



*Old Dominion University  
Financial Statements*

*June 30, 2012*



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### FINANCIAL STATEMENTS

Management's Discussion & Analysis .....	
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## 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>2012</u>	<u>2011</u>	<u>Difference</u>	<u>Percentage Difference</u>
<u>Assets:</u>				
Current	\$ 89,190,399	\$ 87,765,284	\$ 1,425,115	1.6 %
Capital, net of accumulated depreciation	555,935,056	566,164,618	(10,229,562)	(1.8)%
Other noncurrent	42,694,710	36,731,465	5,963,245	16.2 %
Total assets	<u>687,820,165</u>	<u>690,661,367</u>	<u>(2,841,202)</u>	<u>(0.4)%</u>
<u>Liabilities:</u>				
Current	62,016,641	61,422,423	594,218	1.0 %
Noncurrent	259,575,502	273,286,799	(13,711,297)	(5.0)%
Total liabilities	<u>321,592,143</u>	<u>334,709,222</u>	<u>(13,117,079)</u>	<u>(3.9)%</u>
<u>Net Assets:</u>				
Invested in capital assets, net of related debt	289,148,104	287,439,347	1,708,757	0.6 %
Restricted	28,393,556	27,368,442	1,025,114	3.7 %
Unrestricted	48,686,362	41,144,356	7,542,006	18.3 %
Total net assets	<u>\$ 366,228,022</u>	<u>\$ 355,952,145</u>	<u>\$ 10,275,877</u>	<u>2.9 %</u>

Total University assets were \$687,820,165 at the end of fiscal year 2012. The marginal decline in total assets was primarily the result of changes in capital asset balances. There were net additions to capital assets from completed construction projects and new acquisitions in the amount of \$18,636,733 and decreases of \$28,866,295 mainly from depreciation expense. The overall decline was offset by the increase in current assets from the continued growth in cash in Auxiliary Enterprises which ties to the University's Strategic Plan for future expansion and improvements for student facilities. The University is increasing resources instead of

## 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 statement is to present the University's operating and nonoperating revenues recognized and expenses incurred and any other revenues, expenses, gains, and losses.

Generally, operating revenues are received for providing goods and services to students and other constituencies of the institution. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues and to carry out the University's mission. Salaries and fringe benefits for faculty and staff are the largest type of operating expense.

Nonoperating revenues are revenues received for which goods and services are not provided. For example, the University's state appropriations are nonoperating because they are provided by the state legislature without the legislature directly receiving commensurate goods and services for those revenues.

	2012	2011	Difference	Percentage Difference
<u>Operating revenues:</u>				
Student tuition and fees, net of scholarship allowances of \$23,032,596 and \$21,641,502	\$ 113,652,029	\$ 105,775,238	\$ 7,876,791	7.4 %
Federal grants and contracts	5,176,307	5,596,121	(419,814)	(7.5)%
State, local & nongovernmental grants	2,504,321	2,769,974	(265,653)	(9.6)%
Auxiliary enterprises, net of scholarship allowances of \$14,075,624 and \$13,722,740	95,742,127	90,153,109	5,589,018	6.2 %
Other operating revenues	6,893,099	6,511,200	381,899	5.9 %
Total operating revenues	223,967,883	210,805,642	13,162,241	6.2 %

