

*Old Dominion University  
Financial Statements*

*June 30, 2011*



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MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

Introduction

The following Management's Discussion and Analysis (MD&A) is required supplemental information under the Governmental Accounting Standards Board (GASB) reporting model. It is designed to assist readers in understanding the accompanying financial statements and provides an objective, easily readable analysis of Old Dominion University's (the University) financial activities based on currently known facts, decisions, and conditions.

Institutional Profile

Old Dominion University is a comprehensive, multicultural, and student-centered university whose central purpose is to provide our students with the best education possible. The University is a residential university that enjoys advantages from its unique coastal location within a thriving metropolitan region adjacent to major maritime and military installations and within easy reach of the nation's capital. Metropolitan Hampton Roads' location provides a rich living laboratory for many of the University's academic and research pursuits, including environmental, marine, and natural sciences and engineering associated with the Chesapeake Bay and the Atlantic Ocean. The region is host to an extensive and comprehensive public education system and several community colleges and universities, with which the University has long-standing and strong collaborations. The University's co-location with an exceptional array of major local and federal government facilities and organizations presents opportunities for mutually beneficial partnerships, such as with the Jefferson National Laboratory, NASA Langley, Virginia Port Authority, and teaching hospitals such as Eastern Virginia Medical School and Sentara Norfolk General Hospital.

Old Dominion University's six colleges: Arts and Letters, Business and Public Administration, Education, Engineering and Technology, Health Sciences and Sciences offer 69 baccalaureate programs, 56 master's programs, two education specialist p

## Overview of the Financial Statements and Financial Analysis

There are three financial statements presented: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. This discussion includes an analysis of the University's financial condition and results of operations for the fiscal year ended June 30, 2011. Comparative numbers, where presented, are for the fiscal year ended June 30, 2010. Since this presentation includes highly summarized data, it should be read in conjunction with the accompanying Financial Statements, Notes to Financial Statements, and other supplementary information. University management is responsible for all of the financial information presented, including this discussion and analysis.

### Statement of Net Assets

The Statement of Net Assets presents the University's assets, liabilities, and net assets as of the end of the fiscal year. The purpose of this statement is to present to the financial statement readers a snapshot of the University's financial position at year-end. From the data presented, readers of the Statement of Net Assets are able to determine the assets available to continue the University's operations. They are also able to determine how much the University owes vendors and creditors.

	<u>2011</u>	<u>2010</u>	<u>Difference</u>	<u>Percentage Difference</u>
<u>Assets:</u>				
Current	\$ 87,765,284	\$ 75,858,954	\$ 11,906,330	15.7 %
Capital, net of accumulated depreciation	566,164,618	556,237,754	9,926,864	1.8 %
Other noncurrent	36,731,465	43,094,733	(6,363,268)	(14.8)%
Total assets	<u>690,661,367</u>	<u>675,191,441</u>	<u>15,469,926</u>	<u>2.3 %</u>
<u>Liabilities:</u>				
Current	61,422,423	70,354,205	(8,931,782)	(12.7)%
Noncurrent	273,286,799	281,535,133	(8,248,334)	(2.9)%
Total liabilities	<u>334,709,222</u>	<u>351,889,338</u>	<u>(17,180,116)</u>	<u>(4.9)%</u>
<u>Net Assets:</u>				
Invested in capital assets, net of related debt	287,439,347	268,008,543	19,430,804	7.3 %
Restricted	27,368,442	26,137,759	1,230,683	4.7 %
Unrestricted	41,144,356	29,155,801	11,988,555	41.1 %
Total net assets	<u>\$ 355,952,145</u>	<u>\$ 323,302,103</u>	<u>\$ 32,650,042</u>	<u>10.1 %</u>

Total University assets increased \$15,469,926 or 2.3% during fiscal year 2011. The growth in current assets was primarily the result of an increase in cash in Auxiliary Enterprises which ties to the University's Strategic Plan for future expansion and improvements for student facilities. This will include additional housing, upgrading student dining facilities and a new Student Union. The University is increasing resources

the University has improved over the prior fiscal year as evidenced by the growth in net assets of \$32,650,042 or 10.1%.

