GEORGE MASON UNIVERSITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2022

TABLE OF CONTENTS

CONTENTS **PAGE**

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, 2022 (FY 2022) and June 30, 2021 (FY 2021). 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 $116 million or 11 percent, compared to an increase of $147.3 million, or 16 percent, for FY 2021. As campus operations returned to near pre-pandemic levels, both operating revenues and expenses increased. Nonoperating resources including additional federal and state COVID-19 relief funding and capital appropriations from the Commonwealth continued to be a major factor in the University's net position growth.

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

	FY 2022		FY 2021		FY 2020	
Operating Revenues	$24.8	3%	$(13.3)	-2%	$(20.2)	-3%
Operating Expenses	$74.0	8%	$20.6	2%	$58.7	7%
Net Nonoperating Revenues	$57.2	19%	$67.3	29%	$35.6	19%
Net Other Revenues	$(43.0)	-49%	$12.8	17%	$29.5	65%
Net Position	$116.0	11%	$147.3	16%	$101.2	13%

The COVID-19 pandemic has forever changed the higher education landscape. In August 2021, the university reopened campuses but continued to offer hybrid instruction and telework opportunities for faculty and staff. Commonwealth and federal stimulus relief funding continued to assist the University and our students. The University recognized $69.0 million of COVID relief grants during FY 2022. This funding included $64.0 million under the Higher Education Emergency Relief Fund awarded under the America Rescue Plan (ARP) (HEERF III), $0.3 million from the Governor's Emergency Education Relief Fund (GEERF), and $4.7 million in FEMA/COVID Safe Opening & Operation funds. The University utilized this funding to award over $32 million in emergency student aid. Remaining funds were used for additional staffing and operating costs associated with COVID health, safety and compliance protocols, and to replace lost revenue experienced during the pandemic.

Beyond operational changes, the FY 2022 financial statements also include changes in accounting and financial reporting standards. During FY 2022, the University implemented GASB Statement No. 87, Leases. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The Statement requires recognition of certain lease assets and lease liabilities for arrangements that were previously classified as operating and capital leases.

The University implemented GASB 87 in FY 2022 on a retrospective basis and applied the new standard to all leases existing as of July 1, 2021. The adoption of this new accounting standard resulted in the recognition of Lease Receivables and Deferred Inflows of Resources of $21.1 million, and the recognition of Right-to-use Lease Assets and Lease Liabilities of $52.1 million, on the Statement of Net Position as of July 1, 2021. The adoption also caused an increase to beginning net position of $3.6 million resulting from a remeasurement of previous capital leases, that are now considered financed purchases under GASB 87.

Overview of the Financial Statements

Following is a high-level discussion of the University's primary financial statements with comparisons to the prior year. 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 as of the end of the University's fiscal year (June 30). Its purpose is to present a financial snapshot of the University's financial position at a point in time. 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 during the fiscal year, including operating activities, nonoperating items, and other activities.

- The ***Statement of Cash Flows*** presents the University's cash receipts and payments during a period of time (the fiscal year ended June 30). Its purpose is to assess the University's ability to generate cash flows and meet its payment obligations as they come due.

- ***Notes to the Financial Statements*** present additional information to support the financial statements and are commonly referred to as Notes. Their purpose is to clarify and expand on the information in the financial statements. Notes are referenced in this discussion to indicate where details of the financial highlights may be found.

Financial Analysis

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

Statement of Net Position

A summary of the University's Statement of Net Position at June 30, 2022, and June 30, 2021, follows:

Condensed Statement of Net Position ($ in thousands)

	June 30, 2022	June 30, 2021	Dollar Change	Percent Change
Assets:				
Current assets	$899,398	$766,598	$132,800	17%
Capital assets, net	1,286,740	1,239,895	46,845	4%
Other noncurrent assets	55,150	44,337	10,813	24%
Total Assets	**2,241,288**	**2,050,830**	**190,458**	**9%**
Deferred Outflows of Resources	**84,291**	**95,065**	**(10,774)**	-11%
Total Assets & Deferred Outflows	**2,325,579**	**2,145,895**	**179,684**	**8%**
Liabilities:				
Current liabilities	250,058	204,747	45,311	22%
Noncurrent liabilities	750,077	854,284	(104,207)	-12%
Total Liabilities	**1,000,135**	**1,059,031**	**(58,896)**	**-6%**
Deferred Inflows of Resources	**167,088**	**44,508**	**122,580**	275%
Total Liabilities & Deferred Inflows	**1,167,223**	**1,103,539**	**63,684**	**6%**
Net Position:				
Net investment in capital assets	752,849	754,049	(1,200)	0%
Restricted: nonexpendable	7,167	7,166	1	0%
Restricted: expendable	22,291	22,652	(361)	-2%
Unrestricted	376,049	258,489	117,560	45%
Total Net Position	**$1,158,356**	**$1,042,356**	**$116,000**	**11%**

Assets

Assets are resources owned by the University that are measured at current or fair value, except for capital assets, which are stated at historical cost less an allowance for depreciation and amortization. Total assets increased by $190.5 million during FY 2022 due to the below factors.

An increase in current assets of $132.8 million due to the following changes:

- Cash and cash equivalents increased by $96.5 million, primarily caused by savings from deferred debt service payments, increases in Auxiliary Operations and COVID-19 relief funding, and an increase in the Commonwealth's securities lending program.
- Accounts receivable, net increased by $31.7 million as a result of COVID-19 funding (HEERF III) not yet received as of year-end.
- Due from the Commonwealth of Virginia increased by $6.7 million. This receivable represents unreimbursed expenses for capital projects and equipment funded by the Commonwealth. The increase is primarily related to VCBA 21st Century funding for the FUSE at Mason Square project.
- The above increases were partially offset by a decrease in prepaid expenses of $5.9 million, primarily due to the amortization of $5.5 million in donated prepaid software licenses during FY 2022.

An increase in net capital assets of $46.8 million as a result of the following:

- Infrastructure increased $52.0 million due to completion of the Utilities Distribution Infrastructure project.
- Right-to-use building and equipment assets of $52.1 million were added as of July 1, 2021 with the implementation of GASB 87, Leases. Additional right-to-use building and equipment assets of $10.9 million were added during FY22. These represent the University's right to use an underlying asset for a lease term.
- Capital assets are offset by an increase of $67.9 million in accumulated depreciation and amortization.

An increase in noncurrent assets of $10.8 million primarily due to the following changes:

- As a result of implementing GASB 87, a new lease receivable of $18.5 million was recorded in FY 2022.
- Long term investments decreased by $12 million due to drawing $10 million from investments for the construction of the FUSE at Mason Square project. The remainder of the decrease was caused by investment losses.

Deferred Outflows of Resources

Deferred Outflows of Resources are a consumption of net position that are applicable to a future reporting period. The $10.8 million decrease is related mostly to pensions which decreased by $10.5 million due to the difference between projected and actual earnings on pension plan investments, changes in assumptions, and changes in the University's proportionate share of the collective pension amounts.

Liabilities

Liabilities are amounts the University owes to others or resources it has collected from others before the University has provided services. Total liabilities decreased by $58.9 million during FY 2022. This change included an increase in current liabilities of $45.3 million, offset by a decrease in noncurrent liabilities of $104.2 million.

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

- Unearned revenue increased by $18.1 million. $4.2 million of the increase was due to a larger percentage of the summer term occurring after June 30 than in the previous year. The University also had $14.6 million of unearned revenue related to COVID-19 financial aid funds that had not been distributed to students as of June 30, 2022.
- As a result of debt restructurings in FY 2021, principal payments for 9c bonds and VCBA notes were deferred in FY 2022. 9c bond principal payments will resume in FY 2023, causing an increase of $14.8 million in long-term debt due within the next 12 months.
- Obligations under Securities Lending, the University's allocated share of the Commonwealth's securities lending program, increased by $11.5 million.

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

- Net pension liability and net OPEB liability decreased by $118.1 million and $14.7 million respectively. The decreases were primarily driven by a return of 27.5% on VRS pooled investments during FY 2021.
- Noncurrent long-term debt increased by $31.9 million, the majority of which is due to the addition of the lease liability required by GASB 87.

Deferred Inflows of Resources

Deferred Inflows of Resources are an acquisition of net position that are applicable to a future reporting period. The $122.6 million increase is attributable mainly to:

- Deferred inflows of resources related to pension and OPEB increased by $95.4 million and $8.5 million respectively. The increases were primarily due to the difference between projected and actual earnings on plan investments.
- $19.4 million of deferred inflows of resources related to leases were added in FY 2022 as part of the GASB 87 implementation.

Net Position

Net position is the excess of the University's total assets/deferred outflows over total liabilities/deferred inflows and 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 $116 million in FY 2022, which is largely due to the $117.6 million increase in unrestricted net position, offset by a slight decrease in net investment in capital assets of $1.2 million.