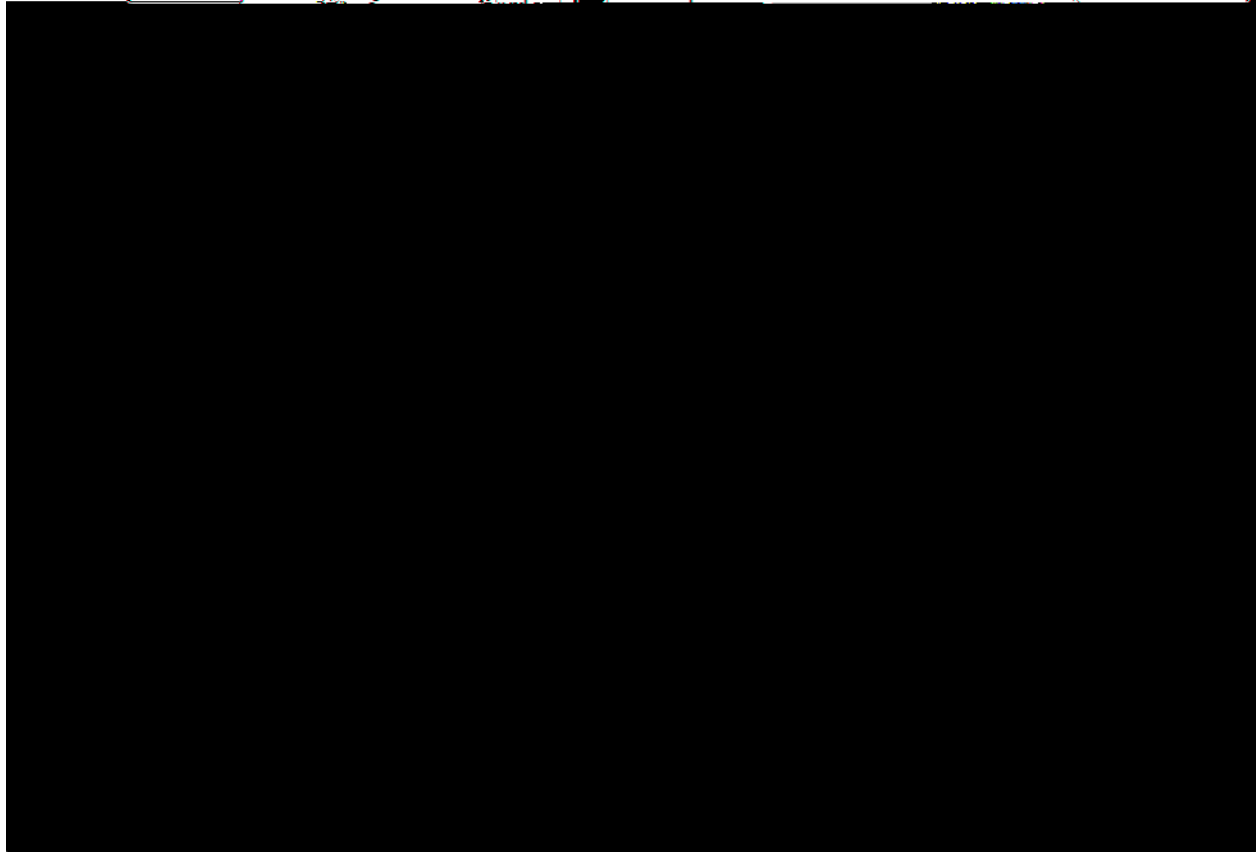
### Operating expenses:

## Revenues

Gifts, Investments  
and Other\_ -

Federal Stimulus

Room and Board

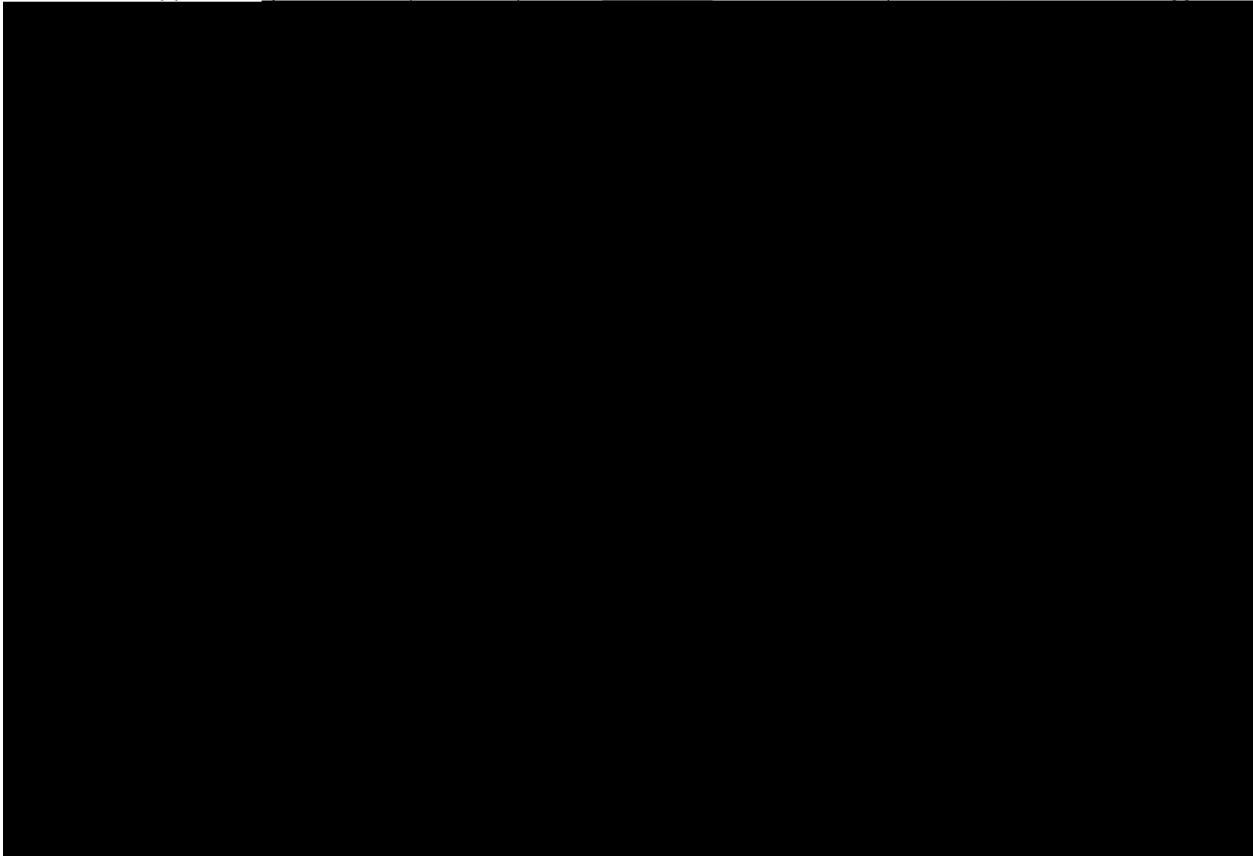


Total operating revenue increased by \$13,162,241 or 6.2% from the prior fiscal year. The growth in revenue was expected given the rise in both in-state and out-of-state tuition rates and an increase in enrollment. Auxiliary student fees and room and board charges were increased slightly. There was a decrease in nonoperating revenue of \$8,220,466 primarily due to the decrease in federal stimulus funding.



**Expenses**

	Interest on Capital	Auxiliary Enterprises
2012	Other Management	Assets



fa Operating expenses increased in response to various factors including establishment of additional



## 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. In addition, the Act speaks to a number of restructuring initiatives to enhance progress in promoting higher education opportunities. Financial policy and the Commonwealth's funding participation will be revisited by the Higher Education Advisory Committee in concert with State agencies. Nonetheless, all Virginia universities are faced with the challenge of containing costs through business process improvements and efficiencies.

The University's 2012-2013 Budget and Plan is consistent with the criteria set forth in the University Strategic Plan and the Code of Virginia higher education institutional performance standards as evidenced by the focus upon access, affordability, breadth of academic programs, academic standards, student retention and timely graduation, articulation agreements and dual enrollment, economic development, research, patents and licenses, elementary and secondary education, and financial and administrative efficiency standards.

The budget planning process was restructured to involve the Vice Presidents in a more collaborate approach in determining the strategic direction for resource allocations. The Vice Presidents reviewed the budget requests and prioritized the initiatives in accordance with specific strategic principles:

- Investments were made in faculty positions, but only a few critical administrative and classified positions were to be established.

- Full-time positions would not be filled until January 1, 2013 to maximize use of position funds for one-time strategic investments.

- Mandated, uncontrollable costs, such as the 3 percent bonus, benefit adjustments, leases, insurance and

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OLD DOMINION UNIVERSITY  
STATEMENT OF NET ASSETS  
As of June 30, 2012

	Old Dominion University	Component Units
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 74,409,853	\$ 24,263,362
	10,030,072	24,152,340
	-	4,365,525
Due from the Commonwealth (Note 4)	2,538,723	-
Appropriations available	44,182	-
Travel advances	-	56,589
Prepaid expenses	315,476	485,677
Inventory	674,711	-
	1,177,382	-
Other assets	-	167,303
<b>Total current assets</b>	<b>89,190,399</b>	<b>53,490,796</b>
Noncurrent assets:		
Restricted cash and cash equivalents (Note 2)	17,583,876	-
Endowment investments (Note 3)	7,976,121	-
Investments (Notes 2 and 11)	14,086,518	169,766,185
	-	55,557,679
Contributions receivable (Net of allowance for doubtful collections \$46,085) (Note 11)	-	5,460,929
Notes receivable (Net of allowance for doubtful accounts \$58,148)	2,160,003	3,405,000
Unamortized bond issuance expense	888,192	-
Nondepreciable capital assets (Notes 5 and 11)	45,636,465	18,530,917
Capital assets (Notes 5 and 11)	510,298,591	7,732,348
<b>Total noncurrent assets</b>	<b>598,629,766</b>	<b>260,453,058</b>
<b>Total assets</b>	<b>687,820,165</b>	<b>313,943,854</b>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses (Note 6)	30,419,595	13,378,881
Due to affiliates	-	1,755,324
Deferred revenue	9,096,374	5,043,485
Obligations under securities lending (Note 2)	1,458,584	-
Deposits held in custody for others	2,449,411	34,762
Other liabilities	-	10,371,996
Line of credit	-	5,258,497
Long-term liabilities - current portion (Notes 7 and 11)	18,592,677	2,805,637
<b>Total current liabilities</b>	<b>62,016,641</b>	<b>38,648,582</b>
Noncurrent liabilities (Notes 7 and 11)	259,575,502	91,798,907
<b>Total liabilities</b>	<b>321,592,143</b>	<b>130,447,489</b>
NET ASSETS		
Invested in capital assets, net of related debt	289,148,104	18,090,368
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	4,639,981	-
Permanently restricted	-	116,126,676
Expendable:		
Scholarships and fellowships	7,550,549	-
Research	2,223,381	-
Loans	3,517,876	-
Capital projects	98,004	-
Temporarily restricted	-	-

OLD DOMINION UNIVERSITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
For the Year Ended June 30, 2012