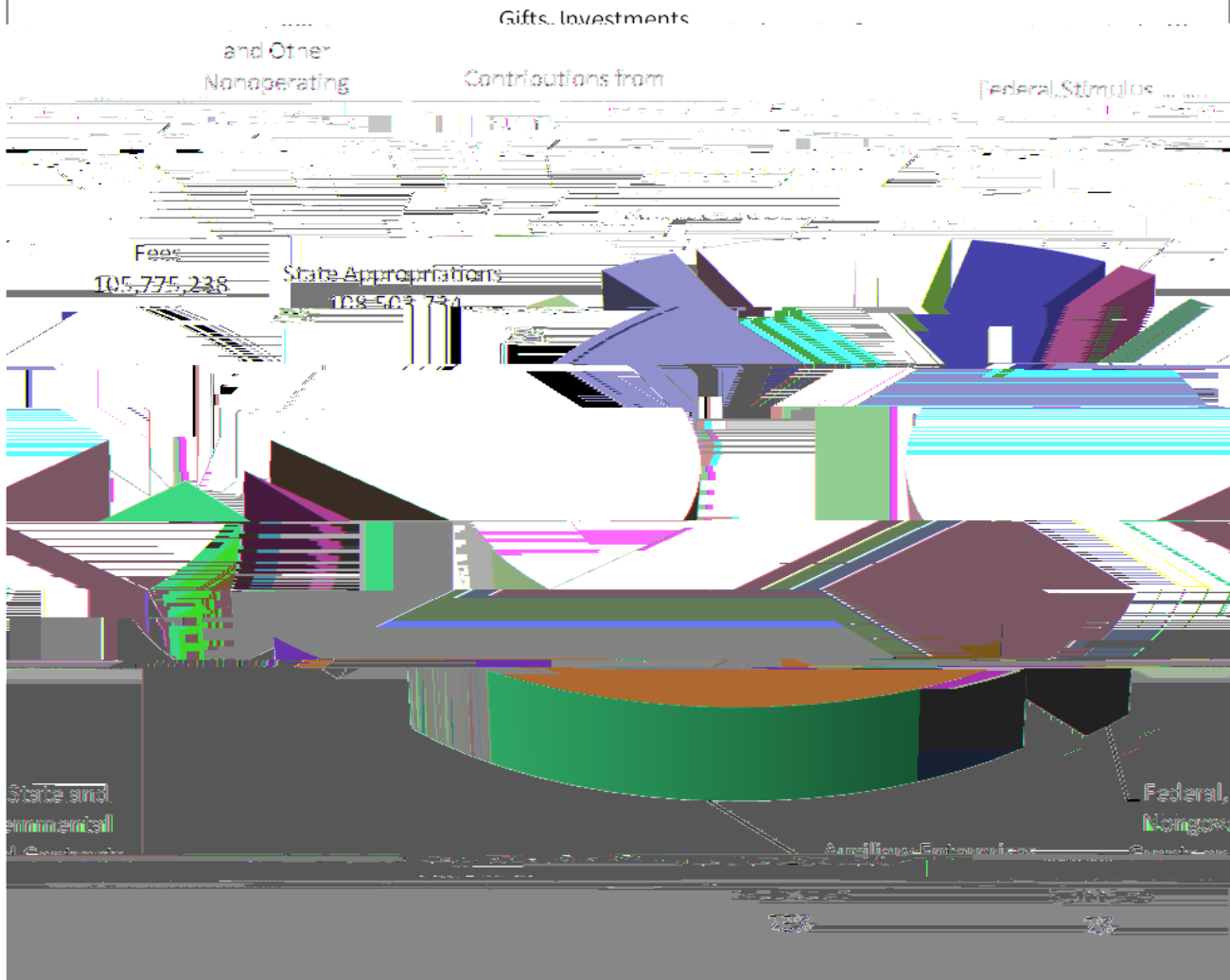
Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets presents a summary of revenue and expense activity which resulted in the change from beginning to ending net assets. The purpose of this

	2011	2010	Difference	Percentage Difference
<u>Operating revenues:</u>				
Student tuition and fees, net of scholarship allowances of \$21,641,502 and \$19,903,857	\$ 105,775,238	\$ 95,746,971	\$ 10,028,267	10.5 %
Federal grants and contracts	5,596,121	5,459,708	136,413	2.5 %
State, local & nongovernmental grants	2,769,974	1,839,229	930,745	50.6 %
Auxiliary enterprises, net of scholarship allowances of \$13,722,740 and \$12,894,779	90,153,109	89,339,660	813,449	0.9 %
Other operating revenues	6,511,200	6,608,480	(97,280)	(1.5)%
Total operating revenues	210,805,642	198,994,048	11,811,594	5.9 %
<u>Operating expenses:</u>				
Instruction	125,550,901	117,541,221	8,009,680	6.8 %
Research	5,941,079	6,110,044	(168,965)	(2.8)%
Public service	361,717	394,160	(32,443)	(8.2)%
Academic support	41,945,043	35,739,905	6,205,138	17.4 %
Student services	12,929,301	12,125,772	803,529	6.6 %
Institutional support	25,865,379	24,219,512	1,645,867	6.8 %
Operation and maintenance	24,749,330	21,864,042	2,885,288	13.2 %
Depreciation	24,105,258	24,017,117	88,141	0.4 %
Scholarships and fellowships	18,113,099	17,055,761	1,057,338	6.2 %
Auxiliary activities	70,433,186	68,834,206	1,598,980	2.3 %
Total operating expenses	349,994,293	327,901,740	22,092,553	6.7 %
Operating loss	(139,188,651)	(128,907,692)	(10,280,959)	(8.0)%
Net nonoperating revenues and expenses	148,635,988	133,231,000	15,404,988	11.6 %

