**M E M O R A N D U M**

TO: Board of Visitors Administration and Finance Committee

Larry R. Hill, Chair
Maurice D. Slaughter, Vice Chair
T. Bruce Bradley (*ex-officio*)
Toykea S. Jones (*ex-officio*)
Yvonne T. Allmond
Robert A. Broermann
Peter G. Decker, III
Ross A. Mugler
Armistead D. Williams, Jr.
Steve Hsiung (*Faculty Representative*)

FROM: Todd K. Johnson
Interim Vice President for Administration and Finance

DATE: November 17, 2021

SUBJECT: Meeting of the Committee, December 9, 2021

The Board of Visitors Administration and Finance Committee will meet on Thursday, December 9, 2021, from 4:30 to 6:00 p.m. in the Kate and John R. Broderick Dining Commons on the campus of Old Dominion University. Enclosed for your review are the agenda and supporting documents.

## I. ACTION ITEMS

A. Approval of Minutes – The Committee will consider a motion to approve the minutes of the Administration and Finance Committee meeting held on September 14, 2021.

B. Bond Resolution – Bruce Aird, University Budget Officer, will brief the Committee on relocating the existing Student Health Center and Health Counseling Services from Webb University Center to a new facility. He will present a resolution to authorize the sale of the remaining \$5.2M of 9(d) Bonds for this project. The Resolution is enclosed.

## II. PRESENTATIONS

A. Unaudited Financial Statements – Mary Deneen, Assistant Vice President for Finance/University Controller, will present the Unaudited Financial Statements for the year ended June 30, 2021. The Unaudited Financial Statement is enclosed.

B. Executive Order Number 77 – Etta Henry, Director of Procurement Services, will present an overview of Executive Order 77 *Virginia Leading by Example to Reduce Plastic Pollution and Solid Waste*.

C. Vice President's Report – Interim Vice President Todd K. Johnson will defer his time to the standing reports.

## III. STANDING REPORTS

The Committee will receive briefings on the following standing reports:

A. Public Safety Update – Rhonda Harris, Assistant Vice President for Public Safety

B. Capital Outlay Projects Status Report – David Robichaud, Director of Design and Construction (Enclosed)

C. Investment Report – Maggie Libby, Associate Vice President for Advancement – Foundations (Enclosed)

**RESOLUTION OF THE BOARD OF VISITORS OF**
***<u>OLD DOMINION UNIVERSITY</u>***
**VIRGINIA COLLEGE BUILDING AUTHORITY FINANCING AUTHORIZATION**

**WHEREAS**, pursuant to and in furtherance of Chapter 12, Title 23.1 of the Code of Virginia of 1950, as amended (the "Act"), the Virginia College Building Authority (the "Authority") developed a program (the "Program") to purchase debt instruments issued by public institutions of higher education in the Commonwealth of Virginia ("Participating Institutions" and each a "Participating Institution") to finance or refinance projects of capital improvement ("Capital Projects" and each a "Capital Project") included in a bill passed by a majority of each house of the General Assembly of Virginia (the "General Assembly");

**WHEREAS**, under the Program the Authority from time to time issues its Educational Facilities Revenue Bonds (Public Higher Education Financing Program) ("Pooled Bonds") to finance the purchase or refunding of debt instruments issued by Participating Institutions to finance or refinance Capital Projects;

**WHEREAS**, if a Participating Institution desires to finance or refinance a Capital Project through the Program it must enter into a loan agreement with the Authority, under which: (i) the Participating Institution will issue its promissory note pursuant to Chapter 1208, Title 23.1 of the Code of Virginia of 1950, as amended, to evidence a loan to it by the Authority; (ii) the Authority will agree to issue Pooled Bonds and use proceeds thereof to purchase the promissory note; (iii) the Participating Institution will agree to use proceeds of Pooled Bonds, loaned to it and received in exchange for its promissory note, to finance or refinance the Capital Project and to not take actions that may jeopardize any federal tax-exempt status of interest on Pooled Bonds allocable to financing or refinancing the Capital Project; and (iv) the Participating Institution will agree to make payments under the promissory note in sums sufficient to pay, together with certain administrative and arbitrage rebate payments, the principal of, premium, if any, and interest due on such Pooled Bonds;

**WHEREAS**, the Board of Visitors (the "Board") of ***<u>OLD DOMINION UNIVERSITY</u>*** (the "Institution") from time to time desires to finance or refinance Capital Projects for the Institution as a Participating Institution under the Program, and now proposes that the Institution issue its promissory note or notes (collectively, the "Note") to be sold to the Authority in accordance with a loan agreement or loan agreements between the Institution and the Authority (collectively, the "Loan Agreement"), under which proceeds of Pooled Bonds will be loaned to and received by the Institution in exchange for the Note, to finance or refinance costs of the following Capital Projects authorized for bond financing by the General Assembly: the ***<u>STUDENT HEALTH AND WELLNESS ADDITION</u>*** (Project Code 221-18407) (collectively, the "Project"); and

**WHEREAS** the Board desires to designate certain Institution officers (i) delegated the authority to approve the forms of and to execute and deliver the Loan Agreement, the Note and any amendments thereto, and any other documents necessary or desirable in connection with financing or refinancing costs of the Project through and participation in the Program; and (ii) responsible for monitoring post-issuance compliance with covenants of the Institution related to maintaining any federal tax-exempt status of interest on Pooled Bonds.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD:**

**Section 1.** The Project is hereby designated to be undertaken and financed or refinanced by the Authority and, accordingly, the ***President and the Vice President for Administration and Finance*** (the "Authorized Officers") are each hereby delegated and invested with full power and authority to approve the forms of the Loan Agreement, the Note and any amendments thereto (in connection with any refunding of Pooled Bonds financing or refinancing the Project or otherwise), and any pledge to the payment of the Note and any amendment thereto of total gross university sponsored overhead, unrestricted endowment income, tuition and fees, indirect cost recoveries, auxiliary enterprise revenues, general and nongeneral fund appropriations and other revenues not required by law or previous binding contract to be devoted to some other purpose, restricted by a gift instrument for another purpose or excluded from such pledge as provided in the Loan Agreement, subject to the provisions of Section 3 hereof.

**Section 2.** Subject to the provisions of Section 3 hereof, the Authorized Officers are each hereby delegated and invested with full power and authority to execute, deliver and issue, on behalf of the Institution, (a) the Loan Agreement, the Note and any amendments thereto (in connection with any refunding of Pooled Bonds financing or refinancing the Project or otherwise), with approval of such documents in accordance with Section 1 hereof evidenced conclusively by the execution and delivery of the respective document, and (b) any other documents, instruments or certificates as may be deemed necessary or desirable to finance or refinance costs of the Project through and participate in the Program, and to further carry out the purposes and intent of this resolution. The Authorized Officers are authorized and directed to take such steps and deliver such certificates in connection with delivery of the Note, and any amendment thereto, as may be required under any existing obligations, including bond resolutions relating to any outstanding general revenue pledge bonds, and to notify Virginia Department of Treasury representatives serving as Authority staff at least 60 days in advance of a pledge of any amounts pledged to the payment of the Note in accordance with Section 1 hereof to, or as security for, the payment of any other Institution obligations issued or entered into after the date hereof for so long as the Note and any amendments thereto remain outstanding.

**Section 3.** The authorizations given above as to the approval, execution, delivery and issuance of the Loan Agreement, the Note and any amendments thereto (in connection with any refunding of Pooled Bonds financing or refinancing the Project or otherwise) are subject to the following parameters: (a) the principal amount to be paid under the Note allocable to any component of the Project, together with the principal amount of any other indebtedness with respect to such component, shall not be greater than the amount authorized for such component by the General Assembly plus amounts needed to fund issuance costs, original issue discount, other financing (including without limitation refunding) expenses and any other increase permitted by law; (b) the aggregate principal amount of the Note shall in no event exceed $***5,200,000*** as the same may be so increased; (c) the aggregate interest rate payable (i) under a tax-exempt Note shall not exceed a "true" or "Canadian" interest cost more than 50 basis points higher than the interest rate for "AA" rated securities with comparable maturities, as reported by Thomson Municipal Market Data (MMD) or another comparable service or index for tax-exempt yields, as of the date that the interest rates are determined, taking into account any original issue discount or premium and (ii) under a taxable Note shall not exceed a "true" or "Canadian" interest cost more than 50 basis points higher than the interest rate for "AA rated securities with comparable maturities, as reported by MMD or another comparable service or index for taxable yields, as of the date that the interest rates are determined; (d) the weighted average maturity of the principal payments due under the Note shall not exceed 20 years after the original issue date of the Note; (e) the last principal payment date under the Note shall not extend beyond the reasonably expected weighted economic life of the Project; and (f) subject to the foregoing, the actual amount, interest rates, principal maturities, and date of the Note shall be approved by an Authorized Officer, as evidenced by the execution thereof.

**Section 4.** The Board acknowledges that if there is a failure to make, as and when due, any payment of the principal of, premium, if any, and interest on any promissory note issued by the Institution as a Participating Institution to the Authority under the Program, including without limitation the Note and any amendments thereto, the State Comptroller is authorized under the Program and Section 23.1-1211 of the Code of Virginia of 1950, as amended, to charge against appropriations available to the Institution all future payments of principal of, premium, if any, and interest on such promissory note when due and payable and to make such payments to the Authority or its designee, so as to ensure that no future default will occur on such promissory note.

**Section 5.** The Board agrees that if the Authority determines the Institution as a Participating Institution shall be subject to continuing disclosure obligations under Rule 15c2-12 of the federal Securities and Exchange Commission with respect to any Pooled Bonds, (a) an Authorized Officer shall, and is hereby authorized and directed to, enter into a continuing disclosure undertaking in form and substance reasonably satisfactory to the Authority, and (b) the Institution will comply with the provisions and disclosure obligations contained therein.

**Section 6.** The Board designates the ***Vice President for Administration and Finance*** to be responsible for implementing procedures to monitor post-issuance compliance with covenants in any loan agreement between the Institution as a Participating Institution and the Authority, including the Loan Agreement and any amendments thereto, related to maintaining tax-exempt status for federal income tax purposes of interest on any Pooled Bonds, including without limitation monitoring the use of any portion of all Capital Projects for the Institution financed or refinanced with such Pooled Bonds and compliance with any applicable federal income tax remedial action requirements in connection with certain changes in such use. Such officer shall review such post-issuance compliance at least annually for so long as such Pooled Bonds remain outstanding.

**Section 7.** This resolution shall take effect immediately upon its adoption.

Adopted: December 9, 2021

_________________________________, Secretary
**BOARD OF VISITORS OF**
***OLD DOMINION UNIVERSITY***

*Old Dominion University*
*Financial Statements*

*June 30, 2021*

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# MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Old Dominion University, located in the City of Norfolk in the metropolitan Hampton Roads region of coastal Virginia, is a dynamic public research institution that serves it students and enriches the Commonwealth, the nation, and the world through rigorous academic programs, strategic partnerships, and active civic engagement. The University offers more than 150 programs available on campus and more than 100 programs through online learning ODU*Online.* The seven academic colleges and a Graduate School -- Arts and Letters, Business, Education and Professional Studies, Engineering and Technology, Health Sciences, Sciences, and Honors -- offer 91 baccalaureate programs, 41 master's programs, two education specialist programs, 22 doctoral programs and an award-winning distance learning program. The University provides a world-class education to more than 24,000 undergraduate and graduate students and has a strong global network of over 160,000 alumni across all 50 states and 52 countries.

The University's local, regional, and national impact continues to grow. Our entrepreneurial approach drives research and collaboration, and the University contributes $2 billion annually to the Hampton Roads economy. Old Dominion University is one of the largest generators of new jobs in the region. Not only do we educate the workforce of tomorrow, but Old Dominion University's Veterans Business Outreach Center is taking a leading role in training veteran entrepreneurs and retaining veteran-owned small business enterprises in our region. The University is also committed to providing research-driven solutions. Our world-class researchers partner with business, industry, government, and investment leaders to create answers for society's most pressing challenges. Old Dominion University has nationally-known research strengths in coastal resilience, modeling and simulation, bioelectrics, cybersecurity, and port logistics and maritime engineering and is a key academic research partner for the Thomas Jefferson National Laboratory and NASA-Langley Research Center. Currently our research teams generate $50 million in annual funding and are working on projects at our research centers across the state. These initiatives not only fill a vital need in the workforce, but they are propelling job creation and economic growth by tying in nicely into regional strengths—federal labs, the port, military, Chesapeake Bay, and health care.

As an agency of the Commonwealth of Virginia, Old Dominion University is included as a component unit in the Commonwealth of Virginia's Annual Comprehensive Financial Report. The 17 members of Old Dominion University's Board of Visitors, who are appointed by the Governor of Virginia, govern University operations.

## Overview of the Financial Statements and Financial Analysis

The Management's Discussion and Analysis (MD&A) is required supplementary 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 financial activities based on currently known facts, decisions, and conditions. This discussion includes an analysis of the University's financial condition and results of operations for the fiscal year ended June 30, 2021. Note that although the University's foundations, identified as component units under Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, are reported in the financial statements, they are excluded from this MD&A, except where specifically noted. Comparative numbers, where presented, are for the fiscal year ended June 30, 2020. Since this presentation includes highly summarized data, it should be read in conjunction with the accompanying financial statements, Notes to the Financial Statements, and required supplementary information. University management is responsible for all of the financial information presented, including this discussion and analysis.

The three basic financial statements are the Statement of Net Position (balance sheet), the Statement of Revenues, Expenses and Changes in Net Position (operating statement), and the Statement of Cash Flows. The following analysis discusses elements from each of these statements, as well as an overview of the University's activities.

Statement of Net Position

The Statement of Net Position presents the University's assets, deferred outflows, liabilities, deferred inflows, and net position 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 Position are able to determine the assets available to continue the University's operations. It also allows readers to determine how much the University owes vendors and creditors.

Net position is divided into three major categories. The first category, net investment in capital assets, depicts the University's equity in property, plant, and equipment owned by the University. The next category is restricted which is divided into two categories in the financial statements, nonexpendable and expendable. Restricted nonexpendable net position consists solely of the University's permanent endowment funds and is only available for investment purposes. Expendable restricted net position is available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on them. The final category is unrestricted net position which is available to the institution for any lawful purpose of the institution.

The University participates in post-employment benefit programs that are sponsored by the Commonwealth and administered by the Virginia Retirement System (VRS). These programs include the Group Life Insurance Program, Retiree Health Insurance Credit Program, Virginia Sickness and Disability Program, and Line of Duty Act Program. The University also participates in the Pre-Medicare Retiree Healthcare Plan, sponsored by the Commonwealth and administered by the Department of Human Resources Management (DHRM). The University has recorded its proportionate share in the financial statements of the Other Post-Employment Benefits (OPEB) liability, asset, expense, deferred outflows, and deferred inflows.

Condensed Summary of Net Position

(amounts in thousands)

| | As of June 30, | | Increase / | Percent |
|---|---|---|---|---|
| | 2021 | 2020 | (Decrease) | Change |
| Assets and deferred outflows: | | | | |
| Current | $ 157,253 | $ 139,679 | $ 17,574 | 12.6% |
| Capital, net of accumulated depreciation | 763,774 | 757,979 | 5,795 | 0.8% |
| Other noncurrent | 106,624 | 95,203 | 11,421 | 12.0% |
| Deferred outflows of resources | 53,224 | 42,403 | 10,821 | 25.5% |
| Total assets & deferred outflows | 1,080,875 | 1,035,264 | 45,611 | 4.4% |
| Liabilities and deferred inflows: | | | | |
| Current | 78,304 | 106,438 | (28,134) | -26.4% |
| Noncurrent | 480,852 | 455,539 | 25,313 | 5.6% |
| Deferred inflows of resources | 23,884 | 30,145 | (6,261) | -20.8% |
| Total liabilities & deferred inflows | 583,040 | 592,122 | (9,082) | -1.5% |
| Net position: | | | | |
| Net investment in capital assets | 509,036 | 511,472 | (2,436) | -0.5% |
| Restricted | 44,232 | 35,961 | 8,271 | 23.0% |
| Unrestricted | (55,434) | (104,291) | 48,857 | 46.8% |
| Total net position | $ 497,834 | $ 443,142 | $ 54,692 | 12.3% |

Total University assets and deferred outflows of resources increased by $45.6 million or 4.4% bringing the total to $1.0 billion at fiscal year-end 2021. The increase in current assets of $17.6 million or 12.6% was primarily due to an increase in cash received from Coronavirus Relief Funding. Capital, net of accumulated depreciation, increased $5.8 million or .8% primarily due to ongoing construction of the Chemistry building, Owens House residence hall, Health Sciences building, and Women's Volleyball facility coupled with normal depreciation. Other noncurrent assets increased $11.4 million or 12.0% largely due to investment activity related to bond proceeds. The increase in deferred outflows of $10.8 million or 25.5% was a result of pension related transactions and OPEB related transactions offset by debt refunding.

Total liabilities and deferred inflows of resources decreased $9.0 million or 1.5%. Current liabilities decreased $28.1 million or 26.4% primarily due to the timing of payments for goods or services offset by a decrease in unearned revenue. Noncurrent liabilities increased by $25.3 million or 5.6% as a result of new bond and note issuances, bond refunding and normal payment of debt, coupled by a net increase in pension and OPEB liability. Deferred inflows of resources decreased $6.2 million or 20.8% as the result of pension and OPEB related transactions.

The increase in total assets and deferred outflows of $45.6 million coupled with the decrease in total liabilities and deferred inflows of $9.0 million resulted in an overall increase in the University's financial position over the prior fiscal year of $54.6 million or 12.3%. The University's net position remains strong even after recording the net pension and OPEB liabilities of $209.5 million. The growth in the overall net position reflects the University's continued investment in facilities and equipment in support of the University's mission, as well as prudent management of the University's fiscal resources.

<u>Statement of Revenues, Expenses and Changes in Net Position</u>

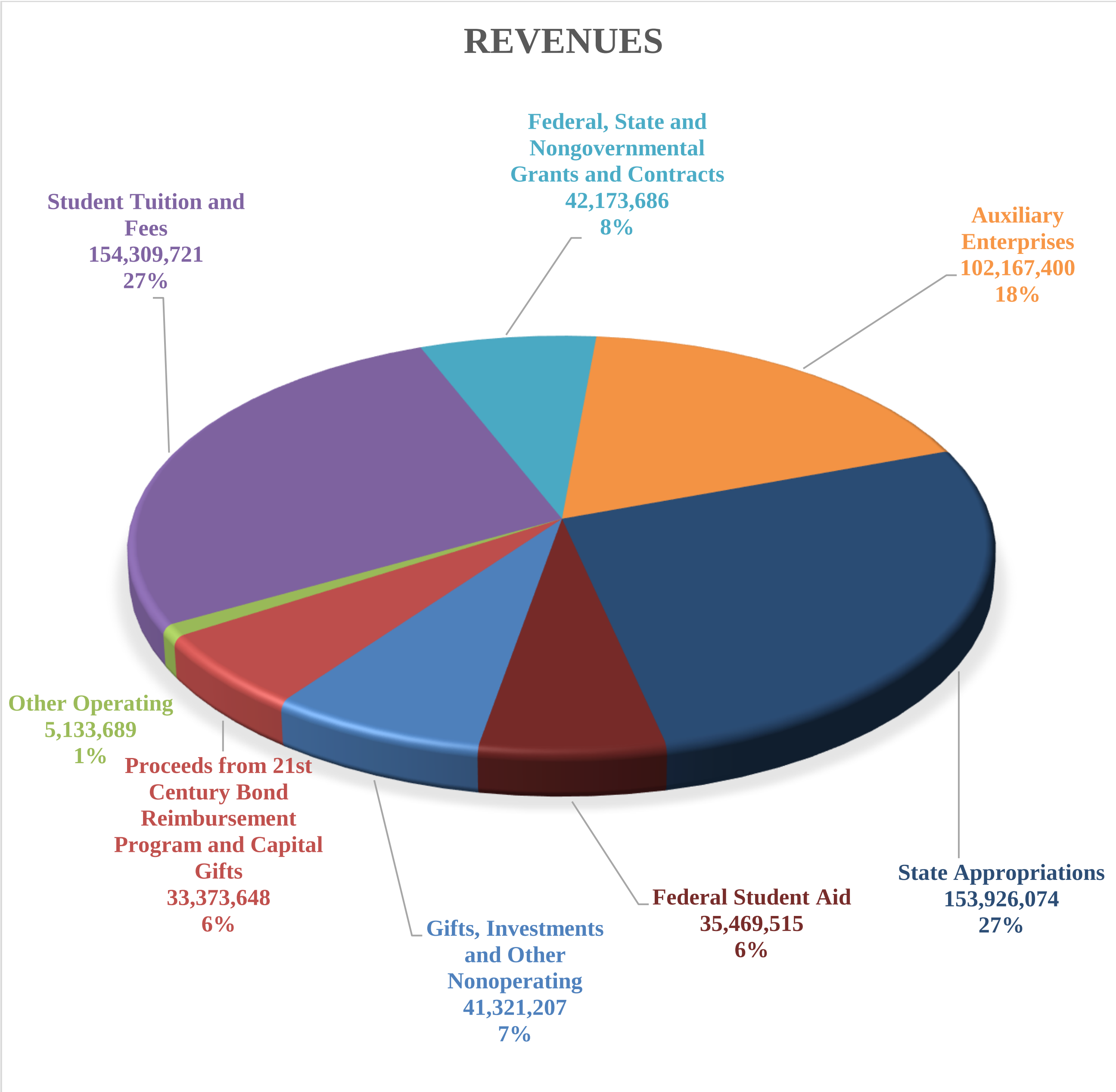
Changes in total net position, as presented on the Statement of Net Position, are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues received by the University, both operating and nonoperating, and the expenses paid by the University, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the University during the fiscal year.

