



OLD DOMINION UNIVERSITY

Financial Statements

June 30, 2024

OLD DOMINION UNIVERSITY

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OLD DOMINION UNIVERSITY
Management's Discussion and Analysis
June 30, 2024

Introduction

We are pleased to present this Management's Discussion and Analysis (MD&A) for Old Dominion University (the University). This MD&A is intended to make the University's financial statements easier to understand by providing an analysis of the University's financial activities based on currently known facts, decisions, and existing conditions.

This discussion includes an analysis of the University's financial condition and results of operations for the fiscal year ended June 30, 2024. 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, 2023.

Since this presentation includes 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 the completeness and fairness of this MD&A as well as the financial statements and related footnotes.

Overview of the Financial Statements

In addition to this MD&A, our financial statements consist of the following four parts:

- 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 a snapshot of the University's financial position at year end. From the data presented, readers of the Statement of Net Position can determine the assets available to continue the University's operations and identify how much the University owes vendors and creditors. Finally, the Statement of Net Position provides a picture of the University's assets and the restrictions for expenditure for the net position components. An increase in net position over time is an indicator of an organization's financial health.
- The **Statement of Revenues, Expenses and Changes in Net Position** presents the total revenues earned and expenses incurred by the University for operating, nonoperating, and other related activities during a period (the fiscal year ended June 30). Its purpose is to identify the components leading to the change in net position during the fiscal year, including operating activities, nonoperating items, and other activities.
- The **Statement of Cash Flows** presents the University's cash receipts and payments during a period (the fiscal year ended June 30). Its purpose is to assess the University's ability to generate cash flows and meet its payment obligations as they come due.
- The **Notes to the Financial Statements** present additional information to support the financial statements and are commonly referred to as Notes. Their purpose is to clarify and expand on the information in the financial statements. Notes are referenced in this discussion to indicate where details of the financial highlights may be found.

Financial Analysis

The financial analysis below can be combined with relevant nonfinancial indicators to assess the overall health of the University.

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Condensed Summary of Net Position
(Amounts in thousands)

	As of June 30,		Increase /	Percent
	2024	2023	(Decrease)	Change
<u>Assets and deferred outflows:</u>				
Current assets	\$ 223,820	\$ 270,628	\$ (46,808)	-17.3%
Capital Assets, net of accumulated depreciation and amortization	912,025	892,050	19,975	2.2%
Other noncurrent assets	103,327	90,280	13,047	14.5%
Total assets	1,239,172	1,252,958	(13,786)	-1.1%
Deferred outflows of resources	38,739	30,250	8,489	28.1%
Total assets & deferred outflows	1,277,911	1,283,208	(5,297)	-0.4%
<u>Liabilities and deferred inflows:</u>				
Current liabilities	122,094	134,883	(12,789)	-9.5%
Noncurrent liabilities	435,032	444,674	(9,642)	-2.2%
Total liabilities	557,126	579,557	(22,431)	-3.9%
Deferred inflows of resources	24,609	40,696	(16,087)	-39.5%
Total liabilities & deferred inflows	581,735	620,253	(38,518)	-6.2%
<u>Net position:</u>				
Net investment in capital assets	609,956	570,438	39,518	6.9%
Restricted	49,451	49,172	279	0.6%
Unrestricted	36,768	43,345	(6,577)	-15.2%
Total net position	\$ 696,175	\$ 662,955	\$ 33,220	5.0%

Assets

Assets are resources owned by the University that are measured at current or fair value, except for capital assets, which are stated at historical cost less an allowance for depreciation and amortization. Total assets decreased by \$13.8 million during FY 2024.

Noncurrent assets increased by \$33.0 million during the year, primarily from capital assets which increased by \$20 million net of depreciation and amortization and from restricted cash balances not to be spent in the short term which grew by \$18.5 million. These increases were offset by a decrease in appropriations available from the Commonwealth of \$7.4 million.

While noncurrent assets increased by \$33.0 million, current assets decreased by \$46.8 million. Factors that contributed to this decrease included a decrease in the amount due from the Commonwealth of \$9.5 million (the amount due in FY 2023 was unusually high), a decrease in prepaids of \$5.3 million, and a decrease in cash and cash equivalents of \$32.9 million which resulted in part from purposeful efforts to promptly pay and reduce accounts payable, increased operating expenses and a reduction in gifts.

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The increase in noncurrent assets coupled with the decrease in current assets yielded a net decrease in net assets of \$13.8 million.

Deferred Outflows of Resources

Deferred Outflows of Resources are a consumption of net position that are applicable to future reporting periods. The increase in deferred outflows of resources of \$8.5 million pertains to pensions and OPEB and results from actuarial projections related to investments and earnings from investments.

Liabilities

Liabilities are amounts the University owes to others or resources it has collected from others before the University has provided services. During FY 2024 both current liabilities, those due within a year, and non-current liabilities decreased. The decrease for all liabilities totaled \$22.4 million.

The decrease in current liabilities of \$12.8 million resulted from decreases in accounts payable of \$12.5 million, and in short-term debt of \$1.5 million partially offset by increases in obligations under securities lending of \$1.6 million.

The decrease in non-current liabilities of \$9.6 million resulted from payments made during the fiscal year on notes and bonds payable.

Deferred Inflows of Resources

Deferred Inflows of Resources are an acquisition of net position that are applicable to future reporting periods. The decrease in deferred inflows of resources of \$16.1 million pertains to pensions and OPEB and results from actuarial projections related to investments and earnings from investments.

Net Position

Net position is the excess of the University's total assets and deferred outflows over its total liabilities and deferred inflows. Net position is classified as follows:

- Net investment in capital assets – depicts the University's total investment in capital assets, net of accumulated depreciation, amortization, and outstanding debt obligations related to those capital assets. Debt incurred, but not yet expended for capital assets, is not included as a component of net investment in capital assets.
- Restricted net position – depicts resources the University is legally or contractually obligated to expend in accordance with restrictions imposed by external third parties. It also includes endowments and similar type funds where donors or other outside sources have stipulated that, as a condition of the gift instrument, the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income to be expended or added to the principal.
- Unrestricted net position – depicts resources used for the University's general operations. These may be used at the discretion of the University to meet current expenses for any lawful purpose in support of the University's primary missions of education, research, and public service. These resources are derived from student tuition and fees, state appropriations, and sales and services of auxiliary enterprises which are entities that provide services for students, faculty, and staff.

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Total net position increased by \$33.2 million in FY 2024 which is due to:

- A \$39.5 million increase in net investment in capital assets including capital appropriations and gifts to support construction projects.
- Plus a \$279 thousand increase in restricted net position which reflects the use in FY 2024 of restricted resources spent in accordance with the restrictions received from the donors of the funds offset by an increase during the year of restricted, nonexpendable resources such as endowments.
- Less a \$6.6 million decrease in unrestricted net position from net operating activities.

Capital Asset and Debt Administration

The University continues to maintain and upgrade current structures, as well as add 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 4. Capital asset additions for June 30, 2024, include increases of \$27.2 million in construction in progress, \$101.3 million in buildings, \$21.5 million in equipment, \$2.2 million in right of use subscriptions, \$3.6 million in right of use leases, and \$1.5 million in infrastructure.

While there were new additions to construction in progress, certain projects completed during fiscal year 2024. As a result, there was an overall decrease in construction in progress during the year of \$102.7 million. Additions during the year pertained to the Health Sciences building, the Biology building, and several renovation projects. Projects that completed during fiscal year 2024 included the Health Sciences building and various renovation projects.

Capital projects were financed via General Obligation bonds, Revenue bonds, and the receipt of 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 \$21.2 million as reflected in Notes 6 and 7. The net decrease is the result of normal principal payments.

Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position, as presented on the Statement of Net Position, is 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.

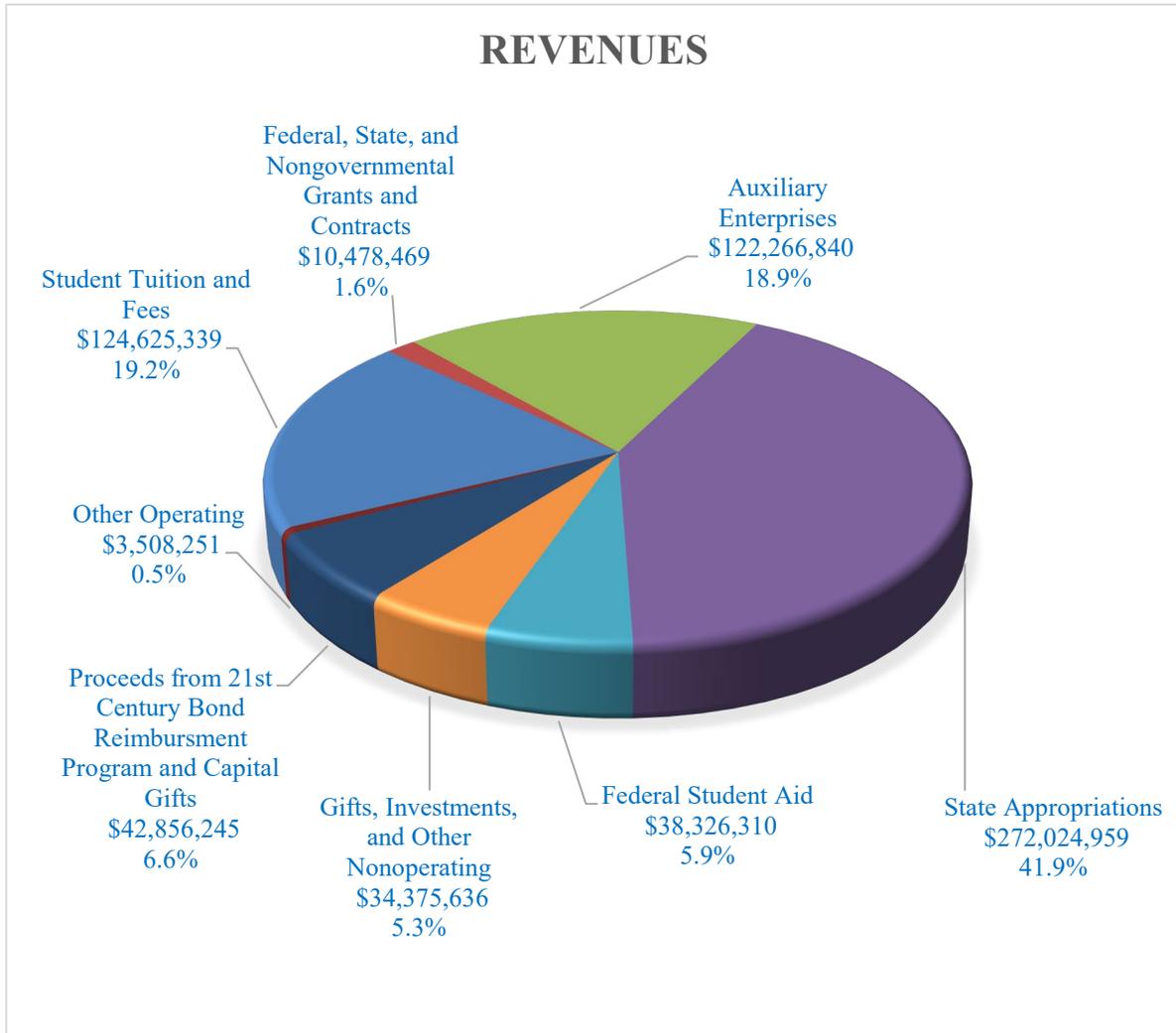
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Condensed Summary of Revenues, Expenses and Changes in Net Position
(Amounts in thousands)

	Year ended June 30,		Increase/ (decrease)	Percent change
	2024	2023		
Student tuition and fees	\$ 124,625	127,341	(2,716)	-2.1%
Auxiliary enterprises	122,267	123,189	(922)	-0.7%
Other revenues	13,987	15,348	(1,361)	-8.9%
Operating expenses	<u>609,684</u>	<u>567,841</u>	<u>41,843</u>	<u>7.4%</u>
Operating loss	(348,805)	(301,963)	(46,842)	-15.5%
Net nonoperating revenues and expenses	<u>328,874</u>	<u>319,479</u>	<u>9,395</u>	<u>2.9%</u>
(Loss) Income before other revenues/ (expenses)/gains/(losses)	(19,931)	17,516	(37,447)	-213.8%
Capital appropriations and gifts	<u>42,856</u>	<u>59,148</u>	<u>(16,292)</u>	<u>-27.5%</u>
Increase in net position	22,925	76,664	(53,739)	-70.1%
Net position – beginning of year *	<u>673,250</u>	<u>586,291</u>	<u>86,959</u>	<u>14.8%</u>
Net position – end of year	<u>\$ 696,175</u>	<u>662,955</u>	<u>33,220</u>	<u>5.0%</u>

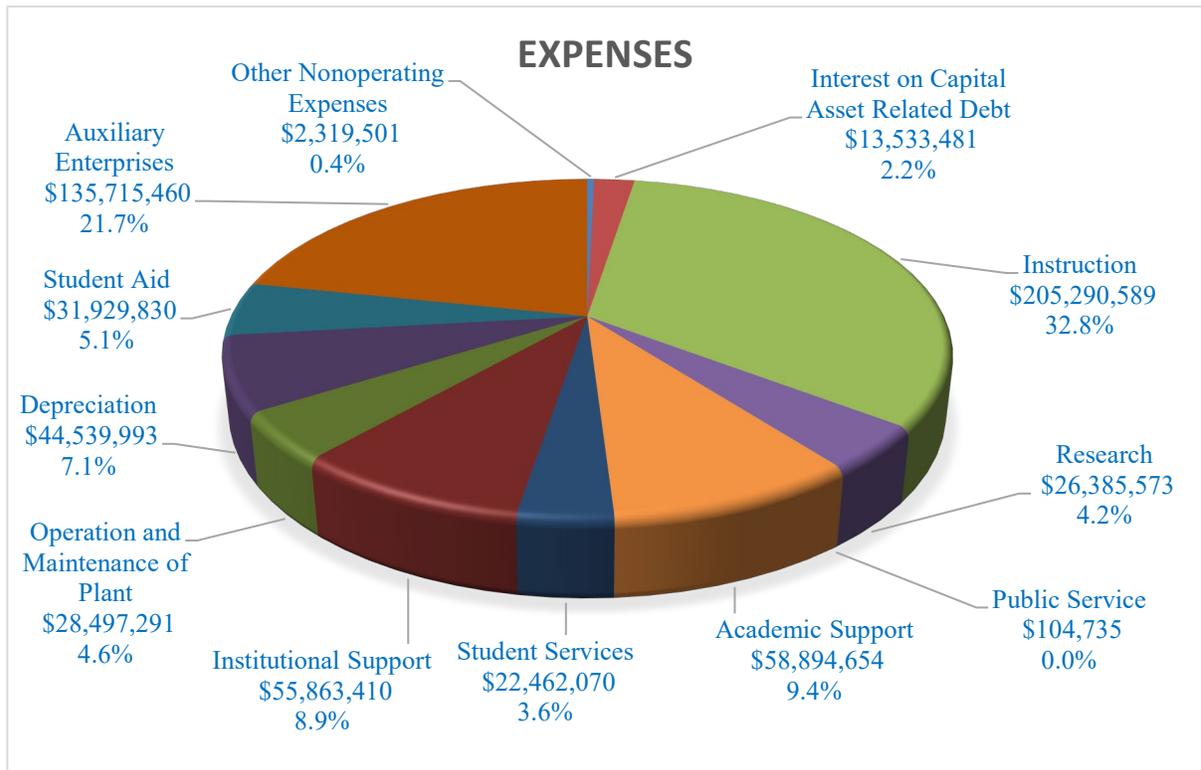
* In 2024, net position was restated due to the implementation of GASB amended guidance within Question 5.1 in Implementation Guide No. 2021-1. See Note 1 for further information. In 2023, net position was restated due to the implementation of GASB 96 and miscellaneous restatements.