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 6 of the Notes to Financial Statements describes the University's investment in capital assets, with $2.24 billion in capital assets, less accumulated depreciation and amortization of $953.4 million for net capital assets of $1.287 billion. Depreciation and amortization expense increased by $9.2 million over the prior year to $74.9 million. The following table summarizes the University's capital assets, net of accumulated depreciation and amortization, as of June 30, 2022 and June 30, 2021:

Capital Assets, Net ($ in thousands)

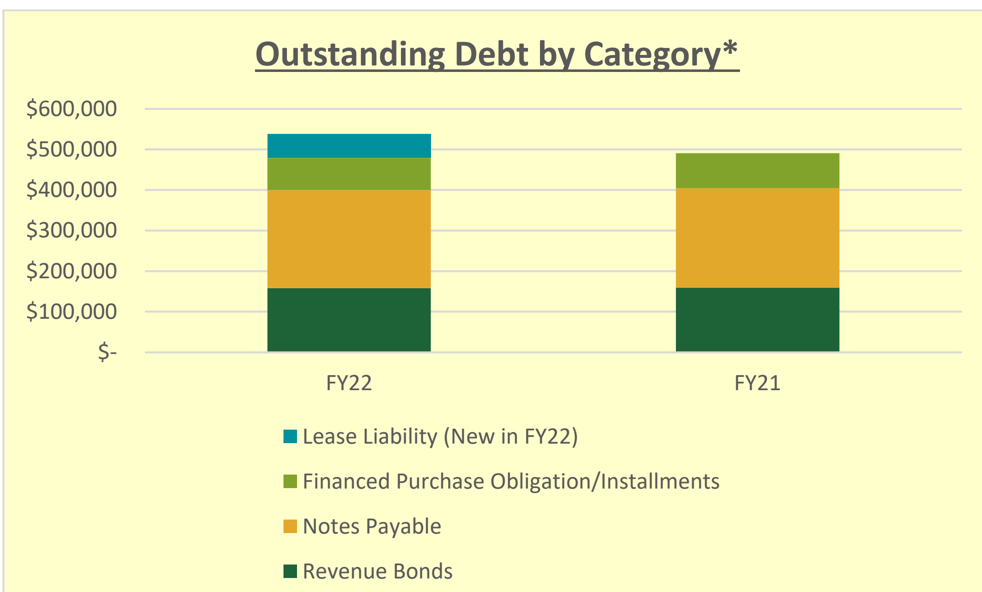
	June 30, 2022	June 30, 2021	Dollar Change	Percent Change
Land	$22,329	$22,329	$-	0%
Construction in Progress	43,689	70,701	(27,012)	-38%
Works of Art & Historical Treasures	5,061	5,081	(20)	0%
Buildings	1,007,064	1,042,226	(35,162)	-3%
Improvements	3,891	4,433	(542)	-12%
Infrastructure	86,797	36,755	50,042	136%
Equipment	49,519	45,477	4,042	9%
Library Materials	10,905	11,987	(1,082)	-9%
Intangibles:				
Computer Software	770	906	(136)	-15%
Right-to-use lease assets:				
Buildings	53,977	-	53,977	100%
Equipment	2,738	-	2,738	100%
Total Capital Assets, Net	**$1,286,740**	**$1,239,895**	**$46,845**	**4%**

The significant increase in Infrastructure and corresponding decrease in Construction in Progress relate to the completion of the Utilities Distribution Infrastructure project in April 2022. This project replaced critical components of the thermal infrastructure loop system. In addition to replacing the utility system beneath plazas, roadways, sidewalks and softscapes, the project improved and extended the North Plaza and repaired all hardscape and softscape systems in all other effected areas to retain the character of the campus.

The largest project in Construction in Progress at June 30, 2022, is FUSE at Mason Square. It will house a mix of university R&D and related education programs, as well as corporate innovation labs, incubators, accelerators, co-working facilities, retail, a parking garage, and enhanced public spaces. The project will incorporate state of the art smart and green building technologies, as well as advance cyberinfrastructure essential to advance the digital innovation goals of thousands of university, industry, and community innovators who will use the FUSE facilities. It is expected to be substantially complete in May 2025.

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 and increased interest by $6.2 million over the life of the debt. The deferral of principal payments provided relief to University departments responsible for funding the debt service payments again in FY 2022.

Notes 9-13 of the Notes to Financial Statements describe changes in the University's long-term debt. At June 30, 2022, the University had $537.5 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:



* In thousands

Long-term debt outstanding increased by $46.8 million in FY 2022, as compared to a decrease of $31.0 million in FY 2021. The increase in debt was the result of adding the lease liability with the implementation of GASB 87.

Contractual commitments for capital outlay projects under construction at year end increased from $9.1 million in FY 2021 to $140.7 million in FY 2022. This increase is attributable to the FUSE at Mason Square project. 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)				
	For the Year Ended		Dollar	Percent
	June 30, 2022	June 30, 2021	Change	Change
Operating Revenues:				
Student tuition and fees, net of allowances	$396,594	$406,066	$(9,472)	-2%
Grants and contracts	180,658	176,744	3,914	2%
Auxiliary enterprises and other	186,039	155,662	30,377	20%
Total Operating Revenues	**763,291**	**738,472**	**24,819**	**3%**
Operating Expenses:				
Educational and general	872,695	816,082	56,613	7%
Depreciation and amortization	74,884	65,715	9,169	14%
Auxiliary enterprises	101,291	93,077	8,214	9%
Total Operating Expenses	**1,048,870**	**974,874**	**73,996**	**8%**
Operating Income (loss)	**(285,579)**	**(236,402)**	**(49,177)**	**-21%**
Nonoperating revenues and expenses (net)	**353,129**	**295,908**	**57,221**	**19%**
Income (loss) before other revenue/expense/gain/loss	**67,550**	**59,506**	**8,044**	**14%**
Other revenue/expense/gain/loss	**44,864**	**87,827**	**(42,963)**	**-49%**
Net increase in net position	**112,414**	**147,333**	**(34,919)**	**-24%**
Net position at beginning of year (FY22 restated)	1,045,942	895,023	150,919	17%
Net position at end of year	**$1,158,356**	**$1,042,356**	**$116,000**	**11%**

The restatement of FY 2022 beginning net position from $1.042 million to $1.046 million was caused by the implementation of GASB 87. Further discussion of the impact of this standard is included in Note 24.

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, increased by $24.8 million from the prior year, as detailed below:

- The University did not increase tuition rates in FY 2022, so gross student tuition and fees increased modestly, while the scholarship allowances increased at a higher rate with more financial aid awarded to students, causing a decrease of $9.5 million in net student tuition and fees. See additional details below on scholarships and fellowships.

- The $30.4 million increase in auxiliary enterprises and other revenue was primarily the result of an increase in room and board rates and the resumption of on-campus activities to near pre-pandemic levels.

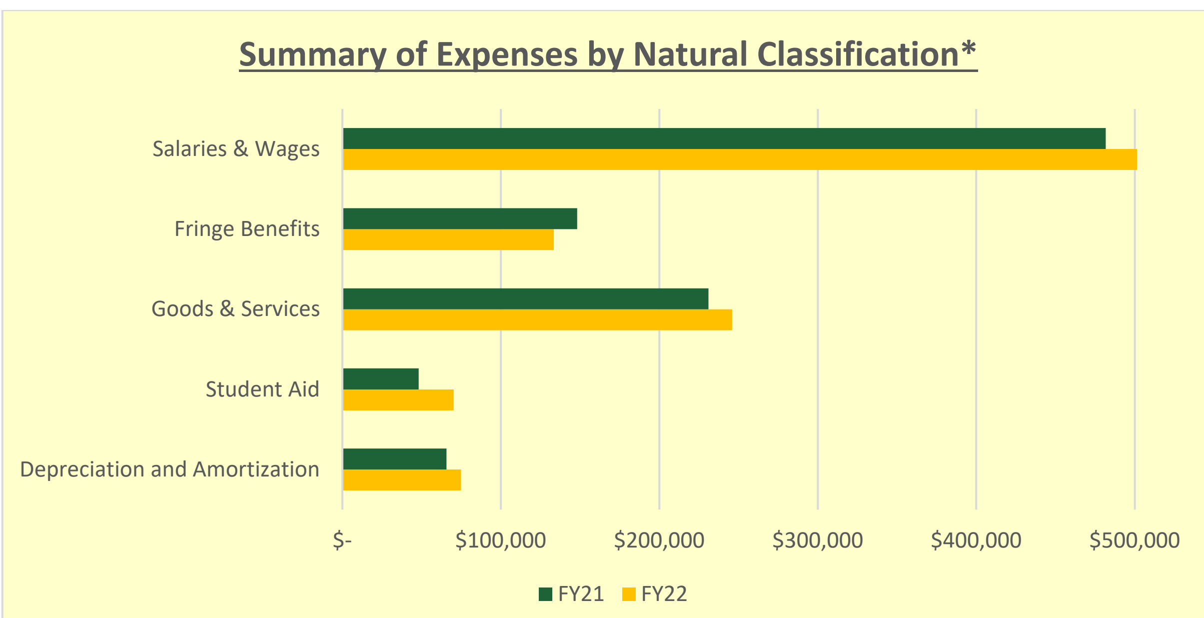
Total scholarships and fellowships, which is the sum of scholarship allowances and student aid expense, increased by $41.1 million to $231.8 million. The increase is a result of the COVID-19 relief funding for emergency student aid along with the University's focus of increasing aid to students.

<u>Operating Expenses</u>

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 institution. Total operating expenses increased by $74.0 million, mainly due to the following:

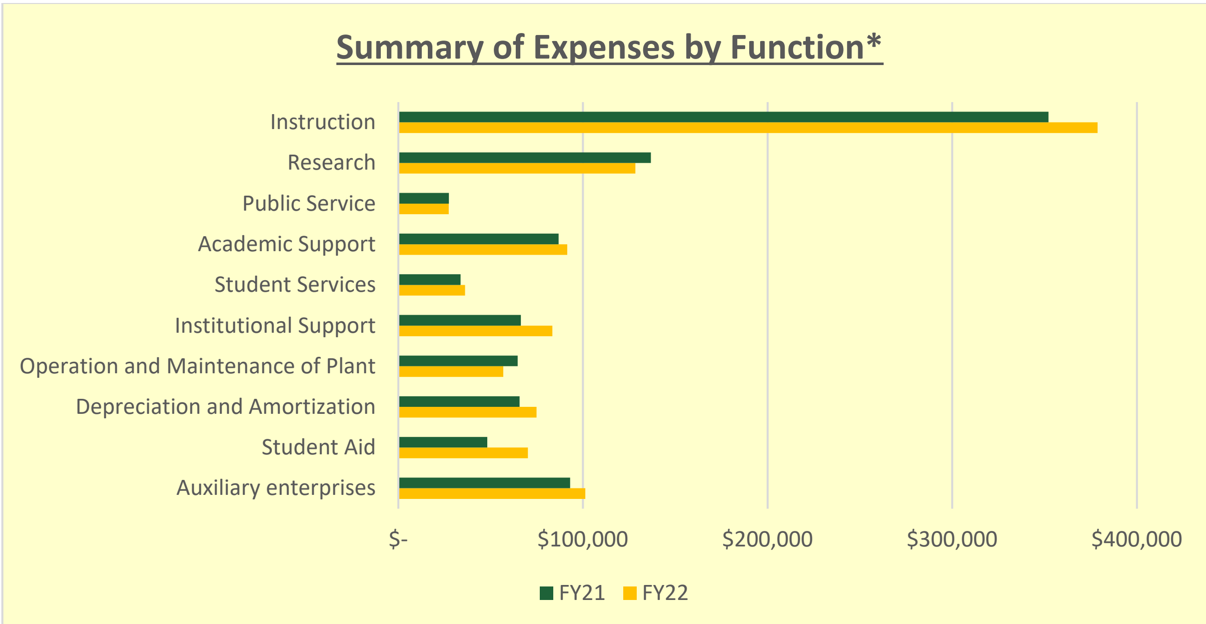
- Increase of $27.9 million in compensation expenses, consisting of salaries, wages, and fringe benefits, as a result of a 5% salary increase and new positions for critical faculty and staff.
- Increase in student aid expense of $22.0 million, resulting from COVID-19 relief funding for emergency student aid and additional institutional aid provided to students.
- Increase in the purchase of goods and services of $14.9 million, mainly as a result of the resumption of on-campus activities to near pre-pandemic levels.
- $9.2 million increase in depreciation and amortization expense as a result of increases in capital assets and the addition of amortization expense related to GASB 87 right-to-use lease assets.