	Old Dominion University	Component Units
Operating revenues:		
Student tuition and fees (Net of scholarship allowances of \$23,032,596)	\$ 113,652,029	\$ -
Gifts and contributions	-	10,098,119
Federal grants and contracts	5,176,307	-
State grants and contracts	126,070	-
Indirect cost	-	8,844,014
Sponsored research	-	35,025,142
Nongovernmental grants and contracts	2,378,251	-
Auxiliary enterprises (Net of scholarship allowances of \$14,075,624)	95,742,127	-
Other operating revenues	6,893,099	9,677,589
Total operating revenues	<u>223,967,883</u>	<u>63,644,864</u>
Operating expenses:		
Instruction	128,379,293	1,702,302
Research	7,302,682	42,341,151
Public service	458,225	-
Academic support	43,056,112	4,545,284
Student services	13,353,172	-
Institutional support	28,096,652	17,811,644
Operation and maintenance	24,830,011	40,895
Depreciation	26,645,117	224,901
Student aid	16,954,460	2,117,046
Auxiliary activities	73,561,989	-
Total operating expenses	<u>362,637,713</u>	<u>68,783,223</u>
Operating income (loss)	<u>(138,669,830)</u>	<u>(5,138,359)</u>
Nonoperating revenues (expenses):		
State appropriations (Note 10)	111,689,455	-
Pell grant revenue	25,929,269	-
ARRA state fiscal stabilization funds	5,634,149	-
Gifts	8,940,861	-
Investment income (Net of investment expenses of \$214,526)	589,298	2,146,531
Other	149,968	-
Interest of capital asset - related debt	(11,870,691)	-
Payments to Commonwealth from state appropriations	(1,781,414)	-
Payments to grantors	(185)	-
Net nonoperating revenues (expenses)	<u>139,280,710</u>	<u>2,146,531</u>
Income before other revenues, (expenses), gains, and (losses)	<u>610,880</u>	<u>(2,991,828)</u>
Contributions from primary government	8,120,813	-
Capital gifts	3,734,815	-
Loss on disposal of plant assets	(2,221,178)	-
Build America bond interest	30,547	-
Contributions to permanent endowments	-	4,109,629
Total other revenues, (expenses), gains, and (losses)	<u>9,664,997</u>	<u>4,109,629</u>
Increase in net assets	10,275,877	1,117,801
Net assets - beginning of year	<u>355,952,145</u>	<u>182,378,564</u>
Net assets - end of year	<u>\$ 366,228,022</u>	<u>\$ 183,496,365</u>

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

OLD DOMINION UNIVERSITY  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2012

Cash flows from operating activities:	
Student tuition and fees	\$ 130,445,402
Grants and contracts	6,975,550
Auxiliary enterprises	106,196,722
Other receipts	7,847,325
Payments to employees	(164,283,574)
Payments for fringe benefits	(40,574,980)
Payments for services and supplies	(79,480,690)
Payments for travel	(5,861,432)
Payments for scholarships and fellowships	(60,681,066)
Payments for noncapitalized improvements and equipment	(9,647,129)
Loans issued to students	(650,000)
Collections of loans from students	440,215
	<hr/>
Net cash used by operating activities	(109,273,657)
	<hr/>
Cash flows from noncapital financing activities:	
State appropriations	110,432,894
Pell grant revenue	26,011,917
ARRA state fiscal stabilization funds	5,634,149
Gifts and grants for other than capital purposes	8,914,461
William D. Ford direct lending receipts	103,733,181
William D. Ford direct lending disbursements	(103,733,181)
PLUS loans receipts	12,144,523
PLUS loans disbursements	(12,144,523)
Refund to the federal government	(185)
Agency receipts	2,703,982
Agency payments	(2,590,905)
	<hr/>
Net cash provided by noncapital financing activities	151,106,313
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Cash flows from capital financing activities:	
Proceeds from capital debt and investments	182,670
Capital appropriations and appropriations available	43,524
Contributions from primary government	11,894,021
Capital gifts	2,931,862
Purchase of capital assets	(19,180,920)
Principal paid on capital debt, leases and installments	(12,895,226)
Interest paid on capital debt, leases and installments	(12,464,950)
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Net cash used by capital financing activities	(29,489,019)
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Cash flows from investing activities:	
Interest on investments and cash management	785,443
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Net cash provided by investing activities	785,443
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Net change in cash	13,129,080
Cash and cash equivalents - beginning of the year	77,490,952
Less: Securities lending - Treasurer of Virginia	(41,143)
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Cash and cash equivalents - beginning of the year	77,449,809
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Cash and cash equivalents - end of the year	<u>\$ 90,578,889</u>





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**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**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 Athletic Foundation, and the Old Dominion University



Noncurrent Cash and Investments

## 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 and auxiliary enterprises.

## Classification of Revenues and Expenses

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

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts 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, such as state appropriations, investment, and interest income.

Nonoperating expenses primarily include interest on debt related to the purchase of capital assets and losses on the disposal of capital assets. All other expenses are classified as operating expenses.

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 and then toward unrestricted. Restricted funds remain classified as such until restrictions have been satisfied.