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.

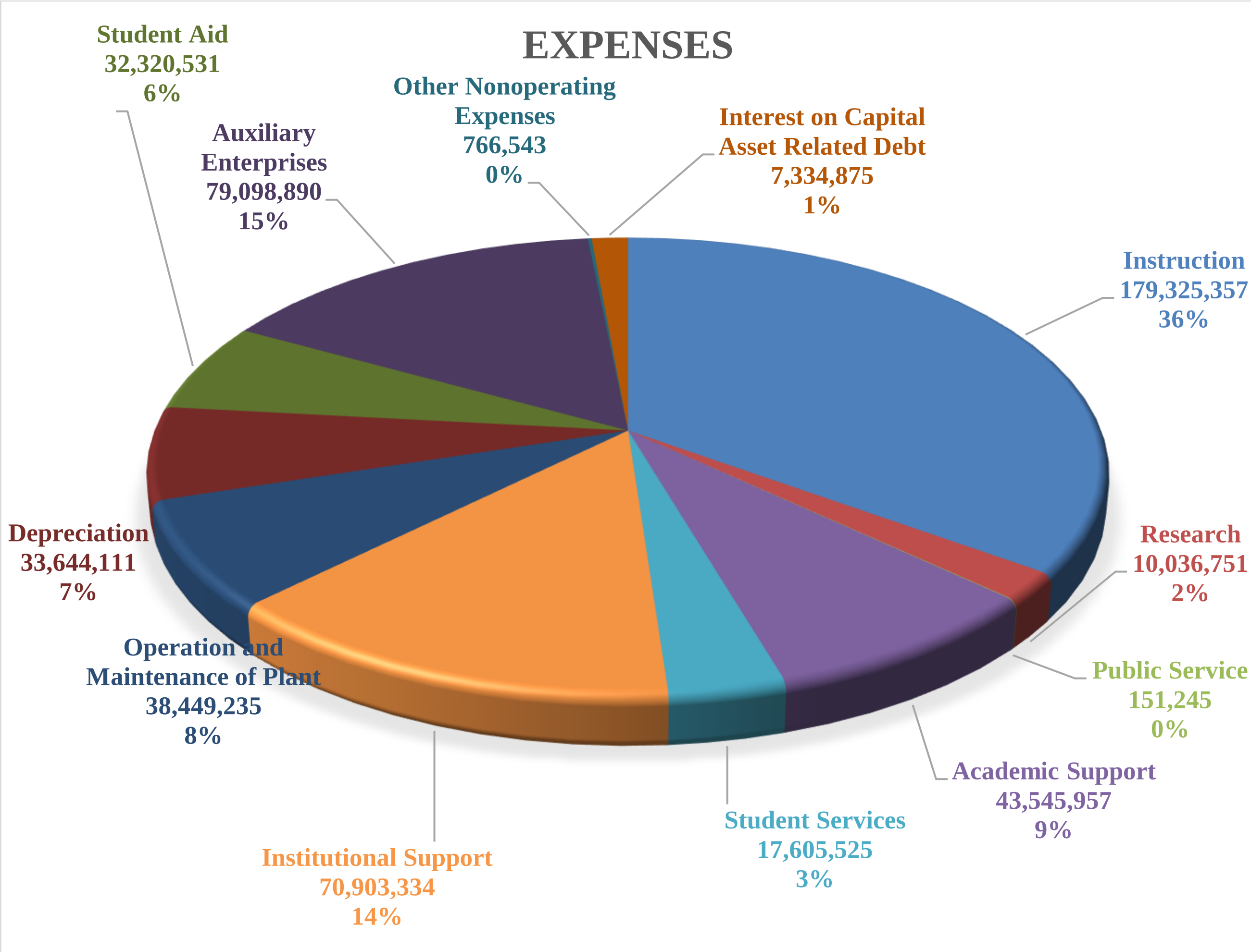
Nonoperating revenues are revenues received for which goods and services are not provided. For example, the University's state appropriations are nonoperating because they are provided by the state legislature without the legislature directly receiving commensurate goods and services for those revenues.

Condensed Summary of Revenues, Expenses and Changes in Net Position
(amounts in thousands)

| | Year Ended June 30, 2021 | Year Ended June 30, 2020 | Increase / (Decrease) | Percent Change |
|---|---|---|---|---|
| Operating revenues: | | | | |
| Student tuition and fees | $ 154,310 | $ 151,398 | $ 2,912 | 1.9% |
| Federal grants and contracts | 36,582 | 9,122 | 27,460 | 301.0% |
| State, local & nongovernmental grants | 5,592 | 3,060 | 2,532 | 82.7% |
| Auxiliary enterprises | 102,167 | 110,288 | (8,121) | -7.4% |
| Other operating revenues | 5,133 | 3,855 | 1,278 | 33.2% |
| Total operating revenues | 303,784 | 277,723 | 26,061 | 9.4% |
| Operating expenses: | | | | |
| Instruction | 179,325 | 178,690 | 635 | 0.4% |
| Research | 10,036 | 16,800 | (6,764) | -40.3% |
| Public service | 151 | 129 | 22 | 17.4% |
| Academic support | 43,545 | 47,680 | (4,135) | -8.7% |
| Student services | 17,606 | 18,734 | (1,128) | -6.0% |
| Institutional support | 70,903 | 36,842 | 34,061 | 92.5% |
| Operation and maintenance | 38,449 | 35,480 | 2,969 | 8.4% |
| Depreciation | 33,644 | 25,343 | 8,301 | 32.8% |
| Scholarships and fellowships | 32,320 | 28,777 | 3,543 | 12.3% |
| Auxiliary activities | 79,098 | 107,200 | (28,102) | -26.2% |
| Total operating expenses | 505,080 | 495,675 | 9,405 | 1.9% |
| Operating loss | (201,296) | (217,952) | 16,656 | 7.6% |
| Net nonoperating revenues and expenses | 222,812 | 217,497 | 5,315 | 2.4% |
| Income before other revenues/ (expenses)/gains/(losses) | 21,516 | (455) | 21,971 | -4828.9% |
| Net other revenues and expenses | 33,176 | 49,871 | (16,695) | -33.5% |
| Increase in net position | 54,692 | 49,416 | 5,276 | 10.7% |
| Net position - beginning of year | 443,142 | 393,726 | 49,416 | 12.6% |
| Net position - end of year | $ 497,834 | $ 443,142 | $ 54,692 | 12.3% |




Total operating revenues increased $26.0 million or 9.4% due to the receipt of Coronavirus Aid, Relief, and Economic Security (CARES) Act-Institutional aid, offset with a decline in auxiliary revenue from the continued shut down of on campus dining and other auxiliary services. The growth in tuition and fee revenue was due to a slight rise in freshman class and transfer students. Nonoperating revenue increased $5.3 million or 2.4% as a result of increases in CARES Act-Student Aid (new funding) and investment income, offset by a decrease in State Appropriations. Finally, other revenues decreased $16.7 million or 33.5% as a result of decreases proceeds from the 21st Century and Equipment Trust Fund bond reimbursement programs.




Operating expenses increased by $9.4 million or 1.9%. The increase is primarily due to purchases of goods and services; student aid; and operation and maintenance of facilities; offset by a decrease in auxiliary expenses.

<u>Statement of Cash Flows</u>

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 ($183.9 million) and auxiliary enterprises ($119 million). The primary uses are payments to employees including salaries, wages, and fringe benefits ($273.6 million) and payments to vendors ($112.5 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 sources are state appropriations ($144.3 million) and gifts and grants ($55.9 million).

The third section represents cash flows from capital financing activities and details the activities related to the acquisition and construction of capital assets including related debt payments. The primary source of funds is bond proceeds from reimbursements from the Commonwealth ($30.3 million) and proceeds from bonds

($13.7 million). The primary uses are purchases of capital assets ($54.9 million) and principal and interest payments on capital debt ($27.2 million).

The fourth section deals with cash flows from investing activities and reflects the cash flows generated from investments which includes interest ($1.4 million), proceeds from sale of investments ($5.6 million), and purchases of investments ($4.7 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 Position.

Condensed Summary of Cash Flows
(amounts in thousands)

| | Year ended June 30, 2021 | 2020 | Increase / (Decrease) | Percent Change |
|---|---|---|---|---|
| Cash flows from operating activities | $ (164,969) | $ (175,267) | $ 10,298 | 5.9 % |
| Cash flows from non-capital financing activities | 215,040 | 224,267 | (9,227) | -4.1 % |
| Cash flows from capital financing activities | (41,682) | (40,793) | (889) | -2.2 % |
| Cash flows from investing activities | (617) | 2,523 | (3,140) | -124.5 % |
| Net change in cash | $ 7,772 | $ 10,730 | $ (2,958) | -27.6 % |

## 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 key 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, 2021 include increases of $25.2 million in construction in progress, $13.3 million in equipment, $0.6 million in library books and $0.1 million in computer software.

Several new and ongoing capital projects were added during the fiscal year which resulted in a net increase in construction in progress of $25.2 million. Additions to construction in progress include ongoing construction of Owens House residence hall, Chemistry building, Health Sciences building, and several maintenance reserve renovations. Projects were financed through issuance of General Obligation and revenue bonds and receipt of capital gifts

Financial stewardship requires effective management of resources, including the use of long-term debt to finance capital projects. The University's long-term debt decreased $2.2 million as reflected in Notes 7 and 8. The net decrease is the result of bond issuance for the residence hall (Whitehurst Residence Hall) and student wellness center coupled bond refunding and normal payments towards current debt.

Uncompleted construction increased from $20.4 million at June 30, 2020 to $137 million at June 30, 2021, as reflected in Note 12. These obligations are for future efforts and therefore have not been accrued as expenses or liabilities on the University's financial statements. The increase is primarily the result of the ongoing construction of the Chemistry building, the Whitehurst building, and ongoing renovations of Owen's House.

## Economic Outlook

With the onset of the COVID-19 Pandemic, the initial budget actions taken by the Governor and General Assembly for FY 2021 included the unallotment of all new General Funds for FY 2021, which included $10.0 million for Educational and General programs, as well as $5.3 million for undergraduate student financial assistance. The $10.0 million for Educational and General programs was later restored for FY 2021 in a Special Session of the General Assembly, while the $5.3 million was approved for restoration in FY 2022.

The University retained Capital Outlay authority to proceed with planning for a new Biology Building ($5.1 million), as well as $5.2 million of funding for Campus-wide Storm Water Improvements. Full funding of $77.0 million for the new Health Sciences Building was approved at the conclusion of FY 2021.

Faced with the financial and operational uncertainties resulting from the COVID-19, the University developed proactive financial and operational plans for FY 2021. The provisional budget plan, implemented in June 2020, included a combination of base budget reductions and one-time savings strategies that created the capacity to respond to fluctuations in unanticipated costs and resources. These strategies, coupled with strong enrollment and Federal and State relief funding, provided for a stable financial position in FY 2021 and a platform for stability moving into FY 2022.

In addition, the University was awarded direct federal support through the CARES Act in the amount of $31.7 million for Emergency Financial Aid Grants to Students; $41.2 million for Institutional Support funding, and $3.1 million under the Strengthening Institutions Program (SIP) for serving low-income students. The University also was awarded additional CARES Act funding from the Commonwealth of Virginia, receiving $5.7 million of Coronavirus Relief Funds (CRF) and $2.7 million of Governor's Emergency Education Relief Funds (GEERF).

The 2021-2022 tuition and fee changes were developed with consideration for the impact of escalating college costs on Virginia students and their families and the Tuition Moderation Plan, which maintained in-state undergraduate tuition and mandatory educational and general fees at 2019-2020 rates.

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OLD DOMINION UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2021

| | Old Dominion University | Component Units |
|---|---|---|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | |
| Current assets: | | |
| Cash and cash equivalents (Note 2) | $ 118,376,674 | $ 11,828,834 |
| Accounts receivable (Net of allowance for doubtful accounts $1,623,315) (Note 4) | 21,523,254 | 17,907,336 |
| Contributions receivable (Net of allowance for doubtful collections $532,207) (Note 11) | - | 9,077,359 |
| Due from the Commonwealth (Note 4) | 5,696,205 | - |
| Appropriations available | 3,287,729 | - |
| Travel advances | - | 37,392 |
| Prepaid expenses | 6,629,801 | 1,200,696 |
| Inventory | 457,838 | - |
| Notes receivable (Net of allowance for doubtful accounts $370,156) | 1,281,325 | - |
| Other assets | - | 279,519 |
| Total current assets | 157,252,825 | 40,331,136 |
| Noncurrent assets: | | |
| Restricted cash and cash equivalents (Note 2) | 46,327,548 | - |
| Endowment investments (Note 3) | 27,111,036 | - |
| Investments (Notes 2 and 11) | 26,522,582 | 332,949,988 |
| Accounts receivable | - | 35,788,619 |
| Contributions receivable (Net of allowance for doubtful collections $484,487) (Note 11) | 538,915 | 24,070,075 |
| Notes receivable (Net of allowance for doubtful accounts $180,821) | - | - |
| Nondepreciable capital assets (Notes 5 and 11) | 180,433,947 | 19,308,053 |
| Depreciable capital assets (Notes 5 and 11) | 583,339,763 | 17,343,138 |
| Other post-employment benefits asset (Note 16) | 4,024,075 | - |
| Other assets | 2,100,000 | - |
| Total noncurrent assets | 870,397,867 | 429,459,872 |
| Total assets | 1,027,650,691 | 469,791,008 |
| Deferred outflows of resources: | | |
| Pension related (Note 13) | 34,438,535 | - |
| Other post-employment benefits related (Note 16) | 9,034,969 | - |
| Loss on refunding of debt | 9,751,254 | - |
| Total deferred outflows of resources | 53,224,757 | - |
| Total assets and deferred outflows of resources | $ 1,080,875,449 | $469,791,008 |
| LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses (Note 6) | $ 39,409,411 | $ 7,603,500 |
| Unearned revenue | 12,940,652 | 7,280,612 |
| Obligations under securities lending (Note 2) | 6,837,380 | - |
| Deposits held in custody for others | 2,749,308 | 21,472 |
| Other liabilities | - | 26,924,578 |
| Line of credit | - | 5,155,112 |
| Long-term liabilities - current portion (Notes 7 and 11) | 16,367,376 | 4,409,847 |
| Total current liabilities | 78,304,127 | 51,395,121 |
| Noncurrent liabilities (Notes 7 and 11) | 480,852,041 | 59,790,709 |
| Total liabilities | 559,156,168 | 111,185,830 |
| Deferred inflows of resources: | | |
| Pension related (Note 13) | 2,083,236 | - |
| Other post-employment benefits related (Note 16) | 21,801,082 | - |
| Total deferred inflows of resources | 23,884,318 | - |
| Total liabilities and deferred inflows of resources | 583,040,486 | 111,185,830 |
| NET POSITION | | |
| Net investment in capital assets | 509,036,392 | 31,496,078 |
| Restricted for: | | |
| Nonexpendable: | | |
| Scholarships and fellowships | 3,109,267 | - |
| Permanently restricted | - | 159,872,026 |
| Expendable: | | |
| Scholarships and fellowships | 26,721,657 | - |
| Research | 6,201,358 | - |
| Loans | 2,030,952 | - |
| Capital projects | 5,562,245 | - |
| Temporarily restricted | - | 122,635,074 |
| Departmental uses | 607,134 | - |
| Unrestricted | (55,434,042) | 44,602,000 |
| Total net position | $ 497,834,963 | $358,605,178 |

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

OLD DOMINION UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2021

| | Old Dominion University | Component Units |
|---|---|---|
| Operating revenues: | | |
| Student tuition and fees (Net of scholarship allowances of $43,886,408) | $ 154,309,721 | $ - |
| Gifts and contributions | - | 18,571,071 |
| Federal grants and contracts | 36,581,807 | - |
| State grants and contracts | 826,547 | - |
| Nongovernmental grants and contracts | - | - |
| Indirect cost | - | 8,349,108 |
| Sponsored research | 4,765,332 | 41,537,316 |
| Auxiliary enterprises (Net of scholarship allowances of $19,362,931) | 102,167,400 | - |
| Other operating revenues | 5,133,688 | 9,041,978 |
| Total operating revenues | 303,784,496 | 77,499,473 |
| Operating expenses: | | |
| Instruction | 179,325,357 | 2,498,142 |
| Research | 10,036,751 | 46,053,140 |
| Public service | 151,245 | - |
| Academic support | 43,545,957 | 10,639,870 |
| Student services | 17,605,525 | - |
| Institutional support | 70,903,334 | 13,273,664 |
| Operation and maintenance | 38,449,235 | 80,681 |
| Depreciation | 33,644,111 | 562,443 |
| Student aid | 32,320,531 | 5,742,317 |
| Auxiliary activities | 79,098,890 | - |
| Total operating expenses (Note 9) | 505,080,936 | 78,850,257 |
| Operating income (loss) | (201,296,441) | (1,350,784) |
| Nonoperating revenues (expenses): | | |
| State appropriations (Note 10) | 155,409,446 | - |
| Pell grant revenue | 35,469,515 | - |
| CARES Act revenue | 14,247,442 | - |
| Gifts | 16,910,986 | - |
| Investment income/(loss) (Net of investment expenses of $409,731) | 8,728,113 | 20,079,762 |
| Other nonoperating revenues | 1,412,372 | - |
| Other nonoperating expenses | (370,070) | - |
| Interest on capital asset-related debt | (7,334,875) | - |
| Payments to Commonwealth from state appropriations | (1,108,899) | - |
| Payments to Treasury Board | (374,473) | - |
| Payments to grantors | (176,631) | - |
| Net nonoperating revenues (expenses) | 222,812,925 | 20,079,762 |
| Income before other revenues, (expenses), gains, and (losses) | 21,516,484 | 18,728,978 |
| Proceeds from VCBA 21st Century and Equipment Trust Fund bond reimbursement programs | 33,358,633 | - |
| Capital gifts and grants | 15,016 | - |
| Gain/(loss) on disposal of plant assets | 94,225 | 42,113 |
| Bond issuance expense | (314,066) | - |
| Build America bond interest | 22,294 | - |
| Contributions to permanent endowments | - | 8,083,864 |
| Total other revenues, (expenses), gains, and (losses) | 33,176,101 | 8,125,977 |
| Increase in net position | 54,692,585 | 26,854,955 |
| Net position - beginning of year | 443,142,378 | 331,750,223 |
| Net position - end of year | $ 497,834,963 | $ 358,605,178 |

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, 2021

| | |
|---|---|
| Cash flows from operating activities: | |
| Student tuition and fees | $ 183,930,564 |
| Grants and contracts | 39,150,181 |
| Auxiliary enterprises | 119,043,375 |
| Other receipts | 5,121,888 |
| Payments to employees and fringe benefits | (273,606,588) |
| Payments for services and supplies | (112,588,045) |
| Payments for travel | (1,694,392) |
| Payments for scholarships and fellowships | (106,289,198) |
| Payments for noncapitalized improvements and equipment | (17,969,549) |
| Collections of loans from students | (67,965) |
| Net cash used by operating activities | (164,969,729) |
| Cash flows from non-capital financing activities: | |
| State appropriations | 144,364,528 |
| Pell grant revenue | 35,469,515 |
| Gifts and grants for other than capital purposes | 20,563,082 |
| William D. Ford direct lending receipts | 94,636,991 |
| William D. Ford direct lending disbursements | (94,636,991) |
| PLUS loan receipts | 16,585,813 |
| PLUS loan disbursements | (16,585,813) |
| Federal grants and contracts | (592,713) |
| Refunded to federal government | (73,419) |
| Other receipts | 15,408,933 |
| Custodial receipts | 6,209,773 |
| Custodial payments | (6,308,556) |
| Net cash provided by non-capital financing activities | 215,041,142 |
| Cash flows from capital financing activities: | |
| Contributions from the Commonwealth | 30,311,652 |
| Bond premium | 983,694 |
| Proceeds from bonds | 13,718,646 |
| Capital gifts | (4,484,734) |
| Proceeds from capital debt and investments | 28,325 |
| Cost of bond issuance | (37,619) |
| Purchase of capital assets | (54,935,220) |
| Principal paid on capital debt, leases and installments | (15,110,009) |
| Interest paid on capital debt, leases and installments | (12,156,450) |
| Net cash used by capital financing activities | (41,681,714) |
| Cash flows from investing activities: | |
| Interest on investments | (1,430,774) |
| Proceeds from sale of investments | 5,611,065 |
| Purchase of investments | (4,797,834) |
| Net cash provided by investing activities | (617,543) |
| Net change in cash | 7,772,155 |
| Cash and cash equivalents - beginning of the year | 150,094,686 |
| Cash and cash equivalents - end of the year | $ 157,866,842 |

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

| | |
|---|---|
| Statement of Net Position | |
| Cash and cash equivalents | $ 164,704,222 |
| Less: Securities lending - Treasurer of Virginia | (6,837,380) |
| Net cash and cash equivalents | $ 157,866,842 |

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

| | |
|---|---|
| Operating (loss) | $ (201,296,441) |
| Adjustments to reconcile net income/(loss) to net cash used by operating activities: | |
| Depreciation expense | 33,644,111 |
| Changes in assets, deferred outflows, liabilities, and deferred inflows: | |
| Receivables, net | (8,509,468) |
| Prepaid expenses | (6,871,179) |
| Inventory | (61,400) |
| OPEB asset | (403,506) |
| Deferred outflows of resources related to pensions | (6,654,872) |
| Deferred outflows of resources related to OPEB | (738,523) |
| Accounts payable and accrued expenses | 12,903,434 |
| Deposits | 116,875 |
| Unearned revenue | 2,232,743 |
| Net pension liability | 19,323,137 |
| OPEB liability | (2,394,376) |
| Deferred inflows of resources related to pensions | (5,013,330) |
| Deferred inflows of resources related to OPEB | (1,246,934) |
| Net cash used by operating activities | $ (164,969,729) |

| | | |
|---|---|---|
| Non-cash investing, capital and financing activities: | | |
| Change in fair value of investments | $ | (1,730,145) |
| Amortization of bond premium | $ | 3,208,832 |
| Change in receivables relating to nonoperating income | $ | 674,862 |
| Retainage payable | $ | 373,247 |

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, 2021

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 financial 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) *Codification of Governmental Accounting and Financial Reporting Standards* Section 2100, the Old Dominion University Educational Foundation, the Old Dominion University Real Estate Foundation, 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, 4th Floor, Norfolk, Virginia 23529. The Educational, Real Estate, and Athletic Foundations have adopted December 31 as their yearend. All amounts reflected are as of December 31, 2020. The Research Foundation coordinates and accounts for substantially all grants and contracts awarded for research at the University and has adopted June 30 as their yearend. 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, reclassifications have been made to convert the Foundation's financial information to GASB format.