Note 15 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.



* In thousands

While the total operating expenses increased by $74.0 million, on a functional basis, Instruction, Auxiliary Enterprises, Institutional Support, and Academic Support experienced increases primarily in the area of compensation and benefits as noted above.



* In thousands

Nonoperating and Other Revenues, Expenses, Gains and Losses

Nonoperating 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 $57.2 million, primarily due to an increase of $11.1 million in COVID-19 relief funding and a $56.2 million increase in state general fund appropriations. Offsetting factors included a decrease of $3.9 million in investment income and an increase of $5.3 million in interest expense.

While the Operating Income (Loss) depicts a $49.2 million larger loss in FY 2022 as a result of operating expenses increasing at a higher rate than operating revenues, 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 2022 this subtotal was $67.5 million, which was $8.0 million higher than the FY 2021 income of $59.5 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 which generally includes capital-related items. This category decreased by $43.0 million from FY 2021 due to lower capital appropriations from the Virginia College Building Authority, 21st Century capital reimbursement program. Capital appropriations decreased in FY 2022 as two large projects (Horizon Hall and Utilities Distribution Infrastructure) were recently completed.

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 are reported in four groupings:

- **Cash flows from operating activities** show the net cash used by the operating activities of the University. Due to the categorization of operating and nonoperating expenses by GASB, cash flows from operating activities typically reflect a net use of cash.
- **Cash flows from 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, 2022	June 30, 2021
Cash Provided (Used) by:		
Operating activities	($219,554)	($156,502)
Noncapital financing activities	351,142	290,898
Capital financing activities	(55,560)	(31,039)
Investing activities	11,118	2,830
Net Increase (Decrease) in Cash and Cash Equivalents	**87,146**	**106,187**
Cash and Cash Equivalents, Beginning of Year	620,662	514,475
Cash and Cash Equivalents, End of Year	**$707,808**	**$620,662**

Economic Outlook

George Mason University celebrated our 50th anniversary as an independent public university during FY 2022. In its first 50 years, Mason grew to become the largest, most diverse university in the commonwealth, enrolling students across four campuses, three local jurisdictions, and two countries. While celebrating our first fifty years, we are focused on continuing that trajectory in the next fifty.

As part of the Commonwealth of Virginia's statewide system of higher education, George Mason University's economic outlook is closely tied to that of the Commonwealth, which like the rest of the country is recovering from the unprecedented challenges due to the COVID-19 pandemic, facing inflationary pressures, as well as labor and supply chain challenges. The University receives support from the Commonwealth in the form of operating and capital appropriations, but is still dependent on student tuition and fees to deliver a quality educational experience.

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. Demographic projections for Northern Virginia reflect greater stability in high school graduates than in other parts of the country, which bodes well for Mason's pipeline of undergraduate students in the coming years, but we recognize that Mason will face greater competition for these students as institutions from outside of the area step up recruitment efforts to counteract their own predicted 'enrollment cliff'. While recession fears loom and the country is experiencing record levels of inflation, economic conditions in Northern Virginia labor market remain strong and allow many Mason students to work while going to school, further diversifying our student base.

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. Despite the pandemic, Mason has continued to grow enrollment overall. Mason is the top-ranked public university in Virginia for ethnic diversity and ranked 7th nationally. Mason is also ranked 8th among public universities nationally (35th overall) for innovation. Overall, Mason is ranked 64th among public universities and 137th nationally.

The University continues to refine 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.

Like all higher education institutions, the pandemic has transformed many aspects of Mason's operations over the last few years. Some of the changes we experienced are returning to pre-pandemic operations as our classrooms, laboratories, and residence halls are once again full and contributing to a vibrant campus experience. But some of the changes will remain with us as we've integrated the knowledge and capabilities developed in response to altered operations into our new normal. The majority of classes are now delivered fully in-person, but we retain a large number of online and hybrid courses in response to student preferences. Employees have predominantly returned to the office to carry out their duties, but many continue to work from home part-time as tools have allowed greater productivity and work/life balance. Mason used the pandemic to reimagine our tools, to work smarter, not harder, and to move forward with better processes and reporting across the university. Mason continues to improve and invest in operational infrastructure and technology efficiencies. We make the best use of limited resources, investing in our people, systems, and students.

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.

It's Mason's Time!

FINANCIAL STATEMENTS

Statement of Net Position as of June 30, 2022

ASSETS		
Current assets		
Cash and cash equivalents (Note 2)	$	764,085,734
Appropriations available- capital projects, restricted (Note 2)		2,112,809
Accounts receivable, net of allowance of $11,925,847 (Note 4)		102,243,776
Notes receivable, net of allowance of $81,542 (Note 4)		141,578
Lease receivable (Note 5)		1,441,794
Prepaid expenses		12,085,462
Inventories		1,115,890
Due from the Commonwealth of Virginia		16,170,455
Total current assets		**899,397,498**
Noncurrent assets		
Restricted cash and cash equivalents in custody of others (Note 2)		84,279
Notes receivable, net of allowance of $628,439 (Note 4)		1,085,978
Lease receivable (Note 5)		18,504,177
Other accounts receivable (Note 4)		933,333
Depreciable and amortizable capital assets, net (Note 6)		1,215,660,870
Nondepreciable capital assets (Note 6)		71,079,201
Other post-employment benefits asset (Note 19)		11,759,963
Long-term investments (Note 2)		22,782,751
Total noncurrent assets		**1,341,890,552**
Total assets		**2,241,288,050**
DEFERRED OUTFLOWS OF RESOURCES (Note 7)		**84,291,333**
Total assets and deferred outflows of resources		**2,325,579,383**
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses (Note 8)		73,492,483
Unearned revenue		83,200,379
Obligations under securities lending		58,474,762
Deposits held in custody for others		704,598
Long-term debt- current portion (Notes 9- 13)		24,179,513
Other post-employment benefits liability - current portion (Note 9 and Note 19)		1,441,659
Accrued compensated absences- current portion (Note 9)		8,564,751
Total current liabilities		**250,058,145**
Noncurrent liabilities		
Long-term debt (Notes 9 - 13)		513,345,083
Net pension liability (Note 9 and Note 18)		133,490,551
Other post-employment benefits liability (Note 9 and Note 19)		84,565,312
Accrued compensated absences (Note 9)		16,796,162
Other noncurrent liabilities (Note 9)		1,879,948
Total noncurrent liabilities		**750,077,056**
Total liabilities		**1,000,135,201**
DEFERRED INFLOWS OF RESOURCES (Note 14)		**167,087,730**
Total liabilities and deferred inflows of resources		**1,167,222,931**
NET POSITION		
Net investment in capital assets		752,849,513
Restricted: nonexpendable (Note 21)		7,166,736
Restricted: expendable (Note 21)		22,291,258
Unrestricted		376,048,945
Total net position	**$**	**1,158,356,452**

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, 2022

Operating revenues	
Student tuition and fees (net of scholarship allowances of $122,663,672)	$ 396,594,370
Federal grants and contracts	140,127,467
State, local, and nongovernmental grants and contracts	40,530,508
Auxiliary enterprises (net of scholarship allowances of $38,918,967)	172,785,373
Other operating revenue	13,253,115
Total operating revenues	**763,290,833**
Operating expenses (Note 15)	
Instruction	378,753,068
Research	128,390,636
Public service	27,314,464
Academic support	91,540,790
Student services	36,184,475
Institutional support	83,434,416
Operation and maintenance of plant	56,873,017
Depreciation and amortization	74,883,541
Student aid	70,204,485
Auxiliary enterprises	101,291,235
Total operating expenses	**1,048,870,127**
Operating income (loss)	**(285,579,294)**
Nonoperating revenues (expenses)	
State educational and general appropriation (Note 16)	215,430,369
State general fund appropriations - restricted	41,125,878
Pell Grant Receipts	41,150,054
Gifts	7,375,475
ARRA Build America Bonds Subsidy	583,007
COVID Relief Funding	69,029,521
Investment income/(loss)	(2,108,607)
Other nonoperating revenue/(expense)	(996,529)
Interest revenue/(expense) (Note 17)	(18,459,526)
Net nonoperating revenues	**353,129,642**
Income before other revenues, expenses, gains, and losses	**67,550,348**
Other revenues, expenses, gains, and losses	
Capital grants and gifts	8,822,752
Capital appropriations	36,254,733
Loss on Disposal of capital assets	(213,093)
Net other revenues, expenses, gains, and losses	**44,864,392**
Increase in net position	**112,414,740**
Net position beginning of year	1,042,355,715
Restatement of beginning net position (Note 24)	3,585,997
Net position beginning of year - restated	1,045,941,712
Net position end of year	**$ 1,158,356,452**