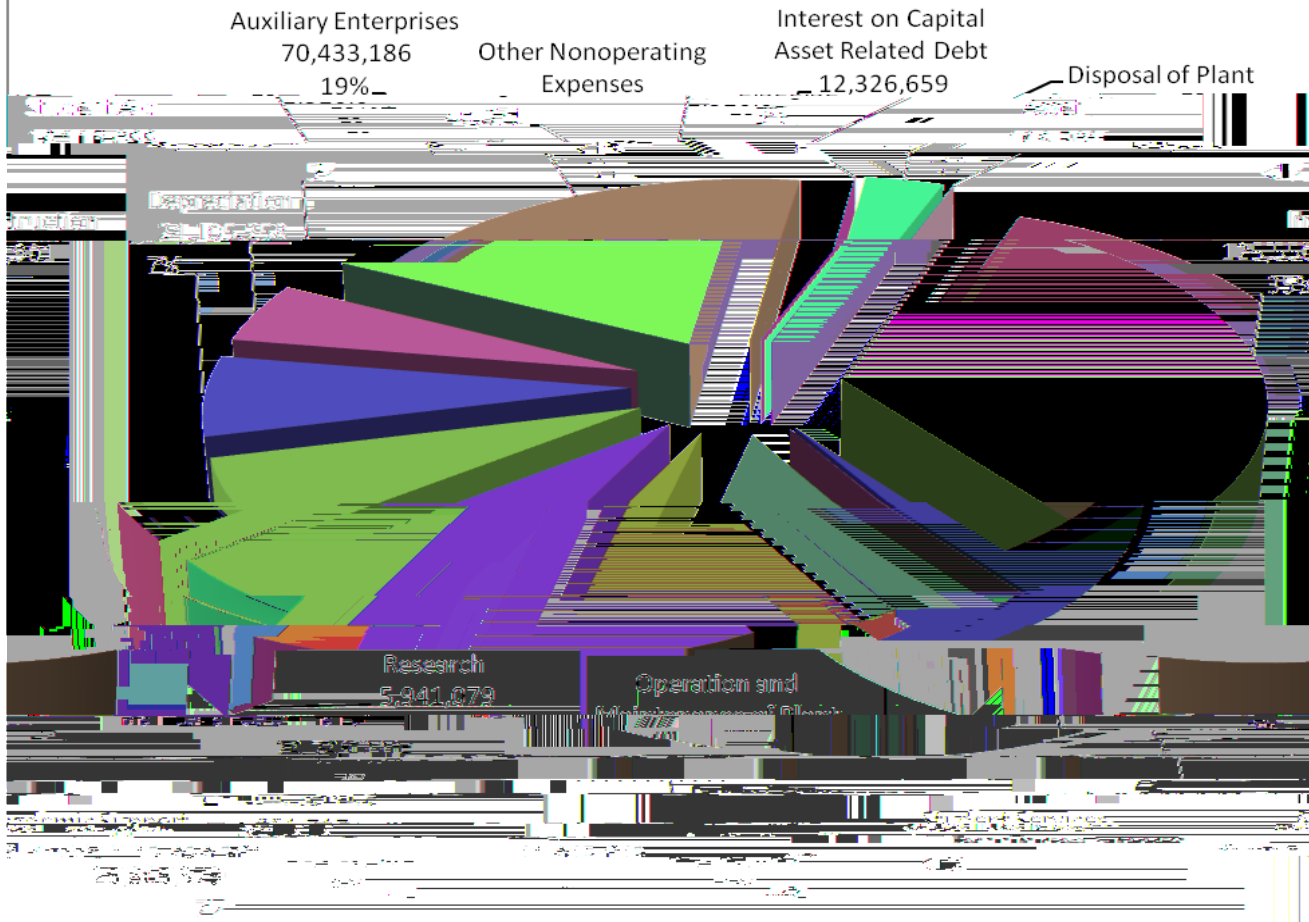


# Revenues



Total operating revenue increased by \$11,811,594 or 5.9% from the prior fiscal year. The growth in revenue was expected given the rise in both in-state and out-of-state tuition rates and an increase in enrollment. The increase in nonoperating revenue of \$19,184,177 was primarily due to the increase in federal stimulus funding, appropriation revenue and an increase in Pell grant revenue as well as a growth in investment income related to improved market conditions. Other revenues increased as a result of additional funds from the Commonwealth for General Obligation and 21<sup>st</sup> Century Bond programs.

## Expenses



Operating expenses increased in response to various factors including the one time bonus for faculty and staff, establishment of 51 new full time positions, faculty promotions, benefit increases, and the expansion of policing and security staff. Student financial assistance expenses increased as a result of additional funding. Nonoperating expenses increased due to an increase in interest expense related to capital debt.

### 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 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 (\$120.6 million) and auxiliary enterprises (\$102.1 million). The primary uses are payments to employees, including salaries, wages, and fringe benefits (\$199.6 million) and payments to vendors (\$80.2 million).

The second section reflects the cash flow from non-capital financing activities and reflects nonoperating sources and uses of cash. The primary sources are state appropriations (\$108.2 million) and gifts and grants (\$49.2 million). The primary use is to support cash requirements of operations.

The third section represents cash flows from capital financing activities and details the activities related with the acquisition and construction of capital assets including related debt payments. The primary

source is proceeds from reimbursements from the Commonwealth (\$19.4 million). The primary uses are purchases of capital assets (\$32.9 million) and principal and interest paid on capital debt (\$26.1 million).

The fourth section deals with cash flows from investing activities and includes interest on investments and sale of investments. The primary source was from the sale and maturity of investments (\$3.9 million). The last section which is not included below reconciles the net cash used by operating activities to the operating loss reflected on the Statement of Revenues, Expenses and Changes in Net Assets.

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities	\$ (115,670,480)	\$ (94,834,713)
Cash flows from non-capital financing activities	157,663,517	138,536,281
Cash flows from capital financing activities	(34,479,561)	(49,275,733)
Cash flows from investing activities	<u>1,817,855</u>	<u>2,023,180</u>
Net change in cash	<u>\$ 9,331,331</u>	<u>\$ (3,550,985)</u>

#### Capital Asset and Debt Administration

The University continues to maintain and upgrade current structures, as well as adding new facilities. Investment in the development and renewal of capital assets is one of the critical factors in sustaining the high quality of the University's academic, research, and residential life functions. Overall, funds invested in capital assets reflect the ongoing campus construction as indicated in Note 5. Capital asset additions for June 30, 2011 include increases of \$24.5 million in buildings, \$5.5 million in equipment and \$2.5 million in library books. The building increase included the completion of Dragas Hall Renovations and Performing Arts Phase 2.