Basis of Accounting

For reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, its statements have been presented using the economic resource measurement focus and the accrual basis of accounting; whereby, revenues are recognized when earned and expenses are recorded when an obligation has been incurred, regardless of the timing of related cash flows. All intra-agency transactions have been eliminated.

Cash and Cash Equivalents

In accordance with the GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, definition, cash and cash equivalents consist of cash on hand, money market funds, and temporary highly liquid investments with an original maturity of three months or less.

Investments

The University accounts for its investments at fair value and measures them by using the market approach valuation technique. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in accordance with GASB Statement No. 72, *Fair Value Measurement and Application.* All investment income, including changes in the fair value of investments (unrealized gains and losses), is reported as nonoperating revenue in the Statement of Revenues, Expenses and Changes in Net Position.

Accounts Receivable

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprises' sales and services. Receivables also include amounts due from the federal, state, and local governments or private sources in connection with reimbursement of allowable expenditures made pursuant to grants and contracts. Receivables are recorded net of allowance for doubtful accounts.

Notes Receivable

Notes receivable consist of amounts due from Federal Perkins Loan Program and Nursing Student Loan Program.

Prepaid Expenses

The University's prepaid expenses include membership dues, subscriptions, maintenance and support, lease payments, and insurance payments for fiscal year 2022 that were paid in advance as of June 30, 2021.

Inventories

Inventories are valued at the lower of cost (generally determined on the first-in, first-out method) or market, and consist primarily of expendable supplies held for consumption.

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 Position.

Capital Assets

Capital assets include land, buildings and other improvements, library materials, equipment, intangibles, and infrastructure assets such as campus lighting. Capital assets generally are defined by the University as assets with an estimated useful life in excess of one year and an initial cost of $5,000 or more, except for computer software which is capitalized at a cost of $100,000. Library materials are valued using published average prices for library acquisitions. Donated capital assets are recorded at the acquisition value at the date of donation, with the exception of intra-entity capital asset donations which, in accordance with GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, are recorded at the carrying value of the asset on the transferor's books as of the date of transfer. Other assets are recorded at actual cost or estimated historical cost if purchased or constructed, except for intra-entity purchases which are recorded at the transferor's carrying value. Expenses for major capital assets and improvements (construction in progress) are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to an asset's value or materially extend its useful life are not capitalized. Certain maintenance and replacement reserves have been established to fund costs relating to residences and other auxiliary activities.

Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expense categories. Useful lives by asset categories are listed below:

| | |
|---|---|
| Buildings | 5-50 years |
| Other improvements and infrastructure | 2-30 years |
| Equipment | 2-25 years |
| Library materials | 5 years |
| Intangible assets | 3-25 years |

Noncurrent Other Assets

Other assets represent Board approved investment in the Real Estate Foundation of $2,100,000 for the purpose of acquiring land for the University Village project.

Accrued Compensated Absences

Accrued leave reflected in the accompanying financial statements represents the amount of annual, sick, and compensatory leave earned but not taken as of June 30, 2021. The amount reflects all earned vacation, sick, and compensatory leave payable under the Commonwealth of Virginia's leave pay-out policy and the University's faculty administrators' leave pay-out policy upon employment termination. The applicable share of employer related taxes payable on the eventual termination payments is also included.

Pensions

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

Other Post-Employment Benefits (OPEB)

- Group Life Insurance

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

- State Employee Health Insurance Credit Program

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

- VRS Disability Insurance Program

The Virginia Retirement System (VRS) Disability Insurance Program (Virginia Sickness and Disability Program) is a single employer plan that is presented as a multiple-employer, cost-sharing plan. The Disability Insurance Program was established pursuant to §51.1-1100 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Disability Insurance Program is a managed care program that provides sick, family and personal leave, and short-term and long-term disability benefits for State Police Officers, state employees, and VaLORS employees. For purposes of measuring the net Disability Insurance Program OPEB asset, deferred outflows of resources and deferred inflows of resources related to the Disability Insurance Program OPEB, and Disability Insurance Program OPEB expense, information about the fiduciary net position of the VRS Disability Insurance Program OPEB Plan and the additions to/deductions from the VRS Disability Insurance Program OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

- Line of Duty Act Program

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

- Pre-Medicare Retiree Healthcare

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

Unearned Revenue

Unearned revenue primarily includes amounts received for tuition and fees and certain auxiliary activities and advance payments on grants and contracts prior to the end of the fiscal year but related to the period after June 30, 2021.

Noncurrent Liabilities

Noncurrent liabilities include principal amounts of bonds payable, installment purchases, and capital lease obligations with contractual maturities greater than one year as well as estimated amounts for accrued compensated absences that will not be paid within the next fiscal year. Also included is pension liability for defined benefit plans administrated by the Virginia Retirement System (VRS) and Other Post-Employment Benefit (OPEB) liability for OPEB plans managed by VRS except for Pre-Medicare Retiree Healthcare which is administered by Department of Human Resource Management (DHRM).

Discounts, Premiums, and Bond Issuance Costs

Bonds payable on the Statement of Net Position are reported net of related discounts and premiums, which are amortized over the life of the debt. Debt issuance costs are expensed as non-operating expenses.

Deferred Inflows and Outflows of Resources

Deferred outflows of resources are defined as the consumption of net assets applicable to a future reporting period. The deferred outflows of resources have a positive effect on net position similar to assets.

Deferred inflows of resources are defined as the acquisition of net assets applicable to a future reporting period. The deferred inflows of resources have a negative effect on net position similar to liabilities.

Net Position

GASB standards require the classification of net position into three components: net investment in capital assets, amounts that are restricted, and amounts that are unrestricted. These classifications are defined 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** 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 No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*, 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 resources. 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 Position. 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 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.

Federal Financial Assistance Programs

The University participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants (SEOG), Federal Work-Study, Stafford Loans, Parent Loans for Undergraduate and Graduate Students (PLUS and GPLUS), and Teacher Education Assistance for College and Higher Education grants (TEACH). Federal programs are audited in accordance with generally accepted governmental auditing standards.

Commonwealth Equipment and Capital Project Reimbursement Programs

The Commonwealth has established several programs to provide state-supported institutions of higher education with bond proceeds for financing the acquisition and replacement of instructional and research equipment and facilities. During fiscal year 2020, funding has been provided to the University from two programs managed by the Virginia College Building Authority (VCBA): 21st Century and Equipment Trust Fund. The VCBA issues bonds and uses the proceeds to reimburse the University and other institutions of higher education for expenses incurred in the acquisition of equipment and facilities. The liability is assumed by the Commonwealth and is not reflected as a liability of the University.

The Statement of Net Position line item "Due from the Commonwealth" includes pending reimbursement at year end from these programs, as further described in Note 4. The Statement of Revenue, Expenses and Changes in Net Position line item, "Proceeds from VCBA 21st Century and Equipment Trust Fund bond reimbursement programs," includes reimbursements during the year for the acquisition of equipment and facilities under these programs.

New Accounting Pronouncements

GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this statement are to establish accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this statement were effective for reporting periods beginning July 1, 2020, and thereafter. The Statement has no effect on the University's financial statements.

GASB also issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.* The primary objectives of this Statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The Statement has no effect on the University's financial Statements.

## NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The following information is provided with respect to the University's cash, cash equivalents, and investments as of June 30, 2021. The following risk disclosures are required by GASB Statement No. 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, 2021.

Credit risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations. GASB Statement No. 40, *Deposit and Investment Risk Disclosures,* 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 of fixed income securities. The University does not have a concentration of credit risk policy. As of June 30, 2021, the University does not have investments in any one issuer (excluding investments issued or explicitly guaranteed by the U.S. government and mutual fund or pool investments) representing 5% or more of its total investments.

Interest rate risk - The risk that changes in interest rates will adversely affect the fair value of an investment. GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, 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 is organized by investment type and amount using 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, 2021. 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.

## 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, and temporary investments with original maturities of 90 days or less, and cash equivalents with the Virginia State Non-Arbitrage Program (SNAP). SNAP offers a professionally managed money market mutual fund, which provides a temporary pooled investment vehicle for proceeds pending expenditure, and with record keeping, depository, and arbitrage rebate calculations. SNAP complies will all standards of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. SNAP investments are reported using the net asset value (NAV) per share, which is calculated on an amortized cost basis that provides a NAV that approximates fair value. Cash and cash equivalents reporting requirements are defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting.*

| | |
|---|---|
| Cash with Treasurer of Virginia | $ 102,631,434 |
| Cash not with Treasurer of Virginia | 55,235,408 |
| Cash equivalent | 6,837,380 |
| Total cash and cash equivalents | $ 164,704,222 |

## Deposits

At June 30, 2021, the carrying value of the University's deposit with banks was $59,068,466 and the bank balance was $26,530,524. The carrying value of deposits differs from the bank balance because of reconciling items such as deposits in transit and outstanding checks. The deposits of the University are secured in accordance with the provisions of the Virginia Security for Public Deposits Act, Section 2.2-4400, et seq., of the *Code of Virginia*. The act requires any public depository that receives or holds public deposits to pledge collateral to the Treasury Board to cover public deposits in excess of federal deposit insurance. The required collateral percentage is determined by the Treasury Board and ranges from 50% to 100% for financial institutions choosing the pooled method of collateralization and from 105% to 130% for financial institutions choosing the dedicated method of collateralization. At June 30, 2021, the University's deposits were not exposed to custodial credit risk.

Investments

The investment policy of the University is established by the Board of Visitors and monitored by the Board's Administration and Finance Committee. Authorized investments are set forth in the Investment of Public Funds Act, Section 2.2-4500 through 2.2-4518, et seq., *Code of Virginia*. Authorized investments include: U.S. Treasury and agency securities, municipal securities, corporate debt securities of domestic corporations, agency mortgage-backed securities, negotiable certificates of deposit, repurchase agreements, common and preferred equities, and mutual and money market funds.

Investments fall into two groups: short- and long-term. Short-term investments have an original maturity of over 90 days but less than or equal to one year. Long-term investments have an original maturity greater than one year.

Security Lending Transactions

The University participates in the State Treasury's securities lending program. Collateral held for security lending transactions of $6,837,380 represents the University's allocated share of cash collateral received and reinvested and securities received by the State Treasury securities lending program. Information related to the credit risk of these investments and the State Treasury's securities lending program is available on a statewide level in the Commonwealth of Virginia's Annual Comprehensive Financial Report (ACFR).

The Commonwealth's policy is to record unrealized gains and losses in the General Fund in the Commonwealth's basic financial statements. When gains or losses are realized, the actual gains and losses are recorded by the affected agencies.

Fair Value Measurement

The University implemented GASB Statement No. 72, *Fair Value Measurement and Application,* which establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 - inputs are quoted prices for identical assets or liabilities.

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - inputs are unobservable inputs for an asset or liability and should be used only when relevant level 1 and level 2 inputs are unavailable.

The University establishes the fair value of its investments in funds that do not have a readily determinable fair value by using net asset value (NAV) per share, or its equivalent, as reported by the external fund manager when NAV per share is calculated as of the measurement date in a manner consistent with FASB's measurement principles for investment companies.

Investments measured at Net Asset Value (NAV) are held with Old Dominion University Educational Foundation and the Commonfund; balances at June 30, 2021 were $29,854,810 and $7,194,820, respectively.

The Educational Foundation manages the University's investments using the same investment strategy as endowments, which they also manage. The primary investment objective of the endowment is to provide a real rate of return over inflation sufficient to support, in perpetuity, the mission of the University. To achieve the endowment objective, the endowment's assets are invested to generate appreciation and/or dividend and interest income while maintaining acceptable risk levels. To accomplish this goal, the endowment diversifies assets among several asset classes. The investment objective of the Commonfund is to produce a total rate of return in excess of its benchmark, the Bank of America Merrill Lynch 1-3 Year Treasury Index, but attaches greater emphasis to its goal of generating a higher current yield than short-term money market investments in a manner that mitigates the chances of a negative total return over any 12-month period. The Commonfund seeks to achieve its investment objective by allocating assets to managers who employ various strategies emphasizing sector rotation, security selection, yield curve position, liquidity, and diversification.

Investments Measured at Fair Value including categorization of credit quality and interest rate risk

Investments held on June 30, 2021

| | Standard & Poor's Credit Quality Rating | Value | Less than 1 Year | 1-5 Years | 6-10 Years | Fair Value Measurement (Per GASB 72) Not Applicable to Fair Value Measurement | Level 1 [3] | Level 2 [4] |
|---|---|---|---|---|---|---|---|---|
| Cash Equivalents: | | | | | | | | |
| BB&T/Treasurer of VA (Securities Lending) | NR | $ 6,952,084 | $ 6,952,084 | $ - | $ - | $ 6,952,084 | | |
| SNAP | AAAm | 11,187,741 | 11,187,741 | - | - | 11,187,741 | | |
| Total Cash Equivalents | | 18,139,825 | 18,139,825 | - | - | $ 18,139,825 | | |
| Investments by Fair Value (FV): | | | | | | | | |
| U.S. Treasury Securities [1] | NA | 754,287 | 151,711 | 489,871 | 112,705 | - | $ 754,287 | - |
| Corporate Bonds | AAA | 36,002 | - | 36,002 | - | - | | $ 36,002 |
| | AA+ | 23,797 | - | - | 23,797 | - | | - |
| | AA | 49,191 | - | 49,191 | - | - | | 49,191 |
| | AA- | 52,732 | - | - | 52,732 | - | | 52,732 |
| | A+ | 25,624 | - | - | 25,624 | - | | 25,624 |
| | A | 295,876 | - | 183,067 | 112,809 | - | | 295,876 |
| | A- | 204,543 | 15,375 | 116,887 | 72,281 | - | | 204,543 |
| Municipal Securities | AAA | 95,146 | 25,387 | 44,722 | 25,037 | - | - | 95,146 |
| | AA+ | 162,912 | 25,195 | 55,474 | 82,243 | - | - | 162,912 |
| | AA | 15,659 | - | 15,659 | - | - | - | 15,659 |
| | AA- | 42,313 | - | 42,313 | - | - | - | 42,313 |
| U.S. Government Agency Mortgage Backed | AA+ | 312,080 | 86,040 | 168,817 | 57,222 | - | 312,080 | - |
| Foreign Bonds/Notes | AA- | 49,290 | - | 49,290 | - | - | | 49,290 |
| | A+ | 37,256 | - | - | 37,256 | - | | 37,256 |
| | A | 128,613 | 31,569 | 97,044 | - | - | | 128,613 |
| | A- | 108,753 | - | 71,945 | 36,809 | - | | 108,753 |
| Mutual Funds Equity [2] | | 2,492,624 | - | - | - | - | 2,492,624 | - |
| Mutual Funds - Intl Equity [2] | | 739,820 | - | - | - | - | 739,820 | - |
| Total Investments by Fair Value (FV) | | 5,626,518 | 335,278 | 1,420,284 | 638,512 | | $ 4,298,811 | 1,303,910 |
| Investments Measured at Net Asset Value | | | | | | | | |
| Mutual Funds | AA | 7,194,820 | - | 7,194,820 | - | | | |
| Mutual Funds with ODU Educational Foundation | NA | 29,854,810 | - | 29,854,810 | - | | | |
| Total Investments Measured at the NAV | | 37,049,630 | - | 37,049,630 | - | | | |
| **Total Cash Equivalents and Investments** | | $ 60,815,973 | $ 18,475,103 | $ 38,469,914 | $ 638,512 | | | |

[1] Credit quality ratings are not required for U.S. government and agency securities that are explicitly guaranteed by the U.S. government and equity funds.

[2] Credit quality ratings and interest rate risk are not required by equity investments.

[3] Level 1 is based upon quoted market prices.

Additional Disclosure for Investments Measured using NAV Estimate

| | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
|---|---|---|---|---|
| Mutual Funds | $ 7,194,820 | - | Weekly | 5 Business Days |
| Mutual Funds with ODU Educational Foundation | 29,854,810 | - | N/A | N/A |
| | $ 37,049,630 | | | |

## NOTE 3: DONOR RESTRICTED ENDOWMENT

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 Prudent Management of Institutional Funds Act, *Code of Virginia* Section 64.2-1100 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 2021, the payout percentage was 4.0%. The payout percentage is reviewed and adjusted annually, as deemed prudent.

At June 30, 2021, net appreciation of $1,334,378 is available to be spent, which is reflected in the Statement of Net Position of $278,715 in Restricted for Nonexpendable Scholarships and Fellowships, $159,601 in Restricted for Expendable Scholarships and Fellowships, and $905,467 in Unrestricted.

## NOTE 4: ACCOUNTS RECEIVABLE

A. Accounts receivable consisted of the following at June 30, 2021:

| | |
|---|---|
| Student tuition and fees | $ 14,912,676 |
| Auxiliary enterprises | 4,615,124 |
| Federal, state, and nongovernmental grants and contracts | 6,052,335 |
| Other activities | 463,046 |
| Gross receivables | 26,043,181 |
| Less allowance for doubtful accounts | (4,519,927) |
| Net accounts receivable | $ 21,523,254 |

B. Due from the Commonwealth consisted of the following at June 30, 2021:

| | |
|---|---|
| Equipment trust fund reimbursement | $ 4,255,884 |
| Virginia College Building Authority 21st Century bond reimbursements | 1,440,321 |
| Total due from Commonwealth of Virginia | $ 5,696,205 |

## NOTE 5: CAPITAL ASSETS

A summary of changes in the various capital asset categories for the year ending June 30, 2021 is presented as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|---|---|---|---|---|
| **Nondepreciable capital assets:** | | | | |
| Land | $ 37,040,495 | $ - | $ - | $ 37,040,495 |
| Construction in progress | 118,108,958 | 25,284,494 | - | 143,393,452 |
| Total nondepreciable capital assets | 155,149,453 | 25,284,494 | - | 180,433,947 |
| **Depreciable capital assets:** | | | | |
| Buildings | 876,793,149 | - | - | 876,793,149 |
| Equipment | 104,520,733 | 13,369,789 | 94,225 | 117,796,297 |
| Infrastructure | 3,286,162 | - | - | 3,286,162 |
| Improvements other than buildings | 17,123,678 | - | 1 | 17,123,677 |
| Library books | 59,132,293 | 642,433 | 57,064 | 59,717,662 |
| Intangible assets | 3,550,015 | 193,988 | - | 3,744,003 |
| Total depreciable capital assets | 1,064,406,030 | 14,206,210 | 151,290 | 1,078,460,950 |
| **Less accumulated depreciation for:** | | | | |
| Buildings | 312,607,523 | 28,835,916 | - | 341,443,439 |
| Equipment | 72,912,175 | 5,213,572 | - | 78,125,747 |
| Infrastructure | 2,279,651 | 108,203 | 144,559 | 2,243,295 |
| Improvements other than buildings | 13,259,420 | 336,204 | 1,371,416 | 12,224,208 |
| Library books | 58,023,332 | 603,019 | 57,045 | 58,569,306 |
| Intangible assets | 2,494,365 | 20,826 | - | 2,515,191 |
| Total accumulated depreciation | 461,576,466 | 35,117,740 | 1,573,020 | 495,121,186 |
| Depreciable capital assets, net | 602,829,564 | (20,911,530) | (1,421,730) | 583,339,763 |
| Total capital assets, net | $ 757,979,017 | $ 4,372,964 | $ (1,421,730) | $ 763,773,711 |

## NOTE 6: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following at June 30, 2021:

| | |
|---|---|
| Employee salaries, wages, and fringe benefits payable | $ 21,326,367 |
| Retainage payable | 373,247 |
| Interest payable | 2,017,102 |
| Virginia Retirement System payable | 1,121,133 |
| Vendors and suppliers accounts payable | 14,571,562 |
| Current liabilities - accounts payable and accrued expenses | $ 39,409,411 |

## NOTE 7: NONCURRENT LIABILITIES

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 30,2021 is presented as follows:

| | Beginning Balance | Additions | | Reductions | | Ending Balance | Current Portion |
|---|---|---|---|---|---|---|---|
| Long-term debt: | | | | | | | |
| General obligation bonds | $ 92,042,206 | $ 10,762,569 | | $ 170,000 | | $ 102,634,775 | $ - |
| Revenue bonds | 137,123,190 | 36,635,000 | | 46,657,469 | | 127,100,721 | 5,125,000 |
| Installment purchases | 376,664 | - | | 186,877 | | 189,787 | 189,787 |
| Capital leases | 48,629,458 | - | | 3,039,885 | | 45,589,573 | 3,162,640 |
| Total long-term debt | 278,171,518 | 47,397,569 | | 50,054,231 | | 275,514,856 | 8,477,427 |
| Accrued compensated absences | 10,356,877 | 8,010,900 | | 7,558,355 | | 10,809,422 | 6,931,021 |
| Net pension liability | 138,712,619 | 19,323,137 | * | - | | 158,035,756 | - |
| OPEB liability | 54,852,570 | 300,524 | | 2,694,900 | ** | 52,458,194 | 958,928 |
| Federal loan program contributions | | - | | - | | - | - |
| Total long-term liabilities | $ 482,093,584 | $ 75,032,130 | | $ 60,307,486 | | $ 496,818,228 | $ 16,367,376 |