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Net nonoperating revenues and expenses increased by \$9.4 million or 2.9% primarily due to an increase in state appropriations of \$28.7 million offset by a decrease in Coronavirus Relief funding of \$16.2 million. Net other revenues and expenses decreased by \$16.3 million or 27.5% resulting primarily from an \$9.2 million decrease in proceeds from the 21st Century and Equipment Trust Fund Bond Reimbursement Programs and a \$6.8 million decrease in capital appropriations.

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Operating expenses increased by \$41.8 million or 7.4%. The increase is attributed to inflation in the economy, especially related to personnel expenses, and to a rebound from the pandemic, as the University incurred a full year of activity. Particular increases came from instruction related expenses which were up \$15 million or 7.9%, academic support which increased \$8.9 million or 17.8%, auxiliary activities which were greater by \$2.4 million or 1.8%, student aid which increased \$3.5 million or 12.2%, student services which were up \$2.6 million or 13.3%, research which was greater by \$3.6 million or 15.9%, and depreciation and amortization which increased by \$6.5 million or 17.2%.

Statement of Cash Flows

The Statement of Cash Flows provides relevant information that aids in the assessment of the University's ability to generate cash to meet present and future obligations and provides detailed information reflecting the University's sources and uses of cash during the fiscal year. Cash flows are reported in four categories:

- **Cash flows from operating activities** show the net cash used by the operating activities of the University. Primary sources of cash include tuition and fees and auxiliary enterprises. Primary uses of cash include wages and benefits, supplies, services, and scholarships paid. Due to the categorization of operating and nonoperating expenses by GASB, cash flows from operating activities typically reflect a net use of cash.
- **Cash flows from non-capital financing activities** is a major funding source for operating expenses and includes state appropriations, federal Pell grants, donations and other activities not covered in the other sections.

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- **Cash flows from capital financing activities** include inflows from the Commonwealth capital appropriations and gifts and outflows to purchase or construct capital assets and related long-term debt activities.
- **Cash flows from investing activities** show the net source and use of cash related to purchasing or selling investments and earning income on those investments.

Though not included below, an additional section of the statement of cash flows 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,		Increase/ (decrease)	Percent change
	2024	2023		
Cash flows from operating activities	\$ (317,081)	(260,853)	(56,228)	-21.6%
Cash flows from non-capital financing activities	331,535	323,658	7,877	2.4%
Cash flows from capital financing activities	(38,604)	(60,597)	21,993	36.3%
Cash flows from investing activities	8,072	5,958	2,114	35.5%
Net change in cash	\$ (16,078)	8,166	(24,244)	-296.9%

Economic Outlook

As part of the Commonwealth of Virginia's statewide system of higher education, the University's economic outlook is closely tied to that of the Commonwealth. Economic factors related to the Commonwealth can be found in the Commonwealth's Annual Comprehensive Financial Report (ACFR). The University receives significant Commonwealth support from operating and capital appropriations. The University's strong economic health continued in FY 2024 evidenced by the overall growth in net position of \$33.2 million.

In May of 2024, the Commonwealth passed its budget for FY25 and FY26. For FY25, this budget increased funding to the University by \$7.65 million in education and general programs, and \$2.3 million in student financial aid. Additionally, the University received \$10.6 to cover a portion of the costs of tuition and fee waivers granted under the Virginia Military Survivors and Dependents Program. The Commonwealth budget also provided partial funding for 3% compensation increases for full-time faculty, administrators, and staff, as well as adjunct faculty and wage-hourly employees, and partial funding for a 6.3% increase in health insurance premiums. The Commonwealth also provided \$35 million to Old Dominion University in FY25 to support the integration of the former Eastern Virginia Medical School to create the Macon and Joan Brock Virginia Health Sciences.

Demand for a degree from Old Dominion University remains strong, and the University is a vital contributor to the economy. As a successful, public research institution, Old Dominion University will continue to enrich the Commonwealth, the nation, and the world through rigorous academic programs, strategic partnerships, and active civic engagement.

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It's seven academic colleges (Arts and Letters, Business, Education and Professional Studies, Engineering and Technology, Health Sciences, Sciences, and Honors) and three schools (Graduate School, School of Cybersecurity, and School of Nursing) offer several hundred baccalaureate, master's, doctoral, and special programs including an award-winning distance learning program. The University provides a world-class education to more than 23,000 undergraduate and graduate students and has a strong global network of over 165,000 alumni across 50 states and 53 countries.

The University's local, regional, and national impact continues to grow. Our entrepreneurial approach drives research and collaboration, and the University contributes \$3.8 billion annually to the Virginia economy. Old Dominion University educates the workforce of tomorrow and serves business enterprises today.

Additionally, the University's researchers partner with business and government leaders to create answers for society's most pressing challenges. Old Dominion University has nationally known research strengths in coastal resilience, modeling and simulation, bio electrics, cybersecurity, and port logistics and maritime engineering and is a key partner for the Thomas Jefferson National Laboratory and the NASA-Langley Research Center. Currently our research teams generate over \$75 million in annual funding and are working on projects across the state.

These initiatives fill a vital need in the workforce and are propelling job creation and economic growth by tying into regional strengths—federal labs, the port, military, Chesapeake Bay, and health care.

In merging with Eastern Virginia Medical School (EVMS), the University has responded to another vital need in the region. The merger, which takes effect at the beginning of FY 2025, promises to improve healthcare services and the lives of people in the Hampton Roads region. A great deal of research and planning helped bring this merger to fruition, and we expect that it will touch many lives and be an economic success for the University and the region for decades to come.

The merger with EVMS represents one action the University is undertaking to serve others. Many other efforts are enumerated in our five-year strategic plan entitled, "Forward-Focused: Where Innovation Meets Possibilities." This plan is a map for the short-term focus and long-term success of Old Dominion University. It enumerates our goals and our strategies and gives us reason to have a very positive economic outlook.

Like the Commonwealth to which we are tied, Old Dominion University endures through economic times good and bad. Our services are highly desired, and our importance to and strong ties with the economy is undeniable. The University's constant pursuit of operational efficiencies and innovations in the delivery of education and research, its responsiveness to important needs in the region, and its commitment to excellence and to making a meaningful, positive difference in the lives of others gives us confidence that we will continue to attract students, faculty, and staff as well as research and business partners.

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Statement of Net Position

As of June 30, 2024

	<u>Old Dominion</u> <u>University</u>	<u>Component</u> <u>Units</u>
Assets and Deferred Outflows of Resources		
Current assets:		
Cash and cash equivalents (note 2)	\$ 181,059,413	18,776,381
Accounts receivable, net (note 3)	27,160,349	26,421,340
Contributions receivable (net of allowance \$1,123,066) (note 10)	—	16,875,069
Due from the Commonwealth (note 9)	991,975	—
Appropriations available	8,702,118	—
Travel advances	—	121,512
Prepaid expenses	4,810,042	1,248,784
Inventory	519,864	—
Notes receivable (net of allowance for doubtful accounts \$178,237)	576,562	—
Other assets	—	788,995
Total current assets	<u>223,820,323</u>	<u>64,232,081</u>
Noncurrent assets:		
Restricted cash and cash equivalents (note 2)	46,612,629	—
Investments (notes 2 and 10)	40,864,433	358,726,934
Appropriations available	8,892,649	—
Accounts receivable	—	27,730,722
Contributions receivable (net of allowance \$78,996) (note 10)	—	20,673,719
Prepaid expenses	1,001,928	—
Notes receivable (net of allowance for doubtful accounts \$32,151)	149,616	—
Nondepreciable capital assets (notes 4 and 10)	57,036,464	20,420,452
Capital assets, net (notes 4 and 10)	854,988,448	18,025,446
Other post-employment benefits asset (note 15)	5,805,241	—
Other assets (note 10)	—	1,166,923
Total noncurrent assets	<u>1,015,351,408</u>	<u>446,744,196</u>
Total assets	<u>1,239,171,731</u>	<u>510,976,277</u>
Deferred outflows of resources:		
Pension related (note 12)	28,555,727	—
Other post-employment benefits related (note 15)	7,907,253	—
Loss on refunding of debt (note 7)	2,276,186	—
Total deferred outflows of resources	<u>38,739,166</u>	<u>—</u>
Total assets and deferred outflows of resources	<u>\$ 1,277,910,897</u>	<u>510,976,277</u>
Liabilities and Deferred Inflows of Resources		
Current liabilities:		
Accounts payable and accrued expenses (note 5)	\$ 46,949,046	10,075,579
Unearned revenue	31,290,821	9,591,135
Obligations under securities lending	12,603,016	—
Deposits held in custody for others	888,185	38,929
Line of credit	—	4,328,543
Long term liabilities – current portion (notes 6 and 10)	30,363,230	5,134,737
Total current liabilities	<u>122,094,298</u>	<u>29,168,923</u>
Noncurrent liabilities:		
Investments held for others	—	26,720,419
Other noncurrent liabilities (notes 6 and 10)	435,032,158	39,657,143
Total noncurrent liabilities	<u>435,032,158</u>	<u>66,377,562</u>
Total liabilities	<u>557,126,456</u>	<u>95,546,485</u>
Deferred inflows of resources:		
Gain on refunding of debt (note 7)	270,649	—
Pension related (note 12)	11,137,051	—
Other post-employment benefits related (note 15)	13,200,865	—
Total deferred inflows of resources	<u>24,608,565</u>	<u>—</u>
Total liabilities and deferred inflows of resources	<u>581,735,021</u>	<u>95,546,485</u>
Net Position		
Net investment in capital assets	609,956,332	34,117,356
Restricted for:		
Nonexpendable	7,081,202	189,638,481
Expendable	42,370,171	139,240,638
Unrestricted	36,768,171	52,433,317
Total net position	<u>696,175,876</u>	<u>415,429,792</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,277,910,897</u>	<u>510,976,277</u>

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, 2024

	<u>Old Dominion University</u>	<u>Component Units</u>
Operating revenues:		
Student tuition and fees (net of scholarship allowances of \$54,783,938)	\$ 124,625,339	—
Gifts and contributions	—	26,261,497
Federal grants and contracts	7,335,178	—
State grants and contracts	2,957,226	—
Indirect cost	—	10,176,492
Sponsored research	—	50,483,077
Nongovernmental grants and contracts	186,065	—
Auxiliary enterprises (net of scholarship allowances of \$38,313,177)	122,266,840	—
Other operating revenues	3,508,251	10,560,293
Total operating revenues	<u>260,878,899</u>	<u>97,481,359</u>
Operating expenses:		
Instruction	205,290,589	2,355,749
Research	26,385,573	49,319,133
Public service	104,735	—
Academic support	58,894,654	14,586,847
Student services	22,462,070	—
Institutional support	55,863,410	25,987,510
Operation and maintenance	28,497,291	197,274
Depreciation and amortization	44,539,993	689,791
Student aid	31,929,830	7,970,116
Auxiliary enterprises	135,715,460	—
Total operating expenses (note 8)	<u>609,683,605</u>	<u>101,106,420</u>
Operating loss	<u>(348,804,706)</u>	<u>(3,625,061)</u>
Nonoperating revenues (expenses):		
State appropriations (note 9)	272,024,959	—
Pell grant revenue	38,326,310	—
Gifts	21,585,193	—
Investment income	9,802,810	19,347,620
OPEB-related contribution revenue	520,502	—
Pension-related contribution revenue	1,580,783	—
Other nonoperating revenues	886,348	—
(Loss) gain on disposal of plant assets	(56,948)	4,150
Contribution to permanent	—	17,177,304
Other nonoperating expenses	(533,808)	—
Interest of capital asset related debt	(13,533,481)	—
Payments to Commonwealth from state appropriations	(1,108,899)	—
Payments to Treasury Board for ETF	(374,473)	—
Payments to grantors	(245,373)	—
Net nonoperating revenues and (expenses)	<u>328,873,923</u>	<u>36,529,074</u>
(Loss) income before other revenues, (expenses), gains, and (losses)	<u>(19,930,783)</u>	<u>32,904,013</u>
Capital appropriations and gifts (note 9)	<u>42,856,245</u>	<u>—</u>
Increase in net position	<u>22,925,462</u>	<u>32,904,013</u>
Net position – beginning of year	662,954,694	382,525,779
GASB Restatement (Note 1)	9,647,456	—
Other Miscellaneous Restatements (Note 1)	648,264	—
Net position – beginning of year restated	<u>673,250,414</u>	<u>382,525,779</u>
Net position – end of year	<u>\$ 696,175,876</u>	<u>415,429,792</u>

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

OLD DOMINION UNIVERSITY

Statement of Cash Flows

For the year ended June 30, 2024

Cash flows from operating activities:	
Student tuition and fees	\$ 125,397,588
Grants and contracts	9,004,238
Auxiliary enterprises	119,519,857
Payments to employees and fringe benefits	(355,080,376)
Payments for services and supplies	(163,084,790)
Payments for scholarships and fellowships	(43,175,101)
Payments for noncapitalized improvements and equipment	(15,200,275)
Collections of loans from students	4,227
William D. Ford direct lending receipts	90,977,000
William D. Ford direct lending disbursements	(90,977,000)
Other receipts	5,533,241
Net cash used by operating activities	<u>(317,081,391)</u>
Cash flows from non-capital financing activities:	
State appropriations	272,993,890
Pell grant revenue	38,326,310
Gifts and grants for other than capital purposes	21,585,193
Other net nonoperating revenues (expenses)	(1,370,297)
Net cash provided by non-capital financing activities	<u>331,535,096</u>
Cash flows from capital financing activities:	
Capital appropriations and gifts	59,714,500
Acquisition and construction of capital assets	(57,431,008)
Principal paid on capital debt, leases and installments	(26,023,995)
Interest paid on capital debt, leases and installments	(14,862,932)
Net cash used by capital financing activities	<u>(38,603,435)</u>
Cash flows from investing activities:	
Proceeds from investments	3,351,415
Interest on investments	6,016,386
Purchase of investments and related fees	(1,120,092)
Other investment activities	(176,135)
Net cash provided by investing activities	<u>8,071,574</u>
Net change in cash	(16,078,156)
Cash and cash equivalents – beginning of the year	<u>231,147,182</u>
Cash and cash equivalents – end of the year	<u>\$ 215,069,026</u>

