumptions









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## WEBB CENTER DESIGN PROJECT (NEW STUDENT UNION)

General Project Information: This project will demolish the existing Webb University Center building and replace it with a multi

## PROJECTS UNDER CONSTRUCTION

These projects have received funding for design and construction from various tax-exempt bond financing programs, General Funds and private donations. Contracts have been awarded to general contractors and their progress is monitored daily by the University V project managers and construction inspectors.

### BASKETBALL PRACTICE FACILITY

General Project Information: This project is for a 24,000 sq ft basketball practice facility for the 8 Q L Y H U M H L O M T W R P G H B a s k e t b a l l programs containing a practice gym, associated strength conditioning and training spaces, locker and shower rooms, team offices and player spaces. The project is to be built on the vacant lot at the north side of 4<sup>th</sup> Street and Monarch Way, immediately adjacent to the Ted Constant Convocation Center. The project site is bounded to the north by the plaza immediately west of the Ted Constant Convocation Center and to east and south by the rights of way for 4<sup>th</sup> Street and Monarch Way.

Project Design: Clark-Nexsen Architecture & Engineering

Funding Source: Private Funds

Project Budget: a) Construction:

L.R. HILL SPORT CENTER EXPANSION

NEW EDUCATION BUILDING





## RESIDENTIAL DINING FACILITY

General Project Information: The New Dining Facility is a new 43,738 sq ft state-of-the-art dining building, providing food production, servery and seating capacity for 580 patrons. The building site is located near Webb University Center between the Dieln Fine and Performing Arts Center and Dominion House. The new facility will replace the existing food service facilities within Webb University Center when Webb Center is demolished to make room for the New Student Union. It will also be the primary dining area for the central campus during the Webb University Center demolition and construction.

Project Design: Moseley Architects with Tipton Associates

Funding Source: VCBA 9D Bonds

Project Budget:	a) Construction:	\$19,646,163
	b) Architect/Engineer Fee:	\$2,694,578
	c) Project Inspection:	\$189,188
	d) Equipment:	\$778,000
	e) Construction Contingency:	\$595,337
	f) Other:	\$862,734
	Total Project Budget:	\$24,766,000

Status: The University released a Request for Proposals (RFP) for architectural services in July, 2013 and selected Moseley Architects and Tipton Associates to design the facility. The University received approval of the civil and structural working drawings in mid-March and a building permit for site and foundation work on March 27. BCOM issued the full project construction permit in early September.

Hourigan Construction, the project Construction Manager at Risk (CM-at-Risk) mobilized in April and has completed 98% of steel erection and most interior masonry. Under utilities and the slab-on-grade will be completed in the year while interior framing will begin in earnest this week. The project is currently on schedule with substantial completion set for July 15, 2016.

## FOOTBALL STADIUM STUDY

General Project Information: The project will produce a fully comprehensive investigative study. The study will identify and examine all considerations relevant to the design, construction and operating plan for a new stadium and will include:

- x Football demand analysis
- x Site analysis
- x Integration of the stadium with campus Master Plan,
- x Fan experience and amenities
- x Operations analysis
- x Media requirements
- x Traffic management
- x Parking requirements
- x Best practices for neighborhood relationships
- x Security requirements
- x Program analysis
- x Cost analysis
- x Development of Conceptual stadium renderings
- x Development of a project program and budget

The study will be complete by late January 2016

Project Design: Populous with Moseley Architects

Funding Source: University Funds

Project Budget: Total Study Budget \$1,333,560

Status: The University released an RFP for professional services in early October and received four proposals in early November from the following offerors:

- x AECOM with Clark Nexsen Architecture
- x Crawford Architects
- x HKS Sports & Entertainment
- x Populous with Moseley Architects

The University completed negotiations with the top ranked firm and awarded the study contract to the team of Populous and Moseley Architects in early May this year. Study work has been underway since the summer and is in its final stages. We expect the final results of the demand study and associated recommendations to be presented to the Senior Executive Committee later this month with all deliverables to be in hand by late January.