* *Additions reflect net increase.*

** *Reductions reflect net decrease.*

## NOTE 8: LONG-TERM DEBT

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 obligations of the University payable exclusively from pledged general revenues and are not debt of the Commonwealth of Virginia, legally, morally, or otherwise. Pledged General Fund revenues include General Fund appropriations, tuition and fees, auxiliary enterprise revenues, and other revenues not required by law to be used for another purpose. The University issued 9(d) bonds through the Virginia College Building Authority's (VCBA) Pooled Bond Program created by the Virginia General Assembly in 1996. Through the Pooled Bond Program, the VCBA issues 9(d) bonds and uses the proceeds to purchase debt obligations (notes) of the University and various other institutions of higher education. The University's general revenue, not otherwise obligated, also secures these notes.

| Description | Interest Rates | Maturity | 2021 |
|---|---|---|---|
| General obligation bonds: | | | |
| Dormitory, Series 2019B | 5.00% | 2022 | 470,000 |
| Dormitory, Series 2019B | 5.00% | 2022 | 654,765 |
| Dormitory, Series 2010A | 3.15% - 4.40% | 2030 | 349,247 |
| Dormitory, Series 2012A | 5.00% | 2024 | 900,000 |
| Dormitory, Series 2013B | 4.00% | 2025 | 2,352,314 |
| Dormitory, Series 2013B | 4.00% | 2026 | 4,524,453 |
| Dormitory, Series 2013B | 4.00% - 5.00% | 2025 | 2,050,327 |
| Dormitory, Series 2015B | 5.00% | 2027 | 19,634,223 |
| Dormitory, Series 2015B | 5.00% | 2028 | 1,085,000 |
| Dormitory, Series 2019A | 2.00% - 5.00% | 2039 | 48,230,000 |
| Dormitory, Series 2020A | 1.875% - 4.00% | 2040 | 10,005,000 |
| Total general obligation bonds | | | 90,255,328 |
| | | | |
| Revenue bonds: | | | |
| Recreation, Series 2010B | 5.00% | 2021 | 1,605,000 |
| Recreation, Series 2010B | 5.00% | 2022 | 490,000 |
| Parking, Series 2009A | 3.75% - 5.00% | 2021 | 15,000 |
| Parking, Series 2010B | 5.00% | 2021 | 0 |
| Parking, Series 2010B | 5.00% | 2022 | 0 |
| Parking, Series 2010B | 5.00% | 2021 | 0 |
| Parking, Series 2012A | 5.00% | 2024 | 405,000 |
| Parking, Series 2012A | 3.00% - 5.00% | 2025 | 1,130,000 |
| Parking, Series 2014B | 4.00% - 5.00% | 2026 | 2,550,000 |
| Parking, Series 2015B | 3.00% - 5.00% | 2029 | 2,815,000 |
| Parking, Series 2016A | 3.00% - 5.00% | 2028 | 1,235,000 |
| Athletic Fac. Exp., Series 2012A | 3.00% - 5.00% | 2025 | 655,000 |
| Athletic Fac. Exp., Series 2012A | 3.00% - 5.00% | 2025 | 980,000 |
| Athletic Fac. Exp., Series 2014B | 4.00% | 2026 | 255,000 |
| Athletic Fac. Exp., Series 2014B | 5.00% | 2024 | 170,000 |
| Athletic Fac. Exp., Series 2014B | 4.00% - 5.00% | 2026 | 150,000 |
| Athletic Fac. Exp., Series 2016A | 3.00% | 2027 | 190,000 |
| Athletic Fac. Exp., Series 2016A | 3.00% - 5.00% | 2028 | 60,000 |

| Description | Interest Rates | Maturity | 2021 |
|---|---|---|---|
| H&PE Renovation, Series 2012A | 3.00% - 5.00% | 2025 | 550,000 |
| H&PE Renovation, Series 2012A | 3.00% - 5.00% | 2025 | 980,000 |
| H&PE Renovation, Series 2014B | 4.00% | 2026 | 255,000 |
| H&PE Renovation, Series 2014B | 4.00% - 5.00% | 2026 | 4,710,000 |
| H&PE Renovation, Series 2016A | 3.00% - 5.00% | 2028 | 2,285,000 |
| Indoor Tennis Court, Series 2012A | 3.00% - 5.00% | 2025 | 410,000 |
| Indoor Tennis Court, Series 2012A | 3.00% - 5.00% | 2025 | 765,000 |
| Indoor Tennis Court, Series 2014B | 4.00% | 2026 | 200,000 |
| Indoor Tennis Court, Series 2014B | 5.00% | 2024 | 45,000 |
| Indoor Tennis Court, Series 2014B | 4.00% - 5.00% | 2026 | 80,000 |
| Indoor Tennis Court, Series 2016A | 3.00% | 2027 | 35,000 |
| Indoor Tennis Court, Series 2016A | 3.00% - 5.00% | 2028 | 30,000 |
| Dormitory, Series 2012A | 3.00% - 5.00% | 2025 | 5,925,000 |
| Dormitory, Series 2014B | 4.00% | 2026 | 2,150,000 |
| Powhatan Sports Ctr, Series 2009A | 3.75% - 5.00% | 2021 | (1,345,000) |
| Powhatan Sports Ctr, Series 2010A | 4.00% - 5.50% | 2031 | 540,000 |
| Powhatan Sports Ctr, Series 2014A | 5.00% | 2035 | 2,720,000 |
| Powhatan Sports Ctr, Series 2014B | 4.00% - 5.00% | 2026 | 1,945,000 |
| Powhatan Sports Ctr, Series 2015B | 3.00% - 5.00% | 2029 | 15,620,000 |
| Powhatan Sports Ctr, Series 2016A | 3.00% - 5.00% | 2028 | 945,000 |
| Webb Center Expansion, Series 2014A | 5.00% | 2035 | 2,295,000 |
| Webb Center Expansion, Series 2016A | 3.00% - 5.00% | 2030 | 395,000 |
| Campus Dining Impr., Series 2014A | 5.00% | 2035 | 18,955,000 |
| Foreman Field Reconstruction, Series 2018A | 4.00% - 5.00% | 2039 | 38,450,000 |
| Student Health and Wellness, Series 2019A | 2.25% - 5.00% | 2040 | 3,545,000 |
| Total revenue bonds | | | 115,190,000 |
| Installment purchases | 1.56% | 2022 | 189,787 |
| Capital leases | Various | 2029-34 | 45,589,573 |
| Total bonds, installment purchases, and capital leases | | | 251,224,688 |
| Unamortized bond premium, general obligation bonds | | | 3,121,876 |
| Unamortized bond premium, revenue bonds | | | 6,629,377 |
| Total bonds, installment purchases, capital leases, and unamortized bond premiums | | | $ 260,975,941 |

| | Principal | Interest |
|---|---|---|
| 2022 | $ 8,224,081 | $ 9,512,559 |
| 2023 | 15,669,208 | 9,047,964 |
| 2024 | 22,591,524 | 8,237,330 |
| 2025 | 21,305,608 | 7,404,845 |
| 2026 | 22,203,677 | 6,544,590 |
| 2027-2031 | 86,072,553 | 20,771,491 |
| 2032-2036 | 47,568,038 | 8,206,852 |
| 2037-2041 | 27,590,000 | 1,764,691 |
| Total | $ 251,224,688 | $ 71,490,323 |

Defeasance of Debt

The Commonwealth of Virginia, on behalf of the University, issued bonds in previous fiscal years for which the proceeds were deposited into an irrevocable trust with an escrow agent to provide for all future debt service on the refunded bonds. Accordingly, the trust account assets and the related liability for the defeased bonds are not reflected in the University's financial statements. At June 30, 2021, none of the defeased bonds were outstanding.

In April 2021, the Treasury Board completed the sale of General Obligation Refunding Bonds, Series 2021A and General Obligation Refunding Bonds, Series 2021 B on behalf of the University and issued $10,540,000 to refund $11,490,475.12 of Series 2002, 2005, 2006B, 2007B, 2008B, 2010A, and 2019A bonds. The resulting net gain of $950,475.12 will be amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. In January 2021, the Treasury Board completed the sale of Virginia College Building Authority Refunding Bonds, on behalf of the University and issued $36,635,000 to refund $32,990,000 of Series 2007, 2008B, 2010B, 2012A, 2014B, and 2014A bonds. The resulting net loss of $3,645,000 will be amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

The details of each bond issue refunded are below:

| Bonds Title | Bonds Refunded | Interest Rate (Bond Refunded) | Refunding Bond Issued | Interest Rate Refunding Bonds | Accounting Gain/ (Loss) | Reduction in Debt Service | Economic Gain/ (Loss) |
|---|---|---|---|---|---|---|---|
| Student Housing, Series 2009C | $ 175,000 | 4.00% | $ - | 0.00% | $ - | $ - | $ - |
| Student Housing, Series 2009D | 510,000 | 5.00% | 470,000 | 5.00% | (48,710) | (35,229) | (14,227) |
| Student Housing, Series 2009D | 995,000 | 5.00% | 900,000 | 5.00% | (50,339) | (81,449) | (22,027) |
| Student Housing, Series 2013B | 1,778,371 | 5.00% | 1,570,000 | 4.00-5.00% | (77,992) | (170,946) | (35,928) |
| Student Housing, Series 2015B | 4,262,104 | 5.00% | 3,745,000 | 5.00% | (215,142) | (498,747) | (80,012) |
| Student Housing, Series 2010A | 205,000 | 5.00% | 170,000 | 3.15-5.00% | (6,715) | (30,570) | (9,400) |
| Student Housing, Series 2019A | 3,565,000 | 5.00% | 3,685,000 | 2.00-5.00% | (122,575) | (1,614,975) | (90,563) |
| Convocation Center, Series 2010B | 1,750,000 | 5.00% | 1,605,000 | 5.00% | (46,079) | 26,971 | 33,442 |
| Convocation Center, Series 2010B | 535,000 | 5.00% | 490,000 | 5.00% | (14,087) | 9,003 | 10,978 |
| Parking Structure, Series 2012A | 370,000 | 5.00% | 405,000 | 5.00% | (30,498) | (5,639) | (1,354) |
| 43rd St. Parking Garage, Series 2012A | 1,045,000 | 5.00% | 1,130,000 | 3.00-5.00% | (79,717) | (2,662) | 5,897 |
| Athletics Facilities Expansion, Series 2012A | 605,000 | 5.00% | 655,000 | 3.00-5.00% | (46,210) | (2,662) | 11,218 |
| H&PE Renovations, Series 2012A | 505,000 | 5.00% | 550,000 | 3.00-5.00% | (38,561) | (5,530) | 1,404 |
| Indoor Tennis, Series 2012A | 375,000 | 5.00% | 410,000 | 3.00-5.00% | (28,453) | (5,861) | (635) |
| Athletics Facilities Expansion, Series 2012A | 905,000 | 5.00% | 980,000 | 3.00-5.00% | (69,070) | (12,122) | 6,107 |
| H&PE Renovations, Series 2012A | 905,000 | 5.00% | 980,000 | 3.00-5.00% | (69,070) | (12,122) | 6,107 |
| Quad Housing, Series 2014B | 5,925,000 | 5.00% | 6,405,000 | 3.00-5.00% | (451,596) | (68,118) | 50,202 |
| Indoor Tennis, Series 2012A | 705,000 | 5.00% | 765,000 | 3.00-5.00% | (53,616) | (11,316) | 3,005 |
| Webb Center Replacement, Series 2014A | 1,780,000 | 5.00% | 2,060,000 | 5.00% | (313,595) | 176,970 | 174,781 |
| Campus Dining Improvements, Series 2014A | 14,760,000 | 5.00% | 17,045,000 | 5.00% | (2,596,854) | 1,549,496 | 1,496,520 |
| Powhatan Sports Center, Series 2014A | 2,115,000 | 5.00% | 2,445,000 | 5.00% | (372,427) | 213,650 | 210,049 |
| Total | $43,770,475 | | $ 46,465,000 | | ######### | $ (581,858) | ######### |

Assets Purchased Under Capital Leases

At June 30, 2021, assets purchased under capital leases were included in depreciable capital assets with a historical cost of $79,026,600 and accumulated depreciation of $24,772,105. The assets are net of accumulated depreciation. The University's capital lease obligations are mainly with the Old Dominion University Real Estate Foundation for the following buildings: Bookstore (42,138 square foot), President's House (6,103 square foot), Parking Garage D (288,575 square foot), and Village Apartments (457,004 square foot).

## 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 Position, and by natural classification which is the basis for amounts shown in the Statement of Cash Flows.

| | Compensation and Benefits | Goods and Services | Scholarships and Fellowships | Plant and Equipment | Depreciation | Total |
|---|---|---|---|---|---|---|
| Instruction | $ 154,320,675 | $ 20,123,150 | $ - | $ 4,881,533 | $ - | $ 179,325,358 |
| Research | 8,600,128 | 469,057 | - | 967,566 | - | 10,036,751 |
| Public service | 48,972 | 81,537 | - | 20,736 | - | 151,245 |
| Academic support | 31,738,719 | 11,185,265 | - | 621,973 | - | 43,545,957 |
| Student services | 15,053,487 | 2,410,915 | - | 141,123 | - | 17,605,525 |
| Institutional support | 34,326,672 | 35,521,089 | - | 1,055,573 | - | 70,903,334 |
| Operation and maintenance of plant | 15,067,674 | 20,474,490 | - | 2,907,072 | - | 38,449,235 |
| Depreciation expense | - | - | - | - | 33,644,111 | 33,644,111 |
| Scholarship and related expenses | - | 170,828 | 32,149,703 | - | - | 32,320,531 |
| Auxiliary activities | 31,325,015 | 33,697,962 | 10,401,570 | 3,674,343 | - | 79,098,890 |
| Total | $ 290,481,342 | $ 124,134,293 | $ 42,551,273 | $ 14,269,919 | $ 33,644,111 | $ 505,080,936 |

## 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 854: | |
| Educational and general programs | $ 133,948,380 |
| Student financial assistance/grants | 27,398,431 |
| Supplemental adjustments: | |
| Central fund transfers - compensation and benefits | (1,077,380) |
| Online Virginia Network Authority (OVN) | 1,850,000 |
| Grants | 7,440,210 |
| Education and general reversion | (30,398,569) |
| Reappropriated FY 2020 Cash | 3,947,963 |
| Educational and general programs | 10,107,215 |
| The Virtual Library of Virginia (VIVA) | 26,142 |
| Credit card rebates and interest | 686,138 |
| Tech talent investment pipeline | 1,480,916 |
| Adjusted appropriations | $ 155,409,446 |

## NOTE 11: COMPONENT UNIT FINANCIAL INFORMATION

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 four component units - Old Dominion Athletic Foundation, Old Dominion University Educational Foundation, Old Dominion University Real Estate Foundation, and 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 Foundation | Old Dominion University Real Estate Foundation | Old Dominion University Research Foundation | TOTAL |
|---|---|---|---|---|---|
| STATEMENT OF NET POSITION | | | | | |
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | $ 450,823 | $ 325,616 | $ 2,543,822 | $ 8,508,573 | $ 11,828,834 |
| Accounts receivable, net | 308,376 | 162,676 | 3,618,426 | 13,817,858 | 17,907,336 |
| Contributions receivable, net | 5,317,808 | 3,759,551 | - | - | 9,077,359 |
| Travel advances | - | - | - | 37,392 | 37,392 |
| Prepaid expenses | 324,463 | 22,953 | 118,845 | 734,435 | 1,200,696 |
| Other assets | 78,681 | 200,838 | - | - | 279,519 |
| Total current assets | 6,480,151 | 4,471,634 | 6,281,093 | 23,098,258 | 40,331,136 |
| Noncurrent assets: | | | | | |
| Investments | 50,513,703 | 267,543,507 | 5,425,171 | 9,467,607 | 332,949,988 |
| Accounts receivable | - | - | 35,788,619 | - | 35,788,619 |
| Contributions receivable, net | 10,738,311 | 8,201,637 | 5,130,127 | - | 24,070,075 |
| Nondepreciable capital assets | - | - | 19,075,666 | 232,387 | 19,308,053 |
| Capital assets | 27,723 | 1,740,086 | 13,202,896 | 2,372,433 | 17,343,138 |
| Total noncurrent assets | 61,279,737 | 277,485,230 | 78,622,479 | 12,072,427 | 429,459,873 |
| Total assets | $ 67,759,888 | $ 281,956,864 | $ 84,903,572 | $ 35,170,685 | $ 469,791,009 |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | $ 233,257 | $ 269,128 | $ 290,615 | $ 6,810,500 | $ 7,603,500 |
| Unearned revenue | 6,792 | - | 238,430 | 7,035,390 | 7,280,612 |
| Deposits held in custody for others | - | - | 21,472 | - | 21,472 |
| Agency related payables | - | 26,924,578 | - | - | 26,924,578 |
| Line of credit | - | - | 5,155,112 | - | 5,155,112 |
| Long-term liabilities – current porti | - | 141,525 | 4,268,322 | - | 4,409,847 |
| Total current liabilities | 240,049 | 27,335,231 | 9,973,951 | 13,845,890 | 51,395,121 |
| Noncurrent liabilities | - | 738,248 | 59,052,461 | - | 59,790,709 |
| Total liabilities | 240,049 | 28,073,479 | 69,026,412 | 13,845,890 | 111,185,830 |
| NET POSITION | | | | | |
| Net investment in capital assets | 27,723 | 1,740,086 | 27,123,450 | 2,604,819 | 31,496,078 |
| Permanently restricted | 18,845,035 | 141,026,991 | - | - | 159,872,026 |
| Temporarily restricted | 24,204,604 | 91,900,343 | 6,530,127 | - | 122,635,074 |
| Unrestricted | 24,442,477 | 19,215,965 | (17,776,417) | 18,719,975 | 44,602,000 |
| Total net position | $ 67,519,839 | $ 253,883,385 | $ 15,877,160 | $ 21,324,794 | $ 358,605,178 |

| STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION | Old Dominion Athletic Foundation | Old Dominion University Educational Foundation | Old Dominion University Real Estate Foundation | Old Dominion University Research Foundation | TOTAL |
|---|---|---|---|---|---|
| Operating revenues: | | | | | |
| Gifts and contributions | $ 4,360,864 | $ 13,802,391 | $ 407,816 | $ - | $ 18,571,071 |
| Indirect cost | - | - | - | 8,349,108 | 8,349,108 |
| Sponsored research | - | - | - | 41,537,316 | 41,537,316 |
| Other operating revenues | 45,854 | 330,889 | 6,205,915 | 2,459,320 | 9,041,978 |
| Total operating revenues | 4,406,718 | 14,133,280 | 6,613,731 | 52,345,744 | 77,499,473 |
| Operating expenses: | | | | | |
| Instruction | - | 2,498,142 | - | - | 2,498,142 |
| Research | - | - | - | 46,053,140 | 46,053,140 |
| Academic support | 5,145,527 | 5,494,343 | - | - | 10,639,870 |
| Institutional support | 806,841 | 1,563,460 | 5,586,190 | 5,317,173 | 13,273,664 |
| Operation and maintenance of plant | - | 80,681 | - | - | 80,681 |
| Depreciation | 18,108 | 11,369 | 532,966 | - | 562,443 |
| Student aid | 2,202,072 | 3,540,245 | - | - | 5,742,317 |
| Total operating expenses | 8,172,548 | 13,188,240 | 6,119,156 | 51,370,313 | 78,850,257 |
| Operating gain/(loss) | (3,765,830) | 945,040 | 494,575 | 975,431 | (1,350,784) |
| Investment income (loss) | 4,899,274 | 16,349,416 | (1,675,268) | 506,340 | 20,079,762 |
| Gain on disposal of plant assets | 24,750 | 19,177 | (1,814) | - | 42,113 |
| Contributions to permanent endowments | 6,292,168 | 1,791,696 | - | - | 8,083,864 |
| Increase/(decrease) in net position | 7,450,362 | 19,105,329 | (1,182,507) | 1,481,771 | 26,854,955 |
| Beginning net position | 60,069,477 | 234,778,056 | 17,059,667 | 19,843,023 | 331,750,223 |
| Ending net position | $ 67,519,839 | $ 253,883,385 | $ 15,877,160 | $ 21,324,794 | $ 358,605,178 |

## Contributions Receivable

| | Old Dominion Athletic Foundation | Old Dominion University Educational Foundation | Old Dominion University Real Estate Foundation | TOTAL |
|---|---|---|---|---|
| Current Receivable | | | | |
| Receivable due in less than one year | $ 5,762,776 | $ 4,239,161 | $ - | $ 10,001,937 |
| Less allowance for doubtful accounts | 444,968 | 479,610 | - | 924,578 |
| Net current accounts receivable | 5,317,808 | 3,759,551 | - | 9,077,359 |
| Receivable due in greater than 1 year, net of discount ($1,978,344) | 10,834,749 | 9,010,840 | 5,130,127 | 24,975,716 |
| Less allowance for doubtful accounts | 96,438 | 809,203 | - | 905,641 |
| Net noncurrent contributions receivable | 10,738,311 | 8,201,637 | 5,130,127 | 24,070,075 |
| Total contributions receivable | $ 16,056,119 | $ 11,961,188 | $ 5,130,127 | $ 33,147,434 |