OLD DOMINION UNIVERSITY

Statement of Cash Flows

For the year ended June 30, 2024

Reconciliation of statement of cash flows to statement of net position:

Statement of net position:

Cash and cash equivalents	\$ 227,672,042
Less securities lending – Treasurer of Virginia	<u>(12,603,016)</u>
Net cash and cash equivalents	<u>\$ 215,069,026</u>

Reconciliation of net operating loss to net cash used by operating activities:

Operating loss	\$ (348,804,706)
Adjustments to reconcile net income (loss) to net cash used by operating activities:	
Depreciation and amortization	44,539,993
Changes in assets, deferred outflows, liabilities, and deferred inflows:	
Net receivables	(1,910,202)
Prepaid expenses	5,470,900
Inventory	(53,071)
OPEB asset	(386,034)
Deferred outflows of resources related to pensions	(9,616,373)
Deferred outflows of resources related to OPEB	191,896
Accounts payable and accrued expenses	(3,910,545)
Notes receivable	112,754
Unearned revenue	299,362
Current and non-current liabilities	523,257
Net pension liability	10,825,970
Net OPEB liability	(1,120,653)
Deferred inflows of resources related to pensions	(8,352,805)
Deferred inflows of resources related to OPEB	<u>(4,891,134)</u>
Net cash used by operating activities	<u>\$ (317,081,391)</u>

Non-cash investing, capital and financing activities:

Change in fair value of investments	\$ 2,176,545
Amortization of bond premium (discount) and gain (loss) on debt refunding	1,029,208
Right of use assets acquired through the assumption of a liability	5,874,262
VRS and VaLORS Special Revenue Allocation	2,101,285
Loss on disposal of plant assets and right to use assets	56,948
Retainage payable	(1,626,448)
Purchases of capital assets outstanding in accounts payable	(6,754,656)
Proceeds from issuance of general obligation bonds	2,540,000

NOTES TO THE FINANCIAL STATEMENTS

OLD DOMINION UNIVERSITY

Notes to Financial Statements

June 30, 2024

Note 1: Summary of Significant Accounting Policies

(a) 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 *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, including financial statements, 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 year end. All amounts reflected are as of December 31, 2023. The Research Foundation coordinates and accounts for substantially all grants and contracts awarded for research at the University and has adopted June 30, 2024 as its year end. All amounts reflected are as of June 30, 2024. For additional information, including financial statements, 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.

(b) Income Tax Status

The University is an agency of the Commonwealth and is exempt from federal income tax under Section 115(a) of the Internal Revenue Code. The University's related organizations are 501(c)(3) organizations and are exempt from federal income tax under the Internal Revenue Code. Certain activities may be subject to taxation as unrelated business income per Internal Revenue Code requirements.

OLD DOMINION UNIVERSITY

Notes to Financial Statements

June 30, 2024

(c) Basis of Presentation

The University's accounting policies conform with generally accepted accounting principles as prescribed by the 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.

(d) 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.

(e) 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.

(f) 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.

(g) Accounts Receivable

Accounts receivable primarily consists of tuition and fee charges to students and auxiliary enterprises' sales and services. Receivables also include amounts due from 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.

(h) Notes Receivable

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

OLD DOMINION UNIVERSITY

Notes to Financial Statements

June 30, 2024

(i) Prepaid Expenses

The University's prepaid expenses include membership dues, short-term software subscriptions and software maintenance and support expenses, short-term lease payments, and insurance payments for fiscal years through 2029 that were paid in advance as of June 30, 2024.

(j) 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.

(k) 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.

(l) Capital Assets

Capital assets include land, buildings and other improvements, library materials, equipment, intangibles, and infrastructure assets such as campus lighting. Intangible assets include computer software and right to use lease and subscription-based information technology arrangement (SBITA) assets. 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 and amortization 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	20-50 years
Building improvements	5-19 years
Equipment	2-25 years
Library materials	5 years
Intangible assets:	
Computer software	3-25 years
Right of use assets	2-45 years

OLD DOMINION UNIVERSITY

Notes to Financial Statements

June 30, 2024

Right to use lease and SBITA assets represent the University's right to use an underlying asset for a lease or software subscription term, and are initially measured as the sum of the following:

- Amount of the initial measurement of the related contract liability
- Contract payments made prior to the commencement of the contract term, less any contract incentives
- Initial direct costs that are ancillary charges necessary to place the lease or any capitalizable initial implementation costs necessary to place the subscription asset into service.

Right to use lease and SBITA assets are amortized on a straight-line basis over the shorter of the contract term or the useful life of the underlying asset. Amortization expense is combined with depreciation expense in the statement of revenues, expenses, and changes in net position.

(m) *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, 2024. 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.

(n) *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 VRS State Employee Retirement Plan and the VaLORS Retirement Plan; and the additions to, or deductions from, the VRS State Employee Retirement Plan's and the VaLORS Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(o) *Other Post-Employment Benefits (OPEB)*

(i) *Group Life Insurance*

The 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

OLD DOMINION UNIVERSITY

Notes to Financial Statements

June 30, 2024

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.

(ii) *State Employee Health Insurance Credit Program*

The 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.

(iii) *VRS Disability Insurance Program*

The 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.

(iv) *Line of Duty Act Program*

The 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

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Notes to Financial Statements

June 30, 2024

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.

(v) *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.

(p) *Lease and SBITA Liabilities*

Lease and SBITA liabilities are the University's obligation to pay owners for the right to use the present service capacity of their assets. The University determines if an arrangement contains a long-term lease or SBITA obligation at the inception of a contract. The lease or SBITA classification is determined at the commencement date, the date the University has the right to control the property or subscription. The lease or SBITA term includes renewal options that are reasonably certain of being exercised. Lease and SBITA liabilities are measured at the present value of payments expected to be made during the lease or subscription term. Short-term leases or SBITAs with a term of 12 months or less, including all applicable renewal options, and/or a present value of future minimum lease payments of less than \$50,000, and SBITA payments of less than \$10,000, as applicable, are not recorded on the Statement of Net Position and are recognized as outflows of resources in the period to which the payments relate.

Measurement of the lease or SBITA liability includes the following, if required by a lease or SBITA:

- Fixed payments
- Variable payments that depend on an index or a rate
- Variable payments that are fixed in substance
- Amounts that are reasonably certain of being required to be paid under residual value guarantees
- The exercise price of a purchase option if it is reasonably certain that the University will exercise that option
- Payments for penalties for terminating the lease or SBITA
- Any lease or SBITA incentives
- Any other payments that are reasonably certain of being required based on an assessment of all relevant factors

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Notes to Financial Statements

June 30, 2024

Variable payments are not included in the measurement of the lease or SBITA liability and are recognized as outflows of resources in the period to which those payments relate.

For measurement of lease and SBITA liabilities, the present value of payments expected to be made during the lease or SBITA term is calculated using the discount rate implicit in the lease or subscription agreement.

For real estate leases, the present value of payments expected to be made during the lease term is calculated using the discount rate implicit in the lease agreement and if unavailable, then the University will use the current market rate for lending for office properties within the Commonwealth. For equipment leases and SBITAs, the present value of payments expected to be made during the contract or subscription term is calculated using the discount rate implicit in the agreement and if unavailable, the University will use its incremental borrowing rate at the beginning of the lease term.

(q) *Unearned Revenue*

Unearned revenue represents revenue collected but not earned as of June 30. This primarily includes amounts received for tuition and fees and certain auxiliary activities as well as advance payments received on grants and contracts prior to the end of the fiscal year but related to the period after June 30, 2024.

(r) *Noncurrent Liabilities*

Noncurrent liabilities include principal amounts of bonds payable, notes payable, and long-term lease and SBITA 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 administered by the VRS and OPEB liability for OPEB plans managed by VRS. The Pre-Medicare Retiree Healthcare OPEB is administered by the Virginia Department of Human Resource Management (DHRM).

(s) *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.

(t) *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.

OLD DOMINION UNIVERSITY

Notes to Financial Statements

June 30, 2024

(u) 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.

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.

(v) 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, losses on the disposal of capital assets, and payments to the Commonwealth related to debt service. All other expenses are classified as operating expenses.

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Notes to Financial Statements

June 30, 2024

(w) Scholarship Discounts and Allowances

Student tuition and fee revenues and certain other revenues from charges to students are reported net of scholarship discounts and 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 discount and allowance.

(x) Federal Financial Assistance Programs

The University participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants (SEOG), Federal Work-Study, Direct 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.

(y) 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 2024, funding was provided to the University from two programs, 21st Century College Program and Equipment Trust Fund, managed by the Virginia College Building Authority (VCBA). 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. The statement of revenues, expenses and changes in net position line item "Capital appropriations and gifts" includes reimbursements during the year for the acquisition of equipment and facilities under these programs.

(z) New Accounting Pronouncements

GASB amended guidance within Question 5.1 in Implementation Guide No. 2021-1 which was effective beginning with fiscal year 2024. The amended guidance requires that assets, which when considered individually, fall beneath the University's capitalization threshold, should be capitalized if their aggregated costs exceed the threshold and are significant. The University implemented the standard using the cumulative effect approach and restated beginning net position at July 1, 2023 by

OLD DOMINION UNIVERSITY

Notes to Financial Statements

June 30, 2024

\$9.6 million. Additionally, assets and depreciation expense in the amount of \$4.4 million and \$2.5 million, respectively, were recorded in 2024 as a result of implementing the guidance. An adjustment to prior period net position was also made to correct an error related to debt. Details of the restatement are presented below.

	Beginning Balances As Previously Reported	New Accounting Pronouncement	Error Corrections	Beginning Balances As Restated
Depreciable capital assets:				
Equipment	120,943,725	12,117,731	-	133,061,456
Accumulated depreciation:				
Equipment	85,372,236	2,470,275	-	87,842,511
Gain on refunding of debt	1,013,343		648,264	1,661,607
Net Position:				
Net investment in capital asset:	662,954,694	9,647,456	648,264	673,250,414

(zz) Reclassifications

The University has reclassified certain amounts relating to its prior period results to conform to its current period presentation. Specifically, endowment investments, net investments in capital assets, VCBA and ETF bond proceeds, and capital gifts and grants have been grouped with comparable line items in the current period to enhance consistency and comparability. These reclassifications did not affect previously reported financial results.

Note 2: Cash and Cash Equivalents and Investments

The following information is provided with respect to the University's cash, cash equivalents, and investments and related disclosures as of June 30, 2024, in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*:

- **Custodial Credit Risk** – 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, 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, 2024.
- **Credit risk** – The risk that an issuer or other counterparty to an investment will not fulfill its obligations. 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. As of June 30, 2024, 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. None of the University's investments are considered highly sensitive to changes in interest

OLD DOMINION UNIVERSITY

Notes to Financial Statements

June 30, 2024

rates. The University does not have an interest rate risk policy. Interest rate information is organized by investment type and amount using 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 through pooled investments for June 30, 2024. 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.

(a) 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*. 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.

The Virginia State Non-Arbitrage Program (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission which provides a temporary pooled investment vehicle for proceeds pending expenditure, and with record keeping, depository, and arbitrage rebate calculations. SNAP complies with 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.

The University participates in the State Treasury's securities lending program. GASB Statement 28, *Accounting and Financial Reporting for Securities Lending Transactions*, establishes accounting and financial reporting standards for security lending transactions. In these transactions, governmental entities transfer their securities to broker-dealers and other entities for collateral and simultaneously agree to return the collateral for the same securities in the future.

Information related to the credit risk of these investments and the State Treasury's securities lending program is available on a statewide level in the Commonwealth of Virginia's Annual Comprehensive Financial Report. The Commonwealth's policy is to record unrealized gains and losses in the General Account in the Commonwealth's basic financial statements. When gains or losses are realized, the actual gains and losses are recorded by the affected agencies.

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Notes to Financial Statements

June 30, 2024

Cash and cash equivalents consisted of the following at June 30, 2024:

Cash on hand and deposited with financial institutions	\$	47,490,523
Cash with the Treasurer of Virginia		120,739,083
Collateral held for securities lending		12,603,016
Money market funds		<u>226,791</u>
Total unrestricted cash and cash equivalents		181,059,413
Restricted cash and cash equivalents		<u>46,612,629</u>
Total cash and cash equivalents	\$	<u>227,672,042</u>

(b) 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 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. The University did not have any short-term investments at June 30, 2024.

(c) Endowment

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 2024, the rate was 4.0%. The rate is reviewed and adjusted annually, as deemed prudent.

(d) 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.

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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 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.

The Educational Foundation manages the University's investments using the same investment strategy as endowments, which they also manage. 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 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 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 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. 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. Commonfund has a weekly redemption frequency and a redemption notice period of 5 days.

