GEORGE MASON UNIVERSITY

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Introduction

We are pleased to present this *Management's Discussion and Analysis* (MD&A) for George Mason University ("University" or "Mason"). The MD&A is intended to make the University's financial statements easier to understand and to communicate Mason's financial situation in an open and accountable manner. This section of the financial report provides an objective discussion and analysis of the financial performance of the University for the fiscal years ended June 30, 2021 (FY 2021) and June 30, 2020 (FY 2020). The MD&A provides an analysis of Mason's financial activities based on currently known facts, decisions, or existing conditions. University Management is responsible for completeness and fairness of this discussion and analysis, the financial statements, and related footnote disclosures.

Financial Highlights

The University's net position increased by $147.3 million or 16 percent, compared to an increase of $101.2 million, or 13 percent, for FY 2020. Although the University's operating results were negatively impacted by the COVID-19 pandemic with lower auxiliary enterprise revenues and higher operating expenses than the prior fiscal year, non-operating resources intended to offset those impacts, including additional federal and state COVID-19 relief funding and E&G appropriations from the Commonwealth, as well as increased capital appropriations generated a larger increase in net position.

Changes in Revenues, Expenses and Net Position ($ in millions)

	FY 2021		FY 2020		FY 2019	
Operating Revenues	$(13.3)	-2%	$(20.2)	-3%	$53.0	7%
Operating Expenses	$20.6	2%	$58.7	7%	$61.7	7%
Net Nonoperating Revenues	$67.3	29%	$35.6	19%	$12.3	7%
Net Other Revenues	$12.8	17%	$29.5	65%	$20.7	83%
Net Position	$147.3	16%	$101.2	13%	$114.1	17%

In FY 2021, the COVID-19 global outbreak continued to impact university operations. The University shifted from alternative virtual instruction to hybrid instruction with students returning to campus for in-person classes. For the health and safety of the campus community, the majority of on-campus operations paused or converted to online operations and many faculty and staff continued teleworking. The University recognized $57.9 million of COVID relief grants during FY 2021. This funding included $36 million under the Higher Education Emergency Relief Fund awarded under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) (HEERF II), $10.1 million of HEERF I funds (awarded in FY 2020 under the Coronavirus Aid, Relief, and Economic Security (CARES) Act), $8.3 million from the Commonwealth's share of the Coronavirus Relief Fund ($7.5 million awarded and recognized in FY 2021 and $0.8 million awarded in FY 2020 but recognized as revenue in FY 2021), and $3.5 million from the Governor's Emergency Education Relief Fund (GEERF). The University utilized this funding to award an additional $18.8 million in emergency student aid to more than 10,000 students. Remaining funds were used to support expenses for COVID-19 testing and vaccine activities, increased cleaning/disinfecting of campus facilities, instructional continuity expenses, and to replace lost revenue.

Overview of the Financial Statements and Financial Analysis

Financial highlights are presented above in this discussion and analysis to help your assessment of the University's financial activities. Since this presentation includes highly summarized data, it should be read in conjunction with the financial statements, which have the following parts:

- The ***Statement of Net Position*** presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University at the end of the University's fiscal year (June 30). Its purpose is to present a financial snapshot of the University. This statement aids readers in determining the assets available to continue the University's operations. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the University is improving or deteriorating.

- 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 of time (the fiscal year ended June 30). Its purpose is to identify the components leading to the change in net position, including operating activities, nonoperating items, and other activities.

- The ***Statement of Cash Flows*** presents the University's cash receipts and payments during a period of time (the fiscal years 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.

- ***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.

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

Statement of Net Position

A summary of the University's Statement of Net Position at June 30, 2021, and June 30, 2020, follows:

Condensed Statement of Net Position ($ in thousands)

	June 30, 2021	June 30, 2020	Dollar Change	Percent Change
Assets:				
Current assets	$766,598	$652,163	$114,435	18%
Capital assets, net	1,239,895	1,240,110	(215)	0%
Other noncurrent assets	44,337	27,226	17,111	63%
Total Assets	**2,050,830**	**1,919,499**	**131,331**	**7%**
Deferred Outflows of Resources	**95,065**	**72,667**	**22,398**	31%
Total Assets & Deferred Outflows	**2,145,895**	**1,992,166**	**153,729**	**8%**
Liabilities:				
Current liabilities	204,747	234,961	(30,214)	-13%
Noncurrent liabilities	854,284	810,038	44,246	5%
Total Liabilities	**1,059,031**	**1,044,999**	**14,032**	**1%**

Condensed Statement of Net Position ($ in thousands)	June 30, 2021	June 30, 2020	Dollar Change	Percent Change
Deferred Inflows of Resources	**44,508**	**52,144**	**(7,636)**	-15%
Total Liabilities & Deferred Inflows	**1,103,539**	**1,097,143**	**6,396**	**1%**
Net Position:				
Net investment in capital assets	754,049	726,154	27,895	4%
Restricted: nonexpendable	7,166	7,166	0	0%
Restricted: expendable	22,652	6,314	16,338	259%
Unrestricted	258,489	155,389	103,100	66%
Total Net Position	**$1,042,356**	**$895,023**	**$147,333**	**16%**

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. Total assets increased by $131.3 million during FY 2021. This change included an increase in current assets of $114.4 million and an increase in noncurrent assets of $17.1 million. The increase in current assets was mainly due to the following changes:

- Cash and cash equivalents increased by $121.2 million, primarily caused by an increase in available capital appropriations, savings from deferred debt service payments, increases in state appropriations and COVID relief funding, and an increase in the Commonwealth's securities lending program.
- Accounts receivable, net increased by $10.7 million as a result of $14.0 million additional receivables on federal grants and contracts offset by a decrease in student accounts receivable. FY 2020 student accounts receivable were unusually high as a result of COVID-19.
- Prepaid expenses decreased by $6.8 million primarily due to the use of $5.5 million in prepaid software licenses during FY 2021.
- Due from the Commonwealth of Virginia decreased by $10.6 million. This receivable represents unreimbursed expenses for capital projects and equipment funded by the Commonwealth. The decrease is primarily related to VCBA 21st Century, funding for the Horizon Hall and Utilities Distribution Infrastructure projects which are nearing completion.

The increase in noncurrent assets was mainly due to the following change:

- Long term investments increased as a result of a $10.5 million gift (recorded as Capital grants & gift revenue) received to support the Tech Talent Investment Program and another $3.6 million received in other capital and non-capital gifts from the George Mason University Foundation (GMUF). Investment income of $1.8 million also increased long term investments.

Deferred Outflows of Resources

Deferred Outflows of Resources are consumptions of the University's net position that are applicable to a future reporting period. The $22.4 million increase is related to pension and other postemployment benefits (OPEB).

- Deferred outflows of resources related to pension increased by $17.4 million due to the difference between projected and actual earnings on pension plan investments.
- Deferred outflows of resources related to OPEB increased by $4.6 million due to the difference between projected and actual earnings on OPEB program investments and changes in the University's proportionate share.

Liabilities

Liabilities are what the University owes to others or resources it has collected from others before it has provided services. Total liabilities increased by $14.0 million during FY 2021. This change included a decrease in current liabilities of $30.2 million, offset by an increase in noncurrent liabilities of $44.2 million. The decrease in current liabilities was largely due to the following:

- Long-term debt, current, decreased by $32.8 million as a result of FY 2022 principal payment deferrals through debt restructurings. See the Capital Asset and Debt Administration section for more detail on the restructurings.
- Unearned revenue decreased by $15.6 million. $9.3 million of the decrease was due to a reduction in revenue related to the summer term in FY 2021 in addition to a smaller percentage of the summer term occurring after June 30 than in the previous year. The remainder was primarily due to the recognition of one year of prepaid software licenses donated in FY 2020.
- Obligations under Securities Lending, the University's allocated share of the Commonwealth's securities lending program increased by $14.4 million.

The increase in noncurrent liabilities was largely due to the following:

- Net pension liability increased by $40.1 million, driven by market performance for the plan assets, changes in actuarial assumptions and changes in the University's proportionate share.
- Accrued compensated absences increased by $3.5 million as a result of employees using less accrued leave during FY 2021.

Deferred Inflows of Resources

Deferred Inflows of Resources are the acquisition of net position by the University that is applicable to a future reporting period. The $7.6 million decrease is attributable mainly to:

- Deferred inflows of resources related to pension decreased due to the difference between expected and actual experience and the difference between projected and actual earnings on pension plan investments.

Net Position

Net position is divided into three categories. "Net investment in capital assets" provides the University's equity in the property, plant and equipment that it owns or leases. "Restricted net position" includes amounts that have been restricted as to use by an external party and is further broken down into nonexpendable and expendable. Restricted nonexpendable net position consists of endowments and similar funds in which the principal is to be maintained inviolate and in perpetuity. Restricted expendable net position is available for expenditure but must be spent as determined by external entities that have placed purpose restrictions on the use of the assets. "Unrestricted net position" is available to the University for any lawful purpose of the institution. Total net position increased by $147.3 million in FY 2021, which is composed of $27.9 million increase in net investment in capital assets, $16.3 million increase in restricted expendable net position and $103.1 million increase in unrestricted net position.

Capital Asset and Debt Administration

Development and renewal of capital assets is one of the critical factors in sustaining the high quality of the University's academic, research, and residential life functions. The University continues to maintain and upgrade current structures, and to add new facilities.

Note 5 of the Notes to Financial Statements describes the University's investment in capital assets, with $2.125 billion in capital assets, less accumulated depreciation of $885.6 million for net capital assets of $1.239 billion.

Depreciation expense increased by $94 thousand over the prior year to $65.7 million. The following table summarizes the University's capital assets, net of accumulated depreciation as of June 30, 2021 and June 30, 2020:

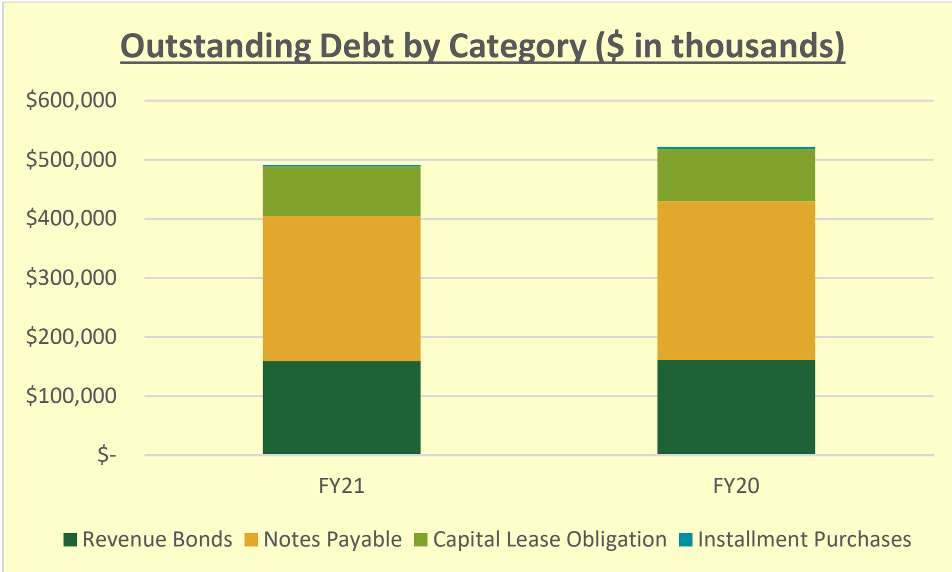
Capital Assets, Net ($ in thousands)	June 30, 2021	June 30, 2020	Dollar Change	Percent Change
Land	$22,329	$22,329	$-	0%
Construction in Progress	70,701	122,682	(51,981)	-42%
Works of Art & Historical Treasures	5,081	5,066	15	0%
Buildings	1,042,226	988,713	53,513	5%
Improvements	4,433	5,405	(972)	-18%
Infrastructure	36,755	38,522	(1,767)	-5%
Equipment	45,477	43,327	2,150	5%
Intangibles (including computer software)	906	419	487	116%
Library Materials	11,987	13,647	(1,660)	-12%
Total Capital Assets, Net	**$1,239,895**	**$1,240,110**	**$(215)**	**0%**

The significant increase in Buildings and corresponding decrease in Construction in Progress relate to the completion of Horizon Hall in April 2021. The 218,000 square foot project located on the Fairfax Campus replaces Robinson Hall. The building includes technology-enabled classrooms, collaboration and meeting spaces, informal learning areas, and conference rooms on six floors. Students and student learning are the foundation of the design of Horizon Hall. The project also includes a 2,000 square foot addition to, and a renovation of the 21,000 square foot Harris Theater. That portion of the project is expected to be completed in December 2021 and the related costs remain in Construction in Progress.

Construction in Progress also includes costs on the continuing Utilities Distribution Infrastructure project. In FY17, the University began the design of this $49 million project to replace critical components of the thermal infrastructure loop system. In addition to replacing the utility system beneath plazas, roadways, sidewalks and softscapes, the project will improve and extend the North Plaza and repair all hardscape and softscape systems in all other effected areas to retain the character of the campus. The project is expected to be completed in December 2021.

Financial stewardship requires the effective management of resources, including the use of long-term debt to finance capital projects. During FY 2021, the Commonwealth recognized that the COVID-19 pandemic had a tremendous adverse impact on higher education, including the fiscal health of the Commonwealth's colleges and universities. In response to financial conditions created by the pandemic, the Governor proposed a debt restructuring plan for debt-funded capital projects of higher educational institutions which defers the principal payments on certain indebtedness including 9(c) debt obtained through the Commonwealth of Virginia and 9(d) debt obtained through the Virginia College Building Authority. By participating in these programs, the University deferred two years of principal payments to the end of each bond term. The deferral of principal payments provides relief to University departments responsible for funding the debt service payments, primarily the auxiliary enterprises hardest hit by reduced operating revenues during the pandemic. The interest rate on these bonds has been reduced due to lower interest rates available in the market, however, the total principal and interest payments are slightly higher due to the extended duration of the outstanding debt.

Notes 7, 8 and 9 of the Notes to Financial Statements describe changes in the University's long-term debt. At June 30, 2021, the University had $490.7 million in outstanding long-term debt. The debt primarily consists of bonds and notes issued to finance major construction projects such as student housing, student activity centers and parking garages. The following graph illustrates debt by category:



Long-term debt outstanding decreased by $31.0 million from the end of FY 2020 to the end of FY 2021, as compared to a decrease of $42.7 million for FY 2020. The smaller reduction of outstanding debt in FY 2021 was the result of the 9(c)-restructuring described above, where $10.9 million of principal payments were deferred from FY 2021 to the end of each bond term.

Contractual commitments for capital outlay projects under construction at year end decreased from $41.4 million in FY 2020 to $9.1 million in FY 2021. This decrease was due to the Horizon Hall/Harris Theater and Utilities Distribution Infrastructure projects nearing completion. These obligations are for future efforts and therefore have not been accrued as expenses or liabilities on the University's financial statements.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the University's operating revenues earned, operating expenses incurred and all other revenues, expenses, gains and losses during the fiscal year.

A summary of the University's Statement of Revenues, Expenses, and Changes in Net Position follows:

Condensed Statement of Revenues, Expenses, and Changes in Net Position ($ in thousands)

	June 30, 2021	June 30, 2020	Dollar Change	Percent Change
Operating Revenues:				
Student tuition and fees, net of allowances	$406,066	$392,744	$13,322	3%
Grants and contracts	176,744	155,934	20,810	13%
Auxiliary enterprises and other	155,662	203,092	(47,430)	-23%
Total Operating Revenues	**738,472**	**751,770**	**(13,298)**	**-2%**
Operating Expenses:				
Educational and general	816,082	752,403	63,679	8%
Depreciation	65,715	65,621	94	0%
Auxiliary enterprises	93,077	136,225	(43,148)	-32%
Total Operating Expenses	**974,874**	**954,249**	**20,625**	**2%**

Condensed Statement of Revenues, Expenses, and Changes in Net Position ($ in thousands)	June 30, 2021	June 30, 2020	Dollar Change	Percent Change
Operating Income (loss)	**(236,402)**	**(202,479)**	**(33,923)**	**-17%**
Nonoperating revenues and expenses (net)	**295,908**	**228,633**	**67,275**	**29%**
Income (loss) before other revenue/expense/gain/loss	**59,506**	**26,154**	**33,352**	**128%**
Other revenue/expense/gain/loss	**87,827**	**75,014**	**12,813**	**17%**
Net increase in net position	**147,333**	**101,168**	**46,165**	**46%**
Net position at beginning of year	895,023	793,855	101,168	13%
Net position at end of year	**$1,042,356**	**$895,023**	**$147,333**	**16%**

Operating Revenues

Operating revenues are earned for providing goods and services to the students and other constituencies of the institution. Total operating revenues, consisting primarily of tuition and fees, grants and contracts, and auxiliary enterprises, decreased by $13.3 million from the prior year, as detailed below:

- Student tuition and fees, net of scholarship allowances, increased by $13.3 million due to growing enrollment and a modest tuition increase.
- Revenue from grants and contracts increased by $20.8 million, mostly attributable to federal grants with the Air Force Research Lab.
- The $47.4 million decrease in auxiliary enterprises and other revenue was primarily a result of reduced volumes in student housing, dining and parking as a result of decreased density on campus caused by COVID-19.

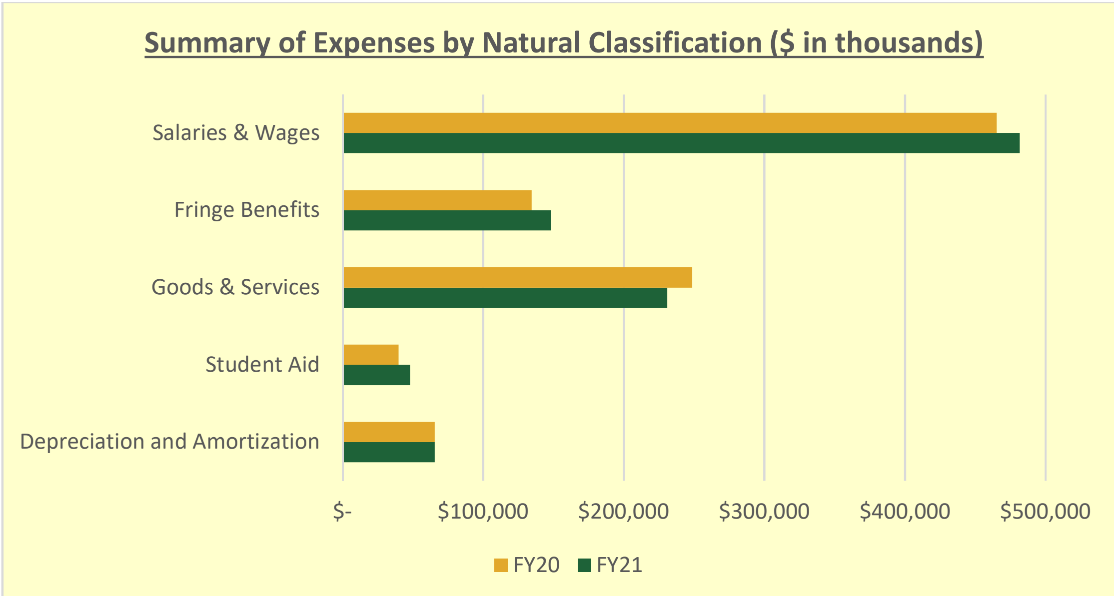
Total scholarships and fellowships, which is the sum of scholarship allowances and student aid expense, increased by $17.2 million to $190.7 million. The increase is a result of the COVID-19 relief funding for emergency student aid along with the University's focus of increasing aid to students.

Operating Expenses

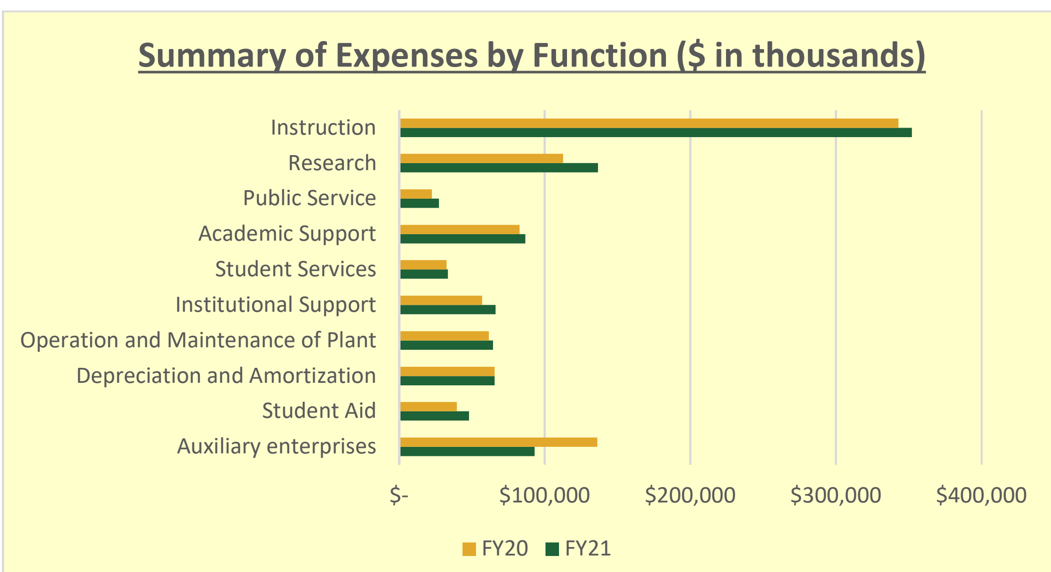
Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the institutions. Total operating expenses increased by $20.6 million, mainly due to the following:

- Increase of $29.8 million in compensation expenses, consisting of salaries, wages, and fringe benefits, as a result of new positions including COVID-19 testing, vaccine and research activities and supplemental compensation for instructional continuity.
- Increase in student aid expense of $8.3 million, resulting from COVID-19 relief funding for emergency student aid.
- Decrease in the purchase of goods and services of $17.6 million, mainly as a result of significant reductions in auxiliary enterprise contracts and cost saving efforts by units.