## Scholarship Allowances

Student tuition and fee revenues and certain other revenues from charges to students are reported net of scholarship allowances in the Statement of Revenues, Expenses and Changes in Net Assets. Scholarship allowances are the differences between the actual charge for goods and services provided by the University and the amounts that are paid by students and/or third parties on the students' behalf. Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). The alternative method is a simple proportionality algorithm that computes scholarship discounts and allowances on a university-wide basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.

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, 2012. 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



### 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. Cash and cash equivalents represent cash with the treasurer, cash on hand, certificates of deposit and temporary investments with original maturities of 90 days 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). Cash and cash equivalents reporting requirements are defined by GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*.

### Deposits

At June 30, 2012, the carrying value of the University's deposit with banks was \$45,255,377 and bank balance was \$37,927,209. The carrying value of deposits differs from the bank balance because of reconciling items such as deposits in transit and outstanding checks. Deposits with banks are covered by Federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act. Under the Act, banks holding deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% excess deposits to a collateral pool in the name of the State Treasury Board. At June 30, 2012, the

*Credit & Concentration of Credit Risks*

<b>Type of Investment</b>	<b>Percentage of Investments</b>	<b>Fair Value</b>	<b>Standard &amp; Poor's Credit Quality Rating</b>
<u>CASH EQUIVALENTS:</u>			
Mutual/Money Market Funds			
Merrill Lynch	6.22%	\$ 1,599,836	AAAm
ML Government Fund	0.04%	9,915	AAAm
BB&T/Wachovia Securities	0.10%	24,914	
SNAP	2.42%	623,647	AAA
Securities Lending	5.50%	1,414,840	
Total Cash Equivalents		3,673,152,840	



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>
<b>Cash Equivalents:</b>				
<b>Mutual/Money Market Funds</b>				
Merrill Lynch (ML)	\$ 1,599,836	\$ -	\$ -	\$ -
ML Government Fund	9,915			
BB&T/Wachovia Securities	24,914			
SNAP	623,647			
Cash Equivalents-Securities Lending held with Treasurer	1,414,840			
Total Cash Equivalents	<u>3,673,152</u>			
<b>Investments:</b>				
<b>Mutual/Money Market</b>				
Intermediate Term Fund			6,128,650	
<b>U.S. Treasury &amp; Agency Securities</b>				
U. S. Treasury Bond DTD			150,473	
U. S. Treasury Note DTD				144,607
<b>Corporate Bonds</b>				
AFLAC Inc DTD				19,581
ACE INA HLDG Inc DTD			17,657	
AT&T INC			20,820	
Bear Stearns Company				23,911
Berkshire Hathaway Inc			21,236	
Caterpillar Financial SE DTD				19,577
Conocophillips DTD				18,293
Deere & Co DTD			22,232	
El Dupont DeNemour & Company DTD			21,273	
General Electric Capital Corporation DTD				22,448
Goldman Sachs Group Incorporated DTD			15,750	
IBM Corporation DTD				19,984
Metlife Incorporated DTD			17,589	



**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 appreciation as the Board determines to be prudent. In determining the amount of appreciation to appropriate, the Board is required by the Act to consider such factors as long-term and short-term needs of the institution, present and anticipated financial requirements, expected total return on investments, price level trends, and general economic conditions. The amount available for spending is determined by applying a predetermined rate to the twelve-quarter moving average of the market value of each endowment for the period ending on the previous September 30. For fiscal year 2012, the payout percentage was 4 ½ percent. The payout percentage is reviewed and adjusted annually as deemed prudent.

At June 30, 2012, net appreciation of \$355,971 is available to be spent, which is reported in the Statement of Net Assets as Restricted for Expendable Scholarship and Fellowships.

**NOTE 4: ACCOUNTS RECEIVABLE**

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A. Accounts receivable consisted of the following at June 30, 2012:

Student tuition and fees	\$ 6,470,915
Auxiliary enterprises	1,489,537
Federal, state, and nongovernmental grants and contracts	2,140,900
Other activities	619,296
Gross receivables	<u>10,720,648</u>
Less allowance for doubtful accounts	690,576
Net accounts receivable	<u><u>\$ 10,030,072</u></u>

B. Due from the Commonwealth consisted of the following at June 30, 2012:

Interest/rebate allocation	\$ 487,750
Equipment trust fund reimbursement	695,583
Virginia College Building Authority 21 <sup>st</sup> Century Bonds	<u>1,355,390</u>
Total due from Commonwealth of Virginia	<u><u>\$ 2,538,723</u></u>