Several major ongoing capital projects were added and completed during the fiscal year which resulted in a slight increase in Construction in Progress of \$.7 million. New additions to construction in progress of \$23.9 million include Dragas Hall Renovation, Performing Arts Phase 2 which includes the Monarch Theater, Student Success Center, Student Housing Renovation Phase 1 and Powhatan Sports Center. Deductions in construction in progress were a result of the completed projects discussed above. Projects were financed



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OLD DOMINION UNIVERSITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
For the Year Ended June 30, 2011

	Old Dominion University	Component Units
Operating revenues:		
Student tuition and fees (Net of scholarship allowances of \$21,641,502)	\$ 105,775,238	\$ -
Gifts and contributions	-	5,103,933
Federal grants and contracts	5,596,121	-
State grants and contracts	104,777	-
Indirect cost	-	9,231,723
Sponsored research	-	37,026,733
Nongovernmental grants and contracts	2,665,197	-
Auxiliary enterprises (Net of scholarship allowances of \$13,722,740)	90,153,109	-
Other operating revenues	6,511,200	11,305,020
Total operating revenues	210,805,642	62,667,409
Operating expenses:		
Instruction	125,550,90cts	

OLD DOMINION UNIVERSITY  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2011

Cash flows from operating activities:	
Student tuition and fees	\$ 120,550,509
Grants and contracts	8,587,578
Auxiliary enterprises	102,125,355
Other receipts	6,307,781
Payments to employees	(157,545,880)
Payments for fringe benefits	(42,093,571)
Payments for services and supplies	(75,085,603)
Payments for travel	(5,130,807)
Payments for scholarships and fellowships	(58,902,932)
Payments for noncapitalized improvements and equipment	(14,552,556)
Loans issued to students	(398,038)
Collections of loans from students	467,684
	<u>467,684</u>
Net cash used by operating activities	<u>(115,670,480)</u>
Cash flows from noncapital financing activities:	
State appropriations	108,191,246
Pell grant revenue	27,019,283
ARRA state fiscal stabilization funds	13,308,912
Gifts and grants for other than capital purposes	9,186,830
William D. Ford direct lending receipts	105,811,791
William D. Ford direct lending disbursements	(105,811,791)
PLUS loans receipts	12,030,150
PLUS loans disbursements	(12,030,150)
Refund to the federal government	(13,569)
Agency receipts	2,105,515
Agency payments	(2,134,700)
	<u>(2,134,700)</u>
Net cash provided by noncapital financing activities	<u>157,663,517</u>
Cash flows from capital financing activities:	
Proceeds from capital debt and investments	2,901,212
Capital appropriations and appropriations available	49,828
Contributions from primary government	19,392,187
Bond premium	76,754
Capital gifts	2,111,280
Purchase of capital assets	(32,888,421)
Bond issuance expense	(25,824)
Principal paid on capital debt, leases and installments	(13,198,178)
Interest paid on capital debt, leases and installments	(12,898,399)
	<u>(12,898,399)</u>
Net cash used by capital financing activities	<u>(34,479,561)</u>
Cash flows from investing activities:	
Interest on investment and cash management	1,392,646
Purchase of investments	(2,063,806)
Proceeds from sales and maturities of investments	2,489,015
	<u>2,489,015</u>
Net cash provided by investing activities	<u>1,817,855</u>
Net change in cash	9,331,331
Cash and cash equivalents - beginning of the year	73,049,006
Less: Securities lending - Treasurer of Virginia	(4,930,528)
	<u>(4,930,528)</u>
Cash and cash equivalents - beginning of the year	<u>68,118,478</u>
Cash and cash equivalents - end of the year	<u>\$ 77,449,809</u>



RECONCILIATION OF STATEMENT OF CASH FLOWS,  
STATEMENT OF NET ASSETS:

Statement of Net Assets

Cash and cash equivalents	\$	77,490,952
Less: Securities lending - Treasurer of Virginia		(41,143)
Net cash and cash equivalent	\$	77,449,809

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## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011**

### **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 39 standards, the Old Dominion University Educational and Real Estate Foundations, the Old Dominion University Intercollegiate 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 Foundations are private, nonprofit organizations as such the financial statement presentation follows the recommendation of accounting literature related to nonprofits. As a result certain revenue recognition criteria

### Noncurrent Cash and Investments

Cash and investments that are externally restricted to make debt service payments, reserve funds, or purchase or construct capital and other noncurrent assets, are classified as noncurrent assets in the Statement of Net Assets.

### Capital Assets

Capital assets include land, buildings and other improvements, library materials, equipment, intangibles, and infrastructure assets such as campus lighting. Capital assets are generally defined by the University as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years, including assets acquired under the Higher Education Trust Fund. Such assets are recorded at actual cost or estimated historical cost if purchased or constructed. Library materials are valued using purchase price for library acquisitions. Donated capital assets are recorded at the estimated fair market value at the date of donation, with the exception of intra-entity capital asset donations which, in accordance with GASB Statement 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*,

### Discounts, Premiums, and Bond Issuance Costs

Bonds payable on the Statement of Net Assets are reported net of related discounts and premiums, which are expensed over the life of the bond. Similarly, bond issuance costs are reported as a noncurrent asset that is amortized over the life of the bond on a straight-line basis.