Note 11 of the Notes to Financial Statements describes the University's classification of operating expenses both by functional and natural classification. The following graphs depict a two-year comparison of expenses by both natural and functional classifications.



While the total operating expenses increased $20.6 million, on a functional basis, several categories experienced increases which were offset by a decrease of $43.1 million in Auxiliary Enterprises reflecting the lower activity on campus in FY 2021 in housing, dining and parking operations. Increases in Research, Instruction, Institutional Support, Public Service and Academic Support were primarily in the area of compensation and benefits as noted above.



Nonoperating and Other Revenues, Expenses, Gains and Losses
Non-operating revenues are revenues received for which goods and services are not provided in exchange as part of a transaction. Nonoperating revenues net of nonoperating expenses increased by $67.3 million, primarily due to $44.9 million in COVID-19 relief funding and a $15.8 million increase in the unrestricted state general fund appropriations.

While the Operating Income (Loss) depicts a $33.9 million larger loss in FY 2021 as a result of the decreasing operating revenues and increasing operating expenses, an important number to note in the Statement of Revenues, Expenses, and Changes in Net Position is "Income/(loss) before other revenues, expenses, gains or losses" because this number is a better representation of the true operating results of the University. This number includes other non-capital revenues such as state appropriations which are intended to fund operating expenses. These items are reported separately from other operating results due to GASB's reporting requirements, but from a financial perspective should be combined to understand operating results. In FY 2021 this subtotal was $59.5 million, which was an increase of $33.4 million compared to the FY 2020 income of $26.1 million, the cumulative result of the variances discussed above.

The final category on the Statement of Revenues, Expenses, and Changes in Net Position is called Other revenues, expenses, gains and losses and includes capital appropriations, capital grants and gifts, additions to permanent endowment, and gain/loss on the disposal of fixed assets. This category increased by $12.8 million, primarily caused by an increase in capital appropriations from the Virginia College Building Authority, 21st Century capital reimbursement program, for the Horizon Hall and Utilities Distribution Infrastructure projects described above.

Statement of Cash Flows

The Statement of Cash Flows provides information about the University's financial results by reporting the major sources and uses of cash and cash equivalents. This statement assists in evaluating the University's ability to generate cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash used by the operating activities of the University. Due to the categorization of operating and non-operating expenses by GASB, cash flows from operating activities typically reflect a net use of cash. Net cash flows from noncapital 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. Cash flows from capital financing activities include cash 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.

A summary of the University's Statement of Cash Flows follows:

Condensed Statement of Cash Flows ($ in thousands)

	June 30, 2021	June 30, 2020
Cash Provided (Used) by:		
Operating activities	($156,502)	($126,451)
Noncapital financing activities	290,898	240,790
Capital financing activities	(31,039)	(85,082)
Investing activities	2,830	8,753
Net Increase (Decrease) in Cash and Cash Equivalents	**106,187**	**38,010**
Cash and Cash Equivalents, Beginning of Year	514,475	476,465
Cash and Cash Equivalents, End of Year	**$620,662**	**$514,475**

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, which like the rest of the country faces unprecedented challenges in the face of the ongoing COVID-19 pandemic. The University receives support from the Commonwealth in the form of operating and capital appropriations. Changes in student demographics and increasing student loan debt are additional external pressures impacting higher education institutions across the country. These pressures are somewhat mitigated at Mason because the University offers a range of affordable, high-quality programs that attract and support a diverse and talented student population. In addition, strong economic conditions in Northern Virginia allow many Mason students to work while going to school.

Today, the University enrolls one of the most diverse student populations in the nation, from traditional college-age students to working adults seeking to complete their four-year degrees. The University improved its already strong ranking as one of the nation's most diverse universities in the *U.S. News & World Report 2022* Best Colleges list. Mason continues to grow enrollment, and despite the pandemic, welcomed the largest incoming class in its history with more than 4,000 freshman students in Fall 2021, 56 percent of whom are non-white. Mason is the top-ranked public university in Virginia for ethnic diversity and tied for 12th nationally. Mason is also ranked 9th among public universities nationally (18th overall) for innovation. In addition, Mason improved its ranking as a top school for veterans to 86th nationally, up 14 spots, and 62nd among publics. Overall, Mason is ranked 67th among public universities and 148th nationally.

The University is refining its operational and financial model to plan for and develop the infrastructure necessary to support a dynamic research university in a region that includes thousands of advanced industry employers essential to the Commonwealth's success in the 21st century innovation economy. Mason remains deeply committed to providing transformative learning experiences for all students, shaping their development as engaged citizens and well-rounded scholars, and preparing them to make a positive impact on the world.

Effective July 1, 2021, the University achieved the highest level of institutional management autonomy granted to Virginia public colleges and universities, a milestone achievement for Mason, the state's youngest public research institution. The "Tier 3" management agreement with the Commonwealth of Virginia offers Mason greater autonomy in financial operations, including capital projects, procurement, information technology, and human resources. This autonomy will have significant impact both in the short-term and long-term operations of the University, as greater flexibility leads to more positive outcomes for our students, faculty and staff, and our region and state.

Mason met the statutory fiscal management performance standards required to attain the operational and administrative autonomy. The University earned an issuer rating of Aa3 from Moody's Investors Service in October 2019. Mason became Tier 2 in 2008 and Tier 2.5 in 2016, at which point it entered a five-year pilot program, which expires on June 30, 2021. Mason becomes the sixth Virginia institution to attain Tier 3 status since the state passed the Restructured Higher Education Financial and Administrative Operations Act of 2005.

The University offers high quality education programs using innovative approaches attractive to its diverse student population. In Fall 2020, the University and Northern Virginia Community College (NOVA) welcomed nearly 660 students into the ADVANCE program. As this program continued to mature, more than 2,000 students were enrolled in ADVANCE programs as of Spring 2021. The program also saw its first graduates in December 2020. The ADVANCE program aligns Mason and NOVA curricula, advising, financial aid and other student services to remove obstacles and decrease the time and cost for NOVA transfers to graduate from Mason. Soon, Northern Virginia high school students will also have the opportunity to join the ADVANCE Program and get a head start on earning college credit. In March 2021, an American Council on Higher Education task force report, *Reimagining Transfer for Student Success,* highlighted ADVANCE as an example of a successful collaboration to improve transfer student success. Estimates indicate that ADVANCE enrollment could increase to more than 6,500 students by 2030.

The University also continues to collaborate with Old Dominion University (ODU), James Madison University (JMU) and the state's community college network to support the Online Virginia Network (OVN), an online degree completion initiative developed to support adult learners throughout the Commonwealth. OVN seeks to increase the number of college degree completers in Virginia, creating accessible and efficient pathways to a bachelor's degree and providing more cost-effective programs than traditional degree offerings.

Through programs like ADVANCE and OVN and by providing more traditional pathways to four-year and advanced degrees, Mason fuels the innovation engine of Northern Virginia, the Commonwealth, and beyond, preparing a world-class workforce – the University conferred approximately 10,725 degrees and certificates at Spring 2021 Commencement – poised to contribute in meaningful ways to the Commonwealth's diverse innovation economy.

To accommodate its thriving education, research and innovation, and commercialization programs, the University has engaged in the development of a Master Plan for all three campuses which will further identify and develop renewal and new academic, research and innovation facilities designed to support Mason growth and commitment to the Commonwealth. The Life Sciences and Engineering Building addition currently being programmed at the Science and Technology Campus in Manassas will be a 100,000 GSF building that will support the instructional needs of students in STEM-H programs like Mechanical Engineering, Forensic Science, Bioengineering, and Computer Game Design. Mason is also expanding its Arlington Campus, adding a new mixed-use facility that will anchor a computing centric innovation district on the vibrant Rosslyn-Ballston corridor. As the headquarters for the newly-launched Institute for Digital InnovAtion (IDIA), it will house the graduate programs of Mason's School of Computing, complementing graduate programs offered by the Antonin Scalia Law School, the School of Business, the Carter School for Peace and Conflict Resolution, and the Schar School of Policy and Government catalyzing lab-to-market and entrepreneurial activities. To be constructed with funding provided, in part, by the Commonwealth through the Tech Talent Investment Program (TTIP) and also with philanthropic funds raised by the University, the facility will also house research, innovation, and entrepreneurship programs supported by Mason and by other private and public sector partners, including industry, as well as incubators, accelerators and co-working spaces that will support high-growth high-opportunity start-ups.

On Nov. 7, 2019, the Commonwealth of Virginia announced that the University will receive $235 million towards the TTIP Program. The first of the two memorandums of understanding (MOU) that the University has executed with the Commonwealth calls for the state to invest $125 million in Mason to produce a cumulative total of 7,538 master's graduates in tech fields over the next 20 years. The second memorandum of understanding calls for the state to invest $110 million in Mason to confer 8,410 undergraduate degrees in tech fields over that same period. In all, the University will produce about 30 percent of 25,000 additional graduates in tech fields over the next two decades to serve regional and state employers, including Amazon. In April 2021, the University also received approval from SCHEV for the first-in-the-Commonwealth School of Computing, as part of the newly re-structured College of Engineering and Computing.

In March of 2020, as a result of and in response to the COVID-19 pandemic, Mason's classes pivoted such that nearly all classes, at both the undergraduate and graduate levels, were provided in a virtual format. In Fall 2020, the University shifted from nearly entirely virtual instruction to a hybrid model with many students returning to campus for in-person classes consistent with Mason's carefully formulated Safe Return to Campus plan. For the health and safety of the campus community, the majority of on-campus operations paused or converted to online operations and most events were canceled or delayed, with most faculty and staff continuing to telework. This pattern continued for the spring 2021 semester. The widespread availability of the coronavirus vaccine led the University to offer in-person, carefully planned, socially distanced commencement ceremonies over the course of a week in May 2021, including extending invitations for May 2020 graduates to participate. For the fall 2021 semester, a significant increase in face-to-face classes were scheduled such that the vast majority of classes and student registrations are being held in Mason facilities on campus.

For the fiscal year ending June, 30, 2021, revenue from student housing, dining and parking was impacted as detailed in the Statement of Revenues, Expenses, and Changes in Net Position section above. The University expects revenue to continue to be impacted in FY 2022, albeit to a lesser extent than in FY 2021, with the continuation of some virtual and hybrid instruction leading to lower volume of some on campus operations. Expenses related to the Safe Return to Campus plan are also expected to continue in FY 2022 as we continue with robust health and safety protocols, such as required vaccination for faculty, staff, and students, regular surveillance testing of the community, and reserved space for residential student quarantine/isolation. The total financial impact and duration of altered business processes cannot be reasonably estimated at this time.

The University's commitment to continuing to accrue operational and administrative efficiencies and our constant innovation in the delivery of affordable, high quality education and research programs attractive to students, employers and sponsors, make us confident that we will continue to attract a diverse and talented student population and that our research and innovation programs will continue to prosper. Strong leadership and resilience of the Mason community will position the University to navigate a successful course through this unprecedented time. Our commitment to academic excellence compels us to find new paradigms for higher education. Our vision is to leverage, lift and integrate our experiences during the COVID pandemic that will help our university to better serve our students with more accessible, flexible and high-quality academic programs that provide greater choice for our students with respect to course modality and schedule.

FINANCIAL STATEMENTS

Statement of Net Position as of June 30, 2021

ASSETS	
Current assets	
Cash and cash equivalents (Note 2)	$ 667,576,806
Accounts receivable, net of allowance of $10,700,072 (Note 4)	70,504,652
Notes receivable, net of allowance of $74,073 (Note 4)	193,681
Prepaid expenses	17,962,013
Inventories	855,239
Due from the Commonwealth of Virginia	9,505,723
Total current assets	**766,598,114**
Noncurrent assets	
Restricted cash and cash equivalents in custody of others (Note 2)	90,182
Notes receivable, net of allowance of $534,837 (Note 4)	1,390,678
Other accounts receivable (Note 4)	933,333
Depreciable capital assets, net of accumulated depreciation (Note 5)	1,141,783,868
Nondepreciable capital assets (Note 5)	98,111,182
Other post-employment benefits asset (Note 16)	7,127,856
Long-term investments (Note 2)	34,795,237
Total noncurrent assets	**1,284,232,336**
Total assets	**2,050,830,450**
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - refundings of debt (Notes 8-9)	10,210,529
Deferred outflows of resources - pension (Note 15)	62,294,403
Deferred outflows of resources - other postemployment benefits (Note 16)	22,559,361
Total deferred outflows of resources	**95,064,293**
Total assets and deferred outflows of resources	**2,145,894,743**
LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses (Note 6)	75,027,316
Unearned revenue	65,110,348
Obligations under securities lending	47,004,913
Deposits held in custody for others	644,819
Long-term debt-current portion (Notes 7-10)	9,234,717
Other post-employment benefits liability - current portion (Note 7 and Note 16)	1,568,469
Accrued compensated absences- current portion (Note 7)	6,156,810
Total current liabilities	**204,747,392**
Noncurrent liabilities	
Long-term debt (Notes 7-10)	481,468,768
Net pension liability (Note 7 and Note 15)	251,639,433
Other post-employment benefits liability (Note 7 and Note 16)	99,293,532
Accrued compensated absences (Note 7)	19,675,750
Other noncurrent liabilities (Note 7)	2,206,047
Total noncurrent liabilities	**854,283,530**
Total liabilities	**1,059,030,922**
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - refundings of debt (Notes 8-9)	5,436,881
Deferred inflows of resources - pension (Note 15)	2,747,738
Deferred inflows of resources - other post-employment benefits (Note 16)	36,323,487
Total deferred inflows of resources	**44,508,106**
Total liabilities and deferred inflows of resources	**1,103,539,028**
NET POSITION	
Net investment in capital assets	754,049,023
Restricted: nonexpendable (Note 18)	7,166,436
Restricted: expendable (Note 18)	22,651,884
Unrestricted	258,488,372
Total net position	**$ 1,042,355,715**

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

Statement of Revenues, Expenses, and Changes in Net Position for the Year Ended June 30, 2021

Operating revenues		
Student tuition and fees, net of scholarship allowances of $112,258,081	$	406,065,968
Federal grants and contracts		139,031,148
State, local, and nongovernmental grants and contracts		37,712,935
Auxiliary enterprises, net of scholarship allowances of $30,257,407		144,234,938
Other operating revenue		11,426,911
Total operating revenues		**738,471,900**
Operating expenses (Note 11)		
Instruction		352,143,284
Research		136,773,793
Public service		27,376,948
Academic support		86,840,156
Student services		33,732,818
Institutional support		66,372,988
Operation and maintenance of plant		64,663,666
Depreciation and amortization		65,714,957
Student aid		48,178,214
Auxiliary enterprises		93,077,604
Total operating expenses		**974,874,428**
Operating income (loss)		**(236,402,528)**
Nonoperating revenues (expenses)		
State educational and general appropriation (Note 12)		166,405,926
State general fund appropriations - restricted		33,960,538
Pell Grant receipts		39,713,062
Gifts		10,677,986
ARRA Build America Bonds Subsidy		632,738
COVID Relief Funding		57,922,466
Investment income		1,758,233
Other nonoperating revenue/(expense)		(3,010,155)
Interest revenue/(expense) (Note 13)		(12,153,112)
Net nonoperating revenues		**295,907,682**
Income before other revenues, expenses, gains, and losses		**59,505,154**
Other revenues, expenses, gains, and losses		
Capital grants and gifts		21,059,871
Capital appropriations		67,577,554
Additions to permanent endowments		300
Loss on disposal of capital assets		(810,393)
Net other revenues, expenses, gains, and losses		**87,827,332**
Increase in net position		**147,332,486**
Net position beginning of year		895,023,229
Net position end of year	**$**	**1,042,355,715**

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

Statement of Cash Flows for the Year Ended June 30, 2021

Cash flows from operating activities		
Student tuition and fees	$	403,174,108
Grants and contracts		162,280,771
Auxiliary enterprises		146,132,553
Other receipts		11,697,732
Payments to suppliers		(214,894,185)
Payments to employees		(616,715,234)
Payments for scholarships and fellowships		(48,178,214)
Net cash used by operating activities		**(156,502,469)**
Cash flows from noncapital financing activities		
State appropriations		200,366,464
Federal Direct Loan Program receipts		149,844,195
Federal Direct Loan Program disbursements		(149,844,195)
Pell Grant receipts		39,713,062
Other net nonoperating revenue/(expense)		(3,010,155)
Noncapital gifts		1,798,047
COVID Relief Funding receipts		52,019,204
Custodial receipts		339,024
Custodial disbursements		(327,641)
Net cash provided by noncapital financing activities		**290,898,005**
Cash flows from capital and related financing activities		
Proceeds from capital appropriations available		77,511,084
Capital grants and contributions		9,530,204
Proceeds from sale of capital assets		109,819
Principal paid on capital related debt		(26,989,092)
Interest paid on capital related debt		(15,493,605)
Purchases of capital assets		(75,706,919)
Net cash used by capital and related financing activities		**(31,038,509)**
Cash flows from investing		
Proceeds from sales and maturities of investments		289,553
Interest on investments		134,458
Interest on auxiliary balances, securities lending and Build America bonds		2,830,056
Purchase of investments and related fees		(424,311)
Net cash provided by investing activities		**2,829,756**
Net increase in cash		**106,186,783**
Cash and cash equivalents - beginning of the year		547,062,847
Less: Securities Lending - Treasurer of Virginia		(32,587,555)
Net cash and cash equivalents - beginning of the year		**514,475,292**
Cash and cash equivalents - end of the year (see next page)	**$**	**620,662,075**

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

Statement of Cash Flows for the Year Ended June 30, 2021

RECONCILIATION OF STATEMENT OF CASH FLOWS, STATEMENT OF NET POSITION

Statement of Net Position		
Cash and cash equivalents (Unrestricted and Restricted)	$	667,666,988
Less: Securities lending - Treasurer of Virginia		(47,004,913)
Net cash and cash equivalents	**$**	**620,662,075**

RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Operating loss	$	(236,402,528)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation expense		65,714,957
Gift in Kind Expense		5,466,667
Changes in assets, liabilities, deferred outflows and deferred inflows:		
Accounts receivable (net)		3,723,663
Restricted assets receivable (net)		(14,467,028)
Perkins loan receivable		309,740
Inventory		(89,891)
Prepaid expenses		1,365,241
OPEB asset		(1,979,057)
Deferred outflows of resources- pension		(17,429,395)
Deferred outflows of resources- OPEB		(4,574,613)
Accounts payable and accrued liabilities		14,352,846
Unearned revenue		(4,278,096)
Perkins loan liability		(475,015)
Net pension liability		40,132,594
OPEB liability		(540,504)
Faculty Early Retirement liability		231,208
Compensated absences		3,340,876
Deferred inflows of resources- pension		(9,676,497)
Deferred inflows of resources- OPEB		(1,227,637)
Net cash used by operating activities	**$**	**(156,502,469)**

Noncash investing, capital and financing activities:

The following transactions occurred prior to the Statement of Net Position date:		
Capital assets acquired through gifts	$	1,496,778
Amortization of bond premium/discount and gain/loss on debt refinancing		(1,143,177)
Loss on disposal of capital assets		(700,574)
Capitalized interest accrual		1,052,747
Unrealized gain/loss on investments		1,462,823
Gift in Kind		5,466,667
Gift from GMUF		13,913,571

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

Component Units - Combined Statements of Financial Position as of June 30, 2021

		Total Component Units
ASSETS		
Cash and cash equivalents	$	68,439,473
Security deposits		89,718
Restricted cash and cash equivalents		10,435,742
Accounts receivable, net		685,679
Contributions receivable, net		22,436,441
Prepaid expenses and other assets		5,880,555
Net investment in direct financing lease		80,656,992
Beneficial interest in perpetual trusts		13,090,982
Investments		316,229,726
Property and equipment, net		83,238,556
Deferred tax asset		105,000
Total assets	**$**	**601,288,864**
LIABILITIES AND NET ASSETS		
LIABILITES		
Accounts payable and accrued expenses	$	12,666,971
Accrued payroll and related expenses		8,489
Grants and student research awards payable		2,721,482
Participation rent payable		4,822
Tenant security deposits liability		89,718
Unearned revenue		1,056,173
Charitable gift annuities		238,318
Other liabilities		552,730
Interest rate swap liability		11,180,722
Long-term debt including loan payable		171,960,617
Amounts held for others		34,991,934
Total liabilities		**235,471,976**
NET ASSETS		
Net assets without donor restrictions		51,222,604
Net assets with donor restrictions		314,594,284
Total net assets		**365,816,888**
Total liabilities and net assets	**$**	**601,288,864**

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

Component Units - Combined Statement of Activities for the Year Ended June 30, 2021

		Total Component Units
Operating revenues		
Contributions	$	76,935,406
Grants		72,393,527
Interest on direct financing lease		5,108,960
Investment and trust return		39,543,237
Miscellaneous and other income		565,581
Rental income, net		16,320,663
Service fees		11,874,432
Total operating revenues		**222,741,806**
Operating expenses		
Academic program support		132,288,583
Advertising and promotion		28,997
Depreciation		2,998,201
Fundraising		2,027,337
Insurance		304,263
Interest expense		7,281,490
Maintenance		206,385
Management fees		1,646,431
Office and other administrative expenses		1,583,324
Salaries and wages		7,569,638
Rent, utilities and other		4,556,644
Total operating expenses		**160,491,293**
Change in net assets before non-operating items and other changes		**62,250,513**
Non-operating items		14,991,000
Change in net assets		77,241,513
Beginning net assets - as originally reported		288,575,375
Ending net assets	**$**	**365,816,888**

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

NOTES TO FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

George Mason University is a comprehensive, doctoral institution that is part of the Commonwealth of Virginia's statewide system of higher education. The Board of Visitors, appointed by the Governor, is responsible for overseeing the governance of the University. A separate report is prepared for the Commonwealth of Virginia that includes all agencies, 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 general-purpose financial statements of the Commonwealth.

The George Mason University Foundation, Inc. (GMUF), Mason Housing, Inc. (MHI), George Mason University Instructional Foundation (GMUIF), Mason Korea, LLC (MK) and Mercatus Center, Inc. (Mercatus) are private, independent organizations whose close relationships with the University require them to be reported as component units of the University. GMUF, MHI, GMUIF, MK and Mercatus are discretely presented herein by separate page display.