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Investments Measured at fair value including categorization of credit quality and interest rate risk at June 30, 2024 is as follows:

	Credit rating ⁽³⁾	Total fair value	Maturity				Fair value hierarchy		
			Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	Not Applicable to Fair Value	Level 1 ⁽⁴⁾	Level 2 ⁽⁵⁾
Investments by Fair Value (FV):									
<u>Cash Equivalents:</u>									
Trust/Treasurer of Virginia (Securities Lending)	NR	\$ 12,829,807	\$ 12,829,807	—	—	—	\$ 12,829,807	—	
SNAP	AAAm	4,959,873	4,959,873	—	—	—	4,959,873	—	
Total Cash Equivalents		<u>17,789,680</u>	<u>17,789,680</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>17,789,680</u>	<u>—</u>	
<u>Investments:</u>									
U.S. Treasury securities ⁽¹⁾	NA	1,105,090	220,740	389,114	495,236	—	—	1,105,090	
Corporate bonds	AA+	25,281	—	—	25,281	—	—	25,281	
	AA	43,557	—	43,557	—	—	—	43,557	
	AA-	104,168	—	76,964	27,204	—	—	104,168	
	A+	90,497	24,900	—	65,597	—	—	90,497	
	A	599,552	—	405,228	194,324	—	—	599,552	
	A-	223,556	—	—	197,838	25,718	—	223,556	
	BBB+	51,917	—	51,917	—	—	—	51,917	
Municipal securities	AAA	65,258	—	65,258	—	—	—	65,258	
	AA+	164,618	93,046	71,572	—	—	—	164,618	
	AA	39,009	39,009	—	—	—	—	39,009	
U.S. Government agency mortgage backed	AA+	109,836	19,894	89,942	—	—	—	109,836	
Mutual funds equity ⁽²⁾		2,276,193	—	—	—	—	2,276,193	—	
Mutual Funds – Intl Equity ⁽²⁾		730,971	—	—	—	—	730,971	—	
Total investments by fair value		<u>5,629,503</u>	<u>397,589</u>	<u>1,193,552</u>	<u>1,005,480</u>	<u>25,718</u>	<u>—</u>	<u>4,222,090</u>	
Investments measured at NAV:									
Common fund intermediate term fund AA		7,307,634	—	7,307,634	—	—	—	—	
Educational Foundation External Investment Pool	NA	27,927,296	—	—	—	—	—	—	
Total investments measured at the NAV		<u>35,234,930</u>	<u>—</u>	<u>7,307,634</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	
Total investments		<u>40,864,433</u>	<u>397,589</u>	<u>8,501,186</u>	<u>1,005,480</u>	<u>25,718</u>	<u>—</u>	<u>4,222,090</u>	

⁽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⁾ Represents securities rated using S&P based on the custodian statement

⁽⁴⁾ Level 1 is based upon quoted market prices.

⁽⁵⁾ Level 2 is based on quoted prices for similar instruments in active markets or quoted markets for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets.

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Additional Disclosure for Investments Measured using NAV Estimate

	Fair Value	Redemption Frequency	Redemption Notice Period
Mutual Funds	\$ 7,307,634	Weekly	5 Business Days
Investment in ODU Educational Foundation External Investment Pool	<u>27,927,296</u>	N/A	N/A
	<u>\$ 35,234,930</u>		

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Note 3: Accounts Receivable

Student tuition and fees	\$	20,397,930
Auxiliary enterprise		4,846,624
Federal, state, and non-governmental grants and contracts		5,846,530
Other activities		<u>339,618</u>
Gross receivables		31,430,702
Less allowance for doubtful accounts		<u>(4,270,353)</u>
Net accounts receivable	\$	<u><u>27,160,349</u></u>

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Notes to Financial Statements

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Note 4: Capital assets

	Beginning balance (restated) *	Additions	Reductions	Ending balance
Nondepreciable capital assets:				
Land	\$ 36,902,518	—	—	36,902,518
Construction in progress	95,630,218	27,176,580	102,672,852	20,133,946
Total nondepreciable capital assets	<u>132,532,736</u>	<u>27,176,580</u>	<u>102,672,852</u>	<u>57,036,464</u>
Depreciable capital assets:				
Buildings	941,444,536	101,255,408	—	1,042,699,944
Equipment	132,867,779	21,544,998	1,723,455	152,689,322
Infrastructure	6,361,838	1,453,238	—	7,815,076
Improvements other than buildings	15,787,423	—	—	15,787,423
Library books	62,002,702	486,788	61,710	62,427,780
Intangible assets:				
Computer software	1,117,134	—	—	1,117,134
Right of use assets:				
Buildings	119,023,680	3,645,658	979,205	121,690,133
Subscription	12,301,879	2,228,604	2,577,886	11,952,597
Equipment	178,671	—	—	178,671
Land	2,456,188	—	—	2,456,188
Total depreciable capital assets	<u>1,293,541,830</u>	<u>130,614,694</u>	<u>5,342,256</u>	<u>1,418,814,268</u>
Less accumulated depreciation for:				
Buildings	342,071,744	20,057,447	—	362,129,191
Equipment	87,843,090	11,466,950	1,666,509	97,643,531
Infrastructure	2,906,863	534,945	—	3,441,808
Improvements other than buildings	12,636,932	511,411	—	13,148,343
Library books	60,803,895	566,397	61,710	61,308,582
Intangible assets:				
Computer software	1,109,392	1,204	—	1,110,596
Right of use assets:				
Buildings	13,365,653	6,873,810	979,203	19,260,260
Subscription	3,527,726	4,271,505	2,577,886	5,221,345
Equipment	41,998	37,449	—	79,447
Land	263,842	218,875	—	482,717
Total accumulated depreciation	<u>524,571,135</u>	<u>44,539,993</u>	<u>5,285,308</u>	<u>563,825,820</u>
Depreciable capital assets, net	<u>768,970,695</u>	<u>86,074,701</u>	<u>56,948</u>	<u>854,988,448</u>
Total capital assets, net	<u>\$ 901,503,431</u>	<u>113,251,281</u>	<u>102,729,800</u>	<u>912,024,912</u>

* Restated due to the implementation of GASB amended guidance within Question 5.1 in Implementation Guide No. 2021 1. See Note 1 for further information.

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Notes to Financial Statements

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Note 5: Accounts payable and accrued expenses

Employee salaries, wages, and fringe benefits payable	\$ 27,817,548
Retainage payable	1,508,644
Interest payable	1,359,628
Virginia Retirement System payable	231,235
Vendors and suppliers accounts payable	16,031,991
Current liabilities – accounts payable and accrued expenses	\$ 46,949,046

Note 6: Noncurrent liabilities

Noncurrent liabilities consist of long-term debt (further described in Note 7) and other noncurrent liabilities. A summary of changes in noncurrent liabilities for the year ending June 30, 2024, is presented as follows:

	Beginning balance	Additions	Reductions	Ending balance	Current portion
Long term debt:					
General obligation bonds	\$ 92,168,699	2,540,000	10,375,211	84,333,488	7,021,304
Revenue bonds	115,987,387	—	13,434,152	102,553,235	10,750,000
Total long term debt	208,156,086	2,540,000	23,809,363	186,886,723	17,771,304
Accrued compensated absences	8,274,833	6,329,292	5,810,263	8,793,862	6,361,668
Lease liability	115,371,440	3,645,658	3,644,781	115,372,317	3,711,210
SBITA liability	5,360,178	2,228,604	3,037,827	4,550,955	1,809,655
Net pension liability	99,971,183	10,825,970	—	110,797,153	—
OPEB liability	39,935,314	—	1,120,653	38,814,661	709,393
Federal loan program contributions	175,493	4,227	—	179,720	—
Total noncurrent liabilities	\$ 477,244,527	25,573,751	37,422,887	465,395,391	30,363,230

The University is committed under various long-term right to use leases for buildings, land, and equipment and contracts for subscriptions. In general, the leases and SBITAs are for varying terms up to 30 years with varying renewal options, up to 30 years, for each type of lease and contract. Discount rates for real estate leases ranged from 5.75% – 7.5%, a discount rate of 3.25% was used for equipment leases, and a discount rate of 4.4% - 4.8% was used for SBITAs. See Note 1 – Lease and SIBITA Liabilities for details on determining discount rates.

Two leases include a purchase option at the end of the lease term for \$1 each. Many leases include escalation clauses, commonly ranging between 2.0% – 2.5%. For leases that include a clause restricting the use of the premises, the majority restrict the use to University needs or specifically for the operation of a University program. One restricts the use for a museum, and another restricts the use for a bookstore, café, and office.

The University has entered into an agreement to lease office equipment that is not included in the lease liability. The lease agreement includes both variable and fixed terms for equipment rental, maintenance, and supplies. Fixed amounts could not be isolated from the variable components; therefore, this lease was

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considered variable as a whole. Variable payments are based on copier usage in accordance with prices set forth in the agreement. The agreement has six one-year renewal options remaining and in fiscal year 2024, the University made \$347,818 in rental payments related to this agreement. In accordance with GASB 87, variable payments based on usage of the underlying asset were expensed when incurred.

Future minimum lease payments due as of June 30, 2024 are as follows:

	<u>Principal payments</u>	<u>Interest payments</u>	<u>Total</u>
Year ending June 30,			
2025	\$ 3,711,210	7,903,235	11,614,445
2026	4,083,426	7,679,861	11,763,287
2027	4,274,228	7,436,749	11,710,977
2028	4,496,745	7,179,382	11,676,127
2029	4,796,124	6,905,643	11,701,767
2030 – 2034	20,380,365	30,225,316	50,605,681
2035 – 2039	5,239,050	26,763,187	32,002,237
2040 – 2044	11,240,111	23,811,303	35,051,414
2045 – 2049	20,478,107	18,023,502	38,501,609
2050 – 2054	34,479,511	7,842,687	42,322,198
Thereafter	<u>2,193,440</u>	<u>54,436</u>	<u>2,247,876</u>
Total	<u>\$ 115,372,317</u>	<u>143,825,301</u>	<u>259,197,618</u>

Future minimum SBITA payments due as of June 30, 2024 are as follows:

	<u>Principal payments</u>	<u>Interest payments</u>	<u>Total</u>
Year ending June 30,			
2025	\$ 1,809,655	193,591	2,003,246
2026	938,295	119,588	1,057,883
2027	1,137,809	61,214	1,199,023
2028	382,733	22,994	405,727
2029	<u>282,463</u>	<u>7,830</u>	<u>290,293</u>
Total	<u>\$ 4,550,955</u>	<u>405,217</u>	<u>4,956,172</u>

Note 7: 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

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debt of the Commonwealth of Virginia, legally, morally, or otherwise. Pledged General 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 VCBA's 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.

<u>Description</u>	<u>Interest rates</u>	<u>Maturity</u>	<u>Balance at June 30, 2024</u>
General Obligation bonds:			
Dormitory Series, 2010A	3.75% – 4.40%	2030	\$ 705,000
Dormitory Series, 2015B	5.00 %	2027	2,050,327
Dormitory Series, 2015B	5.00 %	2028	11,185,816
Dormitory Series, 2019A	2.00 – 5.00%	2039	40,690,000
Dormitory Series, 2020A	1.625% – 4.00%	2040	9,170,000
Dormitory Series, 2021A	5.00 %	2032	170,000
Dormitory Series, 2021A	5.00 %	2028	695,000
Dormitory Series, 2021A	5.00 %	2029	1,620,000
Dormitory Series, 2021A	2.00 %	2040	1,755,000
Dormitory Series, 2021A	5.00 %	2026	215,000
Dormitory Series, 2021A	5.00 %	2027	395,000
Dormitory Series, 2021B	3.00 %	2029	875,000
Dormitory Series, 2021B	3.00 %	2030	2,125,000
Dormitory Series, 2021B	2.45 %	2041	1,930,000
Dormitory Series, 2021B	3.00 %	2027	255,000
Dormitory Series, 2021B	3.00 %	2028	505,000
Dormitory Series, 2024B	5.00 %	2025	344,000
Dormitory Series, 2024B	5.00 %	2026	1,189,000
Dormitory Series, 2024B	5.00 %	2025	<u>1,007,000</u>
Total general obligation bonds			<u>76,881,143</u>
Revenue bonds:			
Parking, Series 2021B	0.48 – 0.61%	2026	280,000
Parking, Series 2021B	0.48 – 0.77%	2027	860,000

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Description	Interest rates	Maturity	Balance at June 30, 2024
Parking, Series 2014B	4.00 – 5.00%	2026	\$ 1,095,000
Parking, Series 2015B	3.00 – 5.00%	2029	1,890,000
Parking, Series 2016A	3.00 – 5.00%	2028	1,235,000
Athletic Fac. Exp., Series 2021B	0.48 – 0.77%	2027	495,000
Athletic Fac. Exp., Series 2021B	0.48 – 0.94%	2028	745,000
Athletic Fac. Exp., Series 2014B	4.00 %	2026	255,000
Athletic Fac. Exp., Series 2014B	4.00 – 5.00%	2026	65,000
Athletic Fac. Exp., Series 2016A	3.00 %	2027	190,000
Athletic Fac. Exp., Series 2016A	3.00 – 5.00%	2028	60,000
H&PE Renovation, Series 2021B	0.48 – 0.77%	2027	420,000
H&PE Renovation, Series 2021B	0.48 – 0.94%	2028	745,000
H&PE Renovation, Series 2014B	4.00 %	2026	255,000
H&PE Renovation, Series 2014B	4.00 – 5.00%	2026	2,025,000
H&PE Renovation, Series 2016A	3.00 – 5.00%	2028	2,285,000
Indoor Tennis Court, Series 2021B	0.48 – 0.77%	2027	315,000
Indoor Tennis Court, Series 2021B	0.48 – 0.94%	2028	585,000
Indoor Tennis Court, Series 2014B	4.00 %	2026	200,000
Indoor Tennis Court, Series 2014B	4.00 – 5.00%	2026	35,000
Indoor Tennis Court, Series 2016A	3.00 %	2027	35,000
Indoor Tennis Court, Series 2016A	3.00 – 5.00%	2028	30,000
Dormitory, Series 2021B	0.48 – 0.94%	2028	4,860,000
Dormitory, Series 2014B	4.00 %	2026	1,670,000
Powhatan Sports Ctr, Series 2010A	4.75 – 5.50%	2031	395,000
Powhatan Sports Ctr, Series 2014A	5.00 %	2025	140,000
Powhatan Sports Ctr, Series 2014B	4.00 – 5.00%	2026	835,000
Powhatan Sports Ctr, Series 2015B	3.00 – 5.00%	2029	9,565,000
Powhatan Sports Ctr, Series 2016A	3.00 – 5.00%	2028	945,000
Powhatan Sports Ctr, Series 2021B	0.48 – 2.21%	2037	2,400,000
Webb Center Expansion, Series 2021B	0.48 – 2.21%	2037	2,025,000
Webb Center Expansion, Series 2016A	3.00 – 5.00%	2030	280,000
Webb Center Expansion, Series 2014A	5.00 %	2025	120,000
Campus Dining Impr., Series 2021B	0.48 – 2.21%	2037	16,720,000
Campus Dining Impr., Series 2014A	5.00 %	2025	980,000
Foreman Field Reconstruction, Series 2018A	4.00 – 5.00%	2039	34,160,000
Student Health and Wellness, Series 2019A	2.25 – 5.00%	2040	3,165,000
Student Health and Wellness, Series 2022A	3.00 – 5.00%	2042	4,455,000
Total revenue bonds			<u>96,815,000</u>
Total bonds			173,696,143
Unamortized bond premium, general obligation bonds			7,452,248
Unamortized bond premium, revenue bonds			<u>5,738,332</u>
Total bonds and unamortized bond premiums			<u>\$ 186,886,723</u>

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Notes to Financial Statements

June 30, 2024

Long term debt matures as follows:

	Principal	Interest
2025	\$ 17,771,304	6,071,457
2026	18,577,317	5,351,607
2027	18,978,670	4,626,203
2028	18,218,852	3,931,082
2029	12,130,000	3,334,327
2030–2034	41,495,000	11,137,422
2035–2039	40,950,000	4,109,430
2040–2042	5,575,000	189,639
Total	\$ 173,696,143	38,751,167

In fiscal year 2024, the Commonwealth of Virginia, on behalf of the University, issued \$2,540,000 in general obligation bonds with an average interest rate of 5.0% to advance refund \$2,595,351 of outstanding general obligation bonds with an average interest rate of 4.0%. The net proceeds of \$2,613,573 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments (covering both principal and interest) on the old bonds. As a result, the old bonds are considered defeased, and the liability for those bonds has been removed from the University's financial statements.