### Net Assets

GASB Statement 34 requires that the Statement of Net Assets report the differences between assets and liabilities as net assets rather than fund balance. Accordingly, the University's net assets are classified as follows:

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

**Restricted Net Assets 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.

**Restricted Net Assets 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 Assets** represents resources derived from student tuition and fees, state appropriations, unrestricted gifts, interest income, and sales and services of educational departments

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 Assets. To the extent that revenues from these programs are used to satisfy tuition, fees, and other charges, the University has recorded a scholarship allowance.

#### Federal Financial Assistance Programs

The University participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants (SEOG), Federal Work-Study, Perkins Loans, Stafford Loans, Parent Loans for Undergraduate Students (PLUS), and Teacher Education Assistance for College and Higher Education grants (TEACH). Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, the Office of Management and Budget Revised Circular A-133, *Audit of States, Local Governments and Non-Profit Organizations*, and the Compliance Supplement.

## **NOTE 2: 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, 2011. The following risk disclosures are required by 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 the failure of a depository financial institution, a government 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, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The University is not exposed to custodial credit risk at June 30, 2011.

**Credit risk** - The risk that an issuer or other counterparty to an investment will not fulfill its obligations. GASB Statement 40 requires the disclosure of the credit quality rating on any investments subject to credit risk. The University does not have a credit rate risk policy. The University's portfolio can be characterized as having minimal exposure to credit risk as indicated by the majority of credit ratings being A- or better.

**Concentration of credit risk** - The risk of loss attributed to the magnitude of a government's investment in a single issuer. GASB Statement 40 requires disclosure of any issuer with more than five percent of total investments. The University does not have a concentration of credit risk policy.

**Interest rate risk** - The risk that changes in interest rates will adversely affect the fair value of an investment. GASB Statement 40 requires disclosure of maturities for any investments subject to interest rate risk. None of the University's investments are considered highly sensitive to changes in interest rates. The University does not have an interest rate risk policy. Interest rate information was organized by investment type and amount using segmented time distribution method and weighted average maturity.

**Foreign currency risk** - The risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The University has no foreign deposits but does have foreign investments for June 30, 2011. The foreign investments are traded in U.S. dollars and the risk is considered to be low. The University does not have a foreign currency risk policy.

The following information is provided with respect to the risks associated with the University's cash, cash equivalents, and investments at June 30, 2011.





## Credit & Concentration of Credit Risks

Type of Investment	Percentage of Investments	Fair Value	Standard & Poor's Credit Quality Rating
<b>CASH EQUIVALENTS:</b>			
Mutual/Money Market Funds			
Merrill Lynch	6.12%	\$ 1,598,082	AAAm
ML Government Fund	0.04%	9,915	AAAm
BB&T/Wachovia Securities	0.17%	44,591	
SNAP	8.33%	2,176,006	AAA
Securities Lending	0.16%	41,143	
Total Cash Equivalents		3,869,737	
<b>INVESTMENTS:</b>			
Mutual/Money Market			
Intermediate Term Fund	22.84%	5,963,361	AA
U. S. Treasury & Agency Securities*			
U. S. Treasury Bond DTD	0.74%	194,359	Unrated
U. S. Treasury Note DTD	0.21%	55,668	Unrated
U. S. Treasury Bill DTD	0.27%	69,971	
Corporate Bonds			
AFLAC Inc DTD	0.07%	18,345	A-
ACE INA HLDG Inc DTD	0.09%	22,290	A
Bear Stearns Company	0.07%	17,812	A+
Berkshire Hathaway Inc	0.08%	20,845	AA+
Bottling Group LLC DTD	0.09%	22,927	A
Caterpillar Financial SE DTD	0.09%	24,676	A
Conocophillips DTD	0.09%	23,001	A
Deere & Co DTD	0.09%	23,184	A
El Dupont DeNemour & Company DTD	0.08%	20,957	A
General Electric Capital Corporation DTD	0.08%	20,811	AA
Goldman Sachs Group Incorporated DTD	0.06%	16,186	A
HSBC Finance Corporation DTD	0.06%	16,401	A
Hewlett-Packard Company DTD	0.08%	21,825	A
IBM Corporation DTD	0.10%	25,437	A+
Metlife Incorporated DTD	0.09%	23,279	A-
Morgan Stanley DTD	0.06%	15,932	A
PNC Funding Corporation DTD	0.08%		

<b>Type of Investment</b>	<b>Percentage of Investments</b>	<b>Fair Value</b>	<b>Standard &amp; Poor's Credit Quality Rating</b>
Agency Mortgage Backed			
Federal Home Loan Bank DTD	0.31%	80,048	AAA
Federal Home Loan Mortgage Corporation DTD	0.83%	217,496	AAA
Federal National Mortgage Association DTD	0.33%	87,290	AAA
Foreign Bonds/Notes			
BHP Finance USA Ltd DTD	0.09%	23,932	A+
BP Capital Markets PLC DTD	0.08%	20,342	A
Bank of Nova Scotia DTD	0.08%	20,429	AA-
Barclays DTD	0.06%	15,276	AA-
Credit Suisse New York DTD	0.06%	15,186	A
Rio Tinto Fin USA LTD DTD	0.10%	26,501	A-
Common & Preferred Stock**	6.47%	1,690,418	
Other**			
Equity Interest in Land	8.04%	2,100,000	
Mutual Funds Held by Foundations	42.28%	11,039,733	Unrated
Securities Lending	0.05%	12,616	
Total Investments		<u>22,239,438</u>	
Total Cash Equivalents & Investments	<u>100.00%</u>	<u>\$ 26,109,175</u>	

\* Credit quality ratings are not required for U.S. Government and agency securities that are explicitly guaranteed by the U.S. Government.