GMUF was established to receive, hold, invest and administer property, and to make expenditures for the benefit of the University. GMUF has a June 30th fiscal year-end. During the year ended June 30, 2021, GMUF distributed $75,105,531 to, or on behalf of, the University for both restricted and unrestricted purposes. Separate financial information for GMUF may be obtained by writing to the GMUF Business Office at 4400 University Drive, MSN 1A3, Fairfax, VA 22030.

MHI was established to build and manage the University's faculty and staff housing. MHI has a March 31st fiscal year-end. Separate financial information for MHI may be obtained by writing to Mason Housing, Inc., Attn.: General Accounting, 4400 University Drive, MSN 4B2, Fairfax, VA 22030.

GMUIF was established to transmit educational and public affairs programming to the greater Washington, DC metropolitan area for a program fee under licenses issued by the Federal Communications Commission. GMUIF has a March 31st fiscal year-end. During FY 14 the University and GMUIF agreed that GMUIF would establish, and be the sole member of, Mason Global Pathways, LLC. The purpose of Mason Global Pathways LLC is to invest in, and own 50% of, INTO Mason, LLC. INTO Mason, LLC was established to manage a new program to recruit international students and create pathways programs, providing the students the opportunity to become degree seeking students at the University. Separate financial information for GMUIF may be obtained by writing to GMUIF, Attn.: CFO, Kelley II - 10716 Kelley Drive, MSN 1D2, Fairfax, VA 22030.

MK was established to develop and operate a campus for the University on the Incheon Global Campus in Songdo, South Korea. MK has a December 31st fiscal year-end. Separate financial information for MK may be obtained by writing to Mason Korea, LLC, Attn.: General Accounting, 4400 University Drive, MSN 4B2, Fairfax, VA 22030.

Mercatus supports the University by providing a research center that conducts research, works with students to apply ideas to problems in the world and makes research findings available to the general public to connect academic learning with real-world practice. Mercatus has an August 31st fiscal year-end. Separate financial information for Mercatus may be obtained by writing to Mercatus Center, Inc., Attn.: Gary Leff, 3434 Washington Blvd., 4th Floor, Arlington, VA 22201.

B. BASIS OF PRESENTATION

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

GMUF, MHI, GMUIF, MK and Mercatus are private, nonprofit organizations that report under Financial Accounting Standards Board (FASB) standards. Their financial statements included herein are presented in accordance with those standards.

C. BASIS OF ACCOUNTING

The University's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus considers all inflows, outflows, and balances affecting an entity's net position. Under the accrual basis, revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. All significant intra-agency transactions have been eliminated. The University's policy is to spend restricted resources before unrestricted resources when both are available for expenses that are properly chargeable to restricted resources.

D. PREPAID EXPENSES

The University has recorded as a current asset certain expenses for fiscal year 2022 that were paid in advance as of June 30, 2021. These prepaid expenses consist primarily of technology expenses.

E. INVENTORY

Inventory is composed of two distinct categories of items. The first category is natural gas, which is used to power the University's physical plant. The second category consists of the on-hand stock of materials, supplies, and parts for use in maintaining the University's physical plant. Both categories of inventory are valued at cost using the first-in, first-out inventory methodology.

F. INVESTMENTS

The University's investments consist of an interest in an internal investment pool managed by GMUF. The internal investment pool functions like an external investment pool. Consistent with FASB's measurement principles for investment companies, investments in external investment pools are measured at the net asset value (NAV) per share, or its equivalent, determined by the pool. All investment income, including changes in the value of investments (unrealized gains and losses), is reported as nonoperating revenue in the Statement of Revenues, Expenses, and Changes in Net Position. Included in this internal investment pool is a $21,000,000 gift from GMUF, out of which $10,500,000 was received in FY 2021. GMUF made this gift to the University from its net assets without donor restriction, to support the University's key initiatives.

GMUF manages both restricted and endowment investments for the University. Investment policies approved by the GMUF Board of Trustees govern the treatment and risk parameters of each portfolio. Restricted investments are temporarily restricted investable funds that are intended to fund donor supported University programs. Restricted funds are invested in highly liquid fixed income holdings, short in duration. Endowment funds are invested with the primary objective to achieve a real rate of return over inflation sufficient to support, in perpetuity, University programs. GMUF relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

GMUF diversifies endowment assets among several asset classes in order to achieve its long-term return objectives within prudent risk constraints.

G. CAPITAL ASSETS

Capital assets include land, buildings, library materials, works of art and historical treasures, equipment, improvements, infrastructure assets such as sidewalks, electrical and computer network cabling systems and intangible assets including computer software. Capital assets generally are defined by the University as assets with an initial cost of $5,000 or more and an estimated useful life in excess of one year. Commencing with FY 2016, library books and materials are valued at averaged actual cost of purchase for library acquisitions. Prior to FY 2016, library books were valued at published averaged costs. Other capital assets are recorded at actual cost or estimated historical cost if purchased or constructed. Donated capital assets, including library books, are recorded at acquisition value at the date of donation, with the exception of intra-entity capital asset donations which are recorded at the carrying value of the asset on the transferor's books as of the date of transfer. Expenses for major capital assets and improvements are capitalized as projects are constructed (construction in progress). Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose. The costs of normal maintenance and repairs that do not enhance the use of an asset, or materially extend its useful life, are not capitalized.

Depreciation is computed using the straight-line method over the estimated useful life of the asset with no residual value. Depreciation is not allocated to the functional expense categories. Normal useful lives by asset categories are listed below:

- Buildings - 25-50 years*
- Improvements and infrastructure - 10-30 years
- Equipment - 3-20 years
- Intangibles including computer software - 5-10 years
- Library materials - 10 years

* Research buildings are depreciated using the component method. The estimated useful lives of research building components range from 10-50 years.

H. NONCURRENT CASH AND INVESTMENTS

Cash and investments that are externally restricted for expenditure in the acquisition or construction of noncurrent assets, to make debt service payments, or maintain sinking or reserve funds are classified as noncurrent assets in the Statement of Net Position.

I. UNEARNED REVENUE

Unearned revenue represents monies collected but not earned as of June 30, 2021. This is primarily composed of student tuition collected for courses that will be offered after June 30, 2021.

J. ACCRUED COMPENSATED ABSENCES

The amount of leave earned but not taken by salaried employees and administrative faculty members is recorded as a liability. The amount reflects, as of June 30, 2021, all unused vacation, overtime, compensatory, recognition and sick leave payable upon termination under University policy. The applicable share of employer related payroll taxes also is included.

K. FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The University participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants, Federal Work-Study, Direct Loan, and the Perkins Loan programs. Federal programs are audited in accordance with generally accepted governmental auditing standards.

L. NET POSITION

The Statement of Net Position reports the difference between assets plus deferred outflows and liabilities plus deferred inflows as net position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation less outstanding debt that is attributable to the acquisition, construction, or improvement of those assets. Net position is reported as restricted when constraints on the net position use are either externally imposed by creditors, grantors, or contributors; or imposed by law. Unrestricted net position consists of net position that does not meet the definitions above.

M. REVENUE CLASSIFICATIONS

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

Governmental financial aid grants are treated as operating revenue, with the exception of Pell grants which are treated as nonoperating revenue in the University's financial statements.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and state appropriations. Nonoperating expenses include interest on debt related to the purchase of capital assets.

N. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

Student tuition and fees revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the student's behalf.

O. DISCOUNTS, PREMIUMS, AND BOND ISSUANCE COSTS

General Obligation Bonds and notes payable on the Statement of Net Position are reported net of related discounts and premiums, which are recognized over the life of the bond. Deferred gains and losses on debt refundings are recorded as deferred inflows of resources and deferred outflows of resources, respectively. The deferred inflows and outflows are recognized as a component of interest expense over the remaining life of the old bond or the life of the new bond, whichever is shorter. Bond issuance costs are expensed.

P. 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 of instructional and research equipment and facilities. The Commonwealth 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 bond liability is assumed by the Commonwealth and is not reflected as a liability on the University's financial statements.

During Fiscal Year 2021, funding has been provided to the University from three Reimbursement Programs:

- General Obligation Bonds (GOB) Capital Project
- 21st Century Capital Project
- Equipment Trust Fund (ETF)

The Statement of Net Position line item "Due from the Commonwealth of Virginia" includes pending reimbursements at year-end from these programs. The Statement of Revenues, Expenses, and Changes in Net Position line item "Capital grants and gifts" includes reimbursements from the Equipment Trust Fund (ETF) program and the "Capital appropriations" line item includes the reimbursements from the General Obligation Bonds (GOB) Capital Project and 21st Century Capital Project programs.

Q. DEFINED BENEFIT PENSIONS

The Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' System (VaLORS) Retirement Plan are single employer pension plans that are treated like cost-sharing plans. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' System (VaLORS) Retirement Plan; and the additions to/deductions from the VRS State Employee Retirement Plan's and the VaLORS Retirement Plan's fiduciary net 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.

R. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Deferred outflows of resources are defined as the consumption of net assets applicable to a future reporting period and increase net position similar to assets. Deferred inflows of resources are defined as the acquisition of net assets applicable to a future reporting period and decrease net position similar to liabilities.

S. OTHER POST-EMPLOYMENT BENEFITS

Group Life Insurance

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

State Employee Health Insurance Credit Program

The Virginia Retirement System (VRS) State Employee Health Insurance Credit Program is a single employer plan that is presented as a multiple-employer, cost-sharing plan. The State Employee Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The State Employee Health Insurance Credit Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired state employees. For purposes of measuring the net State Employee Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the State Employee Health Insurance Credit Program OPEB, and the State Employee Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) State Employee Health Insurance Credit Program; and the additions to/deductions from the VRS State Employee Health Insurance Credit Program's fiduciary net 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.

Line of Duty Act Program

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

Disability Insurance Program

The Virginia Retirement System (VRS) Disability Insurance Program (Virginia Sickness and Disability Program) is a single employer plan that is presented as a multiple-employer, cost-sharing plan. The Disability Insurance Program was established pursuant to §51.1-1100 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Disability Insurance Program is a managed care program that provides sick, family and personal leave and short-term and long-term disability benefits for State Police Officers, state employees, and VaLORS employees. For purposes of measuring the net Disability Insurance Program OPEB liability (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 Virginia Retirement System (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.

Pre-Medicare Retiree Healthcare Plan

Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes. This 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.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The University's deposits and investments are subject to the following risks:

Custodial Credit Risk - the custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of investment or collateral securities that are in possession of an outside party. The University's investments consist of an interest in an internal investment pool managed by George Mason University Foundation (GMUF). The investment pool contains corporate stocks and corporate bonds, both of which are subject to custodial credit risk. The other investments held by GMUF in the investment pool are not subject to custodial credit risk.

Credit Risk - the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality ratings are not required for U.S. government securities or other obligations explicitly guaranteed by the U.S. government. GMUF's investment pool contains corporate bonds, which are debt securities, and therefore subject to credit risk. Credit risk relative to these bonds is mitigated by GMUF's endowment investment policy guidelines on the credit quality of fixed income investments which state that the percentage of core fixed income assets rated below investment grade by one of the major reporting agencies (Standard and Poor's and Moody's) cannot exceed 25% of the total core fixed income allocation. The other investments held by GMUF in the investment pool are not investments of a type that are subject to credit risk.

Concentration of Credit Risk - the risk of loss attributed to the magnitude of a government's investment in a single issuer. Investments with any one issuer that represent five percent or more of total investments constitute concentration of credit risk. However, investments issued or explicitly guaranteed by the U.S. government, and investments in mutual funds, internal investment pools, and other pooled investments are excluded from the requirement. The University's interest in the internal investment pool managed by GMUF is a portion of the total investment pool managed by GMUF. In order to achieve a prudent level of portfolio diversification, GMUF's endowment investment policy guidelines require that not more than 5% of the portfolio may be invested in the securities of any one issuer, at cost, unless the issue is U.S. Government guaranteed, or an agency of the U.S. Government.

Interest Rate Risk - the risk that changes in interest rates will adversely affect the fair value of an investment. GMUF's investment pool contains money market funds. These money market funds have a maturity of less than one year. GMUF's investment pool also contains corporate bonds. These corporate bonds are subject to interest rate risk. The interest rate risk relative to these bonds is mitigated by GMUF's endowment investment policy guidelines on fixed income investments, which state that the weighted average portfolio duration of the core bond portfolio should not exceed 125% of the weighted average portfolio duration of the Barclays Aggregate Bond Index. The other investments held by GMUF in the investment pool are not investments of a type that are subject to interest rate risk.

Foreign Currency Risk - the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The University had no foreign investments or foreign deposits for FY 2021.

A. CASH AND CASH EQUIVALENTS

Pursuant to Section 2.2-1800, et seq., *Code of Virginia*, the Treasurer of Virginia, who is responsible for the collection, disbursement, custody, and investment of state funds, maintains all state funds of the University. Cash deposits held by the University are maintained in accounts that are collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400, et seq., *Code of Virginia*. Cash represents cash with the Treasurer, cash on hand and cash deposits including certificates of deposit and temporary investments with original maturities of three months or less .

B. INVESTMENTS

The investment policy of the University is established by the Board of Visitors and monitored by the Finance and Land Use Committee of the Board. The University has cash and cash equivalents and investments as set forth in Section D.

C. SECURITIES LENDING TRANSACTIONS

Cash equivalents held by the Treasurer of Virginia represent the University's allocated share of cash collateral received and reinvested and securities received for the State Treasury's securities lending program. Information related to the credit risk of these investments and the State Treasury's securities lending program is available on a statewide level in the *Commonwealth of Virginia's Annual Comprehensive Financial Report*. The Commonwealth's policy is to record unrealized gains and losses in the General Fund in the Commonwealth's basic financial statements. When gains or losses are realized, the actual gains and losses are recorded by the affected agencies.

D. SUMMARY OF THE UNIVERSITY'S CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents	
Cash and cash equivalents:	
Local cash	$20,022,158
Treasurer of Virginia	600,549,735
Treasurer of Virginia (Securities Lending)	47,004,913
Subtotal	667,576,806
Restricted cash and cash equivalents:	
Held in custody of others	$90,182
Subtotal	90,182
Total Cash and cash equivalents	$667,666,988

Investments	Market Value
Long term:	
GMUF Investment Pool	$34,795,237
Total Investments	$34,795,237

E. FAIR VALUE MEASUREMENT OF INVESTMENTS

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are pricing inputs other than quoted prices in active markets; Level 3 inputs are not readily observable and require significant management estimation. Investments in internal investment pools are measured at the net asset value (NAV) per share, or its equivalent, determined by the pool. Investments measured at net asset value (NAV) are as follows:

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
GMUF Investment Pool	$34,795,237	N/A	N/A	N/A

3. DONOR-RESTRICTED ENDOWMENTS

The University's endowment is managed by the George Mason University Foundation (GMUF). During FY 2021, the net appreciation on the investments of donor-restricted endowments was an overall investment gain of $1,758,233, which became available for expenditure by the governing board.

Net appreciation/loss of donor restricted-endowments is recorded in the Net position of the University as an increase/decrease in Net position restricted- expendable to reflect the fact that the net appreciation must be spent in accordance with the stipulations set forth in the underlying endowment agreements.

The state law regarding the ability to spend net appreciation of donor-restricted endowments is the *Uniform Prudent Management of Institutional Funds Act*, Section 64.2-11 of the Code of Virginia.

GMUF's endowment policy seeks to maintain the growth of the present value of existing assets at a rate at least equal to the inflation rate plus the current spending rate. Effective fiscal year 2020, GMUF implemented a banded inflation spending policy. For endowments in which the market value exceeds the original gift value, the prior year payout distribution will increase at the rate of the Consumer Price Index, with annual distributions to remain above 3% but not to exceed 6% of prior year fair market value. The endowment payout for accounts for which the market value is below the original gift value will receive a payout equal to 2% of the prior year fair market value. If the fair market value of an endowment is below 80% of the original gift value, no endowment payout will be made. Payout distributions for new, fully funded endowments, or gifts to existing endowments of $25,000 or more, are calculated at 1.25% of the gift.

4. ACCOUNTS AND NOTES RECEIVABLE

Accounts and notes receivable consisted of the following at June 30, 2021:

Accounts Receivable	
Current:	
Student tuition and fees	$21,814,277
Grants and contracts receivable (restricted)	45,245,206
Other accounts receivable	14,145,241
Less allowance for doubtful accounts	(10,700,072)
Net current accounts receivable	$70,504,652
Noncurrent:	
Other accounts receivable	$933,333
Net noncurrent accounts receivable	$933,333

Notes Receivable	
Current:	
Perkins loans receivable	$262,900
Nurse faculty loan	4,854
Less allowance for doubtful accounts	(74,073)
Net current notes receivable	$193,681

Notes Receivable	
Noncurrent:	
Perkins loan receivable	$1,887,696
Nurse faculty loan	34,847
Local loans to student	2,972
Less allowance for doubtful accounts	(534,837)
Net noncurrent notes receivable	$1,390,678

5. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2021 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Non-depreciable capital assets:				
Land	$22,328,863	$-	$-	$22,328,863
Construction-in-progress	122,682,407	64,911,398	116,892,828	70,700,977
Works of art and historical treasures	5,066,342	15,000	-	5,081,342
Total non-depreciable capital assets	150,077,612	64,926,398	116,892,828	98,111,182
Depreciable capital assets:				
Buildings	1,464,890,120	104,195,992	8,862,084	1,560,224,028
Buildings – capital lease	101,980,822	-	-	101,980,822
Improvements	36,110,668	-	-	36,110,668
Infrastructure assets	69,927,922	-	-	69,927,922
Equipment	131,428,374	11,946,201	6,637,562	136,737,013
Equipment – capital lease	1,825,932	-	-	1,825,932
Intangibles including computer software	12,441,362	642,028	474,259	12,609,131
Library materials	106,144,947	1,831,173	14,585	107,961,535
Total depreciable capital assets	1,924,750,147	118,615,394	15,988,490	2,027,377,051
Less accumulated depreciation:				
Buildings	558,574,311	46,883,409	8,342,661	597,115,059
Buildings – capital lease	19,583,620	3,279,377	-	22,862,997
Improvements	30,706,073	971,987	-	31,678,060
Infrastructure assets	31,405,562	1,767,681	-	33,173,243
Equipment	88,101,408	9,166,899	6,008,214	91,260,093
Equipment – capital lease	1,825,932	-	-	1,825,932
Intangibles including computer software	12,022,619	154,474	474,259	11,702,834
Library materials	92,498,420	3,491,130	14,585	95,974,965
Total accumulated depreciation	834,717,945	65,714,957	14,839,719	885,593,183
Depreciable capital assets, net	1,090,032,202	52,900,437	1,148,771	1,141,783,868
Total capital assets, net	$1,240,109,814	$117,826,835	$118,041,599	$1,239,895,050

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

Accounts Payable and Accrued Expenses	
Employee salaries, wages and fringe benefits payable	$38,180,915
Vendors and suppliers accounts payable	25,765,594
Interest payable	3,153,453
Capital projects retainage payable	2,643,711
Capital projects and equipment accounts payable	5,283,643
Total accounts payable and accrued expenses	$75,027,316

7. NONCURRENT LIABILITIES

Noncurrent liabilities consist of long-term debt, accruals for compensated absences and other noncurrent liabilities. A summary of changes in noncurrent liabilities for the year ended June 30, 2021 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Non-current Portion
Long-term debt:						
Revenue Bonds	$150,066,283	$48,990,000	$48,315,258	$150,741,025	$-	$150,741,025
Notes Payable	244,885,000	57,665,000	73,930,000	228,620,000	870,000	227,750,000
Capital Lease Obligation	88,464,617	-	4,305,441	84,159,176	4,488,826	79,670,350
Installment Purchases	2,935,201	-	656,799	2,278,402	662,685	1,615,717
Installment Purchases from direct borrowing & direct placements	981,852	-	981,852	-	-	-
Bond Premium	34,377,699	1,489,101	10,961,918	24,904,882	3,213,206	21,691,676
Total Long-term debt	521,710,652	108,144,101	139,151,268	490,703,485	9,234,717	481,468,768
Net Pension Liability	211,506,839	40,132,594	-	251,639,433	-	251,639,433
OPEB Liability	101,402,505	-	540,504	100,862,001	1,568,469	99,293,532
Accrued Compensated Absences	22,491,684	19,783,192	16,442,316	25,832,560	6,156,810	19,675,750
Other noncurrent liabilities:						
Faculty Early Retirement Incentive Liability	-	231,208	-	231,208	-	231,208
Loan Funds	2,449,854	-	475,015	1,974,839	-	1,974,839
Total Long-term Liabilities	$859,561,534	$168,291,095	$156,609,103	$871,243,526	$16,959,996	$854,283,530

8. BONDS PAYABLE

A. GENERAL OBLIGATION BONDS

The Commonwealth issues General Obligation Bonds, pursuant to Article X, Section 9c of the Constitution of Virginia. These General Obligation Bonds are backed by the full faith, credit, and taxing power of the Commonwealth, and are issued to finance capital projects which, when completed, are expected to generate revenue to repay the debt.