**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, 2012 is presented as follows:

**NOTE 8: LONG-TERM DEBT**

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Description	Interest Rates	Maturity	2012
<b>Revenue bonds:</b>			
Classrooms, Series 2004B	3.00% - 5.00%	2017	3,325,000
Classrooms, Series 2004B	3.00% - 5.00%	2020	475,000
Classrooms, Series 2007B	4.00% - 4.25%	2018	800,067
Recreation, Series 2004B	3.00% - 5.00%	2017	4,280,000
Recreation, Series 2004B	3.00% - 5.00%	2020	540,000
Recreation, Series 2007B	4.00% - 4.25%	2018	415,302
Recreation, Series 2007B	4.00% - 4.50%	2020	6,739,951
Recreation, Series 2010B	2.00% - 5.00%	2020	630,000
Recreation, Series 2010B	2.00% - 5.00%	2021	9,590,000
Parking, Series 2003A	2.00% - 5.00%	2024	175,000
Parking, Series 2004A	3.00% - 5.00%	2025	515,000
Parking, Series 2004B	3.00% - 5.00%	2017	2,070,000
Parking, Series 2004B	3.00% - 5.00%	2020	775,000
Parking, Series 2007A	4.50% - 5.00%	2028	7,405,000
Parking, Series 2007B	4.00% - 4.25%	2018	149,631
Parking, Series 2007B	4.00% - 4.50%	2020	2,560,049
Parking, Series 2009A	2.10% - 5.00%	2029	4,950,000
Parking, Series 2010B	2.00% - 5.00%	2020	360,000
Parking, Series 2010B	2.00% - 5.00%	2021	2,935,000
Parking, Series 2010B	2.00% - 5.00%	2020	450,000
Parking, Series 2012A	5.00%	2023	650,000
Parking, Series 2012A	3.00% - 5.00%	2024	2,260,000
Athletic Fac. Exp., Series 2004A	3.00% - 5.00%	2025	300,000
Athletic Fac. Exp., Series 2005A	3.50% - 5.00%	2026	1,045,000
Athletic Fac. Exp., Series 2006A	3.00% - 5.00%	2027	815,000
Athletic Fac. Exp., Series 2007A	4.50% - 5.00%	2028	420,000
Athletic Fac. Exp., Series 2012A	3.00% - 5.00%	2024	1,330,000
Athletic Fac. Exp., Series 2012A	3.00% - 5.00%	2024	1,645,000
H&PE Renovation, Series 2004A	3.00% - 5.00%	2025	255,000
H&PE Renovation, Series 2005A	3.50% - 5.00%	2026	1,050,000
H&PE Renovation, Series 2007A	4.50% - 5.00%	2028	13,685,000
H&PE Renovation, Series 2012A	3.00% - 5.00%	2024	1,110,000
H&PE Renovation, Series 2012A	3.00% - 5.00%	2024	1,645,000
Indoor Tennis Court, Series 2004A	3.00% - 5.00%	2025	190,000
Indoor Tennis Court, Series 2005A	3.50% - 5.00%	2026	805,000
Indoor Tennis Court, Series 2006A	3.00% - 5.00%	2027	195,000
Indoor Tennis Court, Series 2007A	4.50% - 5.00%	2028	220,000
Indoor Tennis Court, Series 2012A	3.00% - 5.00%	2024	820,000
Indoor Tennis Court, Series 2012A	3.00% - 5.00%	2024	1,280,000
Dormitory, Series 2005A	3.50% - 5.00%	2026	6,790,000
Dormitory, Series 2012A	3.00% - 5.00%	2024	10,820,000
Powhatan Sports Ctr, Series 2007A	4.50% - 5.00%	2028	5,640,000
Powhatan Sports Ctr, Series 2009A	2.10% - 5.00%	2029	25,125,000
Powhatan Sports Ctr, Series 2010A	2.00% - 5.50%	2030	890,000
Webb Center Expansion, Series 2009B	2.00% - 5.00%	2029	675,000
<b>Total revenue bonds</b>			<b>128,800,000</b>

<u>Description</u>	<u>Interest Rates</u>	<u>Maturity</u>	<u>2012</u>
Installment purchases	4.23%	2023	2,233,867
Capital leases	Various	2011-41	69,137,724
<b>Total bond, notes, installment purchases, and leases</b>			<u>261,855,342</u>
Amortize bond premium, general obligation bonds			2,834,946
Amortize bond premium, revenue bonds			9,368,294
Deferred loss on early retirement of debt			<u>(3,840,858)</u>
<b>Total bond, notes, installment purchases, leases, bond premium, and deferred loss</b>			<u><u>\$ 270,217,724</u></u>

deposited in an irrevocable escrow account and will be used to pay interest, redemption premium and maturity value of the refunded bonds to their call date. This defeasance reduced total debt service payments over the next ten years by \$2,007,655 resulting in an economic gain of \$1,747,487 discounted at the rate of 1.561 percent and 2.807 percent for General Obligation bonds, and 2.090 percent for Educational Facilities bonds.