The advance refunding resulted in a deferred inflow of resources (i.e. economic loss) and will be amortized over the remaining life of the old debt instruments, which ranges over the next one to two years. Additionally, the decrease in the University's total debt service payments as a result of the advance refunding over the next two years is not material.

Additionally, in previous fiscal years, 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. As of June 30, 2024, there were \$16,475,000 of bonds outstanding and considered defeased. Gains or losses associated with refunding transactions are reflected as deferred inflows and outflows, respectively, and are amortized over the shorter of the life of the old or new debt.

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Note 8: Expenses by Natural Classifications

	<u>Compensation and benefits</u>	<u>Goods and services</u>	<u>Student services</u>	<u>Plant and equipment</u>	<u>Depreciation/ amortization</u>	<u>Total</u>
Instruction	\$ 179,394,144	23,406,538	—	2,489,907	—	205,290,589
Research	13,518,639	12,866,934	—	—	—	26,385,573
Public service	68,093	36,642	—	—	—	104,735
Academic support	38,077,461	13,037,918	—	7,779,275	—	58,894,654
Student services	18,177,583	4,164,681	—	119,806	—	22,462,070
Institutional support	38,862,558	16,965,272	—	35,580	—	55,863,410
Operation and maintenance	15,295,153	12,759,084	—	443,054	—	28,497,291
Depreciation and amortization	—	—	—	—	44,539,993	44,539,993
Student aid	—	—	31,929,830	—	—	31,929,830
Auxiliary activities	41,410,088	78,727,448	11,245,271	4,332,653	—	135,715,460
Total	<u>\$ 344,803,719</u>	<u>161,964,517</u>	<u>43,175,101</u>	<u>15,200,275</u>	<u>44,539,993</u>	<u>609,683,605</u>

Note 9: Appropriations

(a) State Appropriations

The University receives state and capital 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.

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

Original legislative appropriation per chapter 1, 2023 special session 1):	
Education and general programs	\$ 169,751,389
Student financial assistance	53,008,839
Financial assistance for education and general programs	<u>11,491,584</u>
Total appropriation	<u>234,251,812</u>
Adjustments:	
Education and general programs	24,892,511
Education and general programs, reappropriation	5,071,500
EVMS merger funding	4,000,000
Tech talent investment program	1,480,916
Online Virginia network	1,850,000
Undergraduate need-based financial aid	9,850,000
Virginia military and survivors and dependents education program	1,133,693
College transfer grant	169,500
Other adjustments	1,126,145
Education and general reversion	<u>(11,801,118)</u>
Total adjustments	<u>37,773,147</u>
Total adjusted appropriation	<u>\$ 272,024,959</u>

(b) Capital appropriations and gifts

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 2024, funding was provided to the University from General Fund capital project appropriations and two programs, 21st Century program and the Equipment Trust Fund, managed by the Virginia College Building Authority (VCBA). The VCBA issues bonds and uses the proceeds to reimburse the University for expenses incurred in the acquisition of equipment and facilities. Capital project appropriations were recognized and allocated for maintenance reserve projects.

The following is a summary of capital appropriations and gifts recognized by the University for the year ended June 30, 2024:

VCBA 21st Century Program	\$ 26,555,658
VCBA Equipment Trust Fund program	9,765,780
Capital project appropriations	5,534,807
Gifts	<u>1,000,000</u>
	<u>\$ 42,856,245</u>

OLD DOMINION UNIVERSITY

Notes to Financial Statements

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A portion of the funding for these programs is reported as a receivable, due from the Commonwealth, at June 30, 2024, which totaled \$991,975 and relates to the VCBA 21st Century program.

Note 10: 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. The Old Dominion Athletic Foundation, Old Dominion University Educational Foundation, and the Old Dominion University Real Estate Foundation all have a December 31 year end, while the Old Dominion University Research Foundation's year ends on June 30. These organizations are separately incorporated entities and other auditors examine the related financial statements.

Statement of Net Position						
Assets	Old Dominion Athletic Foundation	Old Dominion University Educational Foundation	Old Dominion University Real Estate Foundation	Old Dominion University Research Foundation	Eliminations	Total
Current assets:						
Cash and cash equivalents	\$ 8,306,492	738,550	4,134,493	5,596,846	—	18,776,381
Accounts receivable, net	625	117,527	4,118,096	22,185,092	—	26,421,340
Contributions receivable, net	3,970,234	11,509,509	1,395,326	—	—	16,875,069
Travel advances	—	—	—	121,512	—	121,512
Prepaid expenses	133,994	36,656	393,503	684,631	—	1,248,784
Other assets	91,737	218,778	478,480	—	—	788,995
Total current assets	12,503,082	12,621,020	10,519,898	28,588,081	—	64,232,081
Noncurrent assets:						
Investments	50,673,174	345,992,955	3,755,216	5,647,680	(47,342,091)	358,726,934
Accounts receivable	—	—	27,730,722	—	—	27,730,722
Contributions receivable, net	7,033,475	12,288,893	1,351,351	—	—	20,673,719
Nondepreciable capital assets	—	924,000	19,433,425	63,027	—	20,420,452
Capital assets, net	313,897	2,978,182	12,016,258	2,717,109	—	18,025,446
Other assets	—	—	—	1,166,923	—	1,166,923
Total noncurrent assets	58,020,546	362,184,030	64,286,972	9,594,739	(47,342,091)	446,744,196
Total assets	\$ 70,523,628	374,805,050	74,806,870	38,182,820	(47,342,091)	510,976,277

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June 30, 2024

Statement of Net Position

	Old Dominion Athletic Foundation	Old Dominion University Educational Foundation	Old Dominion University Real Estate Foundation	Old Dominion University Research Foundation	Eliminations	Total
Liabilities						
Current liabilities:						
Accounts payable	\$ 202,669	440,343	566,254	8,866,313	—	10,075,579
Unearned revenue	1,720	—	348,933	9,240,482	—	9,591,135
Deposits held in custody for others	—	—	38,929	—	—	38,929
Line of credit	—	—	4,328,543	—	—	4,328,543
Long-term liabilities – current portion	—	134,925	4,777,818	221,994	—	5,134,737
Total current liabilities	<u>204,389</u>	<u>575,268</u>	<u>10,060,477</u>	<u>18,328,789</u>	<u>—</u>	<u>29,168,923</u>
Noncurrent liabilities:						
Investments held for others	—	74,062,510	—	—	(47,342,091)	26,720,419
Other Noncurrent liabilities	—	473,455	38,208,114	975,574	—	39,657,143
Total noncurrent liabilities	<u>—</u>	<u>74,535,965</u>	<u>38,208,114</u>	<u>975,574</u>	<u>(47,342,091)</u>	<u>66,377,562</u>
Total liabilities	<u>\$ 204,389</u>	<u>75,111,233</u>	<u>48,268,591</u>	<u>19,304,363</u>	<u>(47,342,091)</u>	<u>95,546,485</u>
Net position						
Net investment in capital assets	\$ 313,897	3,902,182	27,121,140	2,780,137	—	34,117,356
Permanently restricted	20,697,556	168,940,925	—	—	—	189,638,481
Temporarily restricted	30,988,637	105,401,171	2,850,830	—	—	139,240,638
Unrestricted	18,319,149	21,449,539	(3,433,691)	16,098,320	—	52,433,317
Total net position	<u>\$ 70,319,239</u>	<u>299,693,817</u>	<u>26,538,279</u>	<u>18,878,457</u>	<u>—</u>	<u>415,429,792</u>
Total liabilities and net position	<u>\$ 70,523,628</u>	<u>374,805,050</u>	<u>74,806,870</u>	<u>38,182,820</u>	<u>(47,342,091)</u>	<u>510,976,277</u>

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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	Eliminations	Total
Operating revenues:						
Gifts and contributions	\$ 7,495,531	18,126,533	639,433	—	—	26,261,497
Indirect cost	—	—	—	10,176,492	—	10,176,492
Sponsored research	—	—	—	50,483,077	—	50,483,077
Other operating revenues	237,993	1,036,967	6,411,958	2,873,375	—	10,560,293
Total operating revenues	<u>7,733,524</u>	<u>19,163,500</u>	<u>7,051,391</u>	<u>63,532,944</u>	<u>—</u>	<u>97,481,359</u>
Operating expenses:						
Instruction	—	2,355,749	—	—	—	2,355,749
Research	—	—	—	49,319,133	—	49,319,133
Academic support	6,397,200	8,189,647	—	—	—	14,586,847
Institutional support	2,386,014	2,229,627	5,616,333	15,755,536	—	25,987,510
Operation and maintenance of plant	—	197,274	—	—	—	197,274
Depreciation	40,188	119,326	530,277	—	—	689,791
Student aid	3,948,568	4,021,548	—	—	—	7,970,116
Total operating expenses	<u>12,771,970</u>	<u>17,113,171</u>	<u>6,146,610</u>	<u>65,074,669</u>	<u>—</u>	<u>101,106,420</u>
Operating (loss) gain	(5,038,446)	2,050,329	904,781	(1,541,725)	—	(3,625,061)
Investment income	4,337,368	13,638,800	414,531	956,921	—	19,347,620
Gain on disposal of plant assets	4,150	—	—	—	—	4,150
Contributions to permanent endowments	696,013	16,481,291	—	—	—	17,177,304
Increase (decrease) in net position	(915)	32,170,420	1,319,312	(584,804)	—	32,904,013
Beginning net position	<u>70,320,154</u>	<u>267,523,397</u>	<u>25,218,967</u>	<u>19,463,261</u>	<u>—</u>	<u>382,525,779</u>
Ending net position	<u>\$ 70,319,239</u>	<u>299,693,817</u>	<u>26,538,279</u>	<u>18,878,457</u>	<u>—</u>	<u>415,429,792</u>

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(a) Contributions Receivable, net

	Old Dominion Athletic Foundation	Old Dominion University Educational Foundation	Old Dominion University Real Estate Foundation	Total
Receivable due in less than one year	\$ 4,208,749	12,394,060	1,395,326	17,998,135
Less allowance for doubtful accounts	238,515	884,551	—	1,123,066
Current accounts receivable, net	<u>3,970,234</u>	<u>11,509,509</u>	<u>1,395,326</u>	<u>16,875,069</u>
Receivable due in greater than one year, net of \$2,189,258 discount	7,064,758	12,336,606	1,351,351	20,752,715
Less allowance for doubtful accounts	31,283	47,713	—	78,996
Noncurrent contributions receivable, net	<u>7,033,475</u>	<u>12,288,893</u>	<u>1,351,351</u>	<u>20,673,719</u>
Total contributions receivable	<u>\$ 11,003,709</u>	<u>23,798,402</u>	<u>2,746,677</u>	<u>37,548,788</u>

(b) 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.

	Old Dominion Athletic Foundation	Old Dominion University Educational Foundation	Old Dominion University Real Estate Foundation	Old Dominion University Research Foundation	Eliminations	Total
U.S. treasury and agency securities	\$ —	—	—	4,134,076	—	4,134,076
Common and preferred stocks	—	111,484,453	—	5,899	—	111,490,352
Mutual and money market funds	—	7,357,284	—	1,507,705	—	8,864,989
Fixed income	6,049,055	49,794,426	1,037,244	—	—	56,880,725
Partnerships	—	64,141,183	—	—	—	64,141,183
Private equity	—	39,153,099	—	—	—	39,153,099
Managed investments	44,624,119	74,062,510	2,717,972	—	(47,342,091)	74,062,510
Total	<u>\$ 50,673,174</u>	<u>345,992,955</u>	<u>3,755,216</u>	<u>5,647,680</u>	<u>(47,342,091)</u>	<u>358,726,934</u>

OLD DOMINION UNIVERSITY

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(c) 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	\$ —	924,000	19,177,409	—	20,101,409
Construction in progress	—	—	256,016	63,027	319,043
Total capital assets not being depreciated	<u>—</u>	<u>924,000</u>	<u>19,433,425</u>	<u>63,027</u>	<u>20,420,452</u>
Depreciable capital assets:					
Buildings	—	3,276,000	14,898,291	7,954	18,182,245
Equipment	596,838	68,243	471,656	24,606,491	25,743,228
Total capital assets being depreciated	<u>596,838</u>	<u>3,344,243</u>	<u>15,369,947</u>	<u>24,614,445</u>	<u>43,925,473</u>
Less accumulated depreciation for:					
Buildings	—	297,818	3,005,167	6,452	3,309,437
Equipment	282,941	68,243	348,522	21,890,884	22,590,590
Total accumulated depreciation	<u>282,941</u>	<u>366,061</u>	<u>3,353,689</u>	<u>21,897,336</u>	<u>25,900,027</u>
Total depreciable capital assets, net	<u>313,897</u>	<u>2,978,182</u>	<u>12,016,258</u>	<u>2,717,109</u>	<u>18,025,446</u>
Total capital assets, net	<u>\$ 313,897</u>	<u>3,902,182</u>	<u>31,449,683</u>	<u>2,780,136</u>	<u>38,445,898</u>

OLD DOMINION UNIVERSITY

Notes to Financial Statements

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(d) Long-term Liabilities

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

Description	Interest rates	Maturity	As of December 31, 2023
Bonds payable (Real Estate Foundation):			
Norfolk Redevelopment & Housing Authority Revenue Bonds Series 2015	3.800 %	2033	\$ 28,810,000
Norfolk Redevelopment & Housing Authority Revenue Bonds Series 2015	5.465 %	2031	6,305,000
Norfolk Airport Authority \$10,000,000 Revenue Bond (Barry Art Museum) Series 2016	2.455 %	2025	<u>2,222,223</u>
Total bonds payable			<u>37,337,223</u>
Notes payable (Real Estate Foundation):			
Bookstore	5.585 %	2033	3,031,342
President's House	2.490 %	2031	1,079,766
Bank Street	3.100 %	2029	<u>611,235</u>
Total notes payable			<u>4,722,343</u>
Total bonds and notes payable			42,059,566
Unamortized bond issuance costs			(19,231)
Other long term liabilities (Real Estate Foundation)			584,330
Other long term liabilities (Educational Foundation)			<u>608,380</u>
Total long-term debt			<u>\$ 43,233,045</u>

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

2024	\$ 4,667,819
2025	4,827,916
2026	3,881,133
2027	4,052,289
2028	4,229,499
Thereafter	<u>20,400,910</u>
Total	<u>\$ 42,059,566</u>

Old Dominion University Research Foundation:

The Old Dominion University Research Foundation's long-term liabilities consists of right to use leases for office space and equipment. In general, the leases are for varying terms with a weighted average time remaining of seven years. As of June 30, 2024, total lease liability is \$1.2 million, and the current portion is \$222K.