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

Statement of Cash Flows for the Year Ended June 30, 2022

Cash flows from operating activities	
Student tuition and fees	$ 401,893,781
Grants and contracts	179,662,837
Auxiliary enterprises	174,287,502
Other receipts	15,918,602
Payments to suppliers	(241,680,263)
Payments to employees	(679,432,147)
Payments for scholarships and fellowships	(70,204,485)
Net cash used by operating activities	**(219,554,173)**
Cash flows from noncapital financing activities	
State appropriations	256,556,247
Federal Direct Loan Program receipts	146,397,939
Federal Direct Loan Program disbursements	(146,397,939)
Pell Grant receipts	41,150,054
Other net nonoperating revenue/(expense)	(996,529)
Noncapital gifts	1,909,108
COVID Relief Funding receipts	52,463,520
Custodial receipts	912,391
Custodial disbursements	(852,612)
Net cash provided by noncapital financing activities	**351,142,179**
Cash flows from capital and related financing activities	
Proceeds from capital appropriations available	32,304,254
Capital grants and contributions	3,720,553
Proceeds from sale of capital assets	54,204
Principal paid on capital related debt	(9,492,108)
Interest paid on capital related debt	(21,655,617)
Purchases of capital assets	(60,490,862)
Net cash used by capital and related financing activities	**(55,559,576)**
Cash flows from investing	
Proceeds from sales and maturities of investments	1,605,304
Interest on investments	38,040
Interest on auxiliary balances, securities lending and Build America bonds	1,213,676
Sale of investments and related fees	8,260,535
Net cash provided by investing activities	**11,117,555**
Net increase in cash	**87,145,985**
Cash and cash equivalents - beginning of the year	667,666,988
Less: Securities Lending - Treasurer of Virginia	(47,004,913)
Net cash and cash equivalents - beginning of the year	**620,662,075**
Cash and cash equivalents - end of the year (see next page)	**$ 707,808,060**

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

Statement of Cash Flows for the Year Ended June 30, 2022

RECONCILIATION OF STATEMENT OF CASH FLOWS, STATEMENT OF NET POSITION

Statement of Net Position		
Cash and cash equivalents (Unrestricted and Restricted)	$	766,282,822
Less: Securities lending - Treasurer of Virginia		(58,474,762)
Net cash and cash equivalents	**$**	**707,808,060**

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

Operating loss	$	(285,579,294)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization expense		74,883,541
Gift in Kind Expense		5,466,667
Interest income		517,233
Changes in assets, liabilities, deferred outflows and deferred inflows:		
Accounts receivable (net)		5,708,156
Restricted assets receivable (net)		(5,547,936)
Lease Receivable		(19,945,971)
Perkins loan receivable		356,803
Inventory		(260,651)
Prepaid expenses		409,884
OPEB asset		(4,632,107)
Deferred outflows of resources- pension		10,471,155
Deferred outflows of resources- OPEB		(1,561,358)
Accounts payable and accrued liabilities		2,376,428
Unearned revenue		8,223,355
Perkins loan liability		(265,033)
Net pension liability		(118,148,882)
OPEB liability		(14,855,030)
Faculty Early Retirement liability		(61,066)
Compensated absences		(471,647)
Deferred inflows of resources- pension		95,413,523
Deferred inflows of resources- OPEB		8,522,775
Deferred inflows of resources- leases		19,425,282
Net cash used by operating activities	**$**	**(219,554,173)**

Noncash investing, capital and financing activities:

The following transactions occurred prior to the Statement of Net Position date:		
Capital assets acquired through assumption of a liability (GASB 87)	$	10,948,085
Capital assets acquired through gifts		2,387,646
Amortization of bond premium/discount and gain/loss on debt refinancing		(2,048,190)
Loss on disposal of capital assets		(158,889)
Unrealized gain/(loss) on investments		(3,360,735)
Gift in Kind		5,466,667

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

Component Units - Combined Statements of Financial Position as of June 30, 2022

		Total Component Units
ASSETS		
Cash and cash equivalents	$	79,160,221
Security deposits		88,062
Restricted cash and cash equivalents		11,596,379
Accounts receivable, net		691,919
Contributions receivable, net		33,463,346
Prepaid expenses and other assets		5,947,094
Net investment in direct financing lease		76,873,320
Beneficial interest in perpetual trusts		10,904,337
Investments		255,877,898
Property and equipment, net		80,336,891
Deferred tax asset		27,000
Total assets	**$**	**554,966,467**
LIABILITIES AND NET ASSETS		
LIABILITES		
Accounts payable and accrued expenses	$	12,682,553
Grants and student research awards payable		2,682,357
Participation rent payable		208,601
Tenant security deposits liability		87,812
Unearned revenue		790,162
Charitable gift annuities		195,800
Other liabilities		489,274
Derivative obligations/Interest swap liabilities		8,740,529
Long-term debt including loan payable		163,415,479
Amounts held for others		22,994,194
Total liabilities		**212,286,761**
NET ASSETS		
Net assets without donor restrictions		57,056,548
Net assets with donor restrictions		285,623,158
Total net assets		**342,679,706**
Total liabilities and net assets	**$**	**554,966,467**

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, 2022

	Total Component Units
Operating revenues	
Contributions	$ 87,602,652
Grants	50,844,518
Interest on direct financing lease	4,865,008
Investment and trust return	(44,008,581)
Miscellaneous and other income	877,309
Rental income, net	16,828,741
Service fees	13,102,220
Total operating revenues	**130,111,867**
Operating expenses	
Academic program support	124,628,839
Advertising and promotion	32,801
Depreciation	3,003,725
Fundraising	2,550,679
Insurance	328,047
Interest expense	6,965,915
Maintenance	242,704
Management fees	1,754,974
Office and other administrative expenses	1,607,525
Salaries and wages	8,603,301
Rent, utilities and other	4,855,314
Total operating expenses	**154,573,824**
Change in net assets before nonoperating items and other changes	**(24,461,957)**
Nonoperating items	1,324,775
Change in net assets	(23,137,182)
Beginning net assets	365,816,888
Ending net assets	**$ 342,679,706**

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, 2022, GMUF distributed $77,554,051 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. 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 2023 that were paid in advance as of June 30, 2022. 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. LEASE RECEIVABLE

The University determines if an arrangement contains a lease at the inception of a contract and the lease classification is determined at the commencement date. Short-term leases with an initial term of 12 months or less, including all renewal options, are not recorded on the Statement of Net Position and are recognized as revenue in the period to which the payments relate. Long-term leases are capitalized and the lease term includes renewal options that are reasonably certain of being exercised. The University's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under some lease agreements, the University may receive variable payments based on future performance by the lessee. These variable payments are not included in the measurement of the lease receivable and are recognized as revenue in the period to which those payments relate. Any component of the variable payments that is fixed in substance is included in the measurement of the lease receivable. The University uses its incremental borrowing rate to discount the lease payments. The incremental borrowing rate is based on the University's estimated rate of interest for borrowing over a similar term as the lease term.

The University also has certain sublease arrangements. Subleases are accounted for as transactions separate from the original lease. Payments to be received from subleases are included in the measurement of lease receivables.

A deferred inflow of resources is recorded at the commencement of a lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease. See Note 1.V.

G. 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.

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.

H. 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. Intangible assets include computer software and right-to-use lease assets. 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. Library books and materials are valued at averaged actual cost of purchase for library acquisitions.

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

- Amount of the initial measurement of the related lease liability
- Lease payments made prior to the commencement of the lease term, less any lease incentives
- Initial direct costs that are ancillary charges necessary to place the lease asset into service

Other capital assets are recorded at historical cost if purchased or constructed. Donated capital assets, including library books, are recorded at estimated 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). 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

- 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.

Amortization for computer software is computed using the straight-line method over the estimated useful life of the asset. Normal useful life for computer software is between 5 to 10 years. Right-to-use lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. Amortization is not allocated to the functional expense categories. Amortization expense is combined with depreciation expense in the Statement of Revenues, Expenses, and Changes in Net Position. See Note 1.V.

I. 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.

J. UNEARNED REVENUE

Unearned revenue represents monies collected but not earned as of June 30, 2022. This is primarily composed of student tuition collected for courses that will be offered after June 30, 2022.

K. LEASE LIABILITY

The University determines if an arrangement contains a lease at the inception of a contract. The lease classification is determined at the commencement date, the date the University has the right to control the property. The lease term includes renewal options that are reasonably certain of being exercised. Short-term leases with an initial term of 12 months or less, including all renewal options, are not recorded on the Statement of Net Position and are recognized as expenses in the period to which the payments relate. Lease liabilities are measured at the present value of payments expected to be made during the lease term. Measurement of the lease liability includes the following, if required by a lease:

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

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

For real estate leases, the present value of payments expected to be made during the lease term is calculated using the discount rate implicit in the lease agreement. If the implicit rate is unavailable, the University will obtain the lessor's internal borrowing rate. If that is also unavailable, then the University will use the rate derived from market data by property location at the beginning of the lease term. For equipment leases, the present value of payments expected to be made during the lease term is calculated using the discount rate implicit in the lease agreement and if unavailable, the University will use the Prime Interest Rate at the beginning of the lease term, published by the Federal Reserve. See Note 1.V.

L. 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, 2022, all unused vacation, overtime, compensatory, recognition and sick leave payable upon termination under University policy. The applicable share of employer related payroll taxes is also included.

M. 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.

N. 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 and amortization 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.

O. 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.

P. 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.

Q. 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.

R. 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 2022, funding has been provided to the University from two Reimbursement Programs:

- 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 reimbursements from the 21st Century Capital Project programs.

S. 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.

T. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees 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.

U. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Deferred outflows of resources represent a consumption of net position applicable to a future reporting period and increase net position similar to assets. The University has three items that meet this criterion: pension and OPEB deferrals and refundings of debt.