## Investments

The Foundations record investments at market value 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 Athletic Foundation | Old Dominion University Educational Foundation | Old Dominion University Real Estate Foundation | Old Dominion University Research Foundation | TOTAL |
|---|---|---|---|---|---|
| U.S. treasury and agency securities | $ - | $ - | $ 1,799,219 | $ 4,375,922 | $ 6,175,141 |
| Common & preferred stocks | 11,077,785 | 60,101,489 | 591,363 | 3,105 | 71,773,742 |
| Certificates of deposit | - | - | - | 3,794,381 | 3,794,381 |
| Mutual and money market funds | 26,826,173 | 113,637,706 | 2,361,445 | 1,294,199 | 144,119,523 |
| Partnerships | 12,609,745 | 66,879,734 | 673,144 | - | 80,162,623 |
| Managed investments | - | 26,924,578 | - | - | 26,924,578 |
| Total | $ 50,513,703 | $ 267,543,507 | $ 5,425,171 | $ 9,467,607 | $ 332,949,988 |

## Capital Assets

| | Old Dominion Athletic Foundation | Old Dominion University Educational Foundation | Old Dominion University Real Estate Foundation | Old Dominion University Research Foundation | TOTAL |
|---|---|---|---|---|---|
| Nondepreciable capital assets: | | | | | |
| Land | $ - | $ - | $ 19,075,666 | $ 54,802 | $ 19,130,468 |
| Construction in progress | - | - | - | 177,585 | 177,585 |
| Total capital assets not being depreciated | - | - | 19,075,666 | 232,387 | 19,308,053 |
| Depreciable capital assets: | | | | | |
| Buildings | - | - | 14,686,248 | 904,310 | 15,590,558 |
| Equipment | 428,504 | 2,668,243 | 447,088 | 22,367,769 | 25,911,604 |
| Total capital assets being depreciated | 428,504 | 2,668,243 | 15,133,336 | 23,272,079 | 41,502,162 |
| Less accumulated depreciation for: | | | | | |
| Buildings | - | - | 1,777,293 | 898,164 | 2,675,457 |
| Equipment | 400,781 | 928,157 | 153,147 | 20,001,482 | 21,483,567 |
| Total accumulated depreciation | 400,781 | 928,157 | 1,930,440 | 20,899,646 | 24,159,024 |
| Total depreciable capital assets, net | 27,723 | 1,740,086 | 13,202,896 | 2,372,433 | 17,343,138 |
| Total capital assets, net | $ 27,723 | $ 1,740,086 | $ 32,278,562 | $ 2,604,820 | $ 36,651,191 |

**Long-Term Liabilities**

Old Dominion University Real Estate Foundation and Old Dominion University Educational Foundation:

| Description | Interest Rates | Maturity | 2019 |
|---|---|---|---|
| Bonds payable: | | | |
| Norfolk Redevelopment & Housing Authority Revenue Bonds Series 2015 | 3.800% | 2033 | $ 35,445,000 |
| Norfolk Redevelopment & Housing Authority Revenue Bonds Series 2015 | 5.465% | 2031 | 8,110,000 |
| Norfolk Airport Authority $10,000,000 Revenue Bond (Barry Art Museum) Series 2016 | 2.455% | 2025 | 5,555,556 |
| Total bonds payable | | | 49,110,556 |
| Notes payable: | | | |
| Bookstore | 5.585% | 2033 | 3,705,261 |
| President's House | 4.500% | 2028 | 1,244,169 |
| Bank Street | 3.100% | 2029 | 923,260 |
| Total notes payable | | | 5,872,690 |
| Total bonds and notes payable | | | 54,983,246 |
| Unamortized bond issuance costs | | | (48,073) |
| Other long-term liabilities (Real Estate Foundation) | | | 8,385,610 |
| Other long-term liabilities (Educational Foundation) | | | 879,773 |
| Total long-term debt | | | $ 64,200,556 |

Long-term debt maturities are as follows for bonds payable and notes payable:

| | |
|---|---|
| 2021 | $ 4,257,936 |
| 2022 | 4,396,506 |
| 2023 | 7,577,700 |
| 2024 | 4,447,685 |
| 2025 | 4,594,031 |
| Thereafter | 29,709,388 |
| Total | $ 54,983,246 |

**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, 2021, the University will repay $45,842,646. At the expiration of the lease terms, the Old Dominion University Real Estate Foundation shall transfer the properties 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 Foundation, Old Dominion University Real Estate Foundation, Old Dominion Athletic Foundation, and the Old Dominion University Research Foundation for the year ended June 30, 2021, totaled $11,468,761; $1,470,385; $7,817,953; and $14,599,613 respectively. This includes gift transfers, payments for facilities, and payments for services.

In September 2003, the University's Board of Visitors approved a $2,100,000 investment to the Real Estate Foundation for the purpose of acquiring land for the University Village project. This is reflected in the Real Estate Foundation's land amount.

**Component Unit Subsequent Event**

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Foundation's financial condition, liquidity, and future results of operations; however, the Foundation was able to meet its budgetary obligation to the University for the year ended December 31, 2020. Management is actively monitoring the potential impacts on its financial condition, liquidity, operations, suppliers, industry, and workforce. The Foundations reviewed governmental relief opportunities that arose in response to the COVID-19 outbreak under the CARES Act, but management determined the Foundations did not qualify and, therefore, did not apply.

Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Foundations are not able to estimate further effects of the COVID-19 outbreak on its results of operations, financial conditions, or liquidity for 2021.

On May 5, 2021, the Foundation Board approved funding a portion of the University's locker room renovations at the L. R. Hill Sports Complex at a cost not to exceed $1,750,000 from assets without donor restrictions, payable over the project period to include September 2022 and reduced by restricted donations raised for this purpose.

## NOTE 12: COMMITMENTS

At June 30, 2021, the University was a party to construction contracts totaling approximately $137,674,765 of which $372,247 has been incurred.

The University is committed under various operating leases for equipment and space. In general, the equipment leases and the space leases are for varying terms with appropriate renewal options for each type of lease. In most cases, the University expects that in the normal course of business, similar leases will replace these leases. Rental expense was approximately $8,007,412 for the year ended June 30, 2021.

The University has, as of June 30, 2021, the following future minimum rental payments due under the above leases:

| Year Ending June 30, | Operating Lease Obligation |
|---|---|
| 2022 | $ 6,370,031 |
| 2023 | 5,668,267 |
| 2024 | 4,162,800 |
| 2025 | 3,498,720 |
| 2026 | 2,161,022 |
| 2027-2031 | 6,018,586 |
| 2032-2036 | 216,022 |
| 2037-2041 | 108,011 |
| Total | $ 28,203,460 |

## NOTE 13: RETIREMENT PLANS

<u>Plan Description</u>

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

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

<table>
<tr><th colspan="3">RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE</th></tr>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID<br>RETIREMENT PLAN</th></tr>
<tr>
<td>About Plan 1<br>Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, service credit and average final compensation at retirement using a formula.</td>
<td>About Plan 2<br>Plan 2 is a defined benefit plan. The retirement benefit is based on a member’s age, service credit and average final compensation at retirement using a formula.</td>
<td>About the Hybrid Retirement Plan<br>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.<br>• The defined benefit is based on a member’s age, service credit and average final compensation at retirement using a formula.<br>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.<br>• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</td>
</tr>
</table>

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

| PLAN 1 | PLAN 2 | HYBRID PLAN |
|---|---|---|
| **Retirement Contributions**<br>State employees, excluding state<br>elected officials, and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. 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. | **Retirement Contributions**<br>Same as Plan 1. | **Retirement Contributions**<br>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. |
| **Service Credit**<br>Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. | **Service Credit**<br>Same as Plan 1. | **Service Credit**<br>*Defined Benefit Component:*<br>Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.<br><br>*Defined Contributions Component:*<br>Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan. |

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

| PLAN 1 | PLAN 2 | HYBRID PLAN |
|---|---|---|
| **Calculating the Benefit**<br>The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied. | **Calculating the Benefit**<br>See definition under Plan 1. | **Calculating the Benefit**<br>*Defined Benefit Component:*<br>See definition under Plan 1<br><br>*Defined Contribution Component:*<br>The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions. |
| **Average Final Compensation**<br>A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee. | **Average Final Compensation**<br>A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee. | **Average Final Compensation**<br>Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan. |
| **Service Retirement Multiplier**<br>***VRS*****:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.<br><br>***VaLORS*****:** The retirement multiplier for VaLORS employees is 1.70% or 2.00%. | **Service Retirement Multiplier**<br>***VRS*****:** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.<br><br>***VaLORS*****:** The retirement multiplier for VaLORS employees is 2.00%. | **Service Retirement Multiplier**<br>*Defined Benefit Component:*<br>***VRS*****:** The retirement multiplier for the defined benefit component is 1.00%.<br><br>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.<br><br>***VaLORS*****:** Not applicable.<br><br>*Defined Contribution Component:*<br>Not applicable. |

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

<table>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID PLAN</th></tr>
<tr><td>Cost-of-Living Adjustment (COLA) in Retirement<br>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%.</td><td>Cost-of-Living Adjustment (COLA) in Retirement<br>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%.</td><td>Cost-of-Living Adjustment (COLA) in Retirement<br>Defined Benefit Component: Same as Plan 2.<br><br>Defined Contribution Component:<br>Not applicable.</td></tr>
<tr><td>Eligibility:<br>For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.<br><br>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</td><td>Eligibility:<br>Same as Plan 1</td><td>Eligibility:<br>Same as Plan 1 and Plan 2.</td></tr>
<tr><td>Exceptions to COLA Effective Dates:<br>The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:<br>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.<br>• The member retires on disability.<br>• The member retires directly from short-term or long-term disability.</td><td>Exceptions to COLA Effective Dates:<br>Same as Plan 1</td><td>Exceptions to COLA Effective Dates:<br>Same as Plan 1 and Plan 2.</td></tr>
</table>

| PLAN 1 | PLAN 2 | HYBRID PLAN |
|---|---|---|
| • 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.<br>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.<br><br>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. | | |
| **Disability Coverage**<br>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.<br><br>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.<br><br>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits. | **Disability Coverage**<br>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.<br><br>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.<br><br>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits. | **Disability Coverage**<br>State employees (including Plan 1 and Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.<br><br>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits. |

| PLAN 1 | PLAN 2 | HYBRID PLAN |
|---|---|---|
| **Purchase of Prior Service**<br>Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay. | **Purchase of Prior Service**<br>Same as Plan 1. | **Purchase of Prior Service**<br>*Defined Benefit Component:* Same as Plan 1, with the following exception:<br>• Hybrid Retirement Plan members are ineligible for ported service.<br><br>*Defined Contribution Component:* Not applicable. |

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each state agency's contractually required contribution rate for the year ended June 30, 2021 was 14.46% of covered employee compensation for employees in the VRS State Employee Retirement Plan. For employees in the VaLORS Retirement Plan, the contribution rate was 21.90% of covered employee compensation. These rates were based on actuarially determined rates from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the University to the VRS State Employee Retirement Plan were $12,706,100 and $12,006,226 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions from the University to the VaLORS Retirement Plan were $500,322 and $499,366 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the University reported a liability of $153,138,904 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of $4,896,852 for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The University's proportion of the Net Pension Liability was based on the University's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the University's proportion of the VRS State Employee Retirement Plan was 2.11376% as compared to 2.12407% at June 30, 2019. At June 30, 2020, the University's proportion of the VaLORS Retirement Plan was 0.62629% as compared to 0.64508% at June 30, 2019.

For the year ended June 30, 2021, the University recognized pension expense of $20,303,289 for the VRS State Employee Retirement Plan and $735,996 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2019 and June 30, 2020, 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, 2021, 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:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 1,737,068 | $ 1,558,338 |
| Net difference between projected and actual earnings on pension plan investments | 11,913,338 | - |
| Change in assumptions | 6,361,594 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 706,146 | 447,138 |
| University contributions subsequent to the measurement date | 12,706,100 | - |
| Total | $ 33,424,246 | $ 2,005,476 |

$12,706,100 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 ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense in future reporting periods as follows:

| **Year ended June 30** | |
|---|---|
| 2022 | $ 4,001,695 |
| 2023 | $ 6,941,371 |
| 2024 | $ 3,945,663 |
| 2025 | $ 3,823,941 |
| 2026 | $ - |

At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to pensions for the VaLORS Retirement Plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 106,435 | $ - |
| Net difference between projected and actual earnings on pension plan investments | 288,408 | - |
| Change in assumptions | 103,980 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 16,741 | 77,760 |
| University contributions subsequent to the measurement date | 500,322 | - |
| Total | $ 1,015,886 | $ 77,760 |

$500,322 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 ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense in future reporting periods as follows:

| **Year ended June 30** | |
|---|---|
| 2022 | $ 158,250 |
| 2023 | $ 93,904 |
| 2024 | $ 95,982 |
| 2025 | $ 89,668 |
| 2026 | $ - |

Actuarial Assumptions

VRS

The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

| | |
|---|---|
| Inflation | 2.5% |
| Salary increases, including inflation | 3.5% – 5.35% |
| Investment rate of return | 6.75%, net of pension plan investment expenses, including inflation* |

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected

benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

*Pre-Retirement:*
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

*Post-Retirement:*
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

*Post-Disablement:*
RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

| | |
|---|---|
| Mortality Rates (Pre-retirement, post retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Lowered rates at older ages and changed final retirement from 70 to 75 |
| Withdrawal Rates | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates | Adjusted rates to better match experience |
| Salary Scale | No change |
| Line of Duty Disability | Increase rate from 14% to 25% |
| Discount Rate | Decrease rate from 7.00% to 6.75% |

VaLORS

The total pension liability for the VaLORS Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

| | |
|---|---|
| Inflation | 2.50% |
| Salary increases, including inflation | 3.5% – 4.75% |
| Investment rate of return | 6.75%, net of pension plan investment expenses, including inflation* |

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the

assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

*Pre-Retirement:*
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates, females set forward 1 year.

*Post-Retirement:*
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

*Post-Disablement:*
RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

| | |
|---|---|
| Mortality Rates (Pre-retirement, post retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience |
| Retirement Rates | Increased age 50 rates and lowered rates at older ages |
| Withdrawal Rates | Adjusted rates to better fit experience at each age and service year through 9 years of service |
| Disability Rates | Adjusted rates to better match experience |
| Salary Scale | No change |
| Line of Duty Disability | Decrease rate from 50% to 35% |
| Discount Rate | Decrease rate from 7.00% to 6.75% |

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*, less that system's fiduciary net position. As of June 30, 2020, NPL amounts for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan are as follows (amounts expressed in thousands):

| | State Employee Retirement Plan | VaLORS Retirement Plan |
|---|---|---|
| Total pension liability | $ 26,014,925 | $ 2,282,351 |
| Plan fiduciary net position | 18,770,068 | 1,500,469 |
| Employer's net pension liability | $ 7,244,857 | $ 781,882 |
| Plan fiduciary net position as a percentage of the total pension liability | 72.15% | 65.74% |

The total pension liability is calculated by the System's actuary and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*, in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

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

| Asset Class (Strategy) | Target Allocation | Arithmetic Long-Term Expected Rate of Return | Weighted Average Long-Term Expected Rate of Return |
|---|---|---|---|
| Public Equity | 34.00% | 4.65% | 1.58% |
| Fixed Income | 15.00% | 0.46% | 0.07% |
| Credit Strategies | 14.00% | 5.38% | 0.75% |
| Real Assets | 14.00% | 5.01% | 0.70% |
| Private Equity | 14.00% | 8.34% | 1.17% |
| MAPS - Multi-Asset Public Strategies | 6.00% | 3.04% | 0.18% |
| PIP - Private Investment Partnership | 3.00% | 6.49% | 0.19% |
| Total | 100.00% | | 4.64% |
| Inflation | | | 2.50% |
| Expected arithmetic nominal return * | | | 7.14% |

* The above allocation provides a one-year return of 7.14%. However, one year-returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40$^{th}$ percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020 the rate contributed by the University for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the University's proportionate share of the VRS State Employee Retirement Plan net pension liability using the discount rate of 6.75%, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

| | 1.00% Decrease (5.75%) | Current Discount Rate (6.75%) | 1.00% Increase (7.75%) |
|---|---|---|---|
| University's proportionate share of the VRS State Employee Retirement Plan net pension liability | $ 217,032,533 | $ 153,138,904 | $ 99,415,323 |

The following presents the University's proportionate share of the VaLORS Retirement Plan net pension liability using the discount rate of 6.75%, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

| | 1.00% Decrease (5.75%) | Current Discount Rate (6.75%) | 1.00% Increase (7.75%) |
|---|---|---|---|
| University's proportionate share of the VaLORS Retirement Plan net pension liability | $ 6,721,595 | $ 4,896,852 | $ 3,389,724 |

Pension Plan Fiduciary Net Position

Detailed information about the VRS State Employee Retirement Plan's Fiduciary Net Position or the VaLORS Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at https://www.varetire.org/pdf/publications/2020-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2021, the University reported a payable of $738,248 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

## NOTE 14: OTHER RETIREMENT PLANS

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 Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) Insurance Companies and Fidelity Investments Tax-Exempt Services Company. Plan 1 is for employees hired prior to July 1, 2010, and retirement benefits received are based upon the employer's 10.4% contributions, plus net investment gains. Plan 2 is for employees hired on or after July 1, 2010, and retirement benefits received are based upon the employer's 8.5% contribution and the employee's 5.0% contribution, plus net investment gains.

Individual contracts issued under the plans provide for full, immediate vesting of both the University's and employee's contributions. Total pension expense recognized was $5,489,617 for the year ended June 30, 2021. Contributions to the optional retirement plans were calculated using the base salary amount $57,373,276 for fiscal year 2021.

## NOTE 15: DEFERRED COMPENSATION

State employees may participate in the Commonwealth's Deferred Compensation Plan in accordance with Internal Revenue Code section 457(b). Under this plan, the University's cash match under the Internal Revenue Code section 401(a) during fiscal year 2021 was a maximum match up to $20 per pay period or $40 per month. Employer contributions under this plan were approximately $573,270 for fiscal year 2021.

## NOTE 16: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The University participates in other post-employment benefit (OPEB) programs that are sponsored by the Commonwealth and administered by the Virginia Retirement System (VRS, or the System) or the Department of Human Resources Management (DHRM). These programs include Group Life Insurance (GLI), Health Insurance Credit (HIC), Virginia Sickness and Disability Program (VSDP), Line of Duty Act (LODA), and Pre-Medicare Retiree Healthcare (PMRH).

**Plan Descriptions**

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

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

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

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

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

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

**Plan Provisions**

*Group Life Insurance (GLI):*

Eligible Employees

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

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

Benefit Amounts

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

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

Reduction in Benefit Amounts

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

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

For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at $8,000 by statute in 2015. This amount will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $8,616 as of June 30, 2021.

*Health Insurance Credit (HIC):*

Eligible Employees

The State Employee Retiree Health Insurance Credit Program was established January 1, 1990 for retired state employees covered under VRS, SPORS, VaLORS and JRS who retire with at least 15 years of service credit.

Eligible employees are enrolled automatically upon employment. They include: full-time and part-time permanent salaried state employees covered under VRS, SPORS, VaLORS, and JRS.

Benefit Amounts

The State Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:

- At Retirement – For State employees who retire, the monthly benefit is $4.00 per year of service per month with no cap on the benefit amount.
- Disability Retirement – For State employees, other than state police officers, who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP), the monthly benefit is $120.00 or $4.00 per year of service, whichever is higher.

  For State police officers employees with a non-work-related disability who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP) the monthly benefit is $120.00 or $4.00 per year of service, whichever is higher.

  For State police officers employees with a work-related disability, there is no benefit provided under the State Employee Retiree Health Insurance Credit Program if the premiums are being paid under the Virginia Line of Duty Act. However, they may receive the credit for premiums paid for other qualified health plans.

Health Insurance Credit Program Notes:

- The monthly Health Insurance Credit benefit cannot exceed the individual's premium amount.
- Employees who retire after being on long-term disability under VSDP must have at least 15 years of service credit to qualify for the Health Insurance Credit as a retiree.

*Virginia Sickness and Disability Program (VSDP):*

Eligible Employees

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

Eligible employees are enrolled automatically upon employment. They include:

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

Benefit Amounts

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

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

Disability Insurance Program (VSDP) Plan Notes

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

Cost-of-Living Adjustment (COLA)

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

*Line of Duty Act (LODA):*

Eligible Employees

The eligible employees of the Line of Duty Act Program (LODA) are paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS).

Benefit Amounts

The Line of Duty Act Program (LODA) provides death and health insurance benefits for eligible individuals:

- Death – The Line of Duty Act program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows:
  - $100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after.
  - $25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date.
  - An additional $20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.
- Health Insurance – The Line of Duty Act program provides health insurance benefits.
  - Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program.
  - Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resources Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors, and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by the Line of Duty Act.

*Pre-Medicare Retiree Healthcare (PMRH):*

Eligible Employees

- Following are eligibility requirements for Virginia Retirement System (VRS) retirees:
  - You are a retiring employee who is eligible for a monthly retirement benefit from VRS, and
  - You start receiving (do not defer) your retirement benefit immediately upon retirement*, and
  - Your last employer before retirement was the Commonwealth of Virginia, and
  - You were eligible for (even if you were not enrolled) coverage as an active employee in the State Employee Health Benefits Program until your retirement date (not including Extended Coverage/COBRA), and
  - You enroll no later than 31 days from your retirement date.

* For VRS retirees, this means that your employing agency reported a retirement contribution or leave without pay status for retirement in the month immediately prior to your retirement date. Some faculty members may also be eligible if they are paid on an alternate pay cycle but maintain eligibility for active coverage until their retirement date.