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The maturities of lease liabilities as of June 30, 2024, are as follows:

2025	\$	252,962
2026		259,286
2027		265,768
2028		272,412
2029		232,558
Thereafter		—
		<hr/>
Total lease payments		1,282,986
Less interest		<hr/> (85,418)
Total lease liabilities	\$	<hr/> <hr/> 1,197,568

(e) Line of Credit

The Old Dominion University Real Estate Foundation has a \$10 million line of credit for the purpose of purchasing additional properties for future projects of which \$4.3 million was outstanding at December 31, 2023. The line is secured by pledged assets as defined in in the line of credit agreement. The interest rate is Bloomberg Short-Term Bank Yield Index rate (BSBY) plus 1.75%. Terms include an unused commitment fee of 0.25% per annum. Principal on this line of credit matures and is payable on August 27, 2024.

(f) 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, 2024, the University's lease liability totals \$36.2 million. For the fiscal year ended June 30, 2024, the University made lease payments totaling \$4.9 million to the Foundation. These payments are reported as operating expenses in the University's financial statements. The Foundation reports the lease payments as capital lease and rental income in its financial statements.

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 totaled \$14.9 million, \$836 thousand, \$10.3 million, and \$12.4 million, respectively. As of June 30, 2025, accounts payable to the University from the Old Dominion University Research Foundation totaled \$4.0 million. This includes gift transfers, payments for facilities, payments for personnel costs and payments for services.

Payments made to the Old Dominion University Research Foundation totaled \$12.8 million and amounts due at June 30, 2025 totaled \$ 5.7 million. These include payments for research services, payments for personnel costs, and payments for services.

(g) Component Unit Subsequent Event

In August 2024, Old Dominion University Real Estate Foundation acquired a property for \$4.1 million.

OLD DOMINION UNIVERSITY

Notes to Financial Statements

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On April 30, 2025, the Old Dominion University Real Estate Foundation obtained financing for up to \$14 million through a Series 2025 tax-exempt revenue bond issued by the City of Norfolk Economic Development Authority, with Dollar Bank as the lender. Advances on the financing will be used to fund the expansion of the Barry Art Museum. Interest is payable monthly beginning May 1, 2025 based on the advanced principal balance, at 88% of the monthly SOFR rate plus 2.25%. Principal payments of \$500,000 are due annually starting April 1, 2029, with the remaining balance due at maturity on April 2, 2038. The bond is secured by a Deed of Trust, Security Agreement, and Financing Statement.

Note 11: Commitments

At June 30, 2024, the University was party to construction contracts totaling approximately \$81 million which \$76.8 million has been incurred.

Note 12: Retirement Plans

Plan Description

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

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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:

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Retirement Plan Provision by Plan Structure		
Plan 1	Plan 2	Hybrid Retirement Plan
<p>About Plan 1</p> <p>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.</p>	<p>About Plan 2</p> <p>Same as Plan 1.</p>	<p>About the Hybrid Retirement Plan</p> <p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

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Notes to Financial Statements

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Retirement Plan Provision by Plan Structure		
Plan 1	Plan 2	Hybrid Retirement Plan
<p>Eligible Members</p> <p>Employees are in Plan 1 if their membership date is before July 1, 2010, they were vested as of January 1, 2013, and they have not taken a refund.</p>	<p>Eligible Members</p> <p>Employees are in Plan 2 if their membership date is from July 1, 2010, to December 31, 2013, and they have not taken a refund, or their membership date is prior to July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>Eligible Members</p> <p>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Full-time permanent, salaried state employees.* • 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.
<p>Hybrid Opt-In Election</p> <p>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.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan</p>	<p>Hybrid Opt-In Election</p> <p>Same as Plan 1.</p>	<p>*Non-Eligible Members</p> <p>Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Members of the Virginia Law Officers' Retirement System (VaLORS). <p>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.</p>

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Retirement Plan Provision by Plan Structure		
Plan 1	Plan 2	Hybrid Retirement Plan
<p>Retirement Contributions</p> <p>State employees, excluding state elected officials, and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payments.</p>	<p>Retirement Contributions</p> <p>Same as Plan 1.</p>	<p>Retirement Contributions</p> <p>A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

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Retirement Plan Provision by Plan Structure		
Plan 1	Plan 2	Hybrid Retirement Plan
<p>Service Credit</p> <p>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.</p>	<p>Service Credit</p> <p>Same as Plan 1.</p>	<p>Service Credit</p> <p><i>Defined Benefit Component:</i></p> <p>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.</p> <p><i>Defined Contributions Component:</i></p> <p>Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>

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<p>Vesting</p> <p>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.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting</p> <p>Same as Plan 1.</p>	<p>Vesting</p> <p><i>Defined Benefit Component:</i></p> <p>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.</p> <p><i>Defined Contributions Component:</i></p> <p>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.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>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.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions.
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Retirement Plan Provision by Plan Structure		
Plan 1	Plan 2	Hybrid Retirement Plan
		<ul style="list-style-type: none">• After three years, a member is 75% vested and may withdraw 75% of employer contributions.• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required, except as governed by law.

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Retirement Plan Provision by Plan Structure		
Plan 1	Plan 2	Hybrid Retirement Plan
<p>Calculating the Benefit</p> <p>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.</p>	<p>Calculating the Benefit</p> <p>See definition under Plan 1.</p>	<p>Calculating the Benefit</p> <p><i>Defined Benefit Component:</i></p> <p>See definition under Plan 1</p> <p><i>Defined Contribution Component:</i></p> <p>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.</p>
<p>Average Final Compensation</p> <p>A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation</p> <p>A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation</p> <p>Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS:</p> <p>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%.</p> <p>VaLORS: The retirement multiplier for VaLORS employees is 1.70% or 2.00%.</p>	<p>Service Retirement Multiplier VRS:</p> <p>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.</p> <p>VaLORS: The retirement multiplier for VaLORS employees is 2.00% applied to hazardous duty service and 1.70% applied to nonhazardous duty service and no supplement.</p>	<p>Service Retirement Multiplier Defined Benefit Component: VRS:</p> <p>The retirement multiplier for the defined benefit component is 1.00%.</p> <p>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.</p> <p>VaLORS: Not applicable</p> <p><i>Defined Contribution Component:</i></p> <p>Not applicable.</p>

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Retirement Plan Provision by Plan Structure		
Plan 1	Plan 2	Hybrid Retirement Plan
<p>Normal Retirement Age VRS: Age 65 VaLORS: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age. VaLORS: Same as Plan 1.</p>	<p>Normal Retirement Age <i>Defined Benefit Component:</i> VRS: Same as Plan 2. VaLORS: Not applicable <i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

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

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Retirement Plan Provision by Plan Structure		
Plan 1	Plan 2	Hybrid Retirement Plan
<ul style="list-style-type: none"> • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. <p>The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</p>		

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Retirement Plan Provision by Plan Structure		
Plan 1	Plan 2	Hybrid Retirement Plan
<p>Disability Coverage</p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage</p> <p>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.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage</p> <p>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.</p> <p>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.</p>
<p>Purchase of Prior Service</p> <p>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.</p>	<p>Purchase of Prior Service</p> <p>Same as Plan 1.</p>	<p>Purchase of Prior Service</p> <p><i>Defined Benefit Component:</i> Same as Plan 1, with the following exception:</p> <ul style="list-style-type: none"> Hybrid Retirement Plan members are ineligible for ported service. <p><i>Defined Contribution Component:</i> Not applicable.</p>

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Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each state agency's contractually required employer contribution rate for the fiscal year ended June 30, 2024, was 14.46% of covered employee compensation for employees in the VRS State Employee Retirement Plan. For employees in the VaLORS Retirement Plan, the contribution rate was 24.60% of covered employee compensation. These rates were the final approved General Assembly rates which were based on actuarially determined rates from an actuarial valuation as of June 30, 2021. The actuarially determined rates, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the University to the VRS State Employee Retirement Plan were \$15,996,295 and \$14,203,275 for the years ended June 30, 2024, and June 30, 2023, respectively. Contributions from the University to the VaLORS Retirement Plan were \$723,677 and \$633,051 for the years ended June 30, 2024, and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$73.0 million to the VRS State plan and \$6.6 million to VaLORS. These special payments were authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and are classified as special employer contributions. The University's proportionate share of these special contributions was reported as nonoperating revenue in the Pension and OPEB related contribution revenue line item.

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

At June 30, 2024, the University reported a liability of \$106,285,597 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of \$4,511,556 for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The University's proportion of the Net Pension Liability was based on the University's actuarially determined employer contributions to the pension plans for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the University's proportion of the VRS State Employee Retirement Plan was 2.10063% as compared to 2.10587% at June 30, 2022. At June 30, 2023, the University's proportion of the VaLORS Retirement Plan was 0.69739% as compared to 0.69475% at June 30, 2022.

For the year ended June 30, 2024, the University recognized pension expense of \$8,864,345 for the VRS State Employee Retirement Plan and \$762,234 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2022, and June 30, 2023, a portion of the pension expense was related to deferred amounts from changes in proportion and differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022, measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

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At June 30, 2024, 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	\$ 10,323,745	3,070,247
Net difference between projected and actual earnings on pension plan investments	—	7,438,565
Change in assumptions	1,404,099	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	—	436,035
University contributions subsequent to the measurement date	15,996,295	—
Total	\$ 27,724,139	10,944,847

\$15,996,295 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 fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense in future reporting periods as follows:

Year ended June 30:	
2025	\$ (2,212,299)
2026	(5,389,704)
2027	8,115,931
2028	269,069
2029	—

At June 30, 2024, 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	\$ 99,664	—
Net difference between projected and actual earnings on pension plan investments	—	192,204
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,247	—
University contributions subsequent to the measurement date	723,677	—
Total	\$ 831,588	192,204

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\$723,677 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 fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense in future reporting periods as follows:

Year ended June 30:		
2025	\$	(33,817)
2026		(241,579)
2027		184,074
2028		7,032
2029		—

Actuarial Assumptions

VRS

The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

Inflation	2.50 %
Salary increases, including inflation	3.5% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

VaLORS

The total pension liability for the VaLORS Retirement Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023:

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

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Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates

(Pre-retirement, post-retirement healthy, and disabled)

Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020

Retirement Rates

Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70

Withdrawal Rates

Adjusted rates to better fit experience at each year age and service through 9 years of service

Disability Rates

No change

Salary Scale

No change

Line of Duty Disability

No change

Discount Rate

No change

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Net Pension Liability

The net pension liability (NPL) is calculated separately for each plan and represents that particular plan's total pension liability determined in accordance with GASB Statement No. 67, less that plan's fiduciary net position. As of June 30, 2023 NPL amounts for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan are as follows (amounts expressed in thousands):

	<u>State employee retirement plan</u>	<u>VaLORS Retirement plan</u>
Total pension liability	\$ 28,411,528	2,577,980
Plan fiduciary net position	<u>23,351,827</u>	<u>1,931,061</u>
Employers' net pension liability	<u>\$ 5,059,701</u>	<u>646,919</u>
Plan fiduciary net position as a percentage Of the total pension liability	82.19 %	74.91 %

The total pension liability is calculated by the System's actuary and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

Long-term Expected Rate of Return

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

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asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset class (strategy)</u>	<u>Long-term target asset allocation</u>	<u>Arithmetic long-term expected rate of return</u>	<u>Weighted average long-term expected rate of return*</u>
Public equity	34.00 %	6.14 %	2.09 %
Fixed income	15.00	2.56	0.38
Credit strategies	14.00	5.60	0.78
Real assets	14.00	5.02	0.70
Private equity	16.00	9.17	1.47
Maps – multi-asset public strategies	4.00	4.50	0.18
PIP – Private Investment Partnership	2.00	7.18	0.14
Cash	1.00	1.20	0.01
Total	<u>100.00 %</u>		<u>5.75</u>
Inflation			<u>2.50</u>
*Expected arithmetic nominal return			<u>8.25 %</u>

* The above allocation provides a one-year return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

On June 15 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2023, the rate contributed by the state agency for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 102% of the actuarially determined contribution rate. From July 1, 2023, 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

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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	\$ 177,115,189	106,285,597	47,006,684

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 employee retirement plan net pension liability	\$ 6,897,236	4,511,556	2,562,718

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 2023 Annual Report. A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/media/shared/pdf/publications/2023-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, 2024, the University reported a payable of \$473,455 for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2024.

Note 13: 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 VRS/DCP. Plan 1 is for employees hired prior to July 1, 2010, and retirement benefits received are based upon the

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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 \$8,503,371 for the year ended June 30, 2024. Contributions to the optional retirement plans were calculated using the base salary amount \$91,005,647 for fiscal year 2024.

Note 14: 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 2024 was a maximum match up to \$20 per pay period or \$40 per month. Employer contributions under this plan were approximately \$557,965 for fiscal year 2024.

Note 15: 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).

(a) 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 GLI program upon employment. This plan is administered by VRS, along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI 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 GLI Program OPEB.

Health Insurance Credit (HIC) – All full-time, salaried permanent employees of state agencies are automatically covered by the VRS State Employee HIC Program. This plan is administered by VRS, 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.

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Virginia Sickness and Disability Program (VSDP) – All full-time and part-time permanent salaried state employees who are covered under VRS, the State Police Officers' Retirement System (SPORS), or VaLORS hired on or after January 1, 1999, are automatically covered by 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 VRS, 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 VRS, SPORS, or VaLORS are automatically covered by the LODA program. As required by statute, 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.

(b) Plan Provisions

(i) Group Life Insurance (GLI):

Eligible Employees

The GLI 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 retirement member contributions and accrued interest.

Benefit Amounts

The benefits payable under GLI 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, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option.

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Reduction in Benefit Amounts

The benefit amounts provided to members covered under GLI 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 GLI. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,254 as of June 30, 2024.

(ii) *Health Insurance Credit (HIC):*

Eligible Employees

The State Employee Retiree HIC 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 HIC 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 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 VSDP, the monthly benefit is \$120.00 or \$4.00 per year of service, whichever is higher.