\*\* Credit quality ratings are not required for these investments, which with the exception of "Other" do not have specified maturities.

*Interest Rate Risk: Maturities*

<u>Type of Investment</u>	<u>0-3 Months</u>	<u>4-12 Months</u>	<u>1-5 Years</u>	<u>6-10 Years</u>
Morgan Stanley DTD				15,932
PNC Funding Corporation DTD			21,065	
Phillip Morris International Incorporated DTD				22,493
Shell International Fin DTD			21,532	
Target Corp DTD				22,854
TEVA Pharmacy Fin III LLC DTD		20,188		
Thermo Fisher Scientific Incorporated DTD			20,596	
Cellco Part/Verizon Wireless DTD				25,972
Wachovia Corporation DTD				16,284
<b>Municipal Securities</b>				
Baltimore Maryland Ser B Go DTD			43,967	
Easren Iowa Community College District			27,463	
Indiana Board Bank Rev	20,021			
Kentucky Housing Corporation Housing			10,469	
<b>Agency Mortgage Backed</b>				
Federal Home Loan Mortgage Corporation			217,496	
Federal Home Loan Bk			80,048	
Federal National Mortgage Association DTD				87,290
<b>Foreign Bonds/Notes</b>				
BHP Finance USA Ltd DTD				23,932
BP Capital Markets PLC DTD			20,342	
Bank of Nova Scotia DTD			20,429	
Barclays DTD			15,276	
Credit Suisse New York DTD				15,186
Rio Tinto Fin USA LTD DTD				26,501
Total	<u>\$ 3,902,374</u>	<u>\$ 90,159</u>	<u>\$ 6,877,675</u>	<u>\$ 408,816</u>

**NOTE 3: DONOR RESTRICTED ENDOWMENT**

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Investments of the University's endowment funds are pooled and consist primarily of gifts and bequests, the use of which is restricted by donor imposed limitations.

The Uniform Management of Institutional Funds Act, Code of Virginia Section 55-268.1 et. seq., permits the spending policy adopted by the Board of Visitors to appropriate an amount of realized and unrealized endowment onendowm seav5BT3nd t Bd3(op)11(d(t)32hde4(e )-2513(m)17(i)-4(t)-4(snes-249(r)32he )-2o(r)32hb)JTJiun( )-34



**NOTE 7: NONCURRENT LIABILITIES**

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The University's noncurrent liabilities consist of long-term debt (further described in Note 8) and other noncurrent liabilities. A summary of changes in noncurrent liabilities for the year ending June 30, 2011 is presented as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Long-term debt:					
General obligations bonds	\$ 68,891,386	\$ 2,010,753	\$ 3,585,791	\$ 67,316,348	\$ 3,060,000
Revenue bonds	148,503,974	17,682,309	24,028,808	142,157,475	7,395,000
Installment purchases	2,708,341	-	262,886	2,445,455	283,393
Capital leases	71,531,586	2,200,000	2,438,952	71,292,634	1,988,640
Total long-term debt	291,635,287	21,893,062	30,316,437	283,211,912	12,727,033
Accrued compensated absences	6,954,455	6,092,541	6,098,634	6,948,362	4,789,782
Federal loan program contributions	151,948	67,892	-	219,840	-

**NOTE 8: LONG-TERM DEBT**

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The University has issued two categories of bonds pursuant to Section 9 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 which are secured by the net revenues of the completed project and the full faith, credit, and taxing power of the Commonwealth of Virginia. Section 9(d) bonds are revenue bonds, which are limited