- Effective January 1, 2017** following are eligibility requirements for Optional Retirement Plan (ORP) retirees:
  - You are a terminating state employee who participates in one of the qualified ORP, and
  - Your last employer before termination was the Commonwealth of Virginia, and
  - You were eligible for (even if you were not enrolled) coverage in the State Employee Health Benefits Program for active employees at the time of your termination, and
  - You meet the age and service requirements for an immediate retirement benefit under the non-ORP Virginia Retirement System plan that you would have been eligible for on your date of hire had you not elected the ORP, and

- You enroll in the State Retiree Health Benefits Program no later than 31 days from the date you lose coverage (or lose eligibility for coverage) in the State Health Benefits Program for active employees due to your termination of employment.

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

**Contributions**

*Group Life Insurance (GLI):*
The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the University were $936,044 and $934,969 for the years ended June 30, 2021 and June 30, 2020, respectively.

*Health Insurance Credit (HIC):*
The contribution requirement for active employees is governed by §51.1-1400(D) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each state agency's contractually required employer contribution rate for the year ended June 30, 2021 was 1.12% of covered employee compensation for employees in the VRS State Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the University to the VRS State Employee Health Insurance Credit Program were $1,950,506 and $2,079,690 for the years ended June 30, 2021 and June 30, 2020, respectively.

*Virginia Sickness and Disability Program (VSDP):*
The contribution requirements for the Disability Insurance Program (VSDP) are governed by §51.1-1140 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the Disability Insurance Program (VSDP) for the year ended June 30, 2021 was 0.61% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits payable during the year, with an adjustment to amortize the accrued OPEB assets. Contributions to the Disability Insurance Program (VSDP) from the University were $481,870 and $490,289 for the years ended June 30, 2021 and June 30, 2020, respectively.

*Line of Duty Act (LODA):*
The contribution requirements for the Line of Duty Act Program (LODA) are governed by §9.1-400.1 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the Line of Duty Act Program (LODA) for the year ended June 30, 2021 was $717.31 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits

payable during the year. Contributions to the Line of Duty Act Program (LODA) from the University were $32,279 and $30,348 for the years ended June 30, 2021 and June 30, 2020, respectively.

*Pre-Medicare Retiree Healthcare (PMRH):*
The University does not pay a portion of the retirees' healthcare premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, this generally results in a higher rate for active employees. Therefore, the University effectively subsidizes the costs of the participating retirees' healthcare through payment of the University's portion of the premiums for active employees.

This fund is reported as part of the Commonwealth's Healthcare Internal Service Fund. Benefit payments are recognized when due and payable in accordance with the benefit terms. Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes, and is administered by the Department of Human Resource Management. There were approximately 4,400 retirees and 90,000 active employees in the program as of June 30, 2020. There are no inactive employees entitled to future benefits who are not currently receiving benefits. There are no assets accumulated in a trust to pay benefits.

**Liabilities (Assets), Expenses, and Deferred Outflows/Inflows of Resources**

At June 30, 2021, the University reported the following liabilities (assets) for its proportional share of these programs:

| | | |
|---|---|---|
| GLI | $ | 14,460,801 |
| HIC | $ | 22,634,450 |
| VSDP | $ | (4,024,075) |
| LODA | $ | 935,256 |
| PMRH | $ | 14,427,687 |

These liabilities (assets) were measured as of June 30, 2020 and the total OPEB liability used to calculate GLI, HIC, VSDP and LODA net liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. Pre-Medicare Retiree Healthcare OPEB liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2020. For GLI, HIC, VSDP, and LODA programs, the University's proportion of each net liability (asset) was based on the University's actuarially determined employer contributions to each plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. The University's proportion of the PMRH liability was based on its calculated healthcare premium contributions, to include the October premium holiday amounts, as a percentage of the total employer's healthcare premium contributions for all participating employers.

At June 30, 2020 and June 30, 2019, the University's proportionate share was:

| | June 30, 2020 | June 30, 2019 |
|---|---|---|
| GLI | 0.86652% | 0.86314% |
| HIC | 2.46561% | 2.47998% |
| VSDP | 1.82342% | 1.84539% |
| LODA | 0.22331% | 0.22086% |
| PMRH | 2.53641% | 2.52218% |

For the year ended June 30, 2021, the University recognized the following expenses for these programs:

| | | |
|---|---|---|
| GLI | $ | 538,135 |
| HIC | $ | 1,908,571 |
| VSDP | $ | 361,321 |
| LODA | $ | 89,305 |
| PMRH | $ | (3,323,959) |

Since there was a change in proportionate share between measurement dates, a portion of these expenses were related to deferred amounts from changes in proportion.

At June 30, 2021, the University reported deferred outflows/inflows of resources related to these programs from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| *Group Life Insurance (GLI):* | | |
| Differences between expected and actual experience | $ 927,527 | $ 129,883 |
| Net difference between projected and actual earnings on investments | 434,390 | - |
| Change in assumptions | 723,206 | 301,950 |
| Changes in proportion | 48,385 | 130,540 |
| University contributions subsequent to the measurement date | 936,044 | - |
| Total | $ 3,069,552 | $ 562,373 |
| *Health Insurance Credit (HIC):* | | |
| Differences between expected and actual experience | $ 9,425 | $ 339,672 |
| Net difference between projected and actual earnings on investments | 111,372 | - |
| Change in assumptions | 377,073 | 107,299 |
| Changes in proportion | 158,748 | 291,860 |
| University contributions subsequent to the measurement date | 1,950,506 | - |
| Total | $ 2,607,124 | $ 738,831 |
| *Virginia Sickness and Disability Program (VSDP):* | | |
| Differences between expected and actual experience | $ 378,382 | $ 835,049 |
| Net difference between projected and actual earnings on investments | 273,767 | - |
| Change in assumptions | 53,638 | 165,230 |
| Changes in proportion | 37,079 | 95,802 |
| University contributions subsequent to the measurement date | 481,870 | - |
| Total | $ 1,224,736 | $ 1,096,081 |
| *Line of Duty Act (LODA):* | | |
| Differences between expected and actual experience | $ 99,279 | $ 127,505 |
| Net difference between projected and actual earnings on investments | - | 1,330 |
| Change in assumptions | 250,375 | 58,281 |
| Changes in proportion | 68,350 | 57,370 |
| University contributions subsequent to the measurement date | 32,279 | - |
| Total | $ 450,283 | $ 244,486 |
| *Pre-Medicare Retiree Healthcare (PMRH):* | | |
| Differences between expected and actual experience | $ - | $ 7,345,696 |
| Change in assumptions | - | 11,813,615 |
| Changes in proportion | 744,100 | - |
| Amounts related to transactions subsequent to the measurement date | 939,474 | - |
| Total | $ 1,683,574 | $ 19,159,311 |

The following amounts reported as deferred outflows of resources related to each program, resulting from transactions subsequent to the measurement date will be recognized as an adjustment of each program's net liability (asset) in the fiscal year ending June 30, 2022.

| | | |
|---|---|---|
| GLI | $ | 936,044 |
| HIC | $ | 1,950,206 |
| VSDP | $ | 481,870 |
| LODA | $ | 32,279 |
| PMRH | $ | 939,474 |

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

| Year ended June 30: | GLI | HIC | VSDP | LODA | PMRH |
|---|---|---|---|---|---|
| 2022 | $ 204,496 | $ (59,832) | $ (107,572) | $ 25,595 | $ (5,178,954) |
| 2023 | 327,169 | (46,075) | (34,143) | 25,840 | (5,178,954) |
| 2024 | 448,401 | 7,451 | (28,633) | 26,102 | (4,397,427) |
| 2025 | 462,117 | 50,864 | (25,399) | 26,179 | (2,481,669) |
| 2026 | 118,831 | (34,621) | (70,270) | 26,262 | (979,959) |
| Thereafter | 10,121 | - | (87,198) | 43,540 | (198,248) |

**Actuarial Assumptions (GLI, HIC, VSDP, LODA)**

The total liability for these programs was based on an actuarial valuation as of June 30, 2019, 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, 2020.

| | |
|---|---|
| Inflation | 2.50% |
| Salary increases, including inflation | |
| General state employees (GLI, HIC, VSDP) | 3.50% – 5.35% |
| Teachers (GLI) | 3.50% – 5.95% |
| SPORS employees (GLI, HIC, VSDP) | 3.50% – 4.75% |
| VaLORS employees (GLI, HIC, VSDP) | 3.50% – 4.75% |
| JRS employees (GLI, HIC) | 4.50% |
| Locality – General employees (GLI) | 3.50% – 5.35% |
| Locality – Hazardous Duty employees (GLI) | 3.50% – 4.75% |
| Medical cost trend rate assumptions (LODA) | |
| Under age 65 | 7.00% – 4.75% |
| Ages 65 and older | 5.375% – 4.75% |
| Investment rate of return (GLI, HIC, VSDP) | 6.75%, net of investment expense, including inflation* |
| Year of ultimate trend rate (LODA) | |
| Under age 65 | Fiscal year ended 2028 |
| Ages 65 and older | Fiscal year ended 2023 |
| Investment rate of return (LODA) | 2.21%, including inflation* |

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the

difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities. Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 2.21% was used since it approximates the risk-free rate of return.

Mortality rate – General State Employees (GLI, HIC, VSDP, LODA):
*Pre-Retirement*:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

*Post-Retirement:*
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

*Post-Disablement:*
RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions (GLI, HIC, VSDP) used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

The actuarial assumptions (LODA) used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016.

Changes to the actuarial assumptions as a result of the experience study and VRS Board action (GLI, HIC, VSDP) are as follows:

| | |
|---|---|
| Mortality Rates (Pre-retirement, post retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Lowered rates at older ages and changed final retirement from 70 to 75 |
| Withdrawal Rates | Adjusted rates to better fit experience at each age and service year through 9 years of service |
| Disability Rates | Adjusted rates to better match experience |
| Salary Scale | No change |
| Line of Duty Disability | Increase rate from 14% to 25% |
| Discount Rate (GLI, HIC, VSDP) | Decrease rate from 7.00% to 6.75% |

Mortality rates – Teachers (GLI):
*Pre-Retirement:*
RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020.

*Post-Retirement:*
RP-2014 White Collar Employee Rates to age 49, White Collar Health Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

*Post-Disablement:*
RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions (GLI) used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

| | |
|---|---|
| Mortality Rates (GLI) (Pre-retirement, post retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Lowered rates at older ages and changed final retirement from 70 to 75 |
| Withdrawal Rates | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates | Adjusted rates to better match experience |
| Salary Scale | No change |
| Discount Rate | Decrease rate from 7.00% to 6.75% |

Mortality rates – SPORS Employees (GLI, HIC, VSDP, LODA):
*Pre-Retirement:*
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

*Post-Retirement:*
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

*Post-Disablement:*
RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions (GLI, HIC, VSDP) used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

The actuarial assumptions (LODA) used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016.

Changes to the actuarial assumptions as a result of the experience study and VRS Board action (GLI, HIC, VSDP) are as follows:

| | |
|---|---|
| Mortality Rates (Pre-retirement, post retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience |
| Retirement Rates | Increased age 50 rates and lowered rates at older ages |
| Withdrawal Rates | Adjusted rates to better fit experience |
| Disability Rates | Adjusted rates to better match experience |
| Salary Scale | No change |
| Line of Duty Disability | Increase rate from 60% to 85% |
| Discount Rate (GLI, HIC, VSDP) | Decrease rate from 7.00% to 6.75% |

Mortality rates – VaLORS Employees (GLI, HIC, VSDP, LODA):
*Pre-Retirement:*
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates, females set forward 1 year.

*Post-Retirement:*
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

*Post-Disablement:*
RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions (GLI, HIC, VSDP) used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

The actuarial assumptions (LODA) used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016.

Changes to the actuarial assumptions as a result of the experience study and VRS Board action (GLI, HIC, VSDP) are as follows:

| | |
|---|---|
| Mortality Rates (Pre-retirement, post retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience |
| Retirement Rates | Increased age 50 rates and lowered rates at older ages |
| Withdrawal Rates | Adjusted rates to better fit experience at each year age and service through 9 years of service |

| | |
|---|---|
| Disability Rates | Adjusted rates to better match experience |
| Salary Scale | No change |
| Line of Duty Disability | Decrease rate from 50% to 35% |
| Discount Rate (GLI, HIC, VSDP) | Decrease rate from 7.00% to 6.75% |

<u>Mortality rates – JRS Employees (GLI, HIC):</u>

*<u>Pre-Retirement:</u>*
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

*<u>Post-Retirement:</u>*
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% compounding increase from ages 70 to 85.

*<u>Post-Disablement:</u>*
RP-2014 Disability Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions (GLI, HIC) used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

| | |
|---|---|
| Mortality Rates (GLI, HIIC) (Pre-retirement, post retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Decreased rates at first retirement eligibility |
| Withdrawal Rates | No change |
| Disability Rates | Removed disability rates |
| Salary Scale | No change |
| Discount Rate | Decrease rate from 7.00% to 6.75% |

<u>Mortality rates – Largest Ten Locality Employers – General Employees (GLI):</u>

*<u>Pre-Retirement:</u>*
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

*<u>Post-Retirement:</u>*
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

*<u>Post-Disablement:</u>*
RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions (GLI) used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

| | |
|---|---|
| Mortality Rates (GLI) (Pre-retirement, post retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Lowered retirement rates at older ages and extended final retirement age from 70 to 75 |
| Withdrawal Rates | Adjusted termination rates to better fit experience at each age and service year |
| Disability Rates | Lowered disability rates |
| Salary Scale | No change |
| Line of Duty Disability | Increase rate from 14% to 20% |
| Discount Rate | Decrease rate from 7.00% to 6.75% |

Mortality rates – Non-Largest Ten Locality Employers – General Employees (GLI):
*Pre-Retirement:*
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

*Post-Retirement:*
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

*Post-Disablement:*
RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions (GLI) used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

The actuarial assumptions (LODA) used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016.

| | |
|---|---|
| Mortality Rates (GLI) (Pre-retirement, post retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Lowered retirement rates at older ages and extended final retirement age from 70 to 75 |
| Withdrawal Rates | Adjusted termination rates to better fit experience at each age and service year |

| | |
|---|---|
| Disability Rates | Lowered disability rates |
| Salary Scale | No change |
| Line of Duty Disability | Increase rate from 14% to 15% |
| Discount Rate | Decrease rate from 7.00% to 6.75% |

Mortality rates – Largest Ten Locality Employers – Hazardous Duty Employees (GLI, LODA):
*Pre-Retirement:*
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

*Post-Retirement:*
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

*Post-Disablement:*
RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions (GLI) used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

The actuarial assumptions (LODA) used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016.

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

| | |
|---|---|
| Mortality Rates (GLI, LODA) (Pre-retirement, post retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Lowered retirement rates at older ages |
| Withdrawal Rates | Adjusted termination rates to better fit experience at each age and service year |
| Disability Rates | Increased disability rates |
| Salary Scale | No change |
| Line of Duty Disability | Increase rate from 60% to 70% |
| Discount Rate (GLI) | Decrease rate from 7.00% to 6.75% |

Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees (GLI, LODA):
*Pre-Retirement:*
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

*Post-Retirement:*
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

*Post-Disablement:*
RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions (GLI) used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

The actuarial assumptions (LODA) used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016.

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

| | |
|---|---|
| Mortality Rates (Pre-retirement, post retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Increased age 50 rates and lowered rates at older ages |
| Withdrawal Rates | Adjusted termination rates to better fit experience at each age and service year |
| Disability Rates | Adjusted rates to better match experience |
| Salary Scale | No change |
| Line of Duty Disability | Decreased rate from 60% to 45% |
| Discount Rate (GLI) | Decrease rate from 7.00% to 6.75% |

**Actuarial Assumptions and Methods (PMRH)**

The total Pre-Medicare Retiree Healthcare OPEB liability was based on an actuarial valuation with a valuation date of June 30, 2020. The Department of Human Resource Management selected the economic, demographic, and healthcare claim cost assumptions. The actuary provided guidance with respect to these assumptions. Initial healthcare costs trend rates used were 6.75% for medical and pharmacy and 4.00% for dental. The ultimate trend rates used were 4.50% for medical and pharmacy and 4.00% for dental.

| | |
|---|---|
| Valuation Date | Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported. |
| Measurement Date | June 30, 2020 (one year prior to the end of the fiscal year) |
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level dollar, Closed |
| Effective Amortization Period | 6.34 years |

| | |
|---|---|
| Discount Rate | 2.21% |
| Projected Salary Increases | 4.00% |
| Medical Trend under 65 | Medial & Rx: 6.75% to 4.50%, Dental: 4.00% |
| Year of Ultimate Trend | 2029 |

Mortality rates: Mortality rates vary by participant status

*Pre-Retirement:*
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females setback 1 year

*Post-Retirement:*
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

*Post-Disablement:*
RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

The discount rate was based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date which is June 30, 2020.

*Changes of Assumptions:* The following actuarial assumptions were updated since the June 30, 2019 valuation based on recent experience:

- Spousal coverage – reduced the rate from 25% to 20%
- Retirement participation – reduced the rate from 50% to 45%

Spousal coverage and retiree participation were both reduced based on a blend of recent experience and the prior year assumptions. The mortality assumption was modified slightly to reflect mortality improvement projection scale BB, including age over 65 in pre-retirement mortality base rates. No excise tax has been reflected due to the SECURE Act. Among the provisions was a repeal of three taxes and fees that were originally intended to help fund the Affordable Care Act (ACA): i) the excise tax on high-cost health plans (Cadillac tax); ii) the annual fee on health insurance providers; and iii) the medical device excise tax. The trend rates were updated based on economic conditions as of June 30, 2020.

**Net OPEB Liability (Asset)**

The net OPEB liability (asset) (NOL/NOA) for GLI, HIC, VSDP, and LODA represents each program's total OPEB liability determined in accordance with GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, less the associated fiduciary net position. As of June 30, 2020, NOL/NOA amounts for each program are as follows (amounts expressed in thousands):

| | GLI | HIC | VSDP | LODA |
|---|---|---|---|---|
| Total OPEB liability | $ 3,523,937 | $ 1,043,382 | $ 269,531 | $ 423,147 |
| Plan fiduciary net position | 1,855,102 | 125,378 | 490,220 | 4,333 |
| Net OPEB liability (asset) | $ 1,668,835 | $ 918,004 | $ (220,689) | $ 418,814 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 52.64% | 12.02% | 181.88% | 1.02% |

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

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

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

| Asset Class (Strategy) | Target Allocation | Arithmetic Long-Term Expected Rate of Return | Weighted Average Long-Term Expected Rate of Return* |
|---|---|---|---|
| Public Equity | 34.00% | 4.65% | 1.58% |
| Fixed Income | 15.00% | 0.46% | 0.07% |
| Credit Strategies | 14.00% | 5.38% | 0.75% |
| Real Assets | 14.00% | 5.01% | 0.70% |
| Private Equity | 14.00% | 8.34% | 1.17% |
| MAPS - Multi-Asset Public Strategies | 6.00% | 3.04% | 0.18% |
| PIP - Private Investment Partnership | 3.00% | 6.49% | 0.19% |
| Total | 100.00% | | 4.64% |
| | Inflation | | 2.50% |
| | * Expected arithmetic nominal return | | 7.14% |

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

**Long-Term Expected Rate of Return (LODA)**

The long-term expected rate of return on LODA OPEB Program's investments was set at 2.21% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 2.21% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2020.

**Discount Rate (GLI, HIC, VSDP)**

The discount rate used to measure the total OPEB liability was 6.75% for GLI, HIC, and VSDP. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2020, the rate contributed by participating employers to the GLI, HIC and VSDP OPEB Programs will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI, HIC and VSDP OPEB Program's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability for GLI, HIC, and VSDP programs.

**Discount Rate (LODA)**

The discount rate used to measure the total LODA OPEB liability was 2.21%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2020, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

**Discount Rate (PMRH)**

The discount rate was decreased from 3.51% to 2.21% based on the Bond Buyers GO 20 Municipal Bond Index.

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

The following presents the University's proportionate share of the net OPEB liability (asset) using the discount rate of 6.75% for GLI, HIC, and VSDP; 2.21% for LODA; 2.21% for PMRH, as well as what the University's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

University proportionate share of the OPEB liability (asset):

| | 1.00% Decrease | Current Discount Rate | 1.00% Increase |
|---|---|---|---|
| | 5.75% | 6.75% | 7.75% |
| GLI | $ 19,009,832 | $ 14,460,801 | $ 10,766,560 |
| HIC | 25,081,293 | 22,634,450 | 20,528,960 |
| VSDP | (3,671,530) | (4,024,075) | (4,340,535) |
| | 1.21% | 2.21% | 3.21% |
| LODA | $ 1,110,137 | $ 935,256 | $ 803,435 |
| | 1.21% | 2.21% | 3.21% |
| PMRH | $ 15,182,024 | $ 14,427,687 | $ 13,663,125 |

**Sensitivity of the University's Proportionate Share of the LODA and PMRH OPEB Liabilities to Changes in the Health Care Trend Rate**

Because the LODA and PMRH programs contain provisions for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the University's proportionate share of the net OPEB liability for these programs using a health care trend rate of 7.00% decreasing to 4.75%, for LODA and 6.75% decreasing to 4.50% for PMRH as well as what the University's proportionate share of the OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower or one percentage point higher than the current rate:

University proportionate share of the OPEB liability:

| | 1.00% Decrease | Current Health Care Trend Rate | 1.00% Increase |
|---|---|---|---|
| | 6.00% decreasing to 3.75% | 7.00% decreasing to 4.75% | 8.00% decreasing to 5.75% |
| LODA | $ 773,020 | $ 935,256 | $ 1,147,460 |
| | 5.75% decreasing to 3.50% | 6.75% decreasing to 4.50% | 7.75% decreasing to 5.50% |
| PMRH | $ 12,933,244 | $ 14,427,687 | $ 16,180,459 |

**Fiduciary Net Position (GLI, HIC, VSDP, LODA)**

Detailed information about Fiduciary Net Position for each of these programs is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at https://www.varetire.org/pdf/publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Payables to the GLI, HIC, and VSDP OPEB Programs**

At June 30, 2021, the University reported a payable of the following:

| | | |
|---|---|---|
| GLI | $ | 96,832 |
| HIC | $ | 80,418 |
| VSDP | $ | 23,822 |
| LODA | $ | 1,112 |

## NOTE 17: CONTINGENCIES

Grants and Contracts

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, 2021, the University estimates that no material liabilities will result from such audits or questions.