For State police officers with a work-related disability, there is no benefit provided under HIC if the premiums are being paid under the LODA. However, they may receive the credit for premiums paid for other qualified health plans.

Health Insurance Credit Program Notes:

- The monthly HIC 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 HIC as a retiree.

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(iii) *Virginia Sickness and Disability Program (VSDP):*

Eligible Employees

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

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 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.

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- 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 VRS, 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 VRS, SPORS, and VaLORS Plans, with a maximum COLA of 4.00%.

(iv) *Line of Duty Act (LODA):*

Eligible Employees

The eligible employees of the LODA program include paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under VRS, SPORS, or VaLORS.

Benefit Amounts

LODA provides death and health insurance benefits for eligible individuals:

- Death – The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows:

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- \$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 LODA program provides health insurance benefits.
 - The health insurance benefits are managed through the Virginia 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.
- (v) *Pre-Medicare Retiree Healthcare (PMRH):*

Eligible Employees

- Following are eligibility requirements for VRS retirees:
 - You are a retiring state employee who is eligible for a monthly retirement benefit from VRS, and
 - You start receiving (do not defer) your retirement benefits 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 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 Optional Retirement Plans, and
 - Your last employer before termination was the Commonwealth of Virginia, and
 - You were eligible for (even if you were not enrolled) coverage in the State Employee Health Benefits Program for active employees at the time of your termination, and

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- You meet the age and service requirements for an immediate retirement benefit under the non-ORP VRS plan that you would have been eligible for on your date of hire had you not elected the ORP, and
- You enroll in the State Retiree Health Benefits Program no later than 31 days from the date you lose coverage (or lose eligibility for coverage) in the State Health Benefits Program for active employees due to your termination of employment.

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

(c) Contributions

(i) Group Life Insurance (GLI):

The contribution requirements for the GLI 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 GLI 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, 2024, was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to GLI from the University were \$1,164,880 and \$1,037,558 for the years ended June 30, 2024, and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session. The University's proportionate share of these special contributions were reported as nonoperating revenue in the OPEB-related contribution revenue line item.

(ii) 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, 2024, was 1.12% of covered employee compensation for employees in the VRS State Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the University to HIC were \$2,430,271 and \$2,166,706 for the years ended June 30, 2024 and June 30, 2023, respectively.

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In June 2023, the Commonwealth made a special contribution of approximately \$8.5 million which was applied to the Health Insurance Credit Plan for state employees. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session. The University's proportionate share of these special contributions were reported as nonoperating revenue in the OPEB-related contribution revenue line item.

(iii) *Virginia Sickness and Disability Program (VSDP):*

The contribution requirements for 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 VSDP for the year ended June 30, 2024, was 0.61% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits payable during the year, with an adjustment to amortize the accrued OPEB assets. Contributions to the VSDP from the University were \$647,222 and \$565,708 for the years ended June 30, 2024, and June 30, 2023, respectively.

(iv) *Line of Duty Act (LODA):*

The contribution requirements for the LODA Program 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 LODA Program for the year ended June 30, 2024, was \$830 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021, and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the University were \$38,180 and \$26,592 for the years ended June 30, 2024, and June 30, 2023, respectively.

(v) *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. PMRH is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes and is administered by DHRM. There were approximately 3,551 retirees and 92,780 active employees in the program as of June 30, 2023. 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.

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

At June 30, 2024, the University reported the following liabilities (assets) for its proportional share of these programs:

GLI	\$ 9,890,978
HIC	19,443,751
VSDP	(5,805,241)
LODA	803,322
PMRH	8,676,610

These liabilities (assets) were measured as of June 30, 2023, and the total OPEB liability used to calculate GLI, HIC, VSDP and LODA net OPEB liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. For GLI, HIC, VSDP, and LODA programs, the University's proportion of each net OPEB liability (asset) was based on the University's actuarially determined employer contributions to each plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. The PMRH OPEB liability was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2023. On June 30, 2024, the collective total PMRH OPEB liability was \$351.9 million. The University's proportion of the OPEB PMRH liability was based on each employer's calculated healthcare premium contributions as a percentage of the total employer's calculated healthcare premium contributions for all participating employers.

At June 30, 2023, and June 30, 2022, the University's proportionate share was:

	June 30	
	2023	2022
GLI	0.82472 %	0.84361 %
HIC	2.36651	2.41587
VSDP	1.83781	1.83607
LODA	0.20038	0.22035
PMRH	2.46551	2.51870

For the year ended June 30, 2024, the University recognized the following expenses for these programs:

GLI	\$ 331,757
HIC	2,889,319
VSDP	117,419
LODA	101,817
PMRH	(4,471,591)

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

At June 30, 2024, the University reported deferred outflows/inflows of resources related to these programs from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
	<u> </u>	<u> </u>
Group Life Insurance (GLI):		
Differences between expected and actual experience	\$ 987,866	300,241
Net difference between projected and actual earnings on GLI OPEB program investments	—	397,475
Change in assumptions	211,424	685,286
Changes in proportionate share	23,668	406,463
University contribution subsequent to the measurement date	<u>1,164,880</u>	<u>—</u>
Total	<u>\$ 2,387,838</u>	<u>1,789,465</u>
Health Insurance Credit (HIC):		
Differences between expected and actual experience	\$ 458	1,242,061
Net difference between projected and actual earnings on HIC OPEB investments	50,745	—
Change in assumptions	459,459	—
Changes in proportionate share	106,308	686,123
University contribution subsequent to the measurement date	<u>2,430,271</u>	<u>—</u>
Total	<u>\$ 3,047,241</u>	<u>1,928,184</u>
Virginia Sickness and Disability Program (VSDP):		
Differences between expected and actual experience	\$ 418,410	798,761
Net difference between projected and actual earnings on VSDP OPEB investments	—	159,168
Change in assumptions	19,917	63,836
Changes in proportionate share	21,926	63,916
University contribution subsequent to the measurement date	<u>647,222</u>	<u>—</u>
Total	<u>\$ 1,107,475</u>	<u>1,085,681</u>

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	Deferred outflows of resources	Deferred inflows of resources
Line of Duty Act (LODA):		
Differences between expected and actual experience	\$ 42,850	151,265
Net difference between projected and actual earnings on LODA		
OPEB investments	—	2,350
Change in assumptions	178,427	165,649
Changes in proportionate share	58,262	148,303
University contributions subsequent to the measurement date	38,180	—
Total	\$ 317,719	467,567
Pre-Medicare Retiree Healthcare (PMRH):		
Difference between expected and actual experience	\$ 222,567	2,097,438
Changes in assumptions	—	5,312,526
Changes in proportion	136,534	520,004
Amounts associated with transactions subsequent to the measurement date	687,879	—
Total	\$ 1,046,980	7,929,968

The following amounts reported as deferred outflows of resources related to each OPEB program, resulting from the University's contributions or transactions subsequent to the measurement date will be recognized as a reduction of each program's OPEB liability (asset) in the fiscal year ending June 30, 2025.

GLI	\$	1,164,880
HIC		2,430,271
VSDP		647,222
LODA		38,180
PMRH		687,879

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

	GLI	HIC	VSDP	LODA	PMRH
Year ended June 30:					
2025	\$ (174,941)	(337,704)	(284,736)	(9,827)	(3,497,778)
2026	(494,271)	(414,970)	(322,810)	(9,754)	(2,038,787)
2027	70,223	(267,223)	13,580	(17,080)	(1,279,769)
2028	(20,536)	(220,134)	(17,717)	(22,615)	(664,817)
2029	56,591	(60,048)	10,755	(21,874)	(89,716)
Thereafter	—	—	(20,393)	(106,879)	—

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

The total OPEB liability for these programs was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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)	4.00 %
Locality – General employees (GLI)	3.50% – 5.35%
Locality – Hazardous Duty employees (GLI)	3.50% – 4.75%
Medical cost trend rates assumptions (LODA)	
Under age 65	7.00% – 4.75%
Ages 65 and older	5.25% – 4.75%
Investment rate of return (GLI, HIC, VSDP)	6.75%, net of investment expenses, 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)	3.86%, including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.86% was used since it approximates the risk-free rate of return.

(i) Mortality rate – General State Employees (GLI, HIC, VSDP, LODA):

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions (GLI, HIC, VSDP) used in the June 30, 2022, valuations were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021.

The actuarial assumptions (LODA) used in the June 30, 2022, valuations were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020.

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

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

(ii) *Mortality rates – Teachers (GLI):*

Pre-Retirement:

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

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Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

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Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions (GLI, HIC, VSDP) used in the June 30, 2022, valuation, were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021.

The actuarial assumptions (LODA) used in the June 30, 2022, valuation, were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020.

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions (GLI, HIC, VSDP) used in the June 30, 2022, valuation, were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021.

The actuarial assumptions (LODA), used in the June 30, 2022, valuation, were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020.

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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)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy (VSDP and LODA). For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability rates	No change
Salary scale	No change
Line of duty disability	No change
Discount rate (GLI, HIC, VSDP)	No change

(v) *Mortality rates – JRS Employees (GLI, HIC):*

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2022, valuation, were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021.

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

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

(vi) *Mortality rates – Largest 10 Locality Employers – General Employees (GLI):*

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2022, valuation, were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021.

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

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

(vii) *Mortality rates – Non-Largest 10 Locality Employers – General Employees (GLI):*

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2022, valuation, were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021.

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

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

(viii) Mortality rates – Largest 10 Locality Employers – Hazardous Duty Employees (GLI, LODA):

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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The actuarial assumptions (GLI) used in the June 30, 2022, valuation, were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021.

The actuarial assumptions (LODA) used in the June 30, 2022, valuation, were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020.

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

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

(ix) *Mortality rates – Non-Largest 10 Locality Employers – Hazardous Duty Employees (GLI, LODA):*

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

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Mortality Improvement Scale:

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

The actuarial assumptions (GLI) used in the June 30, 2022, valuation, were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021.

The actuarial assumptions (LODA) used in the June 30, 2022, valuation, were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020.

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

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

(f) 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, 2023 (one year prior to the end of the fiscal year). The Department of Human Resource Management selected the economic, demographic, and healthcare claim cost assumptions. The actuary provided guidance with respect to these assumptions. Initial healthcare costs

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trend rates used were 7.75 percent for medical and pharmacy and 4.00 percent for dental. The ultimate trend rates used were 4.50 percent for medical and pharmacy and 4.00 percent for dental.

Valuation date	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.
Measurement date	June 30, 2023 (one year prior to the end of the fiscal year)
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, Closed
Effective amortization period	5.80 years
Discount rate	3.65%
Projected salary increases	5.35% to 3.50% based on years of service from 1 year to 20 years or more
Medical trend under 65	Medical & Rx: 7.75% to 4.50%, Dental: 4.00%
Year of ultimate trend	2033

(i) *Mortality – Mortality rates vary by participant status and gender*

Pre-Retirement:

Pub-2010 Benefits Weighted General Employee Rates projected generationally with a Modified MP-2021 Improvement Scale; females set forward 2 years.

Post-Retirement:

Pub-2010 Benefits Weighted General Healthy Retiree Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for females.

Post-Disablement:

Pub-2010 Benefits Weighted General Disabled Rates projected generationally with a Modified MP-2021 Improvement Scale; males and females set forward 3 years.

Beneficiaries and Survivors:

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

The discount rate was based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date which is June 30, 2023.

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Changes of Assumptions: There were not any changes in assumptions since the June 30, 2022, measurement date. The following remained constant since the prior measurement date:

- Spousal Coverage – rate remained at 20 percent
- Retiree participation – rate remained at 35 percent

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

The trend rates were updated based on economic conditions as of June 30, 2023. Additionally, the discount rate was increased from 3.54% to 3.65% based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date of June 30, 2023.

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

(g) 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, less the associated fiduciary net position. As of June 30, 2023, measurement date, NOL/NOA amounts for each program are as follows (amounts expressed in thousands):

	<u>GLI</u>	<u>HIC</u>	<u>VSDP</u>	<u>LODA</u>
Total OPEB liability	\$ 3,907,052	1,102,220	318,901	406,211
Plan fiduciary net position	<u>2,707,739</u>	<u>280,599</u>	<u>634,779</u>	<u>5,311</u>
Net OPEB liability (asset)	<u>\$ 1,199,313</u>	<u>821,621</u>	<u>(315,878)</u>	<u>400,900</u>
Plan fiduciary net position as a percentage of the total OPEB liability	69.30 %	25.46 %	199.05 %	1.31 %

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

(h) 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

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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:

<u>Asset class (strategy)</u>	<u>Long-term target asset allocation</u>	<u>Arithmetic term expected rate of return</u>	<u>Weighted average long-term expected rate of return*</u>
Public equity	34.00 %	6.14 %	2.09 %
Fixed income	15.00	2.56	0.38
Credit strategies	14.00	5.60	0.78
Real assets	14.00	5.02	0.70
Private equity	16.00	9.17	1.47
MAPS – Multi-Asset Public Strategies	4.00	4.50	0.18
PIP – Private Investment Partnership	2.00	7.18	0.14
Cash	1.00	1.20	0.01
Total	<u>100.00 %</u>		5.75
Inflation			<u>2.50</u>
Expected arithmetic nominal return*			<u>8.25 %</u>

* The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50% asset allocation.

(i) Long-term Expected Rate of Return (LODA)

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.86% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments' 6.75% assumption. Instead, the assumed annual rate of return of 3.86% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Fidelity Fixed Income General Obligation 20-year Municipal Bond Index as the measurement date of June 30, 2023.

(j) 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

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Trustees. Through the fiscal year ending June 30, 2023, 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 113% for GLI, 108% for HIC, and 109% for VSDP, of the actuarially determined contribution rate. From July 1, 2023, 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.

(k) Discount Rate (LODA)

The discount rate used to measure the total LODA OPEB liability was 3.86%. 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, 2023, 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.

(l) Discount Rate (PMRH)

The discount rate was increased from 3.54% to 3.65% based on the Bond Buyers GO 20 Municipal Bond Index as the measurement date of June 30, 2023.