<b>Description</b>	<b>Interest Rates</b>	<b>Maturity</b>	<b>2011</b>
<b>Revenue bonds:</b>			
<b>Classrooms, Series 2004B</b>	3.00% - 5.00%	2017	3,895,000
<b>Classrooms, Series 2004B</b>	3.00% - 5.00%	2020	520,000
<b>Classrooms, Series 2007B</b>	4.00% - 4.25%	2018	802,998
<b>Recreation, Series 2001A</b>	3.00% - 5.00%	2022	1,165,000
<b>Recreation, Series 2004B</b>	3.00% - 5.00%	2017	4,585,000
<b>Recreation, Series 2004B</b>	3.00% - 5.00%	2020	595,000
<b>Recreation, Series 2007B</b>	4.00% - 4.25%	2018	416,823
<b>Recreation, Series 2007B</b>	4.00% - 4.50%	2020	6,761,645
<b>Recreation, Series 2010B</b>	2.00% - 5.00%	2020	1,015,000
<b>Recreation, Series 2010B</b>	2.00% - 5.00%	2021	9,590,000
<b>Parking, Series 2001A</b>	3.00% - 5.00%	2022	355,000
<b>Parking, Series 2003A</b>	2.00% - 5.00%	2024	980,000
<b>Parking, Series 2004A</b>	3.00% - 5.00%	2025	3,010,000
<b>Parking, Series 2004B</b>	3.00% - 5.00%	2017	2,175,000
<b>Parking, Series 2004B</b>	3.00% - 5.00%	2020	855,000
<b>Parking, Series 2007A</b>	4.50% - 5.00%	2028	7,700,000
<b>Parking, Series 2007B</b>	4.00% - 4.25%	2018	150,179
<b>Parking, Series 2007B</b>	4.00% - 4.50%	2020	2,568,355
<b>Parking, Series 2009A</b>	2.10% - 5.00%	2029	5,140,000
<b>Parking, Series 2010B</b>	2.00% - 5.00%	2020	580,000
<b>Parking, Series 2010B</b>	2.00% - 5.00%	2021	2,935,000
<b>Parking, Series 2010B</b>	2.00% - 5.00%	2020	450,000
<b>Athletic Fac. Exp., Series 2004A</b>	3.00% - 5.00%	2025	1,790,000
<b>Athletic Fac. Exp., Series 2005A</b>	3.50% - 5.00%	2026	2,910,000
<b>Athletic Fac. Exp., Series 2006A</b>	3.00% - 5.00%	2027	850,000
<b>Athletic Fac. Exp., Series 2007A</b>	4.50% - 5.00%	2028	435,000
<b>H&amp;PE Renovation, Series 2004A</b>	3.00% - 5.00%	2025	1,495,000
<b>H&amp;PE Renovation, Series 2005A</b>	3.50% - 5.00%	2026	2,915,000
<b>H&amp;PE Renovation, Series 2007A</b>	4.50% - 5.00%	2028	14,230,000
<b>Indoor Tennis Court, Series 2004A</b>	3.00% - 5.00%	2025	1,120,000
<b>Indoor Tennis Court, Series 2005A</b>	3.50% - 5.00%	2026	2,220,000
<b>Indoor Tennis Court, Series 2006A</b>	3.00% - 5.00%	2027	205,000
<b>Indoor Tennis Court, Series 2007A</b>	4.50% - 5.00%	2028	230,000
<b>Dormitory, Series 2005A</b>	3.50% - 5.00%	2026	18,830,000
<b>Powhatan Sports Ctr, Series 2007A</b>	4.50% - 5.00%	2028	5,865,000
<b>Powhatan Sports Ctr, Series 2009A</b>	2.10% - 5.00%	2029	26,100,000
<b>Powhatan Sports Ctr, Series 2010A</b>	2.00% - 5.50%	2030	920,000
<b>Webb Center Expansion, Series 2009B</b>	2.00% - 5.00%	2029	700,000
<b>Total revenue bonds</b>			<u>137,060,000</u>

<u>Description</u>	<u>Interest Rates</u>	<u>Maturity</u>	<u>2011</u>
Installment purchases	4.23%	2023	2,445,455
Capital leases	Various	2011-41	71,292,634
<b>Total bond, notes, installment purchases, and leases</b>			<u>275,597,382</u>
Amortize bond premium, general obligation bonds			2,972,082
Amortize bond premium, revenue bonds			6,250,840
Deferred loss on early retirement of debt			<u>(1,608,392)</u>
<b>Total bond, notes, installment purchases, leases, bond premium, and deferred loss</b>			<u><u>\$ 283,211,912</u></u>

**Long-term debt matures as follows:**

	Principal	Interest
2012	\$ 12,727,033	\$ 12,240,585
2013	13,460,700	11,871,440
2014	13,626,847	11,220,050
2015	14,184,171	10,547,731
2016	14,728,087	9,867,625
2017-2021	80,210,096	38,588,793
2022-2026	76,951,008	20,418,447
2027-2031	41,135,176	5,637,969
2032-2036	7,990,213.22	61,488 T.BT1 0 (

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 Assets line “Due from the Commonwealth” includes \$3,279,476 for equipment purchased by the University that was not reimbursed by the VCBA at year-end.

B. Defeasance of Debt

In November 2010, the Commonwealth of Virginia issued \$101,040,000 in Educational Facilities Revenue Refunding Bonds, Series 2010B. The sale of these bonds enabled the University to advance refund \$1,750,000 of Series 2000A, \$13,345,000 of Series 2001A and \$470,000 of Series 2003A. The net proceeds of \$16,620,477 (after payment of underwriter’s fees and other issuance costs) were deposited in an irrevocable escrow account and will be used to pay interest, redemption premium and



## NOTE 9: EXPENSES BY NATURAL CLASSIFICATIONS

The following table shows a classification of expenses both by function as listed in the Statement of Revenues, Expenses and Changes in Net Assets and by natural classification which is the basis for amounts shown in the Statement of Cash Flows.

	Salaries, Wages, and Fringe Benefits	Non-Personal Services/ Supplies	Scholarships and Fellowships	Plant and Equipment	Depreciation	Total
Instruction	\$ 111,838,515	\$ 8,811,048	\$ -	\$ 4,901,338	\$ -	\$ 125,550,901
Research	3,387,035	2,386,235	-	167,809	-	5,941,079
Public service	232,664	112,694	-	16,359	-	361,717
Academic support	24,329,146	13,479,411	-	4,136,486	-	41,945,043
Student services	10,348,569	2,482,487	-	98,245	-	12,929,301
Institutional support	22,223,704	2,943,385	-	698,290	-	25,865,379
Operation and maintenance of plant	10,331,074	12,416,076	-	2,002,180	-	24,749,330
Depreciation expense	-	-	-	-	24,105,258	24,105,258
Scholarship and related expenses	-	-	18,113,099	-	-	18,113,099
Auxiliary activities	22,483,903	38,793,292	6,201,590	2,954,401	-	70,433,186
<b>Total</b>	<b>\$ 205,174,610</b>	<b>\$ 81,424,628</b>	<b>\$ 24,314,689</b>	<b>\$ 14,975,108</b>	<b>\$ 24,105,258</b>	<b>\$ 349,994,293</b>

## NOTE 10: STATE APPROPRIATIONS

The University receives state appropriations from the General Fund of the Commonwealth. The Appropriation Act specifies that such unexpended appropriations shall revert, as specifically provided by the General Assembly, at the end of the biennium. For years ending at the middle of a biennium, unexpended appropriations that have not been approved for reappropriation in the next year by the Governor become part of the General Fund of the Commonwealth and are, therefore, no longer available to the University for disbursements.