Litigation

The University is a party to various litigations. While the final outcome cannot be determined at this time, management is of the opinion that any ultimate liability to which the University may be exposed, if any, for these legal actions will not have a material effect on the University's financial position.

## NOTE 18: RISK MANAGEMENT AND EMPLOYEE HEALTH CARE PLANS

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 Annual Comprehensive Financial Report.

## NOTE 19: RELATED PARTY TRANSACTIONS

The Old Dominion University Museum Foundation and the University entered into an agreement on July 19, 2016, for the Museum Foundation to operate the Barry Art Museum. On December 6, 2016, an agreement was entered into which set the manner in which the University provides support to the Foundation. The Foundation reimburses the University for the salary and benefits of each University staff member proportionate to the time devoted to serving the Foundation and for supplies and travel. This amount totaled $338,669 for the year ended June 30, 2021. In addition, the University will donate space, computer services and other support to the Foundation. This amount totaled $2,500 for the year ended June 30, 2021.

## NOTE 20: CORONAVIRUS RELIEF FUNDING

During the fiscal year, the University was awarded an additional 41.2 million from the CARES Act for the Higher Education Emergency Relief Fund (HEERF) for Institutional uses; an additional 31.7 million for Student Emergency Grants and another 3.1 million in funds to Strengthen Institutional Programs. As of June 30, 2021, the University had spent $8.6 million in additional emergency aid to students related to COVID-19. The remaining $23.1 million balance for students will be spent in FY 2022.

The remaining CARES funds which will be drawn in fiscal year 2022, will be used to cover costs associated with the disruption of campus operations due to COVID-19 for the Spring semester as well as ongoing costs associated with continuing to operate in a COVID-19 environment to include lost revenue.

The University was also awarded and additional. $5.7 million in Coronavirus Relief Funding (CRF) as federal pass-through funds from the Commonwealth of Virginia during the fiscal year. The funds were spent in FY 2021 to reimburse computer and peripheral equipment used in online learning and teleworking, personal protective equipment, and preparing the campus for social distancing requirements.

## NOTE 21: SUBSEQUENT EVENTS

As a result of the spread of COVID-19 in March and April 2020 and its impact to our region, the University transitioned from on campus teaching and administrative operations to a remote approach. Faculty and staff began teleworking in March for the remainder of the spring and summer semesters. This pandemic has presented financial challenges and concerns for future operations of the University. However, the overall impact of this event will take some time to work through, thus cannot reasonably be estimated at this time.

# Required Supplementary Information

# Required Supplementary Information for Pension Plans

Schedules of University's Share of Net Pension Liability

VRS State Employee Retirement Plan
For the Years Ended June 30, 2015 - 2021*

| | University's proportion of the net pension liability | University's proportionate share of the net pension liability | University's covered payroll | University's proportionate share of the net pension liability as a percentage of its covered payroll | Plan fiduciary net position as a percentage of the total pension liability |
|---|---|---|---|---|---|
| 2021 | 2.11376% | $ 153,138,904 | $ 88,806,405 | 172.44% | 72.15% |
| 2020 | 2.12407% | 134,235,543 | 89,848,245 | 149.40% | 75.13% |
| 2019 | 2.10523% | 113,970,000 | 87,701,482 | 129.95% | 77.39% |
| 2018 | 2.08834% | 121,699,000 | 84,076,306 | 144.75% | 75.33% |
| 2017 | 2.07063% | 136,471,000 | 81,802,831 | 166.83% | 71.29% |
| 2016 | 2.01167% | 123,166,000 | 77,640,742 | 158.64% | 72.81% |
| 2015 | 1.95702% | 109,562,000 | 75,442,144 | 145.23% | 74.28% |

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

*Schedule is intended to show information for 10 years. Since 2021 is the seventh year for this presentation, there are only seven years available. However, additional years will be included as they become available.*

VaLORS State Employee Retirement Plan
For the Years Ended June 30, 2015 - 2021*

| | University's proportion of the net pension liability | University's proportionate share of the net pension liability | University's covered payroll | University's proportionate share of the net pension liability as a percentage of its covered payroll | Plan fiduciary net position as a percentage of the total pension liability |
|---|---|---|---|---|---|
| 2020 | 0.62629% | $ 4,896,852 | $ 2,310,812 | 211.91% | 65.74% |
| 2020 | 0.64508% | 4,477,076 | 2,259,305 | 198.16% | 68.31% |
| 2019 | 0.63577% | 3,962,000 | 2,202,360 | 179.90% | 69.56% |
| 2018 | 0.61789% | 4,055,000 | 2,122,770 | 191.02% | 67.22% |
| 2017 | 0.57858% | 4,479,000 | 1,989,450 | 225.14% | 61.01% |
| 2016 | 0.48062% | 3,416,000 | 1,631,065 | 209.43% | 62.64% |
| 2015 | 0.50752% | 3,421,000 | 1,789,631 | 191.16% | 63.05% |

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

*Schedule is intended to show information for 10 years. Since 2021 is the seventh year for this presentation, there are only seven years available. However, additional years will be included as they become available.*

## Schedules of University Contributions

### VRS State Employee Retirement Plan
For the Years Ended June 30, 2012 through 2021

| Date | Contractually Required Contribution | Contributions in Relation to Contractually Required Contribution | Contribution Deficiency (Excess) | University's Covered Payroll | Contribution as a % of Covered Payroll |
|---|---|---|---|---|---|
| 2021 | $ 12,706,100 | $ 12,706,100 | $ - | $ 93,454,135 | 13.60% |
| 2020 | 12,006,626 | 12,006,626 | - | 88,806,405 | 13.52% |
| 2019 | 11,541,721 | 11,541,721 | - | 89,848,245 | 12.85% |
| 2018 | 11,344,717 | 11,344,717 | - | 87,701,482 | 12.94% |
| 2017 | 11,023,973 | 11,023,973 | - | 84,076,306 | 13.11% |
| 2016 | 11,261,826 | 11,261,826 | - | 81,802,831 | 13.77% |
| 2015 | 9,425,735 | 9,425,735 | - | 77,640,742 | 12.14% |
| 2014 | 6,608,367 | 6,608,367 | - | 75,442,144 | 8.76% |
| 2013 | 6,165,085 | 6,165,085 | - | 70,144,229 | 8.79% |
| 2012 | 4,530,971 | 4,530,971 | - | 68,551,568 | 6.61% |

### VaLORS State Employee Retirement Plan
For the Years Ended June 30, 2012 through 2021

| Date | Contractually Required Contribution | Contributions in Relation to Contractually Required Contribution | Contribution Deficiency (Excess) | University's Covered Payroll | Contribution as a % of Covered Payroll |
|---|---|---|---|---|---|
| 2021 | $ 500,322 | $ 500,322 | $ - | $ 2,285,903 | 21.89% |
| 2020 | 499,366 | 499,366 | - | 2,310,812 | 21.61% |
| 2019 | 487,720 | 487,720 | - | 2,259,305 | 21.59% |
| 2018 | 463,175 | 463,175 | - | 2,202,360 | 21.03% |
| 2017 | 445,084 | 445,084 | - | 2,122,770 | 20.97% |
| 2016 | 374,028 | 374,028 | - | 1,989,450 | 18.80% |
| 2015 | 286,246 | 286,246 | - | 1,631,065 | 17.55% |
| 2014 | 265,182 | 265,182 | - | 1,789,631 | 14.82% |
| 2013 | 269,568 | 269,568 | - | 1,859,613 | 14.50% |
| 2012 | 256,778 | 256,778 | - | 1,961,636 | 13.09% |

# Notes to Required Supplementary Information for Pension Plans

**VRS State Employee Retirement Plan and VaLORS Retirement Plan**

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

| | |
|---|---|
| Mortality Rates (Pre-retirement, post retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Lowered rates at older ages and changed final retirement from 70 to 75 |
| Withdrawal Rates | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates | Adjusted rates to better match experience |
| Salary Scale | No change |
| Line of Duty Disability | Increase rate from 14% to 25% |
| Discount Rate | Decrease rate from 7.00% to 6.75% |

The following changes in actuarial assumptions were made for the VaLORS Retirement Plan effective June 30, 2016 except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

| | |
|---|---|
| Mortality Rates (Pre-retirement, post retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience |
| Retirement Rates | Increased age 50 rates and lowered rates at older ages |
| Withdrawal Rates | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates | Adjusted rates to better match experience |
| Salary Scale | No change |
| Line of Duty Disability | Decreased rate from 50% to 35% |
| Discount Rate | Decrease rate from 7.00% to 6.75% |

# Required Supplementary Information for Other Post-Employment Benefit Plans

Schedules of University's Share of Other Post-Employment Benefits (OPEB) Liabilities (Assets)
For the years ended June 30, 2018 through 2021*

| | OPEB | University's proportion of the net OPEB liability (asset) | University's proportionate share of the net OPEB liability (asset) | University's covered payroll | University's proportionate share of the net OPEB liability (asset) as a % of employer's covered payroll | Plan fiduciary Net Position as a % of the total OPEB liability |
|---|---|---|---|---|---|---|
| 2021 | GLI | 0.86652% | $ 14,460,801 | $ 180,488,066 | 8.01% | 52.64% |
| | HIC | 2.46561% | 22,634,450 | 177,751,282 | 12.73% | 12.02% |
| | VSDP | (1.82342%) | (4,024,075) | 79,078,871 | (5.09%) | 181.88% |
| 2020 | GLI | 0.86314% | 14,045,585 | 167,069,832 | 8.41% | 52.00% |
| | HIC | 2.47998% | 22,891,983 | 166,881,208 | 13.72% | 10.56% |
| | VSDP | (1.84539%) | (3,620,569) | 72,465,076 | (5.00%) | 167.18% |
| 2019 | GLI | 0.87031% | 13,218,000 | 165,553,478 | 7.98% | 51.22% |
| | HIC | 2.45500% | 22,397,000 | 165,366,625 | 13.54% | 9.51% |
| | VSDP | (1.82348%) | (4,107,000) | 71,820,029 | (5.72%) | 194.74% |
| 2018 | GLI | 0.87092% | 13,105,000 | 160,599,190 | 8.16% | 48.86% |
| | HIC | 2.48327% | 22,611,000 | 160,524,635 | 14.09% | 8.03% |
| | VSDP | (1.80542%) | (3,707,000) | 67,887,520 | (5.46%) | 186.63% |

| | OPEB | University's proportion of the OPEB liability | University's proportionate share of the OPEB liability | Covered-employee payroll | University's proportionate share of the OPEB liability as a % of covered-employee payroll | Plan fiduciary Net Position as a % of the total OPEB liability |
|---|---|---|---|---|---|---|
| 2021 | LODA | 0.22331% | $ 935,256 | $ 2,627,251 | 35.60% | 1.02% |
| | PMRH | 2.53641% | 14,427,687 | 142,306,147 | 10.14% | N/A |
| 2020 | LODA | 0.22086% | 792,415 | 2,736,854 | 28.95% | 0.79% |
| | PMRH | 2.52218% | 17,122,587 | 145,158,026 | 11.80% | N/A |
| 2019 | LODA | 0.24502% | 768,000 | 2,553,819 | 30.07% | 0.60% |
| | PMRH | 2.50972% | 25,238,729 | 155,274,739 | 16.25% | N/A |
| 2018 | LODA | 0.23673% | 622,000 | 2,531,599 | 24.57% | 1.30% |
| | PMRH | 2.50474% | 32,534,160 | 151,985,039 | 21.41% | N/A |

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

*Schedule is intended to show information for 10 years. Since 2021 is the fourth year for this presentation, there are only four years available. However, additional years will be included as they become available.*

Schedules of University’s Other Post-Employment Benefits (OPEB) Contributions
For the years ended June 30, 2018 through 2021

| | OPEB | Contractually required contribution | Contributions in relation to contractually required contribution | Contribution deficiency (excess) | Employer's covered payroll | Contribution as a % of employer's covered payroll |
|---|---|---|---|---|---|---|
| 2021 | GLI | $ 936,044 | $ 936,044 | $ - | $ 174,759,691 | 0.54% |
| | HIC | 1,950,506 | 1,950,506 | - | 173,966,550 | 1.12% |
| | VSDP | 481,870 | 481,870 | - | 78,964,544 | 0.61% |
| 2020 | GLI | 934,969 | 934,969 | - | 180,488,066 | 0.52% |
| | HIC | 2,079,690 | 2,079,690 | - | 177,751,282 | 1.17% |
| | VSDP | 490,289 | 490,289 | - | 79,078,871 | 0.62% |
| 2019 | GLI | 887,264 | 887,264 | - | 167,069,832 | 0.53% |
| | HIC | 1,977,602 | 1,977,602 | - | 166,881,208 | 1.19% |
| | VSDP | 462,350 | 462,350 | - | 72,465,076 | 0.64% |
| 2018 | GLI | 866,480 | 866,480 | - | 165,553,478 | 0.52% |
| | HIC | 1,942,763 | 1,942,763 | - | 165,366,625 | 1.17% |
| | VSDP | 472,933 | 472,933 | - | 71,820,029 | 0.66% |

| | OPEB | Contractually required contribution | Contributions in relation to contractually required contribution | Contribution deficiency (excess) | Covered-employee payroll | Contribution as a % of covered-employee payroll |
|---|---|---|---|---|---|---|
| 2021 | LODA | $ 32,279 | $ 32,279 | $ - | $2,341,289 | 1.38% * |
| 2020 | LODA | 30,348 | 30,348 | - | 2,627,251 | 1.16% * |
| 2019 | LODA | 29,642 | 29,642 | - | 2,736,854 | 1.08% * |
| 2018 | LODA | 26,099 | 26,099 | - | 2,553,819 | 1.02% * |

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

*Schedule is intended to show information for 10 years. Since 2021 is the fourth year for this presentation, there are only four years available. However, additional years will be included as they become available.*

# Notes to Required Supplementary Information for Other Post-Employment Benefit Plans

## GLI, HIC, VSDP, and LODA Programs

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

Changes of assumptions – (GLI, HIC, VSDP) The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

The actuarial assumptions (LODA) used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016.

Changes to the actuarial assumptions as a result of the experience study and VRS Board action (GLI, HIC, VSDP) are as follows:

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

| | |
|---|---|
| Mortality Rates (Pre-retirement, post retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Lowered rates at older ages and changed final retirement from 70 to 75 |
| Withdrawal Rates | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates | Adjusted rates to better match experience |
| Salary Scale | No change |
| Line of Duty Disability | Increase rate from 14% to 25% |
| Discount Rate (GLI, HIC, VSDP) | Decrease rate from 7.00% to 6.75% |

Teachers (GLI):

| | |
|---|---|
| Mortality Rates (Pre-retirement, post retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Lowered rates at older ages and changed final retirement from 70 to 75 |
| Withdrawal Rates | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates | Adjusted rates to better match experience |
| Salary Scale | No change |
| Discount Rate | Decrease rate from 7.00% to 6.75% |

SPORS Employees (GLI, HIC, VSDP, LODA):

| | |
|---|---|
| Mortality Rates (Pre-retirement, post retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience |
| Retirement Rates | Increased age 50 rates and lowered rates at older ages |
| Withdrawal Rates | Adjusted rates to better fit experience |
| Disability Rates | Adjusted rates to better match experience |
| Salary Scale | No change |
| Line of Duty Disability | Increase rate from 60% to 85% |
| Discount Rate (GLI, HIC, VSDP) | Decrease rate from 7.00% to 6.75% |

VaLORS Employees (GLI, HIC, VSDP, LODA):

| | |
|---|---|
| Mortality Rates (Pre-retirement, post retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience |
| Retirement Rates | Increased age 50 rates and lowered rates at older ages |
| Withdrawal Rates | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates | Adjusted rates to better match experience |
| Salary Scale | No change |
| Line of Duty Disability | Decrease rate from 50% to 35% |
| Discount Rate (GLI, HIC, VSDP) | Decrease rate from 7.00% to 6.75% |

JRS Employees (GLI, HIC):

| | |
|---|---|
| Mortality Rates (Pre-retirement, post retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Decreased rates at first retirement eligibility |
| Withdrawal Rates | No change |
| Disability Rates | Removed disability rates |
| Salary Scale | No change |
| Discount Rate | Decrease rate from 7.00% to 6.75% |

Largest Ten Locality Employers – General Employees (GLI):

| | |
|---|---|
| Mortality Rates (Pre-retirement, post retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Lowered retirement rates at older ages and extended final retirement age from 70 to 75 |
| Withdrawal Rates | Adjusted termination rates to better fit experience at each age and service year |
| Disability Rates | Lowered disability rates |
| Salary Scale | No change |
| Line of Duty Disability | Increase rate from 14% to 20% |
| Discount Rate | Decrease rate from 7.00% to 6.75% |

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

| | |
|---|---|
| Mortality Rates (Pre-retirement, post retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Lowered retirement rates at older ages and extended final retirement age from 70 to 75 |
| Withdrawal Rates | Adjusted termination rates to better fit experience at each age and service year |
| Disability Rates | Lowered disability rates |
| Salary Scale | No change |
| Line of Duty Disability | Increase rate from 14% to 15% |
| Discount Rate | Decrease rate from 7.00% to 6.75% |

Largest Ten Locality Employers – Hazardous Duty Employees (GLI, LODA):

| | |
|---|---|
| Mortality Rates (Pre-retirement, post retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Lowered retirement rates at older ages |
| Withdrawal Rates | Adjusted termination rates to better fit experience at each age and service year |
| Disability Rates | Increased disability rates |
| Salary Scale | No change |
| Line of Duty Disability | Increase rate from 60% to 70% |

| | |
|---|---|
| Discount Rate (GLI) | Decrease rate from 7.00% to 6.75% |

<u>Non-Largest Ten Locality Employers – Hazardous Duty Employees (GLI, LODA):</u>

| | |
|---|---|
| Mortality Rates (Pre-retirement, post retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Increased age 50 rates and lowered rates at older ages |
| Withdrawal Rates | Adjusted termination rates to better fit experience at each age and service year |
| Disability Rates | Adjusted rates to better match experience |
| Salary Scale | No change |
| Line of Duty Disability | Decrease rate from 60% to 45% |
| Discount Rate (GLI) | Decrease rate from 7.00% to 6.75% |

**<u>PMRH</u>**

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

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

<u>Changes of assumptions</u> – The following actuarial assumptions were updated since the June 30, 2019 valuation based on recent experience:

- Spousal coverage – reduced the rate from 25% to 20%
- Retirement participation – reduced the rate from 50% to 45%

Spousal coverage and retiree participation were both reduced based on a blend of recent experience and the prior year assumptions. The mortality assumption was modified slightly to reflect mortality improvement projection scale BB, including age over 65 in pre-retirement mortality base rates. No excise tax has been reflected due to the SECURE Act. Among the provisions was a repeal of three taxes and fees that were originally intended to help fund the Affordable Care Act (ACA): i) the excise tax on high-cost health plans (Cadillac tax); ii) the annual fee on health insurance providers; and iii) the medical device excise tax. The trend rates were updated based on economic conditions as of June 30, 2020. Additionally, the discount rate was decreased from 3.51% to 2.21% based on the Bond Buyers GO 20 Municipal Bond Index.

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OLD DOMINION UNIVERSITY
Norfolk, Virginia

## BOARD OF VISITORS



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## PROGRESS REPORT ON CAPITAL OUTLAY PROJECTS
## (As of December, 2021)

### PROJECTS UNDER DESIGN AND CONSTRUCTION

### CONSTRUCT HEALTH SCIENCES BUILDING

***General Project Information:*** In 2017 the Commonwealth approved the proposed New Health Sciences Building for detailed planning (35% design) to establish project program and budget. In February of 2020 the Division of Engineering and Buildings (DEB) recommended the project to Legislation for full funding.

The proposed Health Sciences facility is a 126,000 GSF, multi-story building of standard 40 year construction, built on a pile supported slab. The building will be constructed on the southeast end of 41st Street near Killam Avenue. The vision for the facility is to improve healthcare through Inter-professional collaboration. To that end, the project has a student centered "home base" with informal interactive learning areas and state of the art teaching/learning environments. The first floor will have the Dental Hygiene Clinic and the Monarch PT clinic as well as three large classrooms which will also serve as event space for the College of Health Sciences. Rehabilitation Services will also be included on the first floor and will include education and clinic support simulation room dealing with car, bus, grocery store, and driving environments. The upper two floors of the building will have the Dental Hygiene Simulation Class Lab, Occupational Therapy, and Athletic Training Class Labs in support of expanded graduate level programs. This includes the Medical Diagnostics and Translational Sciences (MDTS) research labs and associated support space such as cell culture, freezer, microscopy, and instrumentation rooms. Also included is a cadaver lab with a mobile anamotage table for teaching anatomy used by multiple programs as well as an Activities of Daily Living Apartment for occupational and physical therapy education and clinic. The Athletic Training Program will include a Fluoroscan / Radiology Room. The associated research space will include a gait and balance system which protects patients from falls while providing overhead track dynamic body-weight support as patients practice walking, balance tasks, sit-to-stand maneuvers and stairs.