(m) Sensitivity of the University's Proportionate Share of the Net 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; 3.86% for LODA; 3.65% for PMRH, as well as what the University's proportionate share of the OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

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University's proportionate share of the OPEB liability (asset):

	<u>1.00% Decrease</u>	<u>Current Discount Rate</u>	<u>1.00% Increase</u>
	5.75 %	6.75 %	7.75 %
GLI	\$ 14,661,520	\$ 9,890,978	\$ 6,033,963
HIC	21,956,048	19,443,751	17,289,450
VSDP	(5,372,404)	(5,805,241)	(6,186,797)
	2.86 %	3.86 %	4.86 %
LODA	\$ 900,715	\$ 803,322	\$ 720,929
	2.65 %	3.65 %	4.65 %
PMRH	\$ 9,189,550	\$ 8,676,610	\$ 8,187,015

(n) Sensitivity of the University's Proportionate Share of the LODA and PMRH Net 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 7.75% 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:

	<u>1.00% Decrease</u>	<u>Current health care trend rate</u>	<u>1.00% Increase</u>
	6.00% decreasing to 3.75%	7.00% decreasing to 4.75%	8.00% decreasing to 5.75%
LODA	\$ 681,244	803,322	954,595
	6.75% decreasing to 3.50%	7.75% decreasing to 4.50%	8.75% decreasing to 5.50%
PMRH	\$ 7,893,268	8,676,610	9,585,351

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(o) 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 2023 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

(p) Payables to the GLI, HIC, VSDP, and LODA OPEB Plans

At June 30, 2024, the University reported payables of the following:

GLI	\$	96,417
HIC		80,474
VSDP		24,982
LODA		933

Note 16: 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, 2024, 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 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 17: 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

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the Commonwealth's insurance plans is available at the statewide level in the Commonwealth's Annual Comprehensive Financial Report.

Note 18: 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 \$492,675 for the year ended June 30, 2024. 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, 2024.

Note 19: Public-Private and Public-Public Partnerships

The University is a party to a limited number of public-private partnerships (PPP). A PPP is an arrangement in which the University contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as a building or other capital asset, for a period of time. One agreement was determined to be a 90-day PPP with no significant effect on the University's financial statements for the current year.

The partnership conveys the right to manage and operate the University's Ted Constant Convocation Center and provide services for game day stadium management and ticketing operations at Forman Field. These nonfinancial assets are owned by the University and included as part of the capital assets reported on the Statement of Net Position. The operator made a one-time contribution at the commencement of the agreement which is valued at \$24 thousand in FY 2024. At the end of the agreement, the University resumes control of all nonfinancial assets being used by the operator.

Note 20: Subsequent Events

On July 1, 2024, the merger of the University and EVMS was finalized and all EVMS assets and liabilities, totaling \$601.2 million and \$79.4 million, respectively, were transferred to the University at EVMS' book value. EVMS currently has affiliated relationships with EVMS Foundation, a nonprofit organization established to provide financial support to EVMS, and EVMS Medical Group, a nonprofit physician group supporting EVMS. Separate affiliation agreements are being developed between the University and these EVMS affiliates to allow for the continued relationships.

In February 2025, the University entered into a promissory note with the Virginia College Building Authority (VCBA) to participate in the Educational Facilities Revenue Bonds, Series 2025A. The University's share of the principal amount of the bonds is \$9.3 million. Proceeds from these bonds will be used to renovate the University's baseball stadium. Interest on the bonds will be made semi-annually, with a coupon rate ranging from 4.00 to 5.00 percent. Principal payments are made annually with the final payment due September 1, 2044.

In June 2025, the Commonwealth Treasury Board completed the sale of the General Obligation Refunding Bonds, Series 2025B. The University's share of the principal amount of the bonds is \$10.3 million. Proceeds from these bonds were used to refund \$10.7 million of outstanding bonds. Interest on the bonds

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will be made semi-annually, with a coupon rate of 5.00 percent. Principal payments are made annually with the final payment due June 1, 2028. The refunding generated \$0.4 million in present value savings.

REQUIRED SUPPLEMENTARY INFORMATION

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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 through 2024 *

<u>Date</u>	<u>University's proportion of the net pension liability (asset)</u>	<u>University's proportionate share of the net pension liability (asset)</u>	<u>University's covered payroll</u>	<u>University's proportionate share of the net pension liability (asset) as a % of covered payroll</u>	<u>Plan fiduciary net position as a % of the total pension liability</u>
2024	2.10063 % \$	106,285,597	98,224,758	108.21 %	82.19 %
2023	2.10587	95,573,225	91,664,481	104.26	83.26
2022	2.11071	76,560,300	87,859,606	87.14	86.44
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.

VaLORS Employee Retirement Plan

For the years ended June 30, 2015 through 2024 *

<u>Date</u>	<u>University's proportion of the net pension liability (asset)</u>	<u>University's proportionate share of the net pension liability (asset)</u>	<u>University's covered payroll</u>	<u>University's proportionate share of the net pension liability (asset) as a % of covered payroll</u>	<u>Plan fiduciary net position as a % of the total pension liability</u>
2024	0.69739 % \$	4,511,556	2,573,378	175.32 %	74.91 %
2023	0.69475	4,397,958	2,353,918	186.84	74.41
2022	0.65332	3,408,269	2,284,575	149.19	78.18
2021	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.

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Required supplementary information for pension plans

Schedules of University Contributions

VRS State Employee Retirement Plan

For the years ended June 30, 2015 through 2024

<u>Date</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>University's covered payroll</u>	<u>Contribution as a % of covered payroll</u>
2024	\$ 15,996,295	15,996,295	—	110,624,447	14.46 %
2023	14,203,300	14,203,300	—	98,224,758	14.46
2022	13,254,684	13,254,684	—	91,664,481	14.46
2021	12,704,499	12,704,499	—	87,859,606	14.46
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

VaLORS Employee Retirement Plan

For the years ended June 30, 2015 through 2024

<u>Date</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>University's covered payroll</u>	<u>Contribution as a % of covered payroll</u>
2024	\$ 723,872	723,872	—	2,942,569	24.60 %
2023	633,051	633,051	—	2,573,378	24.60
2022	515,508	515,508	—	2,353,918	21.90
2021	500,322	500,322	—	2,284,575	21.90
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

OLD DOMINION UNIVERSITY

Notes to Required Supplementary Information
for Pension Plans

June 30, 2024

(1) 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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021.

Changes to the actuarial assumptions for the VRS – State Employee Retirement Plan as a result of the experience study and VRS Board action are as follows:

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

OLD DOMINION UNIVERSITY

Notes to Required Supplementary Information for Pension Plans

June 30, 2024

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

OLD DOMINION UNIVERSITY

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 2024*

<u>Program</u>	<u>Year</u>	<u>University's proportion of the net OPEB liability (asset)</u>	<u>University's proportionate share of the net OPEB liability (asset)</u>	<u>University's covered payroll</u>	<u>University's proportionate share of the net OPEB liability (asset) as a % of covered payroll</u>	<u>Plan fiduciary net position as a % of the total OPEB liability</u>
GLI	2024	0.82472 % \$	9,890,978	192,140,370	5.15 %	69.30 %
	2023	0.84361	10,157,878	181,834,806	5.59	67.21
	2022	0.84354	9,821,095	174,759,691	5.62	67.45
	2021	0.86652	14,460,801	180,488,066	8.01	52.64
	2020	0.86314	14,045,585	167,069,832	8.41	52.00
	2019	0.87031	13,218,000	165,553,478	7.98	51.22
	2018	0.87092	13,105,000	160,599,190	8.16	48.86
HIC	2024	2.36651 % \$	19,443,751	193,455,893	10.05 %	25.46 %
	2023	2.41587	19,790,150	182,712,621	10.83	21.52
	2022	2.40579	20,317,875	173,966,550	11.68	19.75
	2021	2.46561	22,634,450	177,751,282	12.73	12.02
	2020	2.47998	22,891,983	166,881,208	13.72	10.56
	2019	2.45500	22,397,000	165,366,625	13.54	9.51
	2018	2.48327	22,611,000	160,524,635	14.09	8.03
VSDP	2024	(1.83781)% \$	(5,805,241)	92,739,016	(6.26)%	199.05 %
	2023	(1.83607)	(5,419,207)	84,280,757	(6.43)	195.90
	2022	(1.82555)	(6,293,043)	78,964,544	(7.97)	229.01
	2021	(1.82342)	(4,024,075)	79,078,871	(5.09)	181.88
	2020	(1.84539)	(3,620,569)	72,465,076	(5.00)	167.18
	2019	(1.82348)	(4,107,000)	71,820,029	(5.72)	194.74
	2018	(1.80542)	(3,707,000)	67,887,520	(5.46)	186.63
LODA	2024	0.20038 % \$	803,322	3,020,929	26.59 %	1.31 %
	2023	0.22035	833,927	2,559,517	32.58	1.87
	2022	0.23445	1,033,905	2,341,289	44.16	1.68
	2021	0.22331	935,256	2,627,251	35.60	1.02
	2020	0.22086	792,415	2,736,854	28.95	0.79
	2019	0.24502	768,000	2,553,819	30.07	0.60
	2018	0.23673	622,000	2,531,599	24.57	1.30

<u>Program</u>	<u>Year</u>	<u>University's proportion of the collective total OPEB liability</u>	<u>University's proportionate share of the collective total OPEB liability</u>	<u>University's covered employee payroll</u>	<u>University's proportionate share of the collective total OPEB liability as a % of covered employee payroll</u>	<u>Plan fiduciary net position as a % of the total OPEB liability</u>
PMRH	2024	2.46551 % \$	8,676,610	180,404,373	4.81 %	N/A
	2023	2.51870	9,153,359	167,754,783	5.46	N/A
	2022	2.51658	11,296,751	159,551,820	7.08	N/A
	2021	2.53641	14,427,687	142,306,147	10.14	N/A
	2020	2.52218	17,122,587	145,158,026	11.80	N/A
	2019	2.50972	25,238,729	155,274,739	16.25	N/A
	2018	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.

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

Schedules are intended to show information for 10 years. Since 2024 is the seventh year for this presentation, there are only seven years available. However, additional years will be included as they become available.

OLD DOMINION UNIVERSITY

Required supplementary information for other post-employment benefit plans

Schedules of University's Other Post-Employment Benefits (OPEB) Contributions

For the years ended June 30, 2018, through 2024

Program	Year	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	University's covered payroll	Contribution as a % of University's covered payroll
GLI	2024	\$ 1,164,880	1,164,880	—	215,718,426	0.54 %
	2023	1,037,558	1,037,558	—	192,140,370	0.54
	2022	981,908	981,908	—	181,834,806	0.54
	2021	936,044	936,044	—	174,759,691	0.54
	2020	934,969	934,969	—	180,488,066	0.52
	2019	887,264	887,264	—	167,069,832	0.53
	2018	866,480	866,480	—	165,553,478	0.52
HIC	2024	\$ 2,430,271	2,430,271	—	216,988,441	1.12 %
	2023	2,166,706	2,166,706	—	193,455,893	1.12
	2022	2,046,381	2,046,381	—	182,712,621	1.12
	2021	1,950,506	1,950,506	—	173,966,550	1.12
	2020	2,079,690	2,079,690	—	177,751,282	1.17
	2019	1,977,602	1,977,602	—	166,881,208	1.19
	2018	1,942,763	1,942,763	—	165,366,625	1.17
VSDP	2024	\$ 647,222	647,222	—	106,101,882	0.61 %
	2023	565,708	565,708	—	92,739,016	0.61
	2022	514,113	514,113	—	84,280,757	0.61
	2021	481,870	481,870	—	78,964,544	0.61
	2020	490,289	490,289	—	79,078,871	0.62
	2019	462,350	462,350	—	72,465,076	0.64
	2018	472,933	472,933	—	71,820,029	0.66
LODA	2024	\$ 38,180	38,180	—	3,304,186	1.16 %
	2023	26,592	26,592	—	3,020,929	0.88
	2022	30,347	30,347	—	2,559,517	1.19
	2021	32,279	32,279	—	2,341,289	1.38
	2020	30,348	30,348	—	2,627,251	1.16
	2019	29,642	29,642	—	2,736,854	1.08
	2018	26,099	26,099	—	2,553,819	1.02

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

Schedules are intended to show information for 10 years. Since 2024 is the seventh year for this presentation, there are only seven years available. However, additional years will be included as they become available.

OLD DOMINION UNIVERSITY

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

June 30, 2024

(1) 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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021.

The actuarial assumptions (LODA) used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020.

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

OLD DOMINION UNIVERSITY

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

June 30, 2024

Teachers (GLI):

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

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

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

OLD DOMINION UNIVERSITY

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

June 30, 2024

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

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

JRS Employees (GLI, HIC):

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

OLD DOMINION UNIVERSITY

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

June 30, 2024

Largest 10 Locality Employers – General Employees (GLI):

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

Non-Largest 10 Locality Employers – General Employees (GLI):

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

OLD DOMINION UNIVERSITY

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

June 30, 2024

Largest 10 Locality Employers – Hazardous Duty Employees (GLI, LODA):

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

Non-Largest 10 Locality Employers – Hazardous Duty Employees (GLI, LODA):

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

OLD DOMINION UNIVERSITY

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

June 30, 2024

(2) PMRH

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

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

Changes of assumptions – There were not any changes in assumptions since the June 20, 2022, measurement date. The following remained constant since the prior measurement date:

- Spousal Coverage – rate remained at 20 percent
- Retiree participation – rate remained at 35 percent

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

The trend rates were updated based on economic conditions as of June 30, 2023. Additionally, the discount rate was increased from 3.54% to 3.65% based on the Bond Buyers GO 20 Municipal Bond Index as the measurement date of June 30, 2023.



Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

September 25, 2025

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Visitors
Old Dominion University

Brian O. Hemphill
President, Old Dominion University

INDEPENDENT AUDITOR'S REPORT

Report on Financial Statements

Opinions

We have audited the financial statements of the business-type activities and aggregate discretely presented component units of **Old Dominion University** (University), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and aggregate discretely presented component units of the University as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the aggregate discretely presented component units of the University, which are discussed in Notes 1 and 10. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the component units of the University, is based solely on the reports of the other auditors.

Basis for Opinions

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

Emphasis of Matter

Changes in Accounting Principle

As discussed in Note 1 of the accompanying financial statements, the University implemented Governmental Accounting Standards Board (GASB) Implementation Guide No. 2021-1 Question 5.1, related to capitalizing groups of assets. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements: Management's Discussion and Analysis on pages 1 through 9; the Schedules of University's Share of Net Pension Liability, the Schedules of University Contributions, and the Notes to the Required Supplementary Information for Pension Plans on pages 97 through 100; the Schedules of University's Share of Other Post-Employment Benefits (OPEB) Liabilities (Assets), the Schedules of University's OPEB Contributions, and the Notes to the Required Supplementary Information for the Health Insurance Credit, Group Life Insurance, Disability Insurance, Line of Duty, and Pre-Medicare Retiree Healthcare plans on pages 101 through 108. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards

generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 25, 2025, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the University's internal control over financial reporting and compliance.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

ZLB/vks

OLD DOMINION UNIVERSITY

Norfolk, Virginia

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