The following schedule describes each of the bonds outstanding:

Bond Title	Calendar Year Issued	Original Amount	Original Interest Rate	Original Bond Term	Fiscal Year Final Payment Due	Balance Outstanding at June 30, 2021
Housing VIII	2010	$39,420,000	2.1 to 5.0%	25 Years	2035	$25,055,000
Smithsonian CRC - Housing	2010	5,415,000	2.1 to 5.0%	25 Years	2035	3,435,000
Renovate Commons	2010	1,325,000	2.1 to 5.0%	20 Years	2030	660,000
2012A Refunding (2005)	2012	2,674,040	3.0 to 5.0%	12 Years	2024	2,674,040
2013B Refunding (2005)	2013	10,504,185	3.0 to 5.0%	17 Years	2030	9,532,214
2013B Refunding (2006)	2013	9,186,889	4.0 to 5.0%	13 Years	2026	7,821,663
2013B Refunding (2007)	2013	5,162,482	4.0 to 5.0%	12 Years	2025	2,408,948
Housing VIII	2014	2,235,000	2.0 to 5.0%	20 Years	2034	1,565,000
2015B Refunding (2006B)	2015	11,765,000	3.0 to 5.0%	16 Years	2031	11,765,000
2015B Refunding (2007B)	2015	7,670,410	3.0 to 5.0%	17 Years	2032	7,035,623
2015B Refunding (Housing VII 2008B)	2015	1,366,447	3.0 to 5.0%	18 Years	2033	1,091,070
2015B Refunding (Housing VIIC 2008B)	2015	17,565,586	3.0 to 5.0%	18 Years	2033	14,019,320
2015B Refunding (Pres Park II 2008B)	2015	1,999,393	4.0 to 5.0%	13 Years	2028	1,318,147
2016B Refunding (2009B)	2016	12,420,000	2.0 to 5.0%	17 Years	2034	10,545,000
2019B Refunding (2001, 2009C)	2019	5,645,000	2.0 to 5.0%	5 Years	2024	2,825,000
2020B Refunding (Housing VIIC 2011A)	2020	865,000	0.55 to 1.91%	16 Years	2036	865,000
2020B Refunding (Housing VIII 2011A)	2020	16,255,000	0.55 to 1.91%	16 Years	2036	16,255,000
2020B Refunding (SMSC Housing 2011A)	2020	3,350,000	0.55 to 1.91%	16 Years	2036	3,350,000
2020B Refunding (Renov Commons 2011A)	2020	10,345,000	0.55 to 1.41%	11 Years	2031	10,345,000
2021A Refunding (Housing VIII 2010A-2)	2021	3,145,000	2%	16 Years	2037	3,145,000
2021A Refunding (SMSC Housing 2010A-2)	2021	440,000	2%	16 Years	2037	440,000
2021A Refunding (Reno Commons 2010A-2)	2021	120,000	3.0 to 5.0%	11 Years	2032	120,000
2021A Refunding (SH VII 2007B, 2013B)	2021	80,000	2%	12 Years	2033	80,000
2021A Refunding (SH VIIC & Entr Rd 2007B, 2013B)	2021	610,000	2%	12 Years	2033	610,000
2021A Refunding (Housing VIII 2014A)	2021	95,000	2%	14 Years	2035	95,000
2021A Refunding (Housing VII 2008B, 2015B)	2021	75,000	2%	13 Years	2034	75,000
2021A Refunding (Housing VII-C 2008B, 2015B)	2021	885,000	2%	13 Years	2034	885,000
2021A Refunding (Reno Pres Park Ph II 2008B, 2015B)	2021	135,000	5%	8 Years	2029	135,000
2021A Refunding (Housing VII-C 2009B, 2016B)	2021	310,000	2%	14 Years	2035	310,000
2021A Refunding (Housing VIII 2009B, 2016B)	2021	315,000	2%	14 Years	2035	315,000
2021A Refunding (Housing V 2001, 2009C, 2019B)	2021	1,200,000	5%	4 Years	2025	1,200,000
2021A Refunding (Housing V 2002, 2009C, 2019B)	2021	545,000	5%	2 Years	2023	545,000
2021A Refunding (Housing VII 2005, 2009D, 2019B)	2021	825,000	5%	10 Years	2031	825,000
2021A Refunding (Housing VII 2006B, 2009D, 2019B)	2021	1,410,000	3%	11 Years	2032	1,410,000
2021B Refunding (SH VII 2007B, 2013B)	2021	90,000	2.15%	13 Years	2034	90,000
2021B Refunding (SH VIIC & Entr Rd 2007B, 2013B)	2021	710,000	2.15%	13 Years	2034	710,000
2021B Refunding (Housing VIII 2014A)	2021	110,000	2.2%	15 Years	2036	110,000
2021B Refunding (Housing VII 2008B, 2015B)	2021	80,000	2.15%	14 Years	2035	80,000
2021B Refunding (Housing VII-C 2008B, 2015B)	2021	1,030,000	2.15%	14 Years	2035	1,030,000
2021B Refunding (Reno Pres Park Ph II 2008B, 2015B)	2021	180,000	3%	9 Years	2030	180,000
2021B Refunding (Housing VII-C 2009B, 2016B)	2021	355,000	2.2%	15 Years	2036	355,000
2021B Refunding (Housing VIII 2009B, 2016B)	2021	360,000	2.2%	15 Years	2036	360,000
2021B Refunding (Housing V 2001, 2009C, 2019B)	2021	1,370,000	3%	5 Years	2026	1,370,000
2021B Refunding (Housing V 2002, 2009C, 2019B)	2021	585,000	3%	3 Years	2024	585,000
2021B Refunding (Housing VII 2005, 2009D, 2019B)	2021	1,265,000	1.85%	11 Years	2032	1,265,000
2021B Refunding (Housing VII 2006B, 2009D, 2019B)	2021	1,850,000	1.95%	12 Years	2033	1,850,000
Total Bonds Payable		$183,344,432				$150,741,025

Long-term debt from bonds as of June 30, 2021 matures as follows:

Year	Principal	Interest	BAB Interest Subsidy*	Total Net of Subsidy
2022	$-	$5,061,630	$(442,727)	$4,618,903
2023	11,386,845	5,028,129	(441,489)	15,973,485
2024	12,734,882	4,577,541	(418,425)	16,893,998
2025	12,335,664	4,139,726	(393,793)	16,081,597

Year	Principal	Interest	BAB Interest Subsidy*	Total Net of Subsidy
2026	13,022,011	3,705,189	(367,543)	16,359,657
2027-2031	62,324,771	11,771,371	(1,360,151)	72,735,991
2032-2036	37,126,852	2,895,034	(417,090)	39,604,796
2037-2041	1,810,000	36,200	-	1,846,200
Total	$150,741,025	$37,214,820	$(3,841,218)	$184,114,627

* The University expects the BAB (Build America Bonds) subsidy to occur as displayed. However, the subsidy is subject to intervening Congressional action and thus is not guaranteed.

B. 2021 DEFEASANCE OF DEBT

In November 2020, the Treasury Board, on behalf of the University, issued $30,815,000 of General Obligation Refunding Bonds, Series 2020B to refund $29,500,000 of Series 2011A bonds. The resulting net gain of $1,150,920 will be amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

The details of each bond issue refunded are below.

Bond Title	Bonds Refunded	Interest Rate (Bonds Refunded)	Refunding Bonds Issued	Interest Rate (Refunding Bonds)	Accounting Gain (Loss)	Reduction in Debt Service	Economic Gain (Loss)
Student Housing VII-C	$825,000	2.7 – 5.0%	$865,000	0.55 – 1.91%	$24,360	$164,041	$158,532
Student Housing VIII	15,560,000	2.7 – 5.0%	16,255,000	0.55 – 1.91%	501,668	3,146,414	3,090,854
Smithsonian CRC Housing	3,205,000	2.7 – 5.0%	3,350,000	0.55 – 1.91%	101,082	648,337	635,430
Renovate Commons	9,910,000	2.7 – 5.0%	10,345,000	0.55 – 1.41%	523,810	1,582,129	1,637,724
Total	$29,500,000		$30,815,000		$1,150,920	$5,540,921	$5,522,540

In May 2021, the Treasury Board, on behalf of the University, issued $18,175,000 of General Obligation Refunding Bonds, Series 2021A and 2021B to refund $18,477,090 of Series 2010A-2, 2013B, 2014A, 2015B, 2016B and 2019B bonds. The resulting net gain of $292,376 will be amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

The details of each bond issue refunded are below.

Bond Title	Bonds Refunded	Interest Rate (Bonds Refunded)	Refunding Bonds Issued	Interest Rate (Refunding Bonds)	Accounting Gain (Loss)	Reduction (Increase) in Debt Service	Economic Gain (Loss)
2021A:							
Housing VIII, 2010A-2	$3,135,000	3.15 – 3.3%	$3,145,000	2.0%	$(28,629)	$(906,647)	$(132,947)
SMSC Housing, 2010A-2	435,000	3.15 – 3.3%	440,000	2.0%	(3,961)	(130,490)	(22,268)
Renovate Commons, 2010A-2	145,000	3.15 – 3.3%	120,000	3.0 – 5.0%	(870)	(21,260)	(6,327)
Housing VII, 2007B/2013B	77,579	5.0%	80,000	2.0%	1,364	(19,797)	(6,700)
Housing VII & Entr Rd, 2007B/2013B	625,086	5.0%	610,000	2.0%	11,309	(116,568)	(16,740)
Housing VIII, 2014A	95,000	5.0%	95,000	2.0%	5,721	(24,362)	(3,365)
Housing VII, 2008B/2015B	71,987	5.0%	75,000	2.0%	4,021	(20,822)	(6,645)
Housing VII-C, 2008B/2015B	902,232	5.0%	885,000	2.0%	44,652	(191,590)	(24,361)
Reno Pres Park, 2008B/2015B	172,768	5.0%	135,000	5.0%	6,992	(12,400)	(1,639)
Housing VII-C, 2009B/2016B	310,000	5.0%	310,000	2.0%	27,435	(79,498)	(10,980)
Housing VIII, 2009B/2016B	315,000	5.0%	315,000	2.0%	27,331	(80,780)	(11,157)
Housing V, 2001/2019B	1,380,000	5.0%	1,200,000	5.0%	62,106	(29,833)	(12,855)
Housing V, 2002/2019B	580,000	5.0%	545,000	5.0%	43,191	(6,968)	(5,575)
Housing VII, 2005/2019B	1,100,000	5.0%	825,000	5.0%	42,391	(112,979)	(9,980)
Housing VII, 2006B/2019B	1,605,000	5.0%	1,410,000	3.0%	62,859	(233,230)	(38,279)
Total 2021A	$10,949,652		$10,190,000		$305,912	$(1,987,224)	$(309,818)

Bond Title	Bonds Refunded	Interest Rate (Bonds Refunded)	Refunding Bonds Issued	Interest Rate (Refunding Bonds)	Accounting Gain (Loss)	Reduction (Increase) in Debt Service	Economic Gain (Loss)
2021B:							
Housing VII, 2007B/2013B	$83,021	4.0%	$90,000	2.15%	$(1,877)	$(27,292)	$(3,940)
Housing VII & Entr Rd, 2007B/2013B	659,062	4.0%	710,000	2.15%	(14,568)	(210,942)	(26,814)
Housing VIII, 2014A	100,000	5.0%	110,000	2.2%	1,077	(38,975)	(4,912)
Housing VII, 2008B/2015B	72,021	5.0%	80,000	2.15%	446	(26,782)	(4,276)
Housing VII-C, 2008B/2015B	945,880	5.0%	1,030,000	2.15%	(156)	(324,809)	(35,481)
Reno Pres Park, 2008B/2015B	182,454	5.0%	180,000	3.0%	(1,676)	(32,852)	(8,276)
Housing VII-C, 2009B/2016B	325,000	5.0%	355,000	2.2%	12,692	(123,339)	(13,463)
Housing VIII, 2009B/2016B	330,000	5.0%	360,000	2.2%	12,316	(124,622)	(13,208)
Housing V, 2001/2019B	1,390,000	5.0%	1,370,000	3.0%	(6,173)	(84,218)	(31,921)
Housing V, 2002/2019B	580,000	5.0%	585,000	3.0%	14,513	(15,418)	(11,085)
Housing VII, 2005/2019B	1,160,000	5.0%	1,265,000	1.85%	(12,653)	(277,118)	(41,588)
Housing VII, 2006B/2019B	1,700,000	5.0%	1,850,000	1.95%	(17,477)	(458,005)	(58,909)
Total 2021B	$7,527,438		$7,985,000		$(13,536)	$(1,744,372)	$(253,873)
Total	$18,477,090		$18,175,000		$292,376	$(3,731,596)	$(563,691)

C. OUTSTANDING DEBT DEFEASANCE

The Commonwealth of Virginia issued bonds on behalf of the University. The proceeds were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on other debt. The bonds representing that debt are therefore considered defeased. Accordingly, the trust account's assets and liabilities for the defeased bonds are not included in the University's financial statements. On June 30, 2021, $1,880,000 of Series 2010A, $742,083 of Series 2013B, $100,000 of Series 2014A, $1,200,355 of Series 2015B, $655,000 of Series 2016B and $4,830,000 of Series 2019B 9(c) general obligation bonds were considered defeased and outstanding.

9. NOTES PAYABLE

A. VCBA NOTES

The University participates in the Public Higher Education Financing Program (Pooled Bond Program) created by the Virginia General Assembly in 1996. Through the Pooled Bond Program, the Virginia College Building Authority (VCBA) issues 9(d) bonds and uses the proceeds to purchase debt obligations (notes) of the University and various other institutions of higher education. VCBA Pooled Bonds are reported as Notes Payable by the University. The University's general revenue secures these notes.

The following schedule describes each of the notes outstanding:

Note Title	Calendar Year Issued	Original Amount	Original Interest Rate	Original Note Term	Fiscal Year Final Pymt Due	Balance Outstanding at June 30, 2021
Student Union II Renovation	2010	2,935,000	3.75 to 5.5%	20 Years	2031	1,790,000
Student Union I Addition/Renovation	2010	5,390,000	3.75 to 5.5%	20 Years	2031	3,275,000
Smithsonian CRC-Dining	2010	2,395,000	3.75 to 5.6%	25 Years	2036	1,720,000
Krasnow Institute Addition II	2010	5,215,000	2.0 to 5.5%	20 Years	2031	3,065,000
Fieldhouse Life/Safety/Code Renovation	2010	1,395,000	3.75 to 5.5%	20 Years	2031	850,000
W Campus Connector & Campus Entrances	2013	2,135,000	2.0 to 5.0%	10 Years	2024	280,000
Ike's Dining	2013	7,830,000	2.0 to 5.0%	20 Years	2024	395,000
Central Utility Plant	2013	3,065,000	2.0 to 5.0%	20 Years	2024	155,000
Renovate Fieldhouse	2013	3,230,000	1.0 to 3.5%	10 Years	2024	400,000
2013B Refunding (2006A)	2013	7,280,000	1.0 to 4.0%	14 Years	2028	2,960,000

Note Title	Calendar Year Issued	Original Amount	Original Interest Rate	Original Note Term	Fiscal Year Final Pymt Due	Balance Outstanding at June 30, 2021
2013B Refunding (2009A)	2013	1,845,000	1.0 to 4.0%	15 Years	2029	840,000
2014B Refunding (2005A)	2014	1,455,000	3.0 to 5.0%	12 Years	2027	1,035,000
2014B Refunding (2006A)	2014	16,640,000	3.0 to 5.0%	9 Years	2024	2,740,000
2014B Refunding (2007A)	2014	28,290,000	3.0 to 5.0%	11 Years	2026	11,945,000
2015B Refunding (Arlington Ph II 2009A)	2015	5,595,000	3.0 to 5.0%	18 Years	2034	4,635,000
2015B Refunding (PW Perf Arts 2009A)	2015	10,375,000	3.0 to 5.0%	13 Years	2029	7,445,000
2015B Refunding (Parking Deck III, Ph I 2009A)	2015	6,520,000	3.0 to 5.0%	18 Years	2034	5,425,000
2015B Refunding (PE Bldg, Ph I 2009A)	2015	1,580,000	3.0 to 5.0%	13 Years	2029	1,130,000
2015B Refunding (Surge Space/Fit Out 2009A)	2015	6,185,000	3.0 to 5.0%	13 Years	2029	4,440,000
2015B Refunding (Acad VI/Rsch II 2009A)	2015	11,750,000	3.0 to 5.0%	13 Years	2029	8,430,000
2015B Refunding (PE Bldg, Ph II 2009A)	2015	3,020,000	3.0 to 5.0%	13 Years	2029	2,165,000
2015B Refunding (Biomed Rsch Lab 2009A)	2015	3,685,000	3.0 to 5.0%	13 Years	2029	2,640,000
2015B Refunding (Hotel & Conf Ctr 2009A)	2015	15,790,000	3.0 to 5.0%	23 Years	2039	13,775,000
2015B Refunding (SUB I Add/Reno 2009A)	2015	4,600,000	3.0 to 5.0%	13 Years	2029	3,300,000
2015B Refunding (Park Deck III, Ph II 2009A)	2015	9,275,000	3.0 to 5.0%	18 Years	2034	7,715,000
2015B Refunding (W Campus Connect 2009A)	2015	3,460,000	3.0 to 5.0%	13 Years	2029	2,480,000
2016A Refunding (Krasnow 2006A)	2016	390,000	3.00%	10 Years	2027	390,000
2016A Refunding (PE Add/Reno 2006A)	2016	1,750,000	3.0 to 5.0%	12 Years	2029	1,750,000
2016A Refunding (PE Bldg Add, Ph II 2006A)	2016	805,000	3.0 to 5.0%	12 Years	2029	805,000
2016A Refunding (PW Bio Lab 2006A)	2016	3,825,000	3.0 to 5.0%	12 Years	2029	3,825,000
2016A Refunding (PW Perf Arts Ctr 2006A)	2016	3,105,000	3.0 to 5.0%	12 Years	2029	3,105,000
2016A Refunding (Student Union III 2006A)	2016	1,315,000	3.0 to 5.0%	11 Years	2028	1,315,000
2016A Refunding (Surge Space Fit Out 2006A)	2016	390,000	3.0 to 5.0%	11 Years	2028	390,000
2016A Refunding (Surge Space Bldg 2006A)	2016	1,595,000	3.0 to 5.0%	11 Years	2028	1,595,000
2016A Refunding (PW Perf Arts Ctr 2007A)	2016	1,285,000	3.0 to 5.0%	11 Years	2028	1,285,000
2016A Refunding (Parking Deck III 2007A)	2016	7,795,000	3.0 to 5.0%	16 Years	2033	7,795,000
2016A Refunding (PE Bldg, Ph I 2007A)	2016	1,285,000	3.0 to 5.0%	11 Years	2028	1,285,000
2016A Refunding (Surge Space Bldg 2007A)	2016	450,000	3.0 to 5.0%	11 Years	2028	450,000
2016A Refunding (Acad VI/Rsch II 2007A)	2016	745,000	3.0 to 5.0%	11 Years	2028	745,000
2016A Refunding (PE Bldg Add, Ph II 2007A)	2016	575,000	3.0 to 5.0%	11 Years	2028	575,000
2016A Refunding (Hotel & Conf Ctr 2007A)	2016	8,345,000	3.0 to 5.0%	21 Years	2038	8,345,000
2016A Refunding (Sub I Reno 2007A)	2016	765,000	3.0 to 5.0%	11 Years	2028	765,000
2016A Refunding (Student Union III 2007A)	2016	2,255,000	3.0 to 5.0%	16 Years	2033	2,255,000
2016A Refunding (Arl Ph II 2009B)	2016	3,520,000	3.0 to 5.0%	18 Years	2035	2,935,000
2016A Refunding (PW Perf Arts Ctr 2009B)	2016	2,195,000	3.0 to 5.0%	13 Years	2030	1,630,000
2016A Refunding (Surge Space Fit Out 2009B)	2016	1,020,000	3.0 to 5.0%	13 Years	2030	755,000
2016A Refunding (Biomed Rsch Lab 2009B)	2016	1,225,000	3.0 to 5.0%	13 Years	2030	910,000
2016A Refunding (Hotel & Conf Ctr 2009B)	2016	5,955,000	3.0 to 5.0%	23 Years	2040	5,250,000
2016A Refunding (Sub I Add/Reno 2009B)	2016	4,980,000	3.0 to 5.0%	13 Years	2030	3,700,000
2016A Refunding (SUB II Reno 2009B)	2016	3,120,000	3.0 to 5.0%	13 Years	2030	2,320,000
Utilities Distribution Infrastructure	2017	3,240,000	2.125 to 5.0%	20 Years	2038	2,665,000
Utilities Distribution Infrastructure	2018	21,925,000	4.0 to 5.0%	20 Years	2039	19,085,000
2021B Refunding (Fairfax Campus Dining 2011A)	2021	865,000	0.50%	2 Years	2024	865,000
2021B Refunding (Smithsonian CRC Dining 2011A)	2021	1,725,000	0.48 to 2.4%	17 Years	2039	1,725,000
2021B Refunding (Central Utility Plant 2011A)	2021	455,000	0.48 to 2.4%	17 Years	2039	455,000
2021B Refunding (Parking Deck II 2003A, 2012A)	2021	3,925,000	0.48 to 0.77%	5 Years	2027	3,925,000
2021B Refunding (Fairfax Research I 2004A, 2012A)	2021	3,505,000	0.48 to 0.94%	6 Years	2028	3,505,000
2021B Refunding (Student Union III 2005A, 2012A)	2021	1,320,000	0.48 to 1.13%	7 Years	2029	1,320,000
2021B Refunding (Krasnow Institute 2005A, 2012A)	2021	1,205,000	0.48 to 1.13%	7 Years	2029	1,205,000
2021B Refunding (Fieldhouse Life/Safety/Reno 2012B)	2021	280,000	0.48 to 0.50%	3 Years	2025	280,000
2021B Refunding (Central Utility Plant 2012B)	2021	590,000	0.48 to 0.50%	3 Years	2025	590,000
2021B Refunding (W Campus Connect 2013A)	2021	560,000	0.48 to 0.61%	4 Years	2026	560,000
2021B Refunding (Ike's Dining 2013A)	2021	6,150,000	0.48 to 2.11%	14 Years	2036	6,150,000
2021B Refunding (Johnson Center 2013A)	2021	255,000	0.50%	2 Years	2024	255,000
2021B Refunding (Central Utility Plant 2013A)	2021	2,595,000	0.48 to 2.11%	14 Years	2036	2,595,000
2021B Refunding (Renovate Fieldhouse 2013B)	2021	810,000	0.48 to 0.61%	4 Years	2026	810,000
2021B Refunding (Patriot Ctr 2006A, 2013B)	2021	1,105,000	1.13 to 1.33%	8 Years	2030	1,105,000
2021B Refunding (Patriot Ctr 2009A, 2013B)	2021	250,000	1.33 to 1.53%	9 Years	2031	250,000