**NOTE 9: EXPENSES BY NATURAL CLASSIFICATIONS**

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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	\$ 115,602,134	\$ 9,546,392	\$ -	\$ 3,230,767	\$ -	\$ 128,379,293
Research	4,299,947	2,872,037	-	130,698	-	7,302,682
Public service	282,092	157,689	-	18,444	-	458,225
Academic support	24,682,139	12,617,648	-	5,756,325	-	43,056,112
Student services	10,381,497	2,876,111	-	95,564	-	13,353,172
Institutional support	23,597,202	3,952,140	-	547,310	-	28,096,652
Operation and maintenance of plant	10,788,797	12,630,774	-	1,410,440	-	24,830,011
Depreciation expense	-	-	-	-	26,645,117	26,645,117
Scholarship and related expenses	-	-	16,954,460	-	-	16,954,460
Auxiliary activities	24,309,180	41,321,111	7,302,093	629,605	-	73,561,989
<b>Total</b>	<b>\$ 213,942,988</b>	<b>\$ 85,973,902</b>	<b>\$ 24,256,553</b>	<b>\$ 11,819,153</b>	<b>\$ 26,645,117</b>	<b>\$ 362,637,713</b>

**NOTE 10: STATE APPROPRIATIONS**

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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:

**NOTE 11: 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, and the Old Dominion University Research Foundation. These organizations are separately incorporated entities and other auditors examine the related financial statements.

	Old Dominion Athletic Foundation	Old Dominion University Educational and Real Estate Foundations	Old Dominion University Research Foundation	TOTAL
<u>Statement of Net Assets</u>				
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 9,396,303	\$ 4,991,622	\$ 9,875,437	

<u>Statement of Revenues, Expenses and Changes in Net Assets</u>	Old Dominion Athletic Foundation	Old Dominion University Educational and Real Estate Foundations	Old Dominion University Research Foundation	TOTAL
Operating revenues:				
Gifts and contributions	\$ 5,589,685	\$ 4,423,684	\$ 84,750	\$ 10,098,119
Indirect cost	-	-		

### **Contributions Receivable**

<u>Current Receivable</u>	Old Dominion Athletic Foundation	Old Dominion University Educational and Real Estate Foundations	TOTAL
Receivable due in less than one year	\$ 1,076,929	\$ 3,591,334	\$ 4,668,263
Less allowance for doubtful accounts	84,159	218,579	302,738
Net current accounts receivable	992,770	3,372,755	4,365,525
Receivable due in greater than 1 year, net of discount (\$1,076,592)	2,946,166	2,560,848	5,507,014
Less allowance for doubtful accounts	9,738	36,347	46,085
Net noncurrent contributions receivable	2,936,428	2,524,501	5,460,929
Total contributions receivable	<u>\$ 3,929,198</u>	<u>\$ 5,897,256</u>	<u>\$ 9,826,454</u>

**Investments**

The Foundations record investments at market except for real estate held for investment, which is recorded at the lower of cost or fair market value.

**Summary Schedule of Investments**

Old Dominion  
University

Old Dominion  
Athletic Foundation

**Capital Assets**

	Old Dominion Athletic Foundation	Old Dominion University Educational and Real Estate Foundations	Old Dominion University Research Foundation	TOTAL
Nondepreciable capital assets:				
Land	\$ -	\$ 2,960,665	\$ 54,802	\$ 3,015,467
Construction in progress	-	15,515,450	-	15,515,450
<del>Total capital assets (not being depreciated)</del>		<del>18,476,117</del>	<del>54,802</del>	<del>18,530,919</del>
Depreciable capital assets:				
<del>Buildings</del>	<del>-</del>	<del>4,887,925</del>	<del>1,037,290</del>	<del>5,925,215</del>
Equipment	366-6(-)2(0)-6(6459.6 140. )			

.85.72 0 0 6-6(-)2(0)-6(64 )TTJETBT15.72 0 0 4T1.8

**Long-Term Liabilities**

**Old Dominion Athletic Foundation**

Trust and annuity obligations \$ 498,264

**Old Dominion University Educational and Real Estate Foundations**

<b>Description</b>	<b>Interest Rates</b>	<b>Maturity</b>	<b>2011</b>
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Long-term debt maturities are as follows for bonds payable and notes payable:

2012	\$ 1,988,204
2013	2,078,210
2014	6,566,117
2015	2,269,660
2016	2,373,366
Thereafter	<u>59,666,697</u>
Total	<u>\$ 74,942,254</u>



### **Other Significant Transactions with Old Dominion University**

The University has entered into various Deed of Lease Agreements with Old Dominion University Real Estate Foundation. Under the agreements as of June 30, 2012, the University will repay \$68,933,776. At the expiration of the lease terms, the Old Dominion University Real Estate Foundation shall transfer the projects to the University. As such, the University has recorded capital leases relating to these lease agreements.

Direct payments to the University from the Old Dominion University Educational and Real Estate Foundations, Old Dominion Athletic Foundation, and the Old Dominion University Research Foundation for the year ended June 30, 2012 totaled \$7,631,950, \$2,304,889, and \$6,740,454 respectively. This includes gift transfers, payments for facilities, and services.

### **Component Unit Subsequent Event**

In February 2012



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**NOTE 14: POST-EMPLOYMENT BENEFITS**

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The Commonwealth participates in the VRS administered statewide group life insurance program which provides post-employment life insurance benefits to eligible retired and terminated employees. The Commonwealth also provides health care credits against the monthly health insurance premiums of its retirees who have at least 15 years of State service and participate in the State's health plan. Information related to these plans is available at the statewide level in the Commonwealth's *Comprehensive Annual Financial Report*.