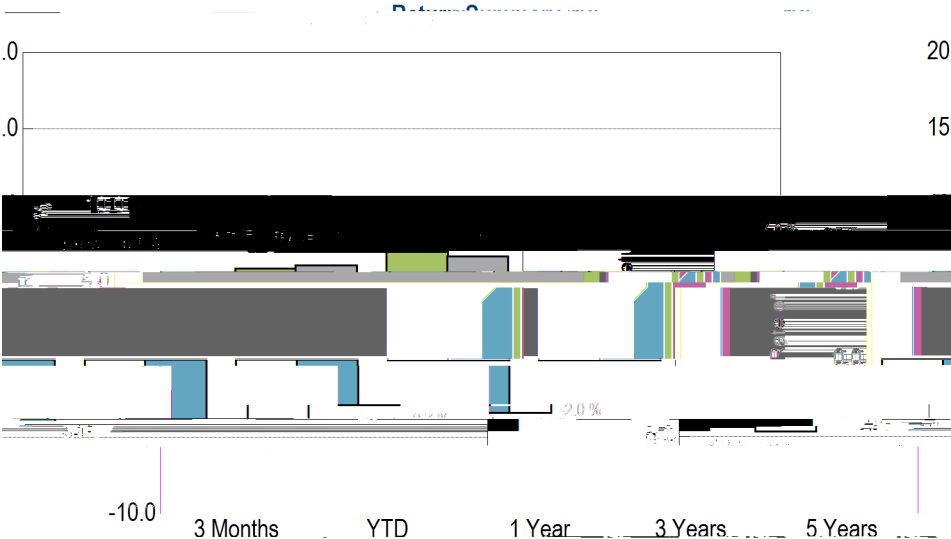
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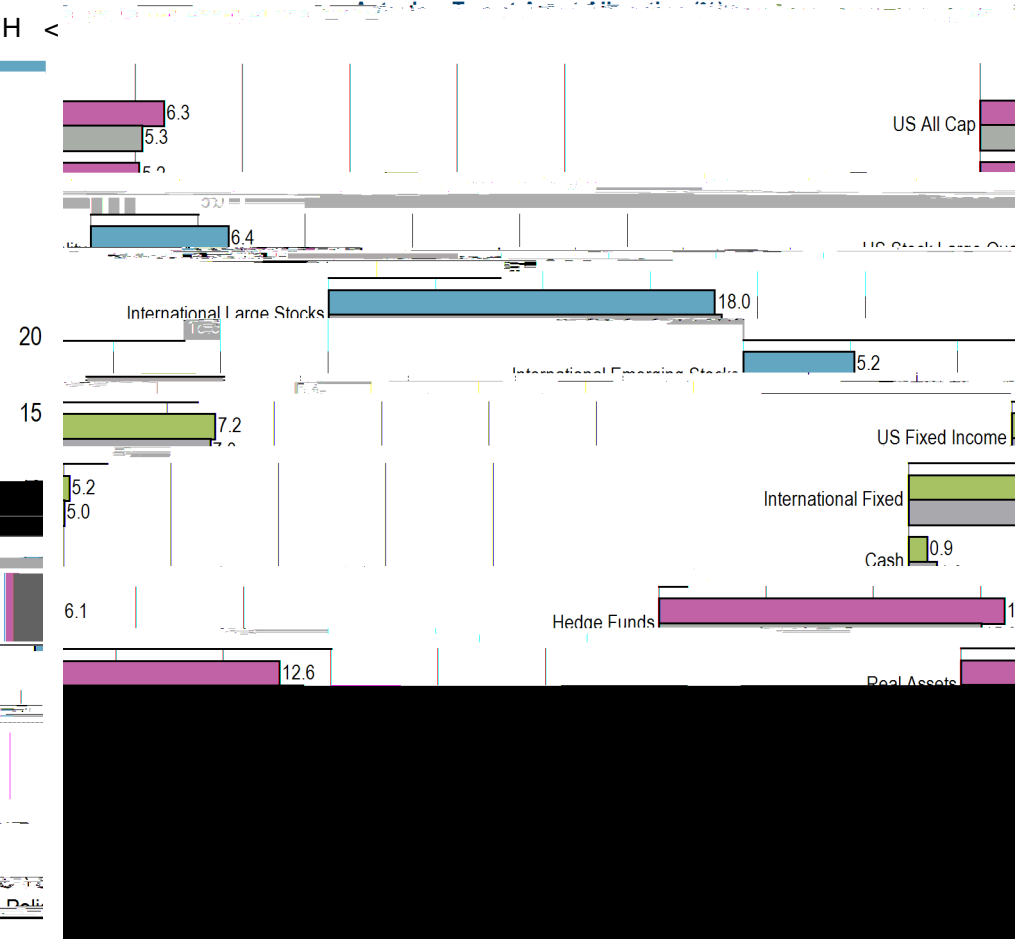
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Fund	Inception	Commitment	Capital Called	Remaining Commitment	Distributions	Capital Account Balance	Last Capital Account Statement	Capital Account Plus Distributions	Multiple of Invested Capital	Net IRR	1-year Net IRR
Metropolitan Real Estate III	2005	1,000,000	987,500	12,500	646,402	313,532	6/30/2015	959,934	0.97	-0.43 %	5.71 %
RREEF America REIT III	2005	2,000,000	2,000,000	-	1,202,202	495,177	9/30/2015	1,697,379	0.85	-1.74 %	12.21 %
HRJ Global Real Estate Fund III	2007	2,500,000	2,425,000	75,000	250,000	1,121,693	6/30/2015	1,371,693	0.57	-7.18 %	3.11 %
Berkshire Multifamily Value Fund II	2007	2,500,000	2,500,000	-	2,496,395	1,682,767	6/30/2015	4,179,162	1.67	11.85 %	11.00 %
Quinlan Private European Strategic Property Fund	2007	2,500,000	2,273,510	226,490	186,355	257,546	6/30/2015	443,901	0.20	-22.37 %	-12.79 %
Beacon Capital Strategic Partners VI	2008	2,750,000	1,921,095	828,905	1,493,147	1,368,111	6/30/2015	2,861,258	1.49	18.32 %	22.69 %
Inland American Real Estate Trust, Inc	2011	63,761	63,761	-	25,668	38,333	3/31/2015	64,001	1.00	0.10 %	-4.69 %
Berkshire Multifamily Value Fund III	2013	2,500,000	1,942,529	557,471	290,809	2,191,661	6/30/2015	2,482,470	1.28	13.16 %	9.54 %

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# Important Notices (continued)

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Center for Research in Security Prices (CRSP): Derived based upon data from Center for Research in Security Prices

## Important Notices (continued)

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