Note Title	Calendar Year Issued	Original Amount	Original Interest Rate	Original Note Term	Fiscal Year Final Pymt Due	Balance Outstanding at June 30, 2021
2021B Refunding (Krasnow 2006A, 2014B)	2021	245,000	0.94 to 1.13%	7 Years	2029	245,000
2021B Refunding (PE Add/Reno 2006A, 2014B)	2021	690,000	1.33 to 1.53%	9 Years	2031	690,000
2021B Refunding (PE Bldg Add, Ph II 2006A, 2014B)	2021	315,000	1.33 to 1.53%	9 Years	2031	315,000
2021B Refunding (PW Bio Lab 2006A, 2014B)	2021	1,505,000	1.33 to 1.53%	9 Years	2031	1,505,000
2021B Refunding (PW Perf Arts Ctr 2006A, 2014B)	2021	1,215,000	1.33 to 1.53%	9 Years	2031	1,215,000
2021B Refunding (Student Union III 2006A, 2014B)	2021	620,000	1.13 to 1.33%	8 Years	2030	620,000
2021B Refunding (Surge Space Fit Out 2006A, 2014B)	2021	180,000	1.13 to 1.33%	8 Years	2030	180,000
2021B Refunding (Surge Space Building 2006A, 2014B)	2021	755,000	1.13 to 1.33%	8 Years	2030	755,000
2021B Refunding (PW Perf Arts Ctr RB#2 2007A, 2014B)	2021	1,065,000	1.13 to 1.33%	8 Years	2030	1,065,000
2021B Refunding (Parking Deck III 2007A, 2014B)	2021	1,775,000	1.91 to 2.01%	13 Years	2035	1,775,000
2021B Refunding (PE Bldg Reno Ph I, RB#2 2007A, 2014B)	2021	1,060,000	1.13 to 1.33%	8 Years	2030	1,060,000
2021B Refunding (Surge Space Bldg, RB#2 2007A, 2014B)	2021	370,000	1.13 to 1.33%	8 Years	2030	370,000
2021B Refunding (Acad VI/Research II 2007A, 2014B)	2021	615,000	1.13 to 1.33%	8 Years	2030	615,000
2021B Refunding (PE Bldg Reno Ph II, RB#2 2007A, 2014B)	2021	480,000	1.13 to 1.33%	8 Years	2030	480,000
2021B Refunding (Hotel & Conf Ctr 2007A, 2014B)	2021	1,110,000	2.4 to 2.5%	18 Years	2040	1,110,000
2021B Refunding (Sub I Reno 2007A, 2014B)	2021	635,000	1.13 to 1.33%	8 Years	2030	635,000
2021B Refunding (Student Union III 2007A, 2014B)	2021	510,000	1.91 to 2.01%	13 Years	2035	510,000
2021B Refunding (Arl Phase II 2009A, 2015B)	2021	720,000	2.01 to 2.11%	14 Years	2036	720,000
2021B Refunding (PW Perf Arts Ctr RB#3 2009A, 2015B)	2021	2,200,000	1.33 to 1.53%	9 Years	2031	2,200,000
2021B Refunding (Parking Deck III, Ph I 2009A, 2015B)	2021	825,000	2.01 to 2.11%	14 Years	2036	825,000
2021B Refunding (PE Bldg, Phase I 2009A, 2015B)	2021	335,000	1.33 to 1.53%	9 Years	2031	335,000
2021B Refunding (Surge Space & Fit-Out 2009A, 2015B)	2021	1,310,000	1.33 to 1.53%	9 Years	2031	1,310,000
2021B Refunding (Acad VI/Rsch II, RB#2 2009A, 2015B)	2021	2,490,000	1.33 to 1.53%	9 Years	2031	2,490,000
2021B Refunding (PE Bldg Phase II 2009A, 2015B)	2021	645,000	1.33 to 1.53%	9 Years	2031	645,000
2021B Refunding (BRL, RB#2 2009A, 2015B)	2021	785,000	1.33 to 1.53%	9 Years	2031	785,000
2021B Refunding (Hotel & Conf Ctr 2009A, 2015B)	2021	1,515,000	2.5 to 2.6%	19 Years	2041	1,515,000
2021B Refunding (Sub I Add/Reno 2009A, 2015B)	2021	975,000	1.33 to 1.53%	9 Years	2031	975,000
2021B Refunding (Parking Deck III, Ph II 2009A, 2015B)	2021	1,170,000	2.01 to 2.11%	14 Years	2036	1,170,000
2021B Refunding (W Campus Connect 2009A, 2015B)	2021	735,000	1.33 to 1.53%	9 Years	2031	735,000
2021B Refunding (Arl Phase II 2009B, 2016A)	2021	435,000	2.11 to 2.21%	15 Years	2037	435,000
2021B Refunding (PW Perf Arts Ctr 2009B, 2016A)	2021	425,000	1.53 to 1.71%	10 Years	2032	425,000
2021B Refunding (Surge Space Fit Data Ctr 2009B, 2016A)	2021	195,000	1.53 to 1.71%	10 Years	2032	195,000
2021B Refunding (BRL 2009B, 2016A)	2021	235,000	1.53 to 1.71%	10 Years	2032	235,000
2021B Refunding (Hotel & Conf Ctr 2009B, 2016A)	2021	520,000	2.6 to 2.65%	20 Years	2042	520,000
2021B Refunding (Sub I Add/Reno 2009B, 2016A)	2021	945,000	1.53 to 1.71%	10 Years	2032	945,000
2021B Refunding (Sub II Reno 2009B, 2016A)	2021	590,000	1.53 to 1.71%	10 Years	2032	590,000
2021B Refunding (Utilities Distrib Infra 2017A)	2021	265,000	2.4 to 2.5%	18 Years	2040	265,000
2021B Refunding (Utilities Distrib Infra 2018A)	2021	1,610,000	2.5 to 2.6%	19 Years	2041	1,610,000
Total Notes Payable		$312,455,000				$228,620,000

Long-term debt from Notes Payable as of June 30, 2021 matures as follows:

Year	Principal	Interest	BAB Interest Subsidy*	Total Net of Subsidy
2022	$870,000	$8,119,705	$(184,941)	$8,804,764
2023	890,000	8,033,849	(171,847)	8,752,002
2024	22,795,000	7,545,311	(157,747)	30,182,564
2025	22,545,000	6,658,269	(142,524)	29,060,745
2026	22,995,000	5,810,693	(126,096)	28,679,597
2027-2031	104,235,000	16,729,345	(334,110)	120,630,235
2032-2036	38,330,000	5,364,553	(34,056)	43,660,497
2037-2041	15,695,000	1,060,465	-	16,755,465
2042-2046	265,000	3,511	-	268,511
Total	$228,620,000	$59,325,701	$(1,151,321)	$286,794,380

* The University expects the BAB (Build America Bonds) subsidy to occur as displayed. However, the subsidy is subject to intervening Congressional action and thus is not guaranteed.

B. 2021 DEFEASANCE OF DEBT

In February 2021, the VCBA, on behalf of the University, issued $57,665,000 of VCBA Pooled Bonds, Series 2021B to refund $53,225,000 of Series 2011A, 2012A, 2012B, 2013A, 2013B, 2014B, 2015B, 2016A, 2017A and 2018A bonds. The resulting net loss of $473,209 will be amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The details of each bond issue refunded are below. VCBA Pooled Bonds are reported as Notes Payable by the University.

Bond Title	Bonds Refunded	Interest Rate (Bonds Refunded)	Refunding Bonds Issued	Interest Rate (Refunding Bonds)	Accounting Gain (Loss)	Reduction (Increase) in Debt Service	Economic Gain (Loss)
Fairfax Campus Dining, 2011A	$820,000	5.0%	$865,000	0.5%	$35,964	$(15,077)	$(8,956)
Smithsonian CRC Dining, 2011A	1,647,984	3.0 – 5.0%	1,725,000	0.48 – 2.4%	29,148	243,300	258,874
Central Utility Plant, 2011A	432,016	3.0 – 5.0%	455,000	0.48 – 2.4%	10,332	61,098	65,417
Parking Deck II, 2003A/2012A	3,630,000	3.0 – 5.0%	3,925,000	0.48 – 0.77%	(68,833)	(8,650)	39,411
Fairfax Research I, 2004A/2012A	3,255,000	2.75 – 5.0%	3,505,000	0.48 – 0.94%	41,814	2,429	52,496
Student Union III, 2005A/2012A	1,220,000	3.0 – 5.0%	1,320,000	0.48 – 1.13%	(16,220)	(29,237)	5,680
Krasnow Institute, 2005A/2012A	1,115,000	3.0 – 5.0%	1,205,000	0.48 – 1.13%	(6,630)	(26,863)	6,119
Fieldhouse Life/Safety Reno, 2012B	255,600	5.0%	280,000	0.48 – 0.5%	6,974	(9,256)	(6,821)
Central Utility Plant, 2012B	544,400	5.0%	590,000	0.48 – 0.5%	59,616	(13,250)	(8,147)
W Campus Connect, 2013A	515,000	5.0%	560,000	0.48 – 0.61%	(9,984)	(18,577)	(9,187)
Ike's Dining, 2013A	5,545,000	3.0 – 5.0%	6,150,000	0.48 – 2.11%	(306,598)	204,421	367,311
Johnson Center, 2013A	240,990	5.0%	255,000	0.5%	4,773	(5,225)	(3,419)
Central Utility Plant, 2013A	2,349,010	3.0 – 5.0%	2,595,000	0.48 – 2.11%	(117,049)	6,226	128,261
Reno Fieldhouse, Series 2013B	765,000	3.1 – 3.3%	810,000	0.48 – 0.61%	(23,781)	(25,826)	(12,277)
Patriot Center, 2006A/2013B	1,045,000	3.1 – 3.3%	1,105,000	1.13 – 1.33%	(76,392)	(119,241)	(23,113)
Patriot Center, 2009A/2013B	235,000	3.1 – 3.3%	250,000	1.33 – 1.53%	(18,853)	(36,033)	(7,190)
Krasnow Addition, 2006A/2014B	225,000	5.0%	245,000	0.94 – 1.13%	(4,177)	(21,081)	(5,608)
PE Add/Reno, 2006A/2014B	635,000	5.0%	690,000	1.33 – 1.53%	(18,161)	(96,751)	(17,095)
PE Bldg Add, Ph II, 2006A/2014B	290,000	5.0%	315,000	1.33 – 1.53%	(7,511)	(44,304)	(7,814)
PW Bio Lab, 2006A/2014B	1,390,000	5.0%	1,505,000	1.33 – 1.53%	(38,843)	(206,004)	(32,091)
PW Perf Arts Ctr, 2006A/2014B	1,125,000	5.0%	1,215,000	1.33 – 1.53%	(31,214)	(163,121)	(22,878)
Student Union III, 2006A/2014B	570,000	5.0%	620,000	1.13 – 1.33%	(13,332)	(68,784)	(14,795)
Surge Space Fit Out, 2006A/2014B	165,000	5.0%	180,000	1.13 – 1.33%	(4,741)	(20,437)	(4,770)
Surge Space Bldg, 2006A/2014B	695,000	5.0%	755,000	1.13 – 1.33%	(16,632)	(82,808)	(17,027)
PW Perf Arts Ctr, 2007A/2014B	985,000	5.0%	1,065,000	1.13 – 1.33%	(9,663)	(111,700)	(19,025)
Parking Deck III, 2007A/2014B	1,640,000	5.0%	1,775,000	1.91 – 2.01%	(26,069)	(466,085)	(46,491)
PE Bldg Reno Ph I, 2007A/2014B	980,000	5.0%	1,060,000	1.13 – 1.33%	(9,478)	(111,773)	(19,430)
Surge Space Bldg, 2007A/2014B	340,000	5.0%	370,000	1.13 – 1.33%	(2,981)	(41,121)	(8,926)
Acad VI/Rsch II, 2007A/2014B	565,000	5.0%	615,000	1.13 – 1.33%	(5,237)	(68,607)	(15,014)
PE Bldg Reno Ph II, 2007A/2014B	440,000	5.0%	480,000	1.13 – 1.33%	(4,093)	(54,582)	(12,782)
Hotel & Conf Ctr, 2007A/2014B	1,025,000	5.0%	1,110,000	2.4 – 2.5%	(22,076)	(499,162)	(35,095)
SUB I Reno, 2007A/2014B	585,000	5.0%	635,000	1.13 – 1.33%	(5,224)	(69,100)	(13,786)
Student Union III, 2007A/2014B	470,000	5.0%	510,000	1.91 – 2.01%	(7,191)	(135,186)	(14,654)
Arlington Ph II, 2009A/2015B	665,000	5.0%	720,000	2.01 – 2.11%	(14,714)	(213,158)	(19,563)
PW Perf Arts Ctr, 2009A/2015B	2,035,000	5.0%	2,200,000	1.33 – 1.53%	(44,996)	(297,487)	(43,423)
Parking Deck III Ph I, 2009A/2015B	760,000	5.0%	825,000	2.01 – 2.11%	16,378	(246,761)	(24,783)
PE Bldg Ph I, 2009A/2015B	310,000	5.0%	335,000	1.33 – 1.53%	(5,359)	(45,156)	(6,453)
Surge Space & Fit Out, 2009A/2015B	1,210,000	5.0%	1,310,000	1.33 – 1.53%	(25,617)	(179,059)	(27,756)
Acad VI/Rsch II, 2009A/2015B	2,305,000	5.0%	2,490,000	1.33 – 1.53%	(51,183)	(334,958)	(47,418)
PE Bldg Ph II, 2009A/2015B	595,000	5.0%	645,000	1.33 – 1.53%	(11,467)	(88,979)	(14,471)
BRL, 2009A/2015B	725,000	5.0%	785,000	1.33 – 1.53%	(13,480)	(107,439)	(16,765)
Hotel & Conf Ctr, 2009A/2015B	1,400,000	5.0%	1,515,000	2.5 – 2.6%	246,430	(746,341)	(48,389)
SUB I Add/Reno, 2009A/2015B	900,000	5.0%	975,000	1.33 – 1.53%	(18,425)	(133,903)	(21,303)
Parking Deck III Ph II, 2009A/2015B	1,080,000	5.0%	1,170,000	2.01 – 2.11%	21,310	(347,617)	(32,829)
W Campus Connect, 2009A/2015B	680,000	5.0%	735,000	1.33 – 1.53%	(12,690)	(99,185)	(14,345)
Arlington Ph II, 2009B/2016A	400,000	5.0%	435,000	2.11 – 2.21%	17,777	(146,465)	(14,274)
PW Perf Arts Ctr, 2009B/2016A	390,000	5.0%	425,000	1.53 – 1.71%	(2,456)	(75,048)	(12,516)
Surge Space Fit Data Ctr, 2009B/2016A	180,000	5.0%	195,000	1.53 – 1.71%	3,581	(33,457)	(4,701)
BRL, 2009B/2016A	215,000	5.0%	235,000	1.53 – 1.71%	(2,021)	(42,244)	(7,615)

Bond Title	Bonds Refunded	Interest Rate (Bonds Refunded)	Refunding Bonds Issued	Interest Rate (Refunding Bonds)	Accounting Gain (Loss)	Reduction (Increase) in Debt Service	Economic Gain (Loss)
Hotel & Conf Ctr, 2009B/2016A	480,000	5.0%	520,000	2.6 – 2.65%	46,754	(277,831)	(17,548)
SUB I Add/Reno, 2009B/2016A	875,000	5.0%	945,000	1.53 – 1.71%	(2,287)	(158,287)	(19,506)
SUB II Reno, 2009B/2016A	545,000	5.0%	590,000	1.53 – 1.71%	(1,912)	(100,430)	(13,722)
Utilities Distrib Infra, 2017A	245,000	5.0%	265,000	2.4 – 2.5%	5,033	(118,934)	(8,085)
Utilities Distrib Infra, 2018A	1,490,000	5.0%	1,610,000	2.5 – 2.6%	58,477	(790,652)	(49,013)
Total	$53,225,000		$57,665,000		$(473,209)	$(6,633,758)	$72,700

C. OUTSTANDING DEBT DEFEASANCE

The Virginia College Building Authority (VCBA) issued 9(d) VCBA pooled bonds on behalf of the University, the proceeds of which were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on other debt. The notes representing that debt are therefore considered defeased. Accordingly, the trust account's assets and liabilities for the defeased notes are not included in the University's financial statements. On June 30, 2021, $2,900,000 of Series 2011A, $9,220,000 of Series 2012A, $800,000 of Series 2012B, $8,650,000 of 2013A, $2,045,000 of 2013B, $12,125,000 of Series 2014B, $12,665,000 of Series 2015B, $3,085,000 of Series 2016A, $245,000 of Series 2017A and $1,490,000 of Series 2018A VCBA pooled bonds were considered defeased and outstanding.

10. INSTALLMENT PURCHASES PAYABLE & CAPITAL LEASE OBLIGATIONS

A. INSTALLMENT PURCHASES PAYABLE

The University has entered into various installment purchase contracts to finance the acquisition of pianos and the equipment necessary for the implementation of the Energy Performance Contract Agreements. The remaining lengths of the purchase agreements range from two to four years with varying rates of interest.

Principal and interest payments on these commitments for fiscal years subsequent to June 30, 2021 are as follows:

Year	Principal	Interest	Total
2022	$662,685	$31,973	$694,658
2023	587,573	22,318	609,891
2024	510,423	14,702	525,125
2025	517,721	7,404	525,125
Total	$2,278,402	$76,397	$2,354,799

B. CAPITAL LEASE OBLIGATIONS

During FY 2011, the University entered into a twenty-five year capital lease with George Mason University Foundation (GMUF) for the provision of a 150,000 square foot administration building at the Fairfax campus. In May 2018, GMUF issued refunding revenue bonds, the proceeds of which were used to retire the outstanding bonds and the interest rate swap termination fee (see Note 19.E). The refunding did not have a material effect on the capital lease. The University has accounted for the acquisition of the administration building and its furniture and equipment as a capital lease, and therefore has recorded the building and its furniture and equipment as depreciable capital assets, and has also recorded a corresponding lease liability in long-term debt, both of which are on its Statement of Net Position as of June 30, 2021.

During FY 2013, the University began a 30 year capital lease with George Mason University Foundation (GMUF) for the provision of an 80,858 square foot residence hall at the Prince William campus. During 2020, in order to take advantage of the historically low long-term interest rates, GMUF executed an advance refunding on the outstanding bonds (see Note 19E). The savings was passed onto the University and a deferred inflow of $89,463 was recorded on the transaction. It will be amortized over the remaining life of the capital lease. The University has accounted for the acquisition of the residence hall as a capital lease, and therefore has recorded the building as a depreciable capital asset, and has recorded a corresponding lease liability in long-term debt, both on its Statement of Net Position as of June 30, 2021.

During FY 2014, the University began a 20 year capital lease with George Mason University Foundation (GMUF) for the provision of a 31,879 square foot office building and land in downtown Fairfax, close to the Fairfax campus. The University has accounted for the acquisition of the office building as a capital lease, and therefore has recorded land as a non-depreciable capital asset, the building as a depreciable capital asset, and has recorded a corresponding lease liability in long-term debt, all on its Statement of Net Position as of June 30, 2021.

During FY 2015, the University began a 29.5 year capital lease with George Mason University Foundation (GMUF) for the provision of a 75,000 square foot lab building at the Prince William campus. The University has accounted for the acquisition of the lab building as a capital lease, and therefore has recorded the building as a depreciable capital asset, and has recorded a corresponding lease liability in long-term debt, both on its Statement of Net Position as of June 30, 2021.

During FY 2018, the University began a 10 year capital lease with George Mason University Foundation (GMUF) for the provision of an 183,000 square foot residence hall at the Fairfax campus. The University has accounted for the acquisition of the residence hall as a capital lease, and therefore has recorded the building as a depreciable capital asset, and has recorded a corresponding lease liability in long-term debt, both on its Statement of Net Position as of June 30, 2021.

Payments of principal, interest, and executory costs on the capital leases for fiscal years subsequent to June 30, 2021 are as follows:

Fiscal Year	Principal	Interest	Executory	Total
2022	$4,488,826	$4,060,032	$346,243	$8,895,101
2023	4,680,808	3,868,050	346,243	8,895,101
2024	4,881,816	3,667,042	346,243	8,895,101
2025	5,092,318	3,456,540	346,243	8,895,101
2026	5,312,795	3,236,063	346,243	8,895,101
2027-2031	21,424,827	12,901,117	1,423,185	35,749,129
2032-2036	20,929,491	7,721,418	499,091	29,150,000
2037-2041	14,039,514	3,011,395	499,091	17,550,000
2042-2046	3,308,781	101,401	99,818	3,510,000
Total	$84,159,176	$42,023,058	$4,252,400	$130,434,634

11. EXPENSES BY NATURAL CLASSIFICATION

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

	Salaries and Wages	Fringe Benefits	Goods and Services	Student Aid	Depreciation & Amortization	Total
Instruction	$244,086,430	$70,325,495	$37,731,359	$-	$-	$352,143,284
Research	54,427,312	12,071,050	70,275,431	-	-	136,773,793
Public Service	13,563,836	3,622,744	10,190,368	-	-	27,376,948
Academic Support	50,305,621	18,185,380	18,349,155	-	-	86,840,156
Student Services	21,154,787	7,655,845	4,922,186	-	-	33,732,818
Institutional Support	38,559,653	14,443,850	13,369,485	-	-	66,372,988
Operation & Maintenance	19,441,415	8,139,226	37,083,025	-	-	64,663,666
Depreciation & Amortization	-	-	-	-	65,714,957	65,714,957
Student Aid	-	-	-	48,178,214	-	48,178,214
Auxiliary Enterprises	40,200,267	13,745,233	39,132,104	-	-	93,077,604
Totals	$481,739,321	$148,188,823	$231,053,113	$48,178,214	$65,714,957	$974,874,428

12. STATE APPROPRIATIONS - CURRENT UNRESTRICTED FUNDS

George Mason University receives appropriations from the General Fund of the Commonwealth. The Appropriation Act specifies that unexpended General Fund appropriations that remain on the last day of the current year, ending June 30, 2021, shall be reappropriated for expenditure in the first month of the next year, beginning on July 1, 2021, except as may be specifically provided otherwise by the General Assembly. The Governor may, at his discretion, unallot funds from the reappropriated balances that relate to unexpended appropriations.