The following is a summary of state appropriations received by the University, including all supplemental appropriations and reversions:

Original legislative appropriation per Chapter 874:	
Educational and general programs	\$ 89,771,848
Student financial assistance/grants	16,290,418
Supplemental adjustments:	
Central fund appropriation transfers	1,669,406
Eminent scholars	77,891
Grants	2,229,421
VIVA	23,962
DPB budget reduction	(8,264)
VITA rate reduction	73
Adjusted appropriations	<u>\$ 110,054,755</u>

**NOTE 11: COMPONENT UNIT FINANCIAL INFORMATION**

	Old Dominion University Intercollegiate Foundation	Old Dominion University Educational and Real Estate Foundations	Old Dominion University Research Foundation	TOTAL
<u>Statement of Revenues, Expenses and Changes in Net Assets</u>				
Operating revenues:				
Gifts and contributions	\$ 2,932,144	\$ 2,060,289	\$ 111,500	\$ 5,103,933
Indirect cost	-	-	9,231,723	9,231,723
Sponsored research	-	-	37,026,733	37,026,733
Other operating revenues	355,686	7,909,830	3,039,504	11,305,020
Total operating revenue	<u>3,287,830</u>	<u>9,970,119</u>	<u>49,409,460</u>	<u>62,667,409</u>
Operating expenses:				
Instruction	-	2,585,588	-	2,585,588
Research	-	-	43,360,528	43,360,528
Academic support	1,414,824	3,216,960	-	4,631,784
Institutional support	1,293,161	8,195,745	4,297,541	13,786,447
Operation and maintenance of plant	-	39,690	-	39,690
Depreciation	47,905	187,512	-	235,417
Student aid	607,276	994,115	-	1,601,391
Total operating expenses	<u>3,363,166</u>	<u>15,219,610</u>	<u>47,658,069</u>	<u>66,240,845</u>
Operating gain/(loss)	<u>(75,336)</u>	<u>(5,249,491)</u>	<u>1,751,391</u>	<u>(3,573,436)</u>
Investment income	1,506,422	13,040,164	276,618	14,823,204
Contributions to permanent endowments	(32,655)	781,453	-	748,798
Increase in net assets	1,398,431	8,572,126	2,028,009	11,998,566
Beginning net assets	23,786,745	127,954,589	18,638,664	170,379,998
Ending net assets	<u>\$ 25,185,176</u>	<u>\$ 136,526,715</u>	<u>\$ 20,666,673</u>	<u>\$ 182,378,564</u>

## Contributions Receivable

	Old Dominion University Intercollegiate Foundation	Old Dominion University Educational and Real Estate Foundations	TOTAL
<u>Current Receivable</u>			
Receivable due in less than one year	\$ 917,715	\$ 1,403,610	\$ 2,321,325
Less allowance for doubtful accounts	58,141	106,838	164,979
Net current accounts receivable	859,574	1,296,772	2,156,346
Receivable due in greater than 1 year, net of discount (\$639,542)	1,699,554	1,457,516	3,157,070
Less allowance for doubtful accounts	20,428	120,476	140,904
Net noncurrent contributions receivable	1,679,126	1,337,040	3,016,166
Total contributions receivable	<u>\$ 2,538,700</u>	<u>\$ 2,633,812</u>	<u>\$ 5,172,512</u>

**Investments**

## Long-Term Liabilities

### Old Dominion University Intercollegiate Foundation

Trust and annuity obligations \$ 468,064

### Old Dominion University Educational and Real Estate Foundations

Description	Interest Rates	Maturity	2010
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Long-term debt maturities are as follows for bonds payable and notes payable:

2011	\$ 4,589,345
2012	1,988,204
2013	2,078,210
2014	6,566,117
2015	2,269,660
Thereafter	62,037,712
Total	<u>\$ 79,529,248</u>







B. Optional Retirement Plan

Full-time faculty and certain administrative staff participate in a defined contribution plan administered by two different providers rather than VRS. The two different providers are TIAA/CREF Insurance Companies and Fidelity Investment Tax-Exempt Services. These plans are fixed contribution programs where the retirement benefits received are based upon the employer's and employee's contributions, plus interest and dividends.

Individual contracts issued under the plans provide for full immediate vesting of both the University's and employee's contributions. Total pension costs under these plans were approximately \$6,152,018 for the year ended June 30, 2011. Contributions to the optional retirement plans were calculated using the base salary amount of approximately \$59,767,495 for fiscal year 2011. Employees hired after July 1, 2010 were responsible for paying the 5% employee share.

C. Deferred Compensation

Employees of the University are employees of the Commonwealth of Virginia. 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 \$10 per pay period. The dollar amount match can 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 \$311,133 for fiscal year 2011.

**NOTE 14**

**NOTE 16: RISK MANAGEMENT AND EMPLOYEE HEALTH CARE PLANS**

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The University is exposed to various risks of loss related to torts; theft or, damage to, and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. The University participates in insurance plans maintained by the Commonwealth of Virginia. 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. Information relating to the Commonwealth's insurance plans is available at the statewide level in the Commonwealth's *Comprehensive Annual Financial Report*.