***Project Design:*** Cannon Design

***Funding Source*:** Currently Institutional Funds

***Project Budget:***

| | | |
|---|---|---|
| a) | Construction: | $58,032,000 |
| b) | A/E Fees: | $ 6,758,000 |
| c) | Project Inspection: | $ 1,069,000 |
| d) | FF&E: | $ 5,462,000 |
| e) | Construction Contingency: | $ 1,161,000 |
| f) | Other Costs: | $ 2,464,000 |

***Total Project Budget (Planning Phase Only):*** **$74,946,000**

***Status:*** The University awarded an Architectural/Engineering contract to Cannon Design for the project in February 2019. Hourigan Construction Corporation was selected for Pre-Construction Management services during the schematic design phase and assisted with value management of the design and construction cost estimating. The final design was submitted to DEB in March of 2021 and a groundbreaking ceremony was held on March 26, 2021. DEB approved the revised CO-2, Authority to Initiate Capital Outlay and award of the construction contract was made in October. Construction started in November and is scheduled to be completed by the end of 2023.

**CONSTRUCT A STUDENT HEALTH AND WELLNESS ADDITION TO THE STUDENT RECREATION CENTER**

***General Project Information:*** This is an $11,000,000, 17,500 GSF, Student Health and Wellness Addition to the north side of Student Recreation Center (SRC) on the main campus. The project will relocate the existing Student Health Center and health counseling services from Webb University Center to the new facility. Health Promotions will be located at the main entrance to the SRC with a second-floor addition within the existing 2-story lobby. The new facility will integrate with the existing building through multiple points of connection and a shared light well.

| | | |
|---|---|---|
| ***Project Design:*** | VMDO Architects | |
| ***Funding Source*:** | 9D Bonds and Institutional Funds | |
| ***Project Budget:*** | a) Construction: | $9,153,649 |
| | b) Architect/Engineer Fee: | $1,185,000 |
| | c) Project Inspection: | $ 200,000 |
| | d) Equipment | $ 500,000 |
| | e) Construction Contingency: | $ 300,000 |
| | f) Other: | $ 801,000 |
| ***Total Project Budget:*** | | **$12,139,649** |

***Status:*** The University awarded an Architectural/Engineering contract to VMDO in August of 2019. Preliminary Design and a Value Engineering Study was completed during the fall of 2020. Final design documents were recently completed and DEB has approved the CO-2, Authority to Initiate Capital Outlay. The project will go out for bid in December, 2021 with an anticipated award in January 2022, pending bud results. Due to current construction material/labor concerns, we anticipate construction completion shifting from the end of 2022 to spring 2023.

## CAPITAL UMBRELLA PROJECT TO ADDRESS MAINTENANCE NEEDS FOR KAUFMAN HALL AND MILLS GODWIN BUILDING

***General Project Information:*** This $9,000,000 project will be used to make major improvements to two aging buildings. Kaufman Hall(107,000 GSF) and the Mills Godwin Jr. Life Sciences Building(85,000 GSF).

***Project Design:***

***Funding Source***: VCBA Pool Bonds

| | | |
|---|---|---|
| ***Project Budget:*** | a) Construction: | $7,750,000 |
| | b) Architect/Engineer Fee: | $ 794,000 |
| | c) Project Inspection: | $ 124,500 |
| | d) Equipment | $ 0 |
| | e) Construction Contingency: | $ 77,500 |
| | f) Other: | $ 254,000 |
| ***Total Project Budget:*** | | **$9,000,000** |

***Status:*** Design of the initial projects to replace the elevators and make the restrooms ADA compliant in both buildings is complete and the Department of General Services has authorized $2,941,000 for this portion of the project. Contract award has been made on the Kaufman Hall bathroom project and we are preparing to release the RFP on the MGB bathroom project. The RFP for the project to replace the elevators in both buildings has been released and bids are due later this month. Planning efforts for the remaining projects to upgrade the Mechanical, Electrical, and Plumbing systems at Kaufman and MGB continue and should be ready to begin design by Winter 2021/22.

## CONSTRUCT NEW BIOLOGY BUILDING

***General Project Information:*** $5,135,736 in funds to start design of this new $128,300,000, 162,851 GSF, building were included in the 2020 Virginia State Budget. The building will support education in the fields of Biomedicine, Environmental, Ecology, Biomolecular, and Botanical Sciences.

***Project Design:*** VMDO/Ballinger

***Funding Source*****:** VCBA Pool Bonds

| | | | |
|---|---|---|---|
| ***Project Budget:*** | a) | Construction: | $ TBD |
| | b) | Architect/Engineer Fee: | $ 5,058,236 |
| | c) | Project Inspection: | $ TBD |
| | d) | Equipment: | $ TBD |
| | e) | Construction Contingency: | $ TBD |
| | f) | Other: | $ 77,500 |
| ***Total Project Budget:*** | | | **$ 5,135,736** |

***Status:*** ODU Procurement Services awarded the design contract to VMDO, with Ballinger as their science consultant, July 2021. Preliminary Design is scheduled to complete by summer 2022 for DEB submission to the Six-Year Capital Outlay Plan Advisory Committee (6-PAC) for full funding approval. If approved by 6-PAC for full funding of design and construction, design should be finished in 2023 and construction complete by 2026. We recently completed evaluating proposals for the CMaR and anticipate having a contractor under contract by the end of 2021.

## CAMPUS WIDE STORMWATER IMPROVEMENTS

***General Project Information:*** This $5,241,702 project will be used to make improvements to aging campus stormwater management infrastructure and to help ensure the University meets the environmental requirements related to pollutants of concern that are carried by stormwater runoff into the Chesapeake Bay, as set forth by the U.S. Environmental Protection Agency through the Clean Water Act.

***Project Design:*** TBD

***Funding Source*:** VCBA Pool Bonds

***Project Budget:***

| | | |
|---|---|---|
| a) | Acquisition Cost: | $ 275,000 |
| b) | Construction: | $3,872,814 |
| c) | Architect/Engineer Fee: | $ 555,570 |
| d) | Project Inspection: | $ 15,000 |
| e) | Equipment | $ 0 |
| f) | Construction Contingency: | $ 250,000 |
| g) | Other: | $ 273,318 |

***Total Project Budget:*** **$5,241,702**

***Status:*** Civil Engineering scope of work under review by ODU's Office of Environmental Health and Safety. DEB approved the CO-2, allowing funds to be used for planning the various projects. We are contracting with VHB through an existing A/E term contract and anticipate having projects identified and scoped by spring 2022.

**CONSTRUCT CAMPUS DINING IMPROVEMENTS, PHASE II**

***General Project Information:*** This $5,000,000 project will be used to make major improvements to campus dining facilities.

***Project Design:***

***Funding Source*****:** Bond Proceeds

***Project Budget:***

| | | |
|---|---|---|
| a) | Construction: | $ TBD |
| b) | Architect/Engineer Fee: | $ TBD |
| c) | Project Inspection: | $ TBD |
| d) | Equipment | $ TBD |
| e) | Construction Contingency: | $ TBD |
| f) | Other: | $ TBD |

***Total Project Budget:*** **$5,000,000**

***Status:*** Scope of work for campus dining improvements under review by ODU Auxiliary Services. Given the budget impacts due to COVID-19, no financial obligations will be made at this time.

**RENOVATION OF LR HILL FOOTBALL LOCKER ROOM**

***General Project Information:*** This $3,500,000 Project will renovate the approximately 5,400SF LR Hill Football locker room. The new space is anticipated to accommodate 116 to 120 new lockers, shower area, restroom facilities, and a player lounge.

***Project Design:*** Baskervill

***Funding Source*:** Institutional Auxiliary Funds and Private Donations

***Project Budget:***

| | | |
|---|---|---|
| a) | Construction: | $ 2,600,000 |
| b) | Architect/Engineer Fee: | $ 333,391 |
| c) | Project Inspection: | $ 49,109 |
| d) | Equipment | $ 150,000 |
| e) | Construction Contingency: | $ 52,000 |
| f) | Other: | $ 315,500 |

***Total Project Budget:*** **$3,500,000**

***Status:*** Baskervill selected as the project design firm in May of 2021. Complete design by end of 2021 and start construction early 2022.

# Old Dominion University Educational Foundation

## Performance Dashboard as of September 30, 2021
Source: PCR

### Portfolio Summary

| | 09/01/2021 - 09/30/2021 | Trailing 1YR |
|---|---|---|
| **Beginning Market Value** | **$357,770,414** | **$282,174,928** |
| Net Cash Flow | ($10,856,497) | ($8,451,968) |
| Net Investment Change | ($7,536,195) | $65,654,762 |
| **Ending Market Value** | **$339,377,721** | **$339,377,721** |

### Portfolio Allocation vs Target[1]

| Class | Market Value | Current Allocation | Near Term Strategic Allocation | Long Term Strategic Allocation |
|---|---|---|---|---|
| **Equity** | **$165,738,458** | **48.84%** | **45.00%** | **35.00%** |
| **Alternatives** | **$122,384,927** | **36.06%** | **40.00%** | **50.00%** |
| **Fixed Income & Cash** | **$51,254,337** | **15.10%** | **15.00%** | **15.00%** |
| **Total** | **$339,377,721** | **100.00%** | **100.00%** | **100.00%** |

### Portfolio Performance

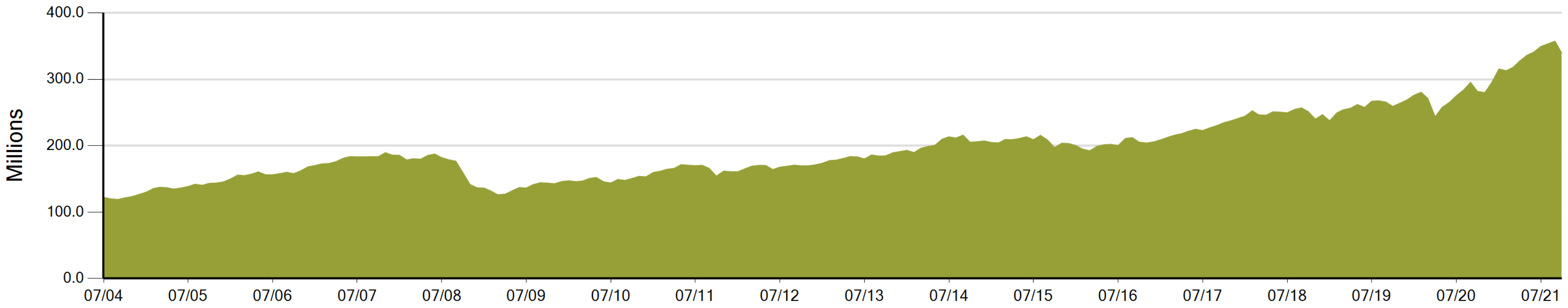
| | Current Allocation (%) | 1M | 3M | CYTD | 1YR | 3YR | 5YR | 10YR | SI |
|---|---|---|---|---|---|---|---|---|---|
| Total Portfolio (Net of Fees) | 100.00% | -2.17% | 0.29% | 10.87% | 23.80% | 11.97% | 11.51% | 9.50% | 8.66% |
| *Policy Index (Total Strategic Policy Index)* | | *-2.02%* | *-0.27%* | *7.06%* | *18.34%* | *9.45%* | *9.75%* | *8.54%* | *5.02%* |
| *Marketable Securities Policy Index* | | *-2.65%* | *-0.39%* | *9.29%* | *21.71%* | *14.50%* | *8.46%* | *4.15%* | *2.08%* |
| *70% S&P 500 (TR) / 30% Barclays US Aggregate* | | *-3.52%* | *0.42%* | *10.22%* | *20.74%* | *12.80%* | *12.71%* | *12.54%* | *7.66%* |
| *70% MSCI ACWI / 30% Barclays Global Aggregate* | | *-3.43%* | *-1.00%* | *6.37%* | *18.94%* | *10.08%* | *9.84%* | *8.89%* | *6.77%* |
| Equity | 48.84% | -4.09% | -1.03% | 10.75% | 27.23% | 14.01% | 14.06% | 11.23% | 10.54% |
| *MSCI AC World USD Net Index* | | *-4.13%* | *-1.05%* | *10.84%* | *27.44%* | *12.58%* | *13.20%* | *11.90%* | *7.73%* |
| Alternative Assets | 36.06% | -0.22% | 2.04% | 16.77% | 32.58% | 13.47% | 12.25% | 9.59% | 8.16% |
| *HFRI FOF: Diversified CM ARR* | | *0.13%* | *0.93%* | *5.39%* | *13.40%* | *6.36%* | *5.68%* | *4.38%* | *3.94%* |
| Fixed Income | 13.12% | -0.53% | 0.53% | -0.12% | 1.00% | 4.17% | 2.86% | 3.07% | 4.84% |
| *BB U.S. Aggregate Index* | | *-0.87%* | *0.05%* | *-1.53%* | *-0.90%* | *5.36%* | *2.94%* | *3.01%* | *4.38%* |
| Cash & Equivalents | 1.98% | 0.00% | 0.01% | 0.02% | 0.03% | 0.31% | 0.32% | 0.16% | 0.09% |

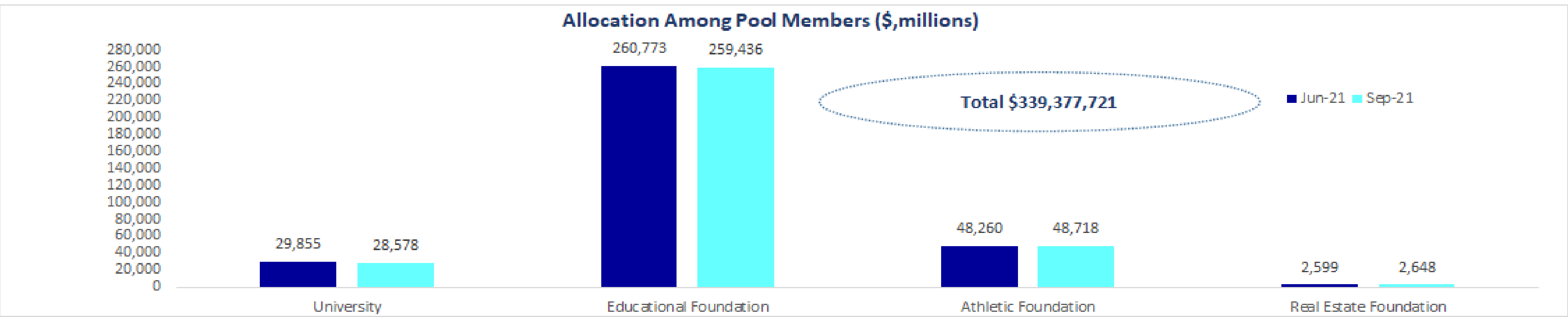
* Market Values and Performance Data received from PCR as of 9/30/2021. Data for ODU portfolio policy index prior to 9/30/2020 provided by ODU to PCR.
**J.P. Morgan Strategic Policy Index 9/30/2020 – Present: S&P 500 (TR) 22.00%, Russell Midcap (TR) 5.00%, MSCI EAFE (TR) 15.00%, MSCI Emerging Markets (TR) 8.00%, HFRI Relative Value 6.00%, Cambridge Associates Private Equity 15.00%, NCREIF Property Index 9.00%, Dow Jones U.S. Select REIT (TR) 2.00%, Bloomberg Commodity Index (TR) 3.00%, Barclays U.S. Aggregate 15.00%. Historical benchmark provided by Mercer and detailed on the Benchmark Composition page. 1. Total portfolio allocation includes $81,918,115 of legacy illiquid alternative investments that are not custodied at J.P. Morgan.

# OLD DOMINION UNIVERSITY EDUCATIONAL FOUNDATION

09/30/2021

## Market Value History - Since Inception




Source: PCR

# ODU Special Display Report

09/30/2021

## Multi-Period Performance

| | Market Value | 07/01/2021 To 09/30/2021 | Year To Date | Last 12 Months | Last 3 Years | Last 5 Years | Last 10 Years | Since Inception | Inception Date |
|---|---|---|---|---|---|---|---|---|---|
| Total Portfolio (Net of Fees) | $339,377,721 | 0.29% | 10.87% | 23.80% | 11.97% | 11.51% | 9.50% | 8.66% | 12/26/2001 |
| *Policy Index (Total Strategic Policy Index)* | | *-0.27%* | *7.06%* | *18.34%* | *9.46%* | *9.75%* | *8.54%* | *5.02%* | |
| *Marketable Securities Policy Index* | | *-0.39%* | *9.29%* | *21.71%* | *14.50%* | *8.46%* | *4.15%* | *2.08%* | |
| Equities | | | | | | | | | |
| US Large-Cap | | | | | | | | | |
| US Large Cap | $88,432,882 | 0.35% | 16.28% | 31.18% | 16.02% | 16.77% | - | 14.74% | 09/30/2012 |
| Total US Large-Cap | $88,432,882 | 0.35% | 16.28% | 31.18% | 16.02% | 16.77% | - | 14.74% | 09/30/2012 |
| *S&P 500 (TR)* | | *0.58%* | *15.92%* | *30.00%* | *15.99%* | *16.90%* | - | *15.20%* | |
| US Mid-Cap | | | | | | | | | |
| US Mid Cap | $6,696,283 | 0.01% | 15.44% | 36.22% | - | - | - | 29.51% | 09/01/2020 |
| Total US Mid-Cap | $6,696,283 | 0.01% | 15.44% | 36.22% | - | - | - | 26.83% | 11/30/2018 |
| *Russell Midcap (TR)* | | *-0.93%* | *15.17%* | *38.11%* | - | - | - | *17.90%* | |
| EAFE Equity | | | | | | | | | |
| EAFE Equity | $40,353,014 | -0.13% | 8.62% | 28.66% | 10.66% | 11.37% | 9.57% | 5.46% | 03/01/2008 |
| Total EAFE Equity | $40,353,014 | -0.13% | 8.62% | 28.66% | 10.66% | 11.37% | 9.57% | 5.46% | 03/01/2008 |
| *MSCI EAFE (TR)* | | *-0.35%* | *8.79%* | *26.29%* | *8.13%* | *9.33%* | *8.60%* | *4.10%* | |
| Emerging Market Equity | | | | | | | | | |
| Emerging Market Equity | $30,256,279 | -6.52% | -0.52% | 18.25% | 15.82% | 11.08% | 6.78% | 8.39% | 10/31/2004 |
| Total Emerging Market Equity | $30,256,279 | -6.52% | -0.52% | 18.25% | 15.82% | 11.08% | 6.78% | 8.39% | 10/31/2004 |
| *MSCI Emerging Markets (TR)* | | *-7.97%* | *-0.99%* | *18.58%* | *8.96%* | *9.62%* | *6.46%* | *8.82%* | |
| Equities | $165,738,458 | -1.03% | 10.75% | 27.23% | 14.01% | 14.18% | 11.52% | 10.71% | 10/31/2004 |

# ODU Special Display Report

09/30/2021

## Multi-Period Performance

| | Market Value | 07/01/2021 To 09/30/2021 | Year To Date | Last 12 Months | Last 3 Years | Last 5 Years | Last 10 Years | Since Inception | Inception Date |
|---|---|---|---|---|---|---|---|---|---|
| Alternatives | | | | | | | | | |
| Alternatives | | | | | | | | | |
| Alternatives | $122,384,926 | 2.04% | 16.77% | 32.58% | 13.47% | 12.17% | 10.13% | 7.75% | 12/26/2001 |
| Total Alternatives | $122,384,926 | 2.04% | 16.77% | 32.58% | 13.47% | 12.17% | 10.13% | 7.75% | 12/26/2001 |
| *HFRI Fund Of Funds Composite* | | *0.83%* | *5.83%* | *14.41%* | *6.53%* | *5.82%* | *4.47%* | *3.99%* | |
| Alternatives | $122,384,926 | 2.04% | 16.77% | 32.58% | 13.47% | 12.17% | 10.13% | 8.43% | 12/26/2001 |
| Fixed Income | | | | | | | | | |
| US Inflation Linked Bonds | | | | | | | | | |
| US Inflation Linked Bonds | $8,718,686 | 1.73% | 3.03% | 4.67% | - | - | - | 7.64% | 04/09/2019 |
| Total US Inflation Linked Bonds | $8,718,686 | 1.73% | 3.03% | 4.67% | - | - | - | 7.64% | 04/09/2019 |
| *Bloomberg U.S. Treasury: Tips* | | *1.75%* | *3.51%* | *5.19%* | - | - | - | *8.05%* | |
| US Aggregate Bonds | | | | | | | | | |
| US Aggregate Bonds | $35,815,626 | 0.20% | -0.85% | 0.20% | 3.78% | 2.58% | - | 2.37% | 09/30/2012 |
| Total US Aggregate Bonds | $35,815,626 | 0.20% | -0.85% | 0.20% | 3.78% | 2.58% | - | 2.37% | 09/30/2012 |
| *Bloomberg U.S. Aggregate* | | *0.05%* | *-1.55%* | *-0.90%* | *5.36%* | *2.94%* | - | *2.77%* | |
| Fixed Income | $44,534,312 | 0.53% | -0.12% | 1.00% | 4.17% | 2.86% | 3.07% | 4.84% | 04/01/2006 |
| Cash and Equivalents | | | | | | | | | |
| Cash | | | | | | | | | |
| Endowment Cash | $6,720,025 | 0.01% | 0.02% | 0.03% | 0.31% | 0.32% | - | 0.18% | 09/25/2012 |
| Total Cash | $6,720,025 | 0.01% | 0.02% | 0.03% | 0.31% | 0.32% | 0.16% | 0.09% | 07/31/2003 |
| *Bloomberg U.S. Short Treasury* | | *0.01%* | *0.03%* | *0.06%* | *1.12%* | *1.10%* | *0.59%* | *0.90%* | |
| Cash and Equivalents | $6,720,025 | 0.01% | 0.02% | 0.03% | 0.31% | 0.32% | 0.16% | 0.09% | 07/31/2003 |

Source: PCR