The following is a summary of General Fund appropriations received by the institution including all supplemental appropriations and reversions:

General Fund Appropriations	
Original Appropriation	$156,315,949
Central Appropriations Distributions:	
Health Insurance Premium Holiday Adjustment	(1,440,074)
State Employee Retirement Adjustments	557,255
Other Central Appropriations Adjustments	(1,097)
FY21 Carryforward	11,134,139
VIVA	53,700
Virginia Degree Completion Network	850,000
TTIP Award	5,797,737
Enrollment Growth	10,000,000
Interest Earnings and Credit Card Rebates	1,414,606
Reversion to General Fund – planned FY22 carryforward	(18,276,289)
Total	$166,405,926

13. INTEREST REVENUE/EXPENSE

Interest revenue earned by the University during fiscal year 2021 was $2,830,057.

During fiscal year 2021, the University incurred interest charges totaling $16,035,340. Of this amount, $1,052,171 was capitalized as part of the cost of construction and $14,983,169 was expensed.

14. COMMITMENTS

A. OPERATING LEASES

The University is committed under various operating leases for rental of off-campus facilities. The future lease terms are for periods of one to nine years. Facility rental expenses for the fiscal year ended June 30, 2021 were $7,922,827. The University had, as of June 30, 2021, the following total future minimum rental payments due under the above leases:

Year Ended June 30	Total
2022	$6,988,090
2023	6,548,259
2024	6,164,827
2025	5,070,467
2026	4,869,803
2027-2031	1,318,427
Total	$30,959,873

B. CONSTRUCTION

Outstanding commitments for capital outlay projects that were under construction at June 30, 2021 were $9,109,743.

15. RETIREMENT AND PENSION SYSTEMS

A. VIRGINIA RETIREMENT SYSTEM (VRS) STATE EMPLOYEE DEFINED BENEFIT RETIREMENT PLAN AND VIRGINIA LAW OFFICERS SYSTEM (VaLORS) DEFINED BENEFIT RETIREMENT PLAN

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.

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:

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE

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

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Retirement Contributions 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 payment.	**Retirement Contributions** Same as Plan 1.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
Service Credit Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	**Service Credit** Same as Plan 1.	**Service Credit** *Defined Benefit Component:* 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. *Defined Contributions Component:* Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.
Vesting 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	**Vesting** Same as Plan 1.	**Vesting** *Defined Benefit Component:* 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

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
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. Members are always 100% vested in the contributions that they make.		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. *Defined Contributions Component:* 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. Members are always 100% vested in the contributions that they make. 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. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • 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. Distributions not required, except as governed by law.
Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and a plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** *Defined Benefit Component:* See definition under Plan 1 *Defined Contribution Component:* The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest	**Average Final Compensation**	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
compensation as a covered employee.	A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	
Service Retirement Multiplier ***VRS:*** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. ***VaLORS:*** The retirement multiplier for VaLORS employees is 1.70% or 2.00%.	**Service Retirement Multiplier** ***VRS:*** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013. ***VaLORS:*** The retirement multiplier for VaLORS employees is 2.00%.	**Service Retirement Multiplier** *Defined Benefit Component:* ***VRS:*** The retirement multiplier for the defined benefit component is 1.00%. 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. ***VaLORS:*** Not applicable. *Defined Contribution Component:* Not applicable.
Normal Retirement Age ***VRS:*** Age 65. ***VaLORS:*** Age 60.	**Normal Retirement Age** ***VRS:*** Normal Social Security retirement age. ***VaLORS:*** Same as Plan 1.	**Normal Retirement Age** *Defined Benefit Component:* ***VRS:*** Same as Plan 2. ***VaLORS:*** Not applicable. *Defined Contribution Component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.
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. ***VaLORS:*** Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.	**Earliest Unreduced Retirement Eligibility** ***VRS:*** Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90. ***VaLORS:*** Same as Plan 1.	**Earliest Unreduced Retirement Eligibility** *Defined Benefit Component:* ***VRS:*** Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90. ***VaLORS:*** Not applicable. *Defined Contribution Component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.
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. ***VaLORS:*** Age 50 with at least five years of service credit.	**Earliest Reduced Retirement Eligibility** ***VRS:*** Age 60 with at least five years (60 months) of service credit. ***VaLORS:*** Same as Plan 1.	**Earliest Reduced Retirement Eligibility** *Defined Benefit Component:* ***VRS:*** Age 60 with at least five years (60 months) of service credit. ***VaLORS:*** Not applicable.

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. *Eligibility:* For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date. *Exceptions to COLA Effective Dates:* The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • 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	**Cost-of-Living Adjustment (COLA) in Retirement** The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. *Eligibility:* Same as Plan 1 *Exceptions to COLA Effective Dates:* Same as Plan 1	**Cost-of-Living Adjustment (COLA) in Retirement** *Defined Benefit Component:* Same as Plan 2. *Defined Contribution Component:* Not applicable. *Eligibility:* Same as Plan 1 and Plan 2. *Exceptions to COLA Effective Dates:* Same as Plan 1 and Plan 2.

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.		
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	**Disability Coverage** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	**Disability Coverage** 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. 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.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** *Defined Benefit Component:* Same as Plan 1, with the following exception: • Hybrid Retirement Plan members are ineligible for ported service. *Defined Contribution Component:* Not applicable.

Contributions

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

Contributions from the University to the VRS State Employee Retirement Plan were $20,914,060 and $19,102,470 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions from the University to the VaLORS Retirement Plan were $673,391 and $600,334 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the University reported a liability of $245,762,961 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of $5,876,472 for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The University's proportion of the Net Pension Liability was based on the University's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the University's proportion of the VRS State Employee Retirement Plan was 3.39224% as compared to 3.26037% at June 30, 2019. At June 30, 2020, the University's proportion of the VaLORS Retirement Plan was 0.75158% as compared to 0.78673% at June 30, 2019.

For the year ended June 30, 2021, the University recognized pension expense of $34,190,970 for the VRS State Employee Retirement Plan and $875,331 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2019 and June 30, 2020, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$2,915,437	$2,500,878
Net difference between projected and actual earnings on pension plan investments	19,465,069	-
Change in assumptions	10,334,102	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,992,344	246,860
Employer contributions subsequent to measurement date	21,587,451	-
Total	$62,294,403	$2,747,738

$21,587,451 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, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	
FY 2022	$9,707,219
FY 2023	14,113,247
FY 2024	7,894,341
FY 2025	6,244,407

Actuarial Assumptions

The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115% of rates; females 130% of rates.

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020

Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 25%
Discount Rate	Decrease rate from 7.00% to 6.75%

The total pension liability for the VaLORS Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older

	ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decrease rate from 50% to 35%
Discount Rate	Decrease rate from 7.00% to 6.75%

Net Pension Liability

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

	State Employee Retirement Plan	VaLORS Retirement Plan
Total Pension Liability	$ 26,014,925	$ 2,282,351
Plan Fiduciary Net Position	18,770,068	1,500,469
Employers' Net Pension Liability (Asset)	$ 7,244,857	$ 781,882
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.15%	65.74%

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
MAPS–Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP-Private Investments Partnerships	3.00%	6.49%	0.19%
Total	**100.00%**		**4.64%**
	Inflation		2.50%
* Expected arithmetic nominal return			**7.14%**

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

Discount Rate

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

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
University's proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	$348,301,813	$245,762,961	$159,545,378

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

	1.00% Decrease (5.75%)	**Current Discount Rate (6.75%)**	**1.00% Increase (7.75%)**
University's proportionate share of the VaLORS Retirement Plan Net Pension Liability	$8,066,257	$5,876,472	$4,067,842

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

As of June 30, 2021, the University had a payable to VRS in the amount of $999,974. Of this amount, $937,645 was for the VRS State Employee Retirement Plan and $62,329 was for VaLORS. These amounts represent current legally required contributions to the pension plan not yet remitted to VRS in accordance with the payment terms.

The University's employer pension contribution amounts for each month are calculated based on employee salaries as of the first business day of each month multiplied by the legally required contribution rate and paid to VRS no later than the 10th of the following month.

B. HYBRID RETIREMENT PLAN – DEFINED CONTRIBUTION COMPONENT

The University's expenses also include the amount assessed by the Commonwealth for the employer's required contributions to the defined contribution component of the Hybrid retirement plan.

During FY 2021, the employer's required retirement contribution rate was 1% for the defined contribution component of the Hybrid Plan. These contributions totaled $655,516 for the year ended June 30, 2021. All participants were required to contribute 1% to the defined contribution portion of the Hybrid Plan.

During FY 2021, participants were permitted to make voluntary contributions of up to 4% to the Hybrid plan which the University is required to match with an employer contribution of up to 2.5%. The employer matching contribution totaled $830,601 for the year ended June 30, 2021.

Contributions to the Hybrid plan were calculated using plan's covered payroll of $65,551,595 for the year ended June 30, 2021.

C. FACULTY RETIREMENT PLANS

Most full-time faculty and certain administrative staff participate in one faculty retirement plan with two investment providers rather than the VRS. These are defined contribution plans where the retirement benefits received are based upon the employer's contribution plus interest and dividends.

For plan participants hired prior to July 1, 2010, the employer's contribution was 10.4% and the participant was not required to make contributions to the plan. Plan participants hired after June 30, 2010 received an employer contribution of 8.5% and were required to contribute 5%. The plan structure for participants hired after June 30, 2010 is designated in the table below with a 2 following the investment providers' names.

Individual contracts issued under the plan provide for full and immediate vesting of the University's contributions. Total pension expense under these plans was $20,249,684 for the fiscal year ended June 30, 2021 based on total covered payroll of $216,720,057. The University's outstanding liability for accrued pension expense as of June 30, 2021 was $761,130. The change in the accrued liability amount from the prior year end was an increase of $83,004, which accounts for the difference between the pension contributions made to plan trustees, as set forth in the table below, and the pension expense amount stated above. FY 2021 pension contributions were calculated using the plan's covered payroll of $215,676,220 for Fiscal Year 2021.

The following table summarizes the contributions and participation in the optional retirement plans:

Faculty Retirement Plan	Pension Contributions Made to Plan Trustees	Plan's Covered Payroll	Contribution Percentage
TIAA-CREF*	$7,053,892	$67,825,881	10.4%
TIAA-CREF 2	4,548,268	53,509,033	8.5%
Fidelity Investments	2,985,943	28,710,992	10.4%
Fidelity Investments 2	5,578,577	65,630,314	8.5%
Total	$20,166,680	$215,676,220	

*Teachers Insurance and Annuity Association/College Retirement Equities Fund

D. DEFERRED COMPENSATION

Employees of the University are employees of the Commonwealth of Virginia. State employees may participate in the Commonwealth's Deferred Compensation Plan. Participating employees can contribute to the plan each pay period with the Commonwealth matching up to $20 per pay period. The dollar amount match can change depending on the funding available in the Commonwealth's budget. The Commonwealth's Deferred Compensation Plan is a qualified defined contribution plan under Section 401(a) of the Internal Revenue Code.

Employees may also participate in a University sponsored 403(b) plan or Roth plan, and receive Employer matching contributions on the same basis as the Commonwealth's plan.

Employer contributions under these Deferred Compensation Plans were $1,255,085 for the fiscal year ended June 30, 2021.

16. OTHER POSTEMPLOYMENT BENEFITS

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

Virginia Retirement System OPEB Plans			
GLI	**HIC**	**LODA**	**VSDP**
Plan Description All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.	***Plan Description*** All full-time, salaried permanent employees of state agencies are automatically covered by the VRS State Employee Health Insurance Credit Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.	***Plan Description*** All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the Line of Duty Act Program (LODA). As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.	***Plan Description*** All full-time and part-time permanent salaried state employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS) or the Virginia Law Officers' Retirement System (VaLORS) hired on or after January 1, 1999 are automatically covered by the Disability Insurance Program (VSDP) upon employment. The Disability Insurance Program also covers state employees hired before January 1, 1999 who elected to transfer to VSDP rather than retain their eligibility to be considered for disability retirement. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.
Eligible Employees The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: • City of Richmond • City of Portsmouth	**Eligible Employees** The State Employee Retiree Health Insurance Credit Program was established January 1, 1990 for retired state employees covered under VRS, SPORS, VaLORS and JRS who retire with at least 15 years of service credit.	**Eligible Employees** The eligible employees of the Line of Duty Act Program (LODA) are paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law	**Eligible Employees** The Virginia Sickness and Disability Program (VSDP), also known as the Disability Insurance Trust Fund was established January 1, 1999 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities.

• City of Roanoke • City of Norfolk • 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.	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.	Officers' Retirement System (VaLORS).	Eligible employees are enrolled automatically upon employment. They include: • Full-time and part-time permanent salaried state employees covered under VRS, SPORS, and VaLORS (members new to VaLORS following its creation on October 1, 1999, have been enrolled since the inception of VSDP). • State employees hired before January 1, 1999, who elected to transfer to VSDP rather than retain their eligibility to be considered for VRS disability retirement. • Public college and university faculty members who elect the VRS defined benefit plan. They may participate in VSDP or their institution's disability program, if offered. If the institution does not offer the program or the faculty member does not make an election, he or she is enrolled in VSDP.
Benefit Amounts The benefits payable under the Group Life Insurance Program have 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	**Benefit Amounts** The State Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees: **At Retirement** – For State employees who retire, the monthly benefit is $4.00 per year of service per month with no cap on the benefit amount. **Disability Retirement** • For State employees, other than state police officers, who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program	**Benefit Amounts** The Line of Duty Act Program (LODA) provides death and health insurance benefits for eligible individuals: **Death** – The Line of Duty Act program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: • $100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after. • $25,000 when the cause of death is attributed to one of the applicable	**Benefit Amounts** The Virginia Sickness and Disability Program (VSDP) provides the following benefits for eligible employees: • **Leave** – Sick, family and personal leave. Eligible leave benefits are paid by the employer. • **Short-Term Disability** – The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. The benefit provides income replacement beginning at 100% of the employee's pre-disability income,

benefits provided under specific circumstances. These include accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit and accelerated death benefit option. **Reduction in Benefit Amounts** The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.	(VSDP), the monthly benefit is $120.00 or $4.00 per year of service, whichever is higher. • For State police officers with a non-work-related disability who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP) the monthly benefit is $120.00 or $4.00 per year of service, whichever is higher. • For State police officers with a work-related disability, there is no benefit provided under the State Employee Retiree Health Insurance Credit Program if the premiums are being paid under the Virginia Line of Duty Act. However, they may receive the credit for premiums paid for other qualified health plans.	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. **<u>Health Insurance</u>** – The Line of Duty Act program provides health insurance benefits. • Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program. • Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by the Line of Duty Act.	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. • **<u>Long-Term Disability</u>** – The program provides a long-term disability benefit beginning after 125 workdays of short-term disability and continuing until the employee reaches his or her normal retirement age. The benefit provides income replacement of 60% of the employee's pre-disability income. If an employee becomes disabled within five years of his or her normal retirement age, the employee will receive up to five years of VSDP benefits, provided he or she remains medically eligible. Long-term disability benefits are paid for by the Virginia Disability Insurance Program (VSDP) OPEB Plan. • **<u>Income Replacement Adjustment</u>** – The program provides for an income replacement adjustment to 80% for catastrophic conditions. • **<u>VSDP Long-Term Care Plan</u>** – The program also includes a self-funded long-term care plan that assists with the cost of covered long-term care services.
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)	**Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)**	**Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)**	**Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)**

For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $8,616 as of June 30, 2021.	Not Applicable	Not Applicable	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 employee non-vested as of 1/1/2013, Plan 2 and Hybrid Plan employees – 100% of the VRS Plan 2 and Hybrid COLA (The first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%). For participating full-time employees taking service retirement, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement. • 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS, and VaLORS Plans, with a maximum COLA of 4.00% For participating full-time employees receiving supplemental (work-related) disability benefits, the creditable compensation may be increased annually by an

			amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement • 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS, and VaLORS Plans, with a maximum COLA of 4.00%.
	Health Insurance Credit Program Notes: • The monthly Health Insurance Credit benefit cannot exceed the individual's premium amount. • Employees who retire after being on long-term disability under VSDP must have at least 15 years of service credit to qualify for the Health Insurance Credit as a retiree.		**Disability Insurance Program (VSDP) Plan Notes:** • Employees hired or rehired on or after July 1, 2009, must satisfy eligibility periods before becoming eligible for non-work-related short-term disability benefits and certain income-replacement levels. • A state employee who is approved for VSDP benefits on or after the date that is five years prior to his or her normal retirement date is eligible for up 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.

Department of Human Resources Management OPEB Plan
Pre-Medicare Retiree Healthcare Plan (PMRH)
Plan Description 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. This fund is reported as part of the Commonwealth's Healthcare Internal Service Fund. Benefit payments are recognized when due and payable in accordance with the benefit terms. Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes, and is administered by the Department of Human Resource Management. There were approximately 4,400 retirees and 90,000 active employees in the program as of June 30, 2020. There are no inactive employees entitled to future benefits who are not currently receiving benefits. There are no assets accumulated in a trust to pay benefits.
Following are eligibility requirements for Virginia Retirement System retirees: • You are a retiring state employee who is eligible for a monthly retirement benefit from the Virginia Retirement System (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 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 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 Health Benefits Program for active employees at the time of your termination, and • You meet the age and service requirements for an immediate retirement benefit under the non-ORP Virginia Retirement System plan that you would have been eligible for on your date of hire had you not elected the ORP, and • You enroll in the State Retiree Health Benefits Program no later than 31 days from the date you lose coverage (or lost 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.

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the University were $2,015,926 and $1,918,639 for the years ended June 30, 2021 and June 30, 2020, respectively.

The contribution requirement for the HIC program active employees is governed by §51.1-1400(D) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each state agency's contractually required employer contribution rate for the year ended June 30, 2021 was 1.12% of covered employee compensation for employees in the VRS State Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the University to the VRS State Employee Health Insurance Credit Program were $4,210,209 and $4,267,404 for the years ended June 30, 2021 and June 30, 2020, respectively.

The contribution requirements for the Line of Duty Act Program (LODA) are governed by §9.1-400.1 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the Line of Duty Act Program (LODA) for the year ended June 30, 2021 was $717.31 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the Line of Duty Act Program (LODA) from the University were $32,458 and $28,937 for the years ended June 30, 2021 and June 30, 2020, respectively.

The contribution requirements for the Disability Insurance Program (VSDP) are governed by §51.1-1140 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the Disability Insurance Program (VSDP) for the year ended June 30, 2021 was 0.61% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits payable during the year, with an adjustment to amortize the accrued OPEB assets. Contributions to the Disability Insurance Program (VSDP) from the University were $869,552 and $843,318 for the year ended June 30, 2021 and June 30, 2020, respectively.

Under the PMRH program, 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 employer's portion of the premiums for active employees.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the VRS OPEB Plans and Pre-Medicare Retiree Healthcare

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

GLI	$29,694,773
HIC	46,473,049
LODA	891,741
VSDP	(7,127,856)
PMRH	23,802,438

The VRS net OPEB liabilities (asset) were measured as of June 30, 2020 and the total OPEB liability used to calculate each net OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The Pre-Medicare Retiree Healthcare OPEB liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2020. The University's proportion of the Net OPEB Liability (Asset) for GLI, HIC and VSDP was based on the University's actuarially determined employer contributions to these programs for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. The University's proportion of the Net LODA OPEB Liability was based on the University's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2021, the collective total PMRH OPEB liability was $568.8 million. The covered employer's proportion of the PMRH OPEB liability was based on each employer's calculated healthcare premium contributions, to include the October premium holiday amounts, as a percentage of the total employer's calculated healthcare premium contributions for all participating employers.

The University's proportion for each plan at June 30, 2020 and June 30, 2019 are as follows:

	GLI	**HIC**	**LODA**	**VSDP**	**PMRH**
June 30, 2020	1.78%	5.06%	0.21%	3.23%	4.18%
June 30, 2019	1.71%	4.89%	0.25%	3.10%	4.07%

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

GLI	$1,420,661
HIC	4,467,803
LODA	67,079
VSDP	607,352
PMRH	(5,194,235)

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

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

GLI	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$1,904,646	$266,711
Net difference between projected and actual earnings on GLI OPEB program investments	892,005	-
Change in assumptions	1,485,081	620,044
Changes in proportion	1,339,688	107,362
Employer contributions subsequent to measurement date	2,015,926	-
Total	$7,637,346	$994,117

HIC	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$19,349	$697,415
Net difference between projected and actual earnings on State HIC OPEB plan investments	228,669	-
Change in assumptions	774,207	220,305
Changes in proportionate share	2,329,444	204,872
Employer contributions subsequent to measurement date	4,210,209	-
Total	$7,561,878	$1,122,592

LODA	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$94,660	$121,574
Net difference between projected and actual earnings on LODA OPEB plan investments	-	1,268
Change in assumptions	238,726	55,569
Changes in proportion	68,295	157,025
Employer contributions subsequent to measurement date	32,458	-
Total	$434,139	$335,436

VSDP	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$670,228	$1,479,122
Net difference between projected and actual earnings on VSDP OPEB plan investments	484,924	-
Change in assumptions	95,008	292,673
Changes in proportion	49,811	363,963
Employer contributions subsequent to measurement date	869,552	-
Total	$2,169,523	$2,135,758

PMRH	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$-	$12,118,747
Change in assumptions	-	19,489,808
Changes in proportion	3,206,554	127,029
Amounts associated with transactions subsequent to the measurement date	1,549,921	-
Total	$4,756,475	$31,735,584

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

GLI	$2,015,926
HIC	4,210,209
LODA	32,458
VSDP	869,552
PMRH	1,549,921

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

Year Ended June 30	GLI	HIC	LODA	VSDP	PMRH
FY 2022	$735,544	$426,276	$6,334	$(223,199)	$(8,247,776)
FY 2023	987,449	454,523	6,568	(93,134)	(8,247,776)
FY 2024	1,237,259	592,824	6,818	(83,375)	(6,778,918)
FY 2025	1,192,309	512,001	6,891	(75,847)	(3,645,026)
FY 2026	417,011	243,453	6,970	(169,513)	(1,354,668)
Thereafter	57,731	-	32,664	(190,719)	(254,867)

Actuarial Assumptions

The total OPEB liability for all VRS programs was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation 2.5 percent

Salary increases, including inflation per plan:

Employee Type	GLI	HIC	LODA	VSDP
General state	3.5 – 5.35%	3.5 – 5.35%	N/A	3.5 – 5.35%
Teachers	3.5 – 5.95%	N/A	N/A	N/A
SPORS	3.5 – 4.75%	3.5 – 4.75%	N/A	3.5 – 4.75%
VaLORS	3.5 – 4.75%	3.5 – 4.75%	N/A	3.5 – 4.75%
JRS	4.5%	4.5%	N/A	N/A
Locality - General	3.5 – 5.35%	N/A	N/A	N/A
Locality – Hazardous Duty	3.5 – 4.75%	N/A	N/A	N/A

LODA Medical cost trend rates assumption:

Under age 65	7.00 percent – 4.75 percent
Ages 65 and older	5.375 percent – 4.75 percent

LODA Medical cost year of ultimate trend rate

Under age 65	Fiscal year ended 2028
Age 65 and older	Fiscal year ended 2023

Investment rate of return 6.75%, net of OPEB plan investment expenses, including inflation*
2.21%, including inflation for LODA**

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75% (2.21% for LODA). However, since the difference was minimal, and a more conservative 6.75% (2.21% for LODA) investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities for GLI, HIC and VSDP.

** Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 2.21% was used since it approximates the risk-free rate of return.

Mortality rates – General State Employees (GLI, HIC, LODA, VSDP)

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115% of rates; females 130% of rates.

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%
Discount Rate	Decrease rate from 7% to 6.75%, no change to the actuarial assumptions for the discount rate related to LODA

Mortality rates – Teachers (GLI)

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

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

Post-Disablement:

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7% to 6.75%

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%
Discount Rate	Decrease rate from 7% to 6.75%, no change to the actuarial assumptions for the discount rate related to LODA

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%
Discount Rate	Decrease rate from 7% to 6.75%, no change to the actuarial assumptions for the discount rate related to LODA

Mortality rates – JRS Employees (GLI, HIC)

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

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

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change

Disability Rates	Removed disability rates
Salary Scale	No change
Discount Rate	Decrease rate from 7% to 6.75%

Mortality rates – Largest Ten Locality Employers - General Employees (GLI)

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

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

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%
Discount Rate	Decrease rate from 7% to 6.75%

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

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

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

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7% to 6.75%

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

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

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

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%
Discount Rate	Decrease rate from 7% to 6.75%, no change to the actuarial assumptions for the discount rate related to LODA

Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees (GLI, LODA)

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decrease rate from 7% to 6.75%, no change to the actuarial assumptions for the discount rate related to LODA

The total Pre-Medicare Retiree Healthcare OPEB liability was based on an actuarial valuation with a valuation date of June 30, 2020. The Department of Human Resource Management selected the economic, demographic and healthcare claim cost assumptions. The actuary provided guidance with respect to these assumptions. Initial healthcare costs trend rates used were 6.75 percent for medical and pharmacy and 4.0 percent for dental. The ultimate trend rates used were 4.50 percent for medical and pharmacy and 4.0 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, 2020 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed
Effective Amortization Period	6.34 years
Discount Rate	2.21%
Projected Salary Increases	4.0%

Medical Trend Under 65	Medical & Rx: 6.75% to 4.50% Dental: 4.00%
Year of Ultimate Trend	2029
Mortality	Mortality rates vary by participant status
Pre-Retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year
Post-Retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85
Post-Disablement:	RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates

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

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

Spousal Coverage	Reduced the rate from 25% to 20%
Retiree Participation	Reduced the rate from 50% to 45%

Spousal coverage and retiree participation were both reduced based on a blend of recent experience and the prior year assumptions. The mortality assumption was modified slightly to reflect mortality improvement projection scale BB, including age over 65 in pre-retirement mortality base rates.

No excise tax has been reflected due to the SECURE Act. Among the provisions was a repeal of three taxes and fees that were originally intended to help fund the Affordable Care Act (ACA): i) the excise tax on high-cost health plans (Cadillac tax); ii) the annual fee on health insurance providers; and iii) the medical device excise tax.

The trend rates were updated based on economic conditions as of June 30, 2020. Additionally, the discount rate was decreased from 3.51% to 2.21% based on the Bond Buyers GO 20 Municipal Bond Index.

Net OPEB Liability (Asset)

The net OPEB liability (NOL) or Net OBEP asset (NOA) for the VRS administered OPEB plans represent the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL and NOA amounts for these programs are as follows (amounts expressed in thousands):

	GLI	HIC	LODA	VSDP
Total OPEB Liability	$3,523,937	$1,043,382	$423,147	$269,531
Plan Fiduciary Net Position	1,855,102	125,378	4,333	490,220
Employers' Net OPEB Liability (Asset)	$1,668,835	$918,004	$418,814	$(220,689)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	52.64%	12.02%	1.02%	181.88%

The total OPEB liability (asset) 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/net OPEB 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.

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

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

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

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

Long-Term Expected Rate of Return (LODA)

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

Discount Rate

The discount rate used to measure the total GLI, HIC and VSDP OPEB liability was 6.75% and 2.21% was used to measure the total LODA OPEB liability. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the University for the programs will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, each OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

The discount rate for the PMRH program was based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date which is June 30, 2020. It was decreased from 3.51% to 2.21%.

Sensitivity of the University's Proportionate Share of the VRS Net OPEB Liability (Asset) and Total PMRH OPEB Liability to Changes in the Discount Rate

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

University's Proportionate Share of Net OPEB Liability (Asset) and Total PMRH OPEB Liability

	1.00% Decrease	Current Discount Rate	1.00% Increase
	5.75%	6.75%	7.75%
GLI	$39,036,058	$29,694,773	$22,108,773
HIC	$51,496,906	$46,473,049	$42,150,058
VSDP	$(6,503,393)	$(7,127,856)	$(7,688,403)
	1.21%	2.21%	3.21%
LODA	$1,058,485	$891,741	$766,054
	1.21%	2.21%	3.21%
PMRH	$25,046,924	$23,802,438	$22,541,082

Sensitivity of the University's Proportionate Share of the Net LODA & Total PMRH OPEB Liabilities to Changes in the Health Care Trend Rate

Because the Line of Duty Act Program (LODA) and Pre-Medicare Retiree Healthcare Program (PMRH) 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 health care trend rate of 7.00% decreasing to 4.75% for LODA and 6.75% decreasing to 4.50% for PMRH, as well as what the University's proportionate share of the net OPEB liabilities would be if it were calculated using a health care trend rate that is one percentage point lower (LODA: 6.00% decreasing to 3.75%, PMRH: 5.75% decreasing to 3.50%) or one percentage point higher (LODA: 8.00% decreasing to 5.75%, PMRH: 7.75% decreasing to 5.5%) than the current rate:

University's Proportionate Share of Net OPEB Liability (Asset) and Total PMRH OPEB Liability

	1.00% Decrease	Health Care Trend Rates	1.00% Increase
	6.00% decreasing to 3.75%	7.00% decreasing to 4.75%	8.00% decreasing to 5.75%

	1.00% Decrease	Health Care Trend Rates	1.00% Increase
LODA	$737,053	$891,741	$1,094,071
	5.75% decreasing to 3.50%	6.75% decreasing to 4.50%	7.75% decreasing to 5.50%
PMRH	$21,336,944	$23,802,438	$26,694,117

Fiduciary Net Position

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

Payables to the GLI, HIC, and VSDP Programs

As of June 30, 2021, the University had the following payables to each of these OPEB programs:

GLI	$182,886
HIC	154,009
VSDP	30,405

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 Department of Human Resource Management administers the Commonwealth employee health care and worker's compensation plans, and the Department of Treasury, Division of Risk Management, administers the risk management insurance plans. Risk management insurance includes property, general liability, faithful performance of duty bond, automobile, and air and watercraft plans. The University pays premiums to each of these departments for its insurance coverage. Information relating to the Commonwealth's insurance plans is available at the statewide level in the *Commonwealth of Virginia's Annual Comprehensive Financial Report*.

18. RESTRICTED NET POSITION

At June 30, 2021 restricted net position included the following purpose restrictions:

Restricted, nonexpendable	
Student aid	$1,406,281
Instruction	4,631,000
Research	1,129,155
Total restricted, nonexpendable	$7,166,436

Restricted, expendable	
Student aid	$378,735
Instruction	2,542,673
Capital	15,807,427
Research and other	3,923,049
Total restricted, expendable	$22,651,884

19. COMPONENT UNITS

Component unit combining financial statements and additional disclosures in accordance with FASB standards are presented below.

Combining Statement of Financial Position
As of June 30, 2021

	George Mason University Foundation (GMUF)	Mason Housing, Inc. * (MHI)	GMU Instructional Foundation* (GMUIF)	Mason Korea, LLC ^ (MK)	Mercatus Center, Inc. # (Mercatus)	Total Component Units
Assets						
Cash and cash equivalents	$17,088,212	$79,814	$6,406,560	$5,807,005	$39,057,882	$68,439,473
Security deposits	-	89,718	-	-	-	89,718
Restricted cash and cash equivalents	6,126,043	4,309,699	-	-	-	10,435,742
Accounts receivable, net	124,955	932	91,752	129,575	338,465	685,679
Contributions receivable, net	21,076,441	-	-	-	1,360,000	22,436,441
Prepaids and other assets	5,524,403	2,058	8,931	36,987	308,176	5,880,555
Net investment in direct financing lease	80,656,992	-	-	-	-	80,656,992
Beneficial interest in perpetual trusts	13,090,982	-	-	-	-	13,090,982
Investments	312,375,476	1,271,798	931,648	-	1,650,804	316,229,726
Property and equipment, net	55,650,788	19,874,341	7,031,230	-	682,197	83,238,556
Deferred tax asset	-	-	105,000	-	-	105,000
Total Assets	511,714,292	25,628,360	14,575,121	5,973,567	43,397,524	601,288,864
Liabilities and Net Assets						
Liabilities						
Accounts payable and accrued expenses	4,444,384	202,143	518,823	347,304	7,154,317	12,666,971
Accrued payroll and related expenses	-	8,489	-	-	-	8,489
Grants and student research awards payable	-	-	-	-	2,721,482	2,721,482
Participation rent payable	-	4,822	-	-	-	4,822
Tenant security deposits liability	-	89,718	-	-	-	89,718
Unearned revenue	4,068	13,043	937,445	101,617	-	1,056,173
Charitable gift annuities	-	-	-	-	238,318	238,318
Other liabilities	552,730	-	-	-	-	552,730
Interest rate swap liability	-	11,180,722	-	-	-	11,180,722
Long-term debt including loan payable	134,552,970	36,641,556	766,091	-	-	171,960,617
Amounts held for others	34,991,934	-	-	-	-	34,991,934
Total Liabilities	174,546,086	48,140,493	2,222,359	448,921	10,114,117	235,471,976
Net Assets						
Net assets (deficit) without donor restrictions	37,316,483	(22,512,133)	11,450,786	5,524,646	19,442,822	51,222,604
Net assets with donor restrictions	299,851,723	-	901,976	-	13,840,585	314,594,284
Total Net Assets	337,168,206	(22,512,133)	12,352,762	5,524,646	33,283,407	365,816,888
Total Liabilities and Net Assets	$511,714,292	$25,628,360	$14,575,121	$5,973,567	$43,397,524	$601,288,864

* March 31, 2021 year-end
^ December 31, 2020 year-end
# August 31, 2020 year-end

Combining Statement of Activities For the Year Ended June 30, 2021	George Mason University Foundation (GMUF)	Mason Housing, Inc. * (MHI)	GMU Instructional Foundation * (GMUIF)	Mason Korea, LLC ^ (MK)	Mercatus Center, Inc. # (Mercatus)	Total Component Units
Operating Revenues						
Contributions	$74,540,208	$-	$-	$1,174,138	$1,221,060	$76,935,406
Grants	-	-	225,662	851,499	71,316,366	72,393,527
Interest on direct financing lease	5,108,960	-	-	-	-	5,108,960
Investment and trust return	39,169,451	-	80,349	-	293,437	39,543,237
Miscellaneous and other income	-	112,471	-	35,808	417,302	565,581
Rental income, net	11,320,493	3,388,047	1,612,123	-	-	16,320,663
Service fees	2,643,955	-	689,259	8,541,218	-	11,874,432
Total Operating Revenue	132,783,067	3,500,518	2,607,393	10,602,663	73,248,165	222,741,806
Operating Expenses						
Academic program support	74,881,984	-	-	1,317,300	56,089,299	132,288,583
Advertising and promotion	-	28,997	-	-	-	28,997
Depreciation	1,748,184	1,207,833	42,184	-	-	2,998,201
Fundraising	223,547	-	-	-	1,803,790	2,027,337
Insurance	221,624	71,544	11,095	-	-	304,263
Interest expense	5,239,395	2,007,027	35,068	-	-	7,281,490
Maintenance	-	206,385	-	-	-	206,385
Management fees	-	105,018	-	336,615	1,204,798	1,646,431
Office and other administrative expenses	765,072	128,947	367,858	321,447	-	1,583,324
Salaries and wages	1,420,288	343,374	361,798	5,444,178	-	7,569,638
Rent, utilities and other	3,323,376	36,143	46,373	1,150,752	-	4,556,644
Total Operating Expenses	87,823,470	4,135,268	864,376	8,570,292	59,097,887	160,491,293
Change in net assets before non-operating items and other changes	44,959,597	(634,750)	1,743,017	2,032,371	14,150,278	62,250,513
Non-operating items	9,278,639	5,326,519	(125,142)	536,952	(25,968)	14,991,000
Change in Net Assets	54,238,236	4,691,769	1,617,875	2,569,323	14,124,310	77,241,513
Beginning Net Assets	282,929,970	(27,203,902)	10,734,887	2,955,323	19,159,097	288,575,375
Ending Net Assets	$337,168,206	$(22,512,133)	$12,352,762	$5,524,646	$33,283,407	$365,816,888

* March 31, 2021 year-end
^ December 31, 2020 year-end
# August 31, 2020 year-end

A. CONTRIBUTIONS RECEIVABLE

Contributions receivable as of June 30, 2021 are as follows:

	GMUF	Mercatus#	Total
Due in less than one year	$6,049,728	$1,360,000	$7,409,728
Due in one to five years	15,315,686	-	15,315,686
Due in more than five years	818,662	-	818,662
	22,184,076	1,360,000	23,544,076

	GMUF	Mercatus#	Total
Less allowance for doubtful accounts	(209,676)	-	(209,676)
Less discount present value	(897,959)	-	(897,959)
Total	$21,076,441	$1,360,000	$22,436,441

August 31, 2020 year-end

Discount rates range from 0.16 percent to 3.69 percent.

As of June 30, 2021, GMUF has $6,309,834 of conditional promises to give. These conditional promises to give are not recognized as assets in the consolidated statement of financial position until the conditions are met.

B. INVESTMENTS

Investments, which are reported at fair value, consisted of the following as of June 30, 2021:

	GMUF	MHI*	GMUIF*	Mercatus#	Total
Cash and money market funds	$13,170,091	$-	$-	$84,565	$13,254,656
Advanced capital contributions**	4,000,000	-	-	-	4,000,000
Equities	101,955,309	-	-	-	101,955,309
Fixed income	142,659,612	-	-	-	142,659,612
Liquid alternatives	13,361,814	-	-	-	13,361,814
Hedge funds	20,397,515	-	-	-	20,397,515
Private equity and real assets	16,831,135	-	-	-	16,831,135
Mutual funds	-	961,823	-	1,566,239	2,528,062
Certificates of deposits	-	309,975	805,369	-	1,115,344
Series A preferred stock	-	-	126,279	-	126,279
Total	$312,375,476	$1,271,798	$931,648	$1,650,804	$316,229,726

* March 31, 2021 year-end
# August 31, 2020 year-end

**Advanced capital contributions consist of contributions made by GMUF to a hedge fund for which GMUF received limited partnership units on July 1, 2021. The contributions are comprised of other investments redeemed as of June 30, 2021.

C. FAIR VALUE MEASUREMENT

FASB Accounting Standards Codification 820, Fair Value Measurements and Disclosures ("FASB ASC 820"), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

> Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
>
> Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a

specified (contractual) term the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of the observable inputs and minimize the use of unobservable inputs.

Level 2 fair value measurements are derived from the underlying assets of the perpetual and third-party trusts which substantially consists of investments with readily determinable fair values. The fair value of the assets in the third-party trusts is reduced by the net present value of the expected payments to other beneficiaries, discounted at a risk adjusted interest rate.

Other investments include those investments carried at NAV as published by the applicable fund manager, as a practical expedient.

The following table summarizes the valuation of George Mason University Foundation's financial assets and liabilities measured at fair value as of June 30, 2021, based on the level of input utilized to measure fair value:

Measurement at fair value on a recurring basis as of June 30, 2021:

GMUF Financial Assets:	Level 1	Level 2	Level 3	Reported at NAV*	Total
Cash and cash equivalents	$13,170,091	$-	$-	$-	$13,170,091
Advanced capital contributions	4,000,000	-	-	-	4,000,000
Equities:					
Domestic large cap	51,853,729	-	-	-	51,853,729
Domestic small/mid cap	9,289,882	-	-	-	9,289,882
International (developed countries)	33,055,936	-	-	-	33,055,936
International (emerging markets)	7,755,762	-	-	-	7,755,762
Fixed income:					
Corporate bonds	11,228,805	-	-	-	11,228,805
U.S. treasuries	5,083,427	-	-	-	5,083,427
Mutual funds and exchange traded funds	111,124,663	-	-	-	111,124,663
Agency mortgage backed and asset backed securities	-	15,222,717	-	-	15,222,717
Liquid alternatives	13,361,814	-	-	-	13,361,814
Hedge funds	-	-	-	20,397,515	20,397,515
Private equity and real assets	-	-	-	16,831,135	16,831,135
Investments	259,924,109	15,222,717	-	37,228,650	312,375,476
Beneficial interests in perpetual trusts	-	13,090,982	-	-	13,090,982
Total GMUF financial assets	$259,924,109	$28,313,699	$-	$37,228,650	$325,466,458

* Certain investments that are measured at NAV, as a practical expedient, have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

The following table presents the nature and risk of assets with fair values estimated using NAV held at June 30, 2021:

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Hedge funds - Multi-strategies [(a)]	$20,397,515	N/A	Daily, Monthly, Quarterly,	30 days, 45 days, 65 days, 105 days
Private equity and real assets [(b)]	16,831,135	8,460,201	N/A	N/A
Total	$37,228,650	$8,460,201		

(a) Hedge funds - Multi-strategies: This class includes investments that use multiple strategies to obtain absolute returns. Direct and indirect investments are made using capital structure arbitrage, distressed debt, equity long/short, multi-strategy credit, multi-strategy event driven, value and other trading strategies. The investments in this class are redeemable based on the redemption frequencies and notice periods described above. Some investments include "gates" which limit the percentage of the Foundation's investments that can be redeemed at one time.

(b) Private equity and real assets: This class includes investments in private equity and real asset funds. The real asset funds invest in global real estate investments, utilizing a variety of strategies, for purpose of generating income and capital appreciation. The private equity funds, which include venture capital funds, make direct and indirect investments in privately and publicly issued debt equity securities. Strategies employed by the private equity funds include distress, growth equity, buyout, alternative credit, and opportunistic strategies across a variety of industries and geographies. A portion of this class also invests in social impact companies. These investments can never be redeemed with the funds. Instead, the nature of the investments in this class is that distributions are received through liquidation of the underlying assets of the funds.

The following table presents Mason Housing, Inc.'s fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of March 31, 2021:

MHI Financial Assets and Liability:	Level 1	Level 2	Level 3	Total
Assets:				
Mutual funds	$961,823	$-	$-	$961,823
Certificates of deposits	309,975	-	-	309,975
Investments	$1,271,798	$-	$-	$1,271,798
Liability:				
Interest rate swap	$-	$11,180,722	$-	$11,180,722

The following table presents GMUIF's fair value hierarchy for those assets measured at fair value as of March 31, 2021:

GMUIF Financial Assets	Level 1	Level 2	Level 3	Total
Certificates of deposit	$-	$805,369	$-	$805,369
Series A preferred stock	-	-	126,279	126,279
Total Investments	$-	$805,369	$126,279	$931,648

The following table presents the Mercatus Center, Inc.'s fair value hierarchy for those investments measured at fair value on a recurring basis as of August 31, 2020:

Mercatus Financial Assets	Level 1	Level 2	Level 3	Total
Money markets	$84,565	$-	$-	$84,565
Mutual funds – fixed income	1,057,216	-	-	1,057,216
Mutual funds – equities	509,023	-	-	509,023
Total Investments	$1,650,804	$-	$-	$1,650,804

D. PROPERTY AND EQUIPMENT

The following comprises property and equipment for the component units at June 30, 2021:

	GMUF	MHI *	GMUIF *	Mercatus #	Total
Land	$18,564,263	$-	$6,435,556	$-	$24,999,819
Land improvements	-	113,170	-	-	113,170
Buildings & building improvements	66,415,037	31,267,734	600,000	625,194	98,907,965
Furniture, fixtures and equipment	363,996	1,090,330	824,957	1,968,790	4,248,073
Total	85,343,296	32,471,234	7,860,513	2,593,984	128,269,027
Accumulated depreciation and amortization	(29,692,508)	(12,596,893)	(829,283)	(1,911,787)	(45,030,471)
Net property and equipment	$55,650,788	$19,874,341	$7,031,230	$682,197	$83,238,556

* March 31, 2021 year-end, # August 31, 2020 year-end

E. LONG-TERM DEBT – GEORGE MASON UNIVERSITY FOUNDATION

GMUF Potomac Heights, LLC - Fairfax County Economic Development Authority Bonds

During fiscal year 2018, the Foundation, through its newly established subsidiary, GMUF Potomac Heights, LLC, refinanced $16,597,500 of Fairfax County Economic Development Authority (FCEDA) bonds with a commercial bank. Bonds were issued including $16,795,000 of FCEDA Refunding Revenue Note, Series 2017A (GMUF Potomac Heights, LLC Issue) tax-exempt fixed rate bonds, and $1,380,000 of FCEDA Refunding Revenue Note, Series 2017B (GMUF Potomac Heights, LLC Issue) taxable fixed rate bonds. The Foundation began leasing the property to the University in fiscal year 2018 with a 10-year lease term and the lease payments service the bonds' principal and interest payments.