Deferred inflows of resources represent an acquisition of net position applicable to a future reporting period and decrease net position similar to liabilities. The University has four items that meet this criterion: pension and OPEB deferrals, leases, and refundings of debt.

V. NEW ACCOUNTING PRONOUNCEMENT

In June 2017, GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as revenues or expenses based on the payment provisions of the contract. The University implemented GASB 87 on July 1, 2021. See Notes 1.F., 1.H., 1.K., 1.U., 5, 6, 9, 13 and 24.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

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	$22,454,449
Treasurer of Virginia	683,156,523
Treasurer of Virginia (Securities Lending)	58,474,762
Subtotal	764,085,734
Restricted cash and cash equivalents:	
Appropriations available - capital projects	$2,112,809
Held in custody of others	84,279
Subtotal	2,197,088
Total Cash and cash equivalents	$766,282,822

Investments	
	Market Value
Long term:	
GMUF Investment Pool	$22,782,751
Total Investments	$22,782,751

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	$22,782,751	N/A	N/A	N/A

F. RISKS

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.

The University also has cash and cash equivalents with the Treasurer of Virginia and an allocated share of the State Treasury's securities lending program. Information related to the credit risk is available in the Commonwealth of Virginia's Annual Comprehensive Financial Report.

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 2022.

3. DONOR-RESTRICTED ENDOWMENTS

The University's endowment is managed by the George Mason University Foundation (GMUF). During FY 2022, the net change on the investments of donor-restricted endowments was an overall investment loss of $2,026,474.

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, 2022:

Accounts Receivable	
Current:	
Student tuition and fees	$17,873,989
Grants and contracts receivable (restricted)	52,008,374
Other accounts receivable	44,287,260
Less allowance for doubtful accounts	(11,925,847)
Net current accounts receivable	$102,243,776
Noncurrent:	
Other accounts receivable	$933,333
Net noncurrent accounts receivable	$933,333
Notes Receivable	
Current:	
Perkins loans receivable	$218,887
Nurse faculty loan	4,233
Less allowance for doubtful accounts	(81,542)
Net current notes receivable	$141,578
Noncurrent:	
Perkins loan receivable	$1,678,977
Nurse faculty loan	32,468
Local loans to student	2,972
Less allowance for doubtful accounts	(628,439)
Net noncurrent notes receivable	$1,085,978

5. LEASE RECEIVABLE

The University leases out certain office space, retail space, antenna sites, and ATM space, some of which are subleases. The University also has an embedded lease arrangement with a catering and food services management provider for operating Mason's dining space and dining equipment. Initial terms are typically 1 to 15 years and may contain rent escalation clauses, revenue share, commissions, and renewal options ranging from 1 to 10-year intervals. Discount rates ranged from 2.552%-2.575%. See note 1.F. for additional details on discount rates. In fiscal year 2022, the University recognized lease revenue of $1,823,764 and interest revenue of $517,233 included in Auxiliary Revenue and Other Operating Revenue. The University also recognized $4,865,609 in Auxiliary Revenue for variable payments received that were not previously included in the measurement of the lease receivable. These variable payments were calculated based on a percentage of net sales and a tiered percentage of the lessee's net sales.

The lease and interest receivables for fiscal years subsequent to June 30, 2022 are as follows:

Year	Lease Receivable	Interest Receivable	Total
2023	$1,437,819	$3,975	$1,441,794
2024	1,523,091	4,168	1,527,259
2025	1,610,376	4,386	1,614,762
2026	1,658,621	4,506	1,663,127
2027	1,685,373	3,418	1,688,791
2028-2032	9,148,636	18,550	9,167,186
2033-2037	2,756,568	5,589	2,762,157
2038-2042	80,732	163	80,895
Total	$19,901,216	$44,755	$19,945,971

6. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2022 is as follows:

	Beginning Balance Adjusted	Additions	Reductions	Ending Balance
Non-depreciable capital assets:				
Land	$22,328,863	$-	$-	$22,328,863
Construction-in-progress	70,700,977	52,249,483	79,261,698	43,688,762
Works of art and historical treasures	5,081,342	-	19,766	5,061,576
Total non-depreciable capital assets	98,111,182	52,249,483	79,281,464	71,079,201
Depreciable and amortizable capital assets:				
Buildings	1,560,224,028	16,801,897	-	1,577,025,925
Buildings – financed purchase	101,980,822	-	-	101,980,822
Improvements	36,110,668	427,664	-	36,538,332
Infrastructure assets	69,927,922	52,026,828	-	121,954,750
Equipment	136,737,013	14,499,316	7,253,772	143,982,557
Equipment – financed purchase	1,825,932	-	-	1,825,932
Library materials	107,961,535	2,136,623	56,295	110,041,863
Intangible assets:				
Computer software	12,609,131	106,900	-	12,716,031
Right-to-use lease assets:				
Buildings	51,465,540*	8,147,987	-	59,613,527
Equipment	614,988*	2,800,098	-	3,415,086
Total depreciable and amortizable capital assets	2,079,457,579	96,947,313	7,310,067	2,169,094,825
Less accumulated depreciation:				
Buildings	597,115,059	48,685,711	-	645,800,770
Buildings – financed purchase	22,862,997	3,279,378	-	26,142,375
Improvements	31,678,060	969,228	-	32,647,288
Infrastructure assets	33,173,243	1,984,460	-	35,157,703
Equipment	91,260,093	10,189,790	6,986,474	94,463,409
Equipment – financed purchase	1,825,932	-	-	1,825,932
Library materials	95,974,965	3,218,416	56,295	99,137,086
Less accumulated amortization:				
Computer software	11,702,834	242,827	-	11,945,661
Right-to-use lease assets:				
Buildings	-	5,636,105	-	5,636,105

	Beginning Balance Adjusted	Additions	Reductions	Ending Balance
Equipment	-	677,626	-	677,626
Total accumulated depreciation and amortization	885,593,183	74,883,541	7,042,769	953,433,955
Total depreciable and amortizable capital assets, net	1,193,864,396	22,063,772	267,298	1,215,660,870
Total capital assets, net	$1,291,975,578	$74,313,255	$79,548,762	$1,286,740,071

* See note 24

7. DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources consisted of the following at June 30, 2022:

Deferred Outflows of Resources	
Refundings of debt	$8,347,366
Pension	51,823,248
Other post-employment benefits	24,120,719
Total deferred outflows of resources	$84,291,333

8. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following at June 30, 2022:

Accounts Payable and Accrued Expenses	
Employee salaries, wages and fringe benefits payable	$41,896,753
Vendors and suppliers accounts payable	23,639,195
Interest payable	3,940,442
Capital projects retainage payable	495,423
Capital projects and equipment accounts payable	3,520,670
Total accounts payable and accrued expenses	$73,492,483

9. 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, 2022 is as follows:

	Beginning Balance Adjusted	Additions	Reductions	Ending Balance	Current Portion	Non-current Portion
Long-term debt:						
Revenue Bonds	$150,741,025	$-	$-	$150,741,025	$11,386,845	$139,354,180
Notes Payable	228,620,000	-	870,000	227,750,000	890,000	226,860,000
Financed Purchase Obligation	80,656,988*	-	3,783,670	76,873,318	4,045,735	72,827,583
Installment Purchases	2,278,402	-	662,685	1,615,717	587,573	1,028,144
Lease Liability	52,080,528*	10,948,085	4,175,753	58,852,860	4,058,355	54,794,505
Bond Premium	24,904,882	-	3,213,206	21,691,676	3,211,005	18,480,671
Total Long-term debt	539,281,825	10,948,085	12,705,314	537,524,596	24,179,513	513,345,083
Net Pension Liability	251,639,433	-	118,148,882	133,490,551	-	133,490,551
OPEB Liability	100,862,001	-	14,855,030	86,006,971	1,441,659	84,565,312
Accrued Compensated Absences	25,832,560	20,086,313	20,557,960	25,360,913	8,564,751	16,796,162

	Beginning Balance Adjusted	Additions	Reductions	Ending Balance	Current Portion	Non-current Portion
Other noncurrent liabilities:						
Faculty Early Retirement						
Incentive Liability	231,208	11,760	72,826	170,142	-	170,142
Loan Funds	1,974,839	-	265,033	1,709,806	-	1,709,806
Total Long-term Liabilities	$919,821,866	$31,046,158	$166,605,045	$784,262,979	$34,185,923	$750,077,056

* See note 24

10. 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, 2022
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

Bond Title	Calendar Year Issued	Original Amount	Original Interest Rate	Original Bond Term	Fiscal Year Final Payment Due	Balance Outstanding at June 30, 2022
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, 2022 matures as follows:

Year	Principal	Interest	BAB Interest Subsidy*	Total Net of Subsidy
2023	$11,386,845	$5,028,129	$(441,489)	$15,973,485
2024	12,734,881	4,577,541	(418,426)	16,893,996
2025	12,335,664	4,139,726	(393,793)	16,081,597
2026	13,022,011	3,705,189	(367,543)	16,359,657
2027	12,078,069	3,252,068	(339,852)	14,990,285
2028-2032	60,653,555	9,639,987	(1,184,552)	69,108,990
2033-2037	28,530,000	1,810,551	(252,837)	30,087,714
Total	$150,741,025	$32,153,191	$(3,398,492)	$179,495,724

* 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.

11. 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, 2022
Student Union II Renovation	2010	2,935,000	3.75 to 5.5%	20 Years	2031	1,635,000
Student Union I Addition/Renovation	2010	5,390,000	3.75 to 5.5%	20 Years	2031	2,990,000
Smithsonian CRC-Dining	2010	2,395,000	3.75 to 5.6%	25 Years	2036	1,630,000
Krasnow Institute Addition II	2010	5,215,000	2.0 to 5.5%	20 Years	2031	2,800,000
Fieldhouse Life/Safety/Code Renovation	2010	1,395,000	3.75 to 5.5%	20 Years	2031	775,000
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

Note Title	Calendar Year Issued	Original Amount	Original Interest Rate	Original Note Term	Fiscal Year Final Pymt Due	Balance Outstanding at June 30, 2022
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
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

Note Title	Calendar Year Issued	Original Amount	Original Interest Rate	Original Note Term	Fiscal Year Final Pymt Due	Balance Outstanding at June 30, 2022
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
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				$227,750,000

Long-term debt from Notes Payable as of June 30, 2022 matures as follows:

Year	Principal	Interest	BAB Interest Subsidy*	Total Net of Subsidy
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	23,090,000	4,956,517	(107,844)	27,938,673
2028-2032	90,210,000	13,385,743	(238,272)	103,357,471
2033-2037	33,180,000	4,197,048	(22,050)	37,354,998
2038-2042	12,045,000	618,565	-	12,663,565
Total	$227,750,000	$51,205,995	$(966,380)	$277,989,615

* 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. 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, 2022, $7,235,000 of Series 2012A, $410,000 of Series 2012B, $7,490,000 of 2013A, $1,040,000 of 2013B, $6,200,000 of Series 2014B, $6,500,000 of Series 2015B, $1,575,000 of Series 2016A, $125,000 of Series 2017A and $765,000 of Series 2018A VCBA pooled bonds were considered defeased and outstanding.

12. INSTALLMENT PURCHASES PAYABLE & FINANCED PURCHASE 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 one to three years with varying rates of interest.

Principal and interest payments on these commitments for fiscal years subsequent to June 30, 2022 are as follows:

Year	Principal	Interest	Total
2023	$587,573	$22,318	$609,891
2024	510,423	14,702	525,125
2025	517,721	7,404	525,125
Total	$1,615,717	$44,424	$1,660,141

B. FINANCED PURCHASE OBLIGATIONS

The University has entered into the following financed purchases with George Mason University Foundation (GMUF):

- 150,000 square foot administration building at the Fairfax campus (FY11)
- 80,858 square foot residence hall at the Prince William campus (FY13)
- 31,879 square foot office building and land in downtown Fairfax, close to the Fairfax campus (FY14)
- 75,000 square foot lab building at the Prince William campus (FY15)
- 183,000 square foot residence hall at the Fairfax campus (FY18)

The University has accounted for the financed purchases as additions to capital assets in the year of the agreement and recorded a corresponding financed purchase obligation in long-term debt, both of which are on the Statement of Net Position as of June 30, 2022. See Note 1.V.

Payments of principal, interest, and operating expenses on these commitments for fiscal years subsequent to June 30, 2022 are as follows:

Fiscal Year	Principal	Interest	Operating Expenses	Total
2023	$4,045,735	$4,602,941	$246,425	$8,895,101
2024	4,327,360	4,321,316	246,425	8,895,101
2025	4,630,100	4,018,576	246,425	8,895,101
2026	4,955,649	3,693,027	246,425	8,895,101

Fiscal Year	Principal	Interest	Operating Expenses	Total
2027	5,305,844	3,342,832	246,425	8,895,101
2028-2032	19,277,033	12,809,326	677,669	32,764,028
2033-2037	19,261,949	7,288,051	-	26,550,000
2038-2042	15,069,648	2,480,352	-	17,550,000
Total	$76,873,318	$42,556,421	$1,909,794	$121,339,533

13. LEASE LIABILITY

The University leases certain office space, academic space, training space, laboratory space, and equipment. Initial terms are typically 3 to 15 years and may contain rent escalation clauses and renewal options ranging from 3 to 10-year intervals. Discount rates for real estate leases ranged from 7.3%-7.7% and a discount rate of 3.25% was used for equipment leases. See note 1.K. for details on determining discount rates. In fiscal year 2022, the University recognized $257,278 in Auxiliary Expense for variable payments made that were not previously included in the measurement of the lease liability. These variable payments were calculated based on actual usage of equipment throughout the fiscal year.

The future minimum lease obligations for fiscal years subsequent to June 30, 2022 are as follows:

Year	Liability Reduction	Interest	Total
2023	$4,058,355	$4,088,200	$8,146,555
2024	4,120,205	3,820,232	7,940,437
2025	3,853,595	3,545,385	7,398,980
2026	4,187,649	3,272,805	7,460,454
2027	4,010,436	2,980,455	6,990,891
2028-2032	25,083,386	9,724,154	34,807,540
2033-2037	8,933,130	2,486,052	11,419,182
2038-2042	4,416,851	944,361	5,361,212
2043-2047	189,253	967	190,220
Total	$58,852,860	$30,862,611	$89,715,471

14. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources consisted of the following at June 30, 2022:

Deferred Inflows of Resources	
Refundings of debt	$4,654,925
Pension	98,161,261
Other post-employment benefits	44,846,262
Leases	19,425,282
Total deferred inflows of resources	$167,087,730

15. 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	$267,833,403	$63,443,314	$47,476,351	$-	$-	$378,753,068
Research	59,256,091	11,061,744	58,072,801	-	-	128,390,636
Public Services	13,753,447	3,166,110	10,394,907	-	-	27,314,464
Academic Support	53,566,306	16,139,927	21,834,557	-	-	91,540,790
Student Services	22,499,753	6,797,403	6,887,319	-	-	36,184,475
Institutional Support	44,908,399	14,088,374	24,437,643	-	-	83,434,416
Operation & Maintenance	19,746,899	6,965,581	30,160,537	-	-	56,873,017
Depreciation & Amortization	-	-	-	-	74,883,541	74,883,541
Student Aid	-	-	-	70,204,485	-	70,204,485
Auxiliary Enterprises	42,854,496	11,744,101	46,692,638	-	-	101,291,235
Totals	$524,418,794	$133,406,554	$245,956,753	$70,204,485	$74,883,541	$1,048,870,127

16. 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 fiscal year shall be reappropriated for expenditure in the subsequent fiscal year beginning July 1, 2022, 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	$168,315,949
Central Appropriations Distribution	11,518,150
Virginia Degree Completion Network	850,000
Affordable Access Funds	13,061,900
TTIP Award	5,797,737
VIVA	30,713
Interest Earnings and Credit Card Rebates	744,321
FY21 E&G Carryforward	18,276,289
FY22 E&G Cash Reversions	(3,164,690)
Total	$215,430,369

17. INTEREST REVENUE/EXPENSE

During fiscal year 2022, the University earned interest revenue totaling $1,798,491 and incurred interest charges totaling $20,258,017.

18. 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** Same as Plan 1.	**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,	**Eligible Members** Employees are in Plan 2 if their membership date is from July 1, 2010	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
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.	to December 31, 2013, and they have not taken a refund, or their membership date is prior to July 1, 2010, and they were not vested as of January 1, 2013. *Hybrid Opt-In Election* Same as Plan 1.	date is on or after January 1, 2014. This includes: • Full-time permanent, salaried state employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 **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.
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 payments.	**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** 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

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
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.		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 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.	**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 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.

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		• 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 compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
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:*

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		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:*** Same as Plan 2. ***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:*** Same as Plan 2. ***VaLORS:*** Not applicable. *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:*	**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:*	**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:*

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
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 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.	Same as Plan 1.	Same as Plan 1 and Plan 2.
Disability Coverage For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted. 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** For 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	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** *Defined Benefit Component:* Same as Plan 1, with the following exception:

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
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.		• 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, 2022 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 rates, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the University to the VRS State Employee Retirement Plan were $22,603,581 and $20,914,060 for the years ended June 30, 2022 and June 30, 2021, respectively. Contributions from the University to the VaLORS Retirement Plan were $607,453 and $673,391 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the University reported a liability of $129,129,739 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of $4,360,812 for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the University's proportion of the VRS State Employee Retirement Plan was 3.56001% as compared to 3.39224% at June 30, 2020. At June 30, 2021, the University's proportion of the VaLORS Retirement Plan was 0.83591% as compared to 0.75158% at June 30, 2020.

For the year ended June 30, 2022, the University recognized pension expense of $11,075,200 for the VRS State Employee Retirement Plan and $631,096 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2020 and June 30, 2021, 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, 2022, 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	$1,208,528	$7,534,624
Net difference between projected and actual earnings on pension plan investments	-	90,570,415
Change in assumptions	15,157,738	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,245,948	56,222
Employer contributions subsequent to measurement date	23,211,034	-
Total	$51,823,248	$98,161,261

$23,211,034 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, 2023. 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 2023	$(8,278,116)
FY 2024	(15,012,632)
FY 2025	(18,604,868)
FY 2026	(27,653,431)

Actuarial Assumptions

The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

Mortality rates:

Pre-retirement:

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

Post-retirement:

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

Post-disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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 PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

The total pension liability for the VaLORS Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

Mortality rates:

Pre-retirement:

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

Post-retirement:

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

Post-disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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 PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Net Pension Liability

The net pension liability (NPL) is calculated separately for each plan and represents that particular plan's total pension liability determined in accordance with GASB Statement No. 67, less that plan's fiduciary net position. As of June 30, 2021, 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	$ 26,739,647	$ 2,390,609
Plan Fiduciary Net Position	23,112,417	1,868,924
Employers' Net Pension Liability (Asset)	$ 3,627,230	$ 521,685
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.44%	78.18%

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS–Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP-Private Investments Partnership	3.00%	6.84%	0.21%
Total	**100.00%**		**4.89%**
	Inflation		2.50%
	* Expected arithmetic nominal return		**7.39%**

** The above allocation provides a one-year return of 7.39%. 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 6.94%, including expected inflation of 2.50%.*

** On October 10, 2019, the VRS Board elected a long-term rate of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.*

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2021, 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, 2021, 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	$241,876,639	$129,129,739	$34,653,533

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	$7,021,510	$4,360,812	$2,180,905

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 2021 Annual Report. A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2021-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, 2022, the University had a payable to VRS in the amount of $1,448,347. Of this amount, $1,383,963 was for the VRS State Employee Retirement Plan and $64,384 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 2022, the employer's required retirement contribution rate was 1% for the defined contribution component of the Hybrid Plan. These contributions totaled $775,027 for the year ended June 30, 2022. All participants were required to contribute 1% to the defined contribution portion of the Hybrid Plan.

During FY 2022, 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 $980,729 for the year ended June 30, 2022.

Contributions to the Hybrid plan were calculated using plan's covered payroll of $77,502,658 for the year ended June 30, 2022.

C. FACULTY RETIREMENT PLANS

Most full-time faculty and certain administrative faculty 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 $21,999,979 for the fiscal year ended June 30, 2022 based on total covered payroll of $237,064,480. The University's outstanding liability for accrued pension expense as of June 30, 2022 was $824,081. The change in the accrued liability amount from the prior year end was an increase of $62,951, 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 2022 pension contributions were calculated using the plan's covered payroll of $236,296,394 for Fiscal Year 2022.

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*	$7,205,193	$69,280,706	10.4%
TIAA-CREF 2	5,201,285	61,191,591	8.5%
Fidelity Investments	2,931,164	28,184,266	10.4%
Fidelity Investments 2	6,599,386	77,639,831	8.5%
Total	$21,937,028	$236,296,394	

*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 $1,256,519 for the fiscal year ended June 30, 2022.

19. 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	***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	***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	***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

Virginia Retirement System OPEB Plans GLI	HIC	LODA	VSDP
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.	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.	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.	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 • 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** The State Employee Retiree Health Insurance Credit Program was established January 1, 1990 for retired state employees covered under VRS, SPORS, VaLORS and JRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: • Full-time and part-time permanent salaried state employees covered under VRS, SPORS, VaLORS and JRS.	**Eligible Employees** The eligible employees of the LODA Program include paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under VRS, SPORS, or VaLORS.	**Eligible Employees** The Virginia Sickness and Disability Program (VSDP), also known as the Disability Insurance Trust Fund was established January 1, 1999, to provide short-term and long-term disability benefits for non-work-related and work-related disabilities. Eligible employees are enrolled automatically upon employment. They include: • Full-time and part-time permanent salaried state employees covered under VRS, SPORS, and VaLORS (members new to VaLORS following its creation on October 1, 1999, have been enrolled since the inception of VSDP). • State employees hired before January 1, 1999, who elected to transfer to VSDP rather than

Virginia Retirement System OPEB Plans GLI	HIC	LODA	VSDP
			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 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**	**Benefit Amounts** The State Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees: **At Retirement** – For State employees who retire, the monthly benefit is $4.00 per year of service per month with no cap on the benefit amount. **Disability Retirement** • For State employees, other than state police officers, who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP), the monthly benefit is $120.00 or $4.00 per year of service, whichever is higher. • For State police officer employees with a non-work-related disability who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP), the monthly benefit is $120.00 or	**Benefit Amounts** LODA provides death and health insurance benefits for eligible individuals: **Death** – The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: • $100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after. • $25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date. • An additional $20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001. **Health Insurance** – The LODA program provides health insurance benefits. • The health insurance benefits are managed	**Benefit Amounts** The Virginia Sickness and Disability Program (VSDP) provides the following benefits for eligible employees: • **Leave** – Sick, family and personal leave. Eligible leave benefits are paid by the employer. • **Short-Term Disability** – The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. The benefit provides income replacement beginning at 100% of the employee's pre-disability income, reducing to 80% and then 60% based on the period of the disability and the length of service of the employee. Short-term disability benefits are paid by the employer. • **Long-Term Disability (LTD)**– The program provides a long-term disability benefit beginning after 125 workdays of short-term disability and continuing until the employee reaches

Virginia Retirement System OPEB Plans			
GLI	**HIC**	**LODA**	**VSDP**
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.	$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.	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.	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) 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 $8,722 as of June 30, 2022.	**Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)** Not Applicable	**Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)** Not Applicable	**Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)** During periods an employee receives long-term disability benefits, the LTD benefit may be increased annually by an amount recommended by the actuary and approved by the Board. • Plan 1 employees vested as of 1/1/2013 – 100% of the VRS Plan 1 COLA (The first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%).

Virginia Retirement System OPEB Plans			
GLI	HIC	LODA	VSDP
			• 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%.

Virginia Retirement System OPEB Plans			
GLI	**HIC**	**LODA**	**VSDP**
	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 4,100 retirees and 88,000 active employees in the program as of June 30, 2021. 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 Employee Health Benefits Program for active employees at the time of your termination, and
- You meet the age and service requirements for an immediate retirement benefit under the non-ORP Virginia Retirement System plan that you would have been eligible for on your date of hire had you not elected the ORP, and
- You enroll in the State Retiree Health Benefits Program no later than 31 days from the date you lose coverage (or 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, 2022 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 $2,198,522 and $2,015,926 for the years ended June 30, 2022 and June 30, 2021, 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, 2022 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 $4,579,938 and $4,210,209 for the years ended June 30, 2022 and June 30, 2021, respectively.

In June 2021, the Commonwealth made a special contribution of approximately $38.7 million which was applied to the Health Insurance Credit Plan for state employees. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act.

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General

Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2022 was $722.55 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 LODA Program from the University were $29,805 and $32,458 for the years ended June 30, 2022 and June 30, 2021, 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, 2022 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 $951,299 and $869,552 for the year ended June 30, 2022 and June 30, 2021, 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 (Assets), OPEB Expense (Gain), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the VRS OPEB Plans and Pre-Medicare Retiree Healthcare

At June 30, 2022, the University reported the following liabilities (assets) for its proportionate share of these programs:

GLI	$21,299,646
HIC	44,157,062
LODA	1,039,682
VSDP	(11,759,963)
PMRH	19,510,581

The VRS net OPEB liabilities (asset) were measured as of June 30, 2021 and the total OPEB liability used to calculate each net OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The Pre-Medicare Retiree Healthcare OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2021. 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, 2021, 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, 2021 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers.

At June 30, 2022, the collective total PMRH OPEB liability was $448.9 million. The University's proportion of the PMRH OPEB liability was based on each employer's calculated healthcare premium contributions, to include the December 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, 2021 and June 30, 2020 are as follows:

	GLI	HIC	LODA	VSDP	PMRH
June 30, 2021	1.83%	5.23%	0.24%	3.41%	4.35%
June 30, 2020	1.78%	5.06%	0.21%	3.23%	4.18%

For the year ended June 30, 2022, the University recognized the following expenses (gains) for these programs:

GLI	$1,242,637
HIC	4,481,007
LODA	88,217
VSDP	(246,808)
PMRH	(6,723,779)

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, 2022, 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	$2,429,300	$162,291
Net difference between projected and actual earnings on GLI OPEB program investments	-	5,083,769
Change in assumptions	1,174,244	2,914,246
Changes in proportionate share	1,658,698	67,138
Employer contributions subsequent to measurement date	2,198,522	-
Total	$7,460,764	$8,227,444

HIC	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$13,660	$1,437,892
Net difference between projected and actual earnings on State HIC OPEB program investments	-	838,101
Change in assumptions	1,143,601	124,578
Changes in proportionate share	3,061,047	119,395
Employer contributions subsequent to measurement date	4,579,938	-
Total	$8,798,246	$2,519,966

LODA	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$86,682	$157,417
Net difference between projected and actual earnings on LODA OPEB plan investments	-	6,020
Change in assumptions	287,714	49,733
Changes in proportionate share	130,347	133,464
Employer contributions subsequent to measurement date	29,805	-
Total	$534,548	$346,634

VSDP	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$558,881	$1,906,830
Net difference between projected and actual earnings on VSDP OPEB program investments	-	2,201,826
Change in assumptions	79,224	277,125
Changes in proportionate share	38,728	606,670
Employer contributions subsequent to measurement date	951,299	-
Total	$1,628,132	$4,992,451

PMRH	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$-	$9,919,942
Change in assumptions	-	18,765,071
Changes in proportion	4,272,541	74,754
Amounts associated with transactions subsequent to the measurement date	1,426,488	-
Total	$5,699,029	$28,759,767

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 (increase) of each program's net liability (asset) in the fiscal year ending June 30, 2023:

GLI	$2,198,522
HIC	4,579,938
LODA	29,805
VSDP	951,299
PMRH	1,426,488

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 2023	$(679,275)	$380,050	$16,362	$(947,402)	$(9,213,404)
FY 2024	(422,996)	520,857	16,639	(937,093)	(7,688,874)
FY 2025	(467,657)	440,298	16,721	(929,375)	(4,427,665)
FY 2026	(1,263,527)	167,697	16,807	(1,028,817)	(2,039,767)
FY 2027	(131,747)	183,926	29,582	(379,517)	(888,150)
Thereafter	-	5,514	61,998	(93,414)	(229,366)

Actuarial Assumptions

The total OPEB liability for all VRS programs was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation 2.50%

Salary increases, including inflation per plan:

Employee Type	GLI	HIC	LODA	VSDP
General state employees	3.50 – 5.35%	3.50 – 5.35%	N/A	3.50 – 5.35%
Teachers	3.50 – 5.95%	N/A	N/A	N/A
SPORS employees	3.50 – 4.75%	3.50 – 4.75%	N/A	3.50 – 4.75%
VaLORS employees	3.50 – 4.75%	3.50 – 4.75%	N/A	3.50 – 4.75%
JRS employees	4.50%	4.50%	N/A	N/A
Locality – General employees	3.50 – 5.35%	N/A	N/A	N/A
Locality – Hazardous Duty employees	3.50 – 4.75%	N/A	N/A	N/A

LODA Medical cost trend rates assumption:	
Under age 65	7.00% – 4.75%
Ages 65 and older	5.375% – 4.75%
LODA Medical cost year of ultimate trend rate	
Under age 65	Fiscal year ended 2029
Age 65 and older	Fiscal year ended 2024
Investment rate of return	6.75%, net of OPEB plan investment expenses, including inflation 2.16%, including inflation for LODA*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 2.16% was used since it approximates the risk-free rate of return.

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

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

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

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

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

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020 except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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 PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality rates – Teachers (GLI)

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

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

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

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

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

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in 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 PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020

Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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

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

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

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

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally, 110% of rates for males and females set forward 2 years

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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 PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; LODA & VSDP: increased disability life expectancy
Retirement Rates	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service; changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

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

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

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

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

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in 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 PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; LODA & VSDP: increased disability life expectancy
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality rates – JRS Employees (GLI, HIC)

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

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

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in 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)	Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Decreased rates for ages 60-66 and 70-72
Withdrawal Rates	No change
Disability Rates	No change
Salary Scale	Reduce increases across all ages by 0.50%
Discount Rate	No change

Mortality rates – Largest 10 Locality Employers - General Employees (GLI)

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in 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 PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in 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 PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service

Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

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

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

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

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

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in 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 PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in 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 PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

The total Pre-Medicare Retiree Healthcare OPEB liability was based on an actuarial valuation with a valuation date of June 30, 2021. 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, 2021 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed

Effective Amortization Period	6.37 years
Discount Rate	2.16%
Projected Salary Increases	5.35% to 3.5% based on years of service from 1 year to 20 years or more
Medical Trend Under 65	Medical & Rx: 6.75% to 4.50% Dental: 4.00%
Year of Ultimate Trend	2033
Mortality	Mortality rates vary by participant status and gender
Pre-Retirement:	Pub-2010 Benefits Weighted General Employee Rates projected generationally with a Modified MP-2021 Improvement Scale; females set forward 2 years
Post-Retirement:	Pub-2010 Benefits Weighted General Healthy Retiree Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for females
Post-Disablement:	Pub-2010 Benefits Weighted General Disabled Rates projected generationally with a Modified MP-2021 Improvement Scale; males and females set forward 3 years
Beneficiaries and Survivors:	Pub-2010 Benefits Weighted General Contingent Annuitant Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for males and females

The discount rate was based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date which is June 30, 2021.

Changes of Assumptions: The following actuarial assumptions were updated since the June 30, 2020 valuation based on recent experience:

Retiree Participation	Reduced the rate from 45% to 40%

Spousal coverage and retiree participation were based on a blend of recent experience and the prior year assumptions. The mortality table has been updated from adjusted RP-2014 mortality tables using Scale BB to adjusted Pub-2010 Headcount-Weighted mortality tables projected generationally with modified MP-2021 Improvement Scales.

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, 2021. Additionally, the discount rate was decreased from 2.21% to 2.16% based on the Bond Buyers GO 20 Municipal Bond Index.

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

Net OPEB Liability (Asset)

The net OPEB liability (NOL) or Net OPEB asset (NOA) for the VRS administered OPEB plans represent the program's total OPEB liability (asset) determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, NOL and NOA amounts for these programs are as follows (amounts expressed in thousands):

	GLI	HIC	LODA	VSDP
Total OPEB Liability	$3,577,346	$1,052,400	$448,542	$267,198
Plan Fiduciary Net Position	2,413,074	207,860	7,553	611,919
Net OPEB Liability (Asset)	$1,164,272	$844,540	$440,989	$(344,721)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	67.45%	19.75%	1.68%	229.01%

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS – Multi – Asset Public Strategies	6.00%	3.29%	0.20%
PIP – Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
	Inflation		2.50%
	Expected arithmetic nominal return*		7.39%

** The above allocation provides a one-year return of 7.39%. 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 6.94%, including expected inflation of 2.50%.*

On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Long-Term Expected Rate of Return (LODA)

The long-term expected rate of return on LODA OPEB Program's investments was set at 2.16% 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 2.16% 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, 2021.

Discount Rate

The discount rate used to measure the total GLI, HIC and VSDP OPEB liability was 6.75% and 2.16% 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 and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2021, 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, 2021 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, 2021. It was decreased from 2.21% to 2.16%.

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 2.16% and the University's proportionate share of the total OPEB liability for PMRH using the discount rate of 2.16%, 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	$31,119,555	$21,299,646	$13,369,624
HIC	$49,535,363	$44,157,062	$39,549,183
VSDP	$(11,110,504)	$(11,759,963)	$(12,331,086)
	1.16%	2.16%	3.16%
LODA	$1,196,015	$1,039,682	$915,462
	1.16%	2.16%	3.16%

	1.00% Decrease	Current Discount Rate	1.00% Increase
PMRH	$20,511,406	$19,510,581	$18,497,483

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 5.50%) than the current rate:

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

	1.00% Decrease	Current 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%
LODA	$853,085	$1,039,682	$1,278,937
	5.75% decreasing to 3.50%	6.75% decreasing to 4.50%	7.75% decreasing to 5.50%
PMRH	$17,600,245	$19,510,581	$21,728,613

Fiduciary Net Position

Detailed information about the Fiduciary Net Position for each of the VRS programs is available in the separately issued VRS 2021 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2021-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, 2022, the University had the following payables to each of these OPEB programs:

GLI	$197,093
HIC	164,545
VSDP	45,709

20. 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*.

21. RESTRICTED NET POSITION

At June 30, 2022 restricted net position included the following purpose restrictions:

Restricted, nonexpendable	
Student aid	$1,406,281
Instruction	4,631,000
Research	1,129,455
Total restricted, nonexpendable	$7,166,736

Restricted, expendable	
Student aid	$157,516
Instruction	1,288,142
Capital	11,451,452
Research and other	9,394,148
Total restricted, expendable	$22,291,258

22. 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, 2022

	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	$27,768,003	$26,356	$7,297,426	$7,905,356	$36,163,080	$79,160,221
Security deposits	-	88,062	—	—	—	88,062
Restricted cash and cash equivalents	6,952,527	4,643,852	—	—	—	11,596,379
Accounts receivable, net	93,148	4,016	135,711	285,424	173,620	691,919
Contributions receivable, net	32,963,346	—	—	—	500,000	33,463,346
Prepaids and other assets	5,401,215	13,482	12,449	34,228	485,720	5,947,094
Net investment in direct financing lease	76,873,320	—	—	—	—	76,873,320
Beneficial interest in perpetual trusts	10,904,337	—	—	—	—	10,904,337
Investments	251,773,790	1,287,656	950,865	—	1,865,587	255,877,898
Property and equipment, net	54,082,867	18,775,824	7,009,726	—	468,474	80,336,891
Deferred tax asset	-	—	27,000	—	—	27,000
Total Assets	466,812,553	24,839,248	15,433,177	8,225,008	39,656,481	554,966,467
Liabilities and Net Assets						
Liabilities						
Accounts payable and accrued expenses	9,323,973	220,795	672,314	367,150	2,098,321	12,682,553
Grants and student research awards payable	-	-	-	-	2,682,357	2,682,357
Participation rent payable	-	208,601	-	-	-	208,601
Tenant security deposits liability	-	87,812	-	-	-	87,812
Unearned revenue	379,902	22,000	337,445	50,815	-	790,162
Charitable gift annuities	-	-	-	-	195,800	195,800
Other liabilities	489,274	-	-	-	-	489,274
Interest rate swap liability	-	8,740,529	-	-	-	8,740,529
Long-term debt including loan payable	126,712,571	36,117,431	585,477	-	-	163,415,479
Amounts held for others	22,994,194	-	-	-	-	22,994,194
Total Liabilities	159,899,914	45,397,168	1,595,236	417,965	4,976,478	212,286,761
Net Assets						
Net assets (deficit) without donor restrictions	35,247,377	(20,557,920)	12,810,132	7,807,043	21,749,916	57,056,548
Net assets with donor restrictions	271,665,262	-	1,027,809	-	12,930,087	285,623,158
Total Net Assets	306,912,639	(20,557,920)	13,837,941	7,807,043	34,680,003	342,679,706
Total Liabilities and Net Assets	$466,812,553	$24,839,248	$15,433,177	$8,225,008	$39,656,481	$554,966,467

* March 31, 2022 year-end ^ December 31, 2021 year-end # August 31, 2021 year-end

Combining Statement of Activities
For the Year Ended June 30, 2022

	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	$85,206,645	$-	$-	$1,147,762	$1,248,245	$87,602,652
Grants	-	-	224,965	915,277	49,704,276	50,844,518
Interest on direct financing lease	4,865,008	-	-	-	-	4,865,008
Investment and trust return	(44,173,023)	-	(6,280)	-	170,722	(44,008,581)
Miscellaneous and other income	-	134,388	-	400,142	342,779	877,309
Rental income, net	11,397,650	3,741,685	1,689,406	-	-	16.828,741
Service fees	3,013,290	-	707,079	9,381,851	-	13,102,220
Total Operating Revenue	60,309,570	3,876,073	2,615,170	11,845,032	51,466,022	130,111,867
Operating Expenses						
Academic program support	77,019,566	-	-	943,839	46,665,434	124,628,839
Advertising and promotion	-	32,801	-	-	-	32,801
Depreciation	1,763,840	1,204,177	35,708	-	-	3,003,725
Fundraising	534,485	-	-	-	2,016,194	2,550,679
Insurance	243,570	71,544	12,933	-	-	328,047
Interest expense	4,970,966	1,967,003	27,946	-	-	6,965,915
Maintenance	-	242,704	-	-	-	242,704
Management fees	-	116,066	-	359,570	1,279,338	1,754,974
Office and other administrative expenses	588,947	147,364	367,170	504,044	-	1,607,525
Salaries and wages	1,703,609	367,332	375,826	6,156,534	-	8,603,301
Rent, utilities and other	3,740,154	26,498	46,276	1,042,386	-	4,855,314
Total Operating Expenses	90,565,137	4,175,489	865,859	9,006,373	49,960,966	154,573,824
Change in net assets before non-operating items and other changes	(30,255,567)	(299,416)	1,749,311	2,838,659	1,505,056	(24,461,957)
Non-operating items	-	2,253,629	(264,132)	(556,262)	(108,460)	1,324,775
Change in Net Assets	(30,255,567)	1,954,213	1,485,179	2,282,397	1,396,596	(23,137,182)
Beginning Net