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**NOTE 15: CONTINGENCIES**

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The University has 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 allowability of related direct and indirect charges pursuant to such agreements. As of June 30, 2012, the University estimates that no material liabilities will result from such audits or questions.

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**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*.





Box 1295

Martha S. Mavredes, CPA

P.O. Box

April 19, 2013

The Honorable Robert E. McDermott,  
Governor of Virginia

Board of Visitors

DEPARTMENTAL FINANCIAL REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Department of Education and the Department of Higher Education for the year ended June 30, 2012, and the related notes to the financial statements.

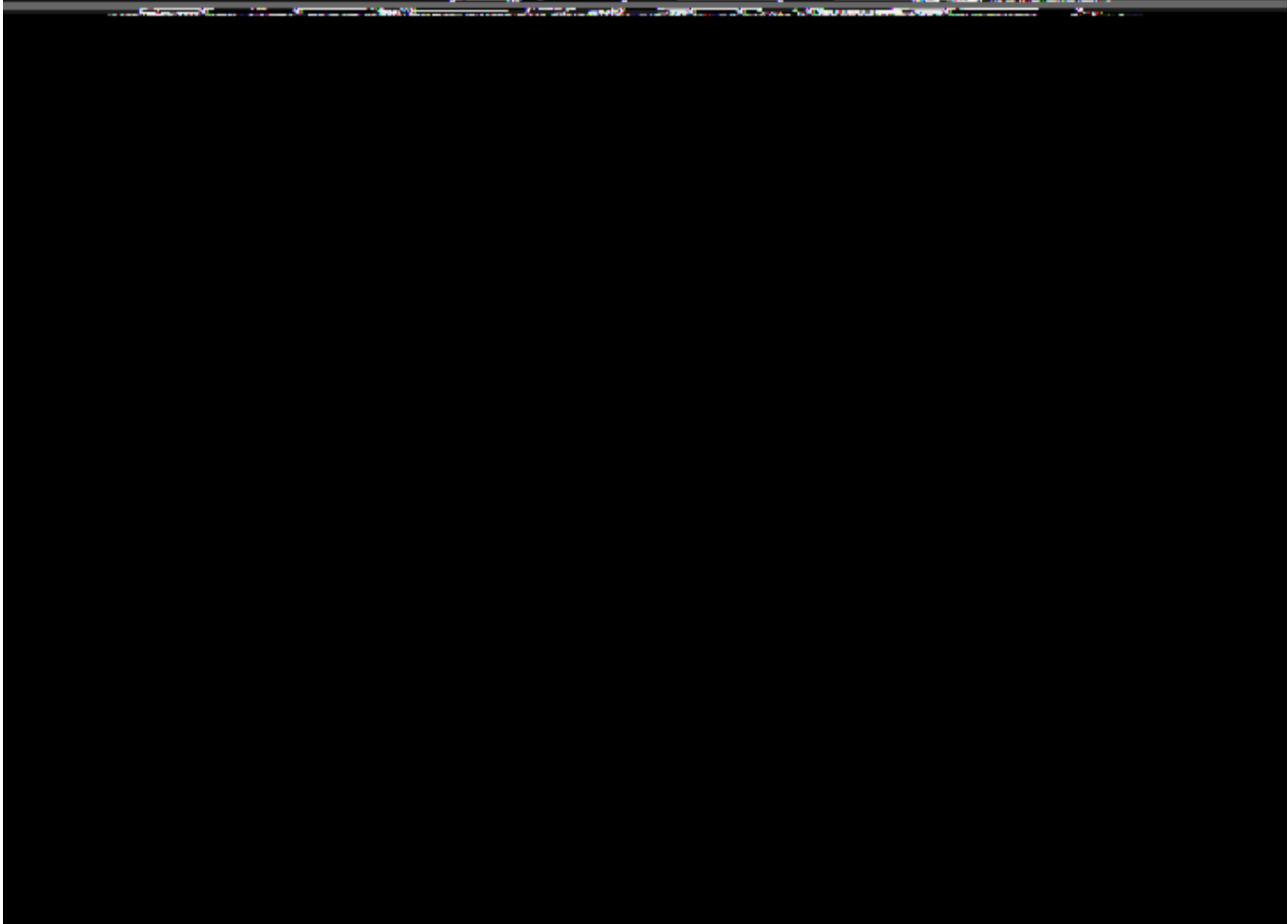
In our opinion, the financial statements present fairly, in all material aspects, the financial position, results of operations, and cash flows of the Department of Education and the Department of Higher Education for the year ended June 30, 2012, in accordance with the accounting principles generally accepted in the United States of America.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also included assessing the accounting principles used and the methods of reporting the financial information.

...the University's financial position is sound and the University is well positioned to meet its obligations. The University's financial position is sound and the University is well positioned to meet its obligations. The University's financial position is sound and the University is well positioned to meet its obligations.

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OLD DOMINION UNIVERSITY  
Norfolk, Virginia