GMUF Mason Administration, LLC (Merten Hall) - Fairfax County Economic Development Authority Bonds

During fiscal year 2018, the FCEDA issued its $30,395,000 Refunding Revenue Bond, Series 2018 (GMUF Mason Administration, LLC Project) and sold such bonds to a commercial bank pursuant to a loan and financing agreement. Proceeds were used to retire the $28,243,403 of outstanding bonds as well as the related interest rate swap termination fee. The initial bond proceeds were used in the acquisition, construction, renovation and equipping of a five-story administration building for classrooms, administrative office and retail space. The Foundation began leasing the property to the University in fiscal year 2011 with a 25 year lease term and the lease payments service the bonds' principal and interest payments.

GMUF Prince William Housing, LLC (Beacon Hall) - Industrial Development Authority of the County of Prince William Bonds

During fiscal year 2020, the Industrial Development Authority of the County of Prince William (IDA-PW) issued its $15,370,000 Taxable Student Housing Refunding Revenue Bond Series 2020 ("Series 2020 Bonds") pursuant to a Trust Indenture dated January 1, 2020. Proceeds were used by the Foundation to execute an advance refunding and to legally defease previously issued bonds through IDA-PW that financed the acquisition, construction, and equipping of a student residence hall, University program space and retail space. As a result, the previously issued bonds are deemed extinguished for accounting purposes resulting in a loss of $2,553,488 during fiscal year 2020. The Foundation entered into this advance refunding to take advantage of historically low long-term interest rates. The University's lease payments fund the debt service of the Series 2020 Bonds.

All of the term bonds for the Industrial Development Authority of the County of Prince William Series 2020 Bonds are subject to mandatory redemption by operation of sinking fund installments.

GMUF Prince William Life Sciences Lab, LLC - Industrial Development Authority of the County of Prince William Bonds

During fiscal year 2017, the IDA-PW issued its $35,330,000 Revenue Bond Series 2017 ("Series 2017 Bonds") pursuant to a Trust Indenture dated February 1, 2017. Proceeds were used by the Foundation to execute an advanced refunding and to legally defease previously issued bonds through IDA-PW that financed the acquisition, construction and equipping of life sciences lab facilities and the acquisition and construction of space for commercial laboratory use. The Foundation entered into this advanced refunding to eliminate the private business use restrictions on the building, allowing the Foundation more flexibility in utilizing the space and to take advantage of historically low long-term interest rates. The University's lease payments fund the debt service of the Series 2017 Bonds.

All of the term bonds for the Industrial Development Authority of the County of Prince William Series 2017 Bonds are subject to mandatory redemption by operation of sinking fund installments.

GMUF Commerce Buildings, LLC Notes

During fiscal year 2015, GMU Commerce Buildings, LLC modified its existing loan with the commercial bank resulting in a taxable loan of $5,720,000 at a fixed rate of 3.63%, maturing March 1, 2030. The Foundation leases the property to the University with a 15-year lease term and the lease payments made by the University service the notes' principal and interest payments as well as operating costs.

GMUF Arlington Campus, LLC Notes

During fiscal year 2016, GMUF Arlington Campus, LLC negotiated a loan of $60 million with a commercial bank at a fixed rate of 4.05%, maturing June 1, 2033. This loan is on the property located at 3434 North Washington Street, Arlington, Virginia.

The following represents the Foundation's bonds and notes payable at June 30, 2021:

	2021
Fairfax County Economic Development Authority Bonds (FCEDA)	
GMUF Potomac Heights, LLC Tax-Exempt Revenue Bonds, term interest rate 2.41%, maturing on November 1, 2027	$12,490,000
GMUF Mason Administration, LLC Tax-Exempt Revenue Bond, interest rate 3.47% maturing on April 1, 2036	26,341,518

	2021
Industrial Development Authority of the County of Prince William (IDA-PW)	
Prince William County Series 2017 Bonds, serial with interest rates ranging from 1.206% to 4.424%, maturing at various dates from October 1, 2017 to October 1, 2036	$21,400,000
Prince William County Series 2017 Bonds, term interest rate 4.524%, maturing October 1, 2041	10,315,000
Prince William County Series 2020 Bonds, serial with interest rates ranging from 1.826% to 3.014%, maturing at various dates from September 1, 2020 to September 1, 2035	9,455,000
Prince William County Series 2020 Bonds, term interest rate 3.365%, maturing September 1, 2041	5,560,000
Bank Notes	
GMUF Arlington Campus, LLC Note with interest rate of 4.05% maturing June 1, 2033	$46,461,073
GMUF Commerce Buildings, LLC Note with interest rate of 3.63% maturing March 1, 2030	3,660,407
Notes and bonds payable at face value	135,682,998
Less: Debt issuance costs, net	(1,130,028)
Total long-term debt	$134,552,970

Scheduled maturities and sinking fund requirements are as follows:

Year Ended June 30	Total
2022	$7,972,956
2023	8,289,771
2024	8,587,869
2025	8,891,074
2026	9,286,241
Thereafter	92,655,087
Total	$135,682,998

Interest expense on notes and bonds along with the amortization of deferred financing charges was $5,239,395 for the year ended June 30, 2021.

For certain debt issuances, on a periodic basis, the Foundation is required to comply with administrative reporting and debt covenant calculations. As of June 30, 2021, the Foundation was in compliance with its required debt covenant calculations.

F. LONG-TERM DEBT – MASON HOUSING, INC

In October 2008, the Fairfax County Economic Development Agency ("EDA") issued $39,760,000 of variable rate bonds (the "Bonds") in order to provide financing for the development of Mason Housing. Bank of America, N.A. (the "Bond Purchaser") purchased these bonds and the proceeds received from the purchase were deposited to U.S. Bank National Association (the "Trustee"). Concurrently, the Organization entered into a loan agreement with EDA to borrow the proceeds received from the sale of the bonds. EDA entered into a trust indenture with the Trustee to secure the repayment of the bonds by the assignment of its rights under the loan agreement. In addition, the Organization entered into two interest rate swap agreements with Bank of America which exchanged the variable rate borne by the Organization with a fixed rate.

Principal payments on the loan are due annually on August 1 from 2011 to 2039. The Bonds bear interest at a variable rate, not to exceed 12%, which is determined by the remarketing agent, Bank of America Securities LLC, on a weekly index floating rate and flexible rate basis. The Bonds bore interest at an index floating rate, which is 1.10% plus the Securities Industries and Financial Market Association ("SIFMA") rate through October 1, 2016. On November 1, 2016, the agreement was amended to change the interest to 1.15% plus 70% of the London Interbank Offered Rate ("LIBOR") monthly floating rate through January 1, 2020. On January 1, 2020, the current interest being charged was extended through January 31, 2022. Commencing February 1, 2022, the interest rate is subject to change in accordance with the terms of the trust indenture. The interest rate on the Bonds as of March 31, 2021 was 1.15%. The Bonds are secured by a Trust Indenture dated October 1, 2008. The trust indenture was supplemented on October 1, 2013 to reflect the Bonds as directly held by the bond purchaser.

In October 2008, an interest rate swap agreement was entered into having an original notional amount of $38,400,000. The swap went into effect December 1, 2008, and is set to expire on August 1, 2039. Per the agreement, the Organization pays a fixed rate of 3.97% and Bank of America pays a variable rate of the one-month LIBOR-BBA for each month (0.07563% at March 31, 2021).

In October 2008, an interest rate swap agreement was entered into having an original notional amount of $1,360,000. The swap went into effect December 1, 2008, and is set to expire on August 1, 2039. Per the agreement, the Organization pays a fixed rate of 3.035% and Bank of America pays a variable rate of the one-month LIBOR-BBA for each month (0.07563% at March 31, 2021).

The loan payable is secured by the Organization's building and improvements and future rental income. Interest is payable monthly, commencing in November 2008. Annual principal payments commenced in August 2011. Pursuant to the master covenant agreement with the bond purchaser, the Organization is required to maintain a debt service coverage ratio of at least 1.20.

During the year ended March 31, 2021, interest expense of $1,931,768 was incurred and was included in interest expense on the statement of activities and changes in net deficit without donor restrictions. As of March 31, 2021, the outstanding principal balance was $37,573,333. As of March 31, 2021, accrued interest payable was $156,573.

Debt issuance costs on the above note are being amortized using an imputed rate of 5.34% at March 31, 2021. Amortization expense included in interest expense during 2021 totaled $75,259. As of March 31, 2021, unamortized debt issuance costs were $931,777.

Aggregate maturities of the loan payable over the next five years and thereafter is as follows:

Year Ended March 31	Total
2022	$598,333
2023	706,667
2024	815,000
2025	940,000
2026	1,066,667
Thereafter	33,446,666
Total	$37,573,333
Less: Debt Issuance Costs	(931,777)
Total long-term debt	$36,641,556

G. LONG-TERM DEBT – GMU INSTRUCTIONAL FOUNDATION

GMUIF has a note payable with a bank, in the original amount of $2,850,000 that commenced on March 1, 2010; collateralized by a deed of trust on 50 acres of land owned by GMUIF. The note bears interest at a fixed rate of 3.99% per annum with monthly payments of principal and interest of $17,686. The note matures on March 1, 2025.

The minimum five years payments for the years ending March 31 are as follow:

Year Ended March 31	Total
2022	$184,862
2023	192,393
2024	200,232
2025	192,985
Total note payable	$770,472
Less: unamortized debt issuance cost	(4,381)
Long term debt, net	$766,091

I. SUBSEQUENT EVENTS – COMPONENT UNITS

George Mason University Instructional Foundation, Inc.

National economic turmoil caused by the COVID-19 pandemic could negatively affect the businesses that provide the bulk of the GMUIF's support and revenue, which could potentially have a negative impact on the GMUIF's financial results for the fiscal year ended March 31, 2022 and beyond. The majority of the GMUIF's support and revenue is provided by a limited number of businesses, and to date GMUIF has not seen any negative impact to its financial condition. The uncertainty of the length of time this health crisis will continue or the potential long-term impact to the businesses that provide the majority of GMUIF's support and revenue, precludes GMUIF from estimating the overall impact on its financial condition for fiscal year ended March 31, 2022 and beyond.

GMUIF has evaluated all subsequent events through July 27, 2021, the date the financial statements were available to be issued.

20. 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. As of June 30, 2021, the University estimates that no material liabilities will result from such audits or questions.

21. SUBSEQUENT EVENTS

Management evaluated subsequent events through February 17, 2022 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information (RSI)
Cost-Sharing Employer Plans – VRS State Employee Retirement Plan
and VaLORS Retirement Plan
For the Fiscal Year Ended June 30, 2021

Schedule of George Mason University's Share of Net Pension Liability
VRS State Employee Retirement Plan
For the Measurement Dates of June 30, 2020-2014

	Proportion of Net Pension Liability (Asset)	Proportionate Share of Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2020	3.39%	$245,762,961	$141,290,461	173.94%	72.15%
2019	3.26%	$206,046,664	$130,380,539	158.03%	75.13%
2018	3.19%	$172,885,000	$127,464,144	135.63%	77.39%
2017	3.15%	$183,719,000	$123,376,471	148.91%	75.33%
2016	3.25%	$214,498,000	$126,225,866	169.93%	71.29%
2015	3.28%	$200,645,000	$124,140,373	161.63%	72.81%
2014	3.27%	$182,878,000	$126,146,921	144.97%	74.28%

Schedule in intended to show information for 10 years. Since 2020 is the seventh year for this presentation, there are only seven years available. However, additional years will be included as they become available.

Schedule of George Mason University's Share of Net Pension Liability
VaLORS Retirement Plan
For the Measurement Dates of June 30, 2020-2014

	Proportion of Net Pension Liability (Asset)	Proportionate Share of Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2020	0.75%	$5,876,472	$2,778,039	211.53%	65.74%
2019	0.79%	$5,460,175	$2,753,465	198.30%	68.31%
2018	0.84%	$5,254,000	$2,917,834	180.07%	69.56%
2017	0.73%	$4,798,000	$2,513,696	190.87%	67.22%
2016	0.75%	$5,772,000	$2,577,844	223.91%	61.01%
2015	0.77%	$5,451,000	$2,595,671	210.00%	62.64%
2014	0.71%	$4,785,000	$2,502,219	191.23%	63.05%

Schedule in intended to show information for 10 years. Since 2020 is the seventh year for this presentation, there are only seven years available. However, additional years will be included as they become available.

Schedule of George Mason University's Contributions VRS State Employee Retirement Plan For the Years Ended June 30, 2021-2012					
	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2021	$20,914,060	$20,914,060	$0	$144,633,889	14.46%
2020	19,102,470	19,102,470	0	141,290,461	13.52%
2019	17,627,449	17,627,449	0	130,380,539	13.52%
2018	17,194,913	17,194,913	0	127,464,144	13.49%
2017	16,643,486	16,643,486	0	123,376,471	13.49%
2016	17,646,376	17,646,376	0	126,225,866	13.98%
2015	15,306,508	15,306,508	0	124,140,373	12.33%
2014	11,050,470	11,050,470	0	126,146,921	8.76%
2013	10,404,379	10,404,379	0	118,771,449	8.76%
2012	3,663,572	3,663,572	0	114,127,310	3.21%

Schedule of George Mason University's Contributions VaLORS Retirement Plan For the Years Ended June 30, 2021-2012					
	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2021	$673,391	$673,391	$0	$3,074,844	21.90%
2020	600,334	600,334	0	2,778,039	21.61%
2019	595,024	595,024	0	2,753,465	21.61%
2018	614,204	614,204	0	2,917,834	21.05%
2017	529,133	529,133	0	2,513,696	21.05%
2016	485,408	485,408	0	2,577,844	18.83%
2015	458,655	458,655	0	2,595,671	17.67%
2014	370,328	370,328	0	2,502,219	14.80%
2013	445,945	445,945	0	3,013,140	14.80%
2012	213,333	213,333	0	3,013,181	7.08%

Notes to Required Supplementary Information
For the Year Ended June 30, 2021

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

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

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

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

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

Required Supplementary Information (RSI)
OPEB Programs
For the Fiscal Year Ended June 30, 2021

Schedule of George Mason University's Share of Net OPEB Liability (Asset)
For the Measurement Dates of June 30, 2020-2017

Plan	Date	Proportion of Net OPEB Liability (Asset)	Proportionate Share of Net OPEB Liability (Asset)	Employer's Covered Payroll*	Proportionate Share of Net OPEB Liability (Asset) as a Percentage of Covered Payroll*	Plan Fiduciary Net Position as a Percentage of Total OPEB Liability
GLI	2020	1.78%	$29,694,773	$368,969,038	8.05%	52.64%
GLI	2019	1.71%	$27,770,761	$334,545,691	8.30%	52.00%
GLI	2018	1.71%	$25,915,000	$324,279,275	7.99%	51.22%
GLI	2017	1.66%	$25,016,000	$305,005,397	8.20%	48.86%
HIC	2020	5.06%	$46,473,049	$364,735,385	12.74%	12.02%
HIC	2019	4.89%	$45,108,461	$333,003,029	13.55%	10.56%
HIC	2018	4.80%	$43,766,000	$322,852,386	13.56%	9.51%
HIC	2017	4.71%	$42,921,000	$331,193,685	12.96%	8.03%
LODA	2020	0.21%	$891,741	$2,820,646	31.61%	1.02%
LODA	2019	0.25%	$886,740	$2,903,883	30.54%	0.79%
LODA	2018	0.22%	$685,000	$3,176,375	21.57%	0.60%
LODA	2017	0.22%	$580,000	$2,636,694	22.00%	1.30%
VSDP	2020	(3.23)%	$(7,127,856)	$136,019,032	(5.24)%	181.88%
VSDP	2019	(3.10)%	$(6,082,132)	$125,479,347	(4.85)%	167.18%
VSDP	2018	(3.04)%	$(6,856,000)	$117,039,982	(5.86)%	194.74%
VSDP	2017	(2.98)%	$(6,127,000)	$116,138,459	(5.28)%	186.63%

** The contributions for the Line of Duty Act Program (LODA) 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.*

Schedule in intended to show information for 10 years. Since 2020 is the fourth year for this presentation, there are only four years of data available. However, additional years will be included as they become available.

Schedule of George Mason University's Share of Total PMRH Liability

Plan	Date	Proportion of Total OPEB Liability (Asset)	Proportionate Share of Total OPEB Liability (Asset)	Covered-Employee Payroll	Proportionate Share of Total PMRH Liability as a Percentage of Covered-Employee Payroll
PMRH	2021*	4.18%	$23,802,438	$355,150,909	6.70%
PMRH	2020*	4.07%	$27,636,542	$327,088,669	8.45%
PMRH	2019*	3.97%	$39,956,061	$316,551,467	12.62%
PMRH	2018*	3.89%	$50,512,033	$304,037,694	16.61%

Schedule in intended to show information for 10 years. Since 2021 is the fourth year for this presentation, there are only four years of data available. However, additional years will be included as they become available.
** The amounts presented have a measurement date of the previous fiscal year end.*

Schedule of George Mason University's OPEB Contributions For the Years Ended June 30, 2021-2018						
Plan	**Date**	**Contractually Required Contribution**	**Contributions in Relation to Contractually Required Contribution**	**Contribution Deficiency (Excess)**	**Employer's Covered Payroll***	**Contributions as a % of Covered Payroll***
GLI	2021	$2,015,926	$2,015,926	$0	$373,319,630	0.54%
GLI	2020	$1,918,639	$1,918,639	$0	$368,969,038	0.52%
GLI	2019	$1,739,638	$1,739,638	$0	$334,545,691	0.52%
GLI	2018	$1,686,252	$1,686,252	$0	$324,279,275	0.52%
HIC	2021	$4,210,209	$4,210,209	$0	$375,911,518	1.12%
HIC	2020	$4,267,404	$4,267,404	$0	$364,735,385	1.17%
HIC	2019	$3,896,135	$3,896,135	$0	$333,003,029	1.17%
HIC	2018	$3,809,658	$3,809,658	$0	$322,852,386	1.18%
LODA	2021	$32,458	$32,458	$0	$2,825,047	1.15%
LODA	2020	$28,937	$28,937	$0	$2,820,646	1.03%
LODA	2019	$33,171	$33,171	$0	$2,903,883	1.14%
LODA	2018	$23,262	$23,262	$0	$3,176,375	0.73%
VSDP	2021	$869,552	$869,552	$0	$142,549,508	0.61%
VSDP	2020	$843,318	$843,318	$0	$136,019,032	0.62%
VSDP	2019	$777,972	$777,972	$0	$125,479,347	0.62%
VSDP	2018	$772,464	$772,464	$0	$117,039,982	0.66%

** 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.*

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

Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

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

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

Mortality Rates (Pre-retirement, post retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75

Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%
Discount Rate	Decrease rate from 7% to 6.75%, no change to the actuarial assumptions for the discount rate related to LODA

Teachers (GLI):

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7% to 6.75%

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%
Discount Rate	Decrease rate from 7% to 6.75%, no change to the actuarial assumptions for the discount rate related to LODA

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%
Discount Rate	Decrease rate from 7% to 6.75%, no change to the actuarial assumptions for the discount rate related to LODA

JRS Employees (GLI, HIC):

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change
Discount Rate	Decrease rate from 7% to 6.75%

Largest Ten Locality Employers - General Employees (GLI):

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%
Discount Rate	Decrease rate from 7% to 6.75%

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7% to 6.75%

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%
Discount Rate	Decrease rate from 7% to 6.75%, no change to the actuarial assumptions for the discount rate related to LODA

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decrease rate from 7% to 6.75%, no change to the actuarial assumptions for the discount rate related to LODA

PMRH Program:
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 – The following actuarial assumptions were updated since the June 30, 2019 valuation based on recent experience:

- Spousal Coverage – reduced the rate from 25% to 20%
- Retiree Participation - reduced the rate from 50% to 45%

Spousal coverage and retiree participation were both reduced based on a blend of recent experience and the prior year assumptions. The mortality assumption was modified slightly to reflect mortality improvement projection scale BB, including age over 65 in pre-retirement mortality base rates.

No excise tax has been reflected due to the SECURE Act. Among the provisions was a repeal of three taxes and fees that were originally intended to help fund the Affordable Care Act (ACA): i) the excise tax on high-cost health plans (Cadillac tax); ii) the annual fee on health insurance providers; and iii) the medical device excise tax. The trend rates were updated based on economic conditions as of June 30, 2020. Additionally, the discount rate was decreased from 3.51% to 2.21% based on the Bond Buyers GO 20 Municipal Bond Index.

INDEPENDENT AUDITOR'S REPORT

Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

February 17, 2022

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Visitors
George Mason University

INDEPENDENT AUDITOR'S REPORT

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component units of George Mason University, a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units of the University, which are discussed in Note 1 and Note 19. Those financial 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 on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the component units of the University that were audited by other auditors upon whose reports we are relying were audited in accordance with auditing standards generally accepted in the United States of America, but not in accordance with Government Auditing Standards.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and aggregate discretely presented component units of George Mason University as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 12; the Schedule of George Mason University's Share of Net Pension Liability, the Schedule of George Mason University's Contributions, and the Notes to the Required Supplementary Information on pages 84 through 86; the Schedule of George Mason University's Share of Net OPEB Liability, the Schedule of George Mason University's Contributions, and the Notes to the Required Supplementary Information for the Health Insurance Credit, Group Life Insurance, Disability Insurance and Line of Duty programs on pages 87 through 91; the Schedule of George Mason University's

Share of Total OPEB Liability and the Notes to the Required Supplementary Information for the Pre-Medicare Retiree Healthcare program on pages 87 and 91. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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 February 17, 2022, 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 and 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 the 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

DLR/vks

UNIVERSITY OFFICIALS

GEORGE MASON UNIVERSITY

Fairfax, Virginia

As of June 30, 2021

UNIVERSITY OFFICIALS

Gregory Washington, President

Carol D. Kissal, Senior Vice President for Administration and Finance

Deb Dickenson, Vice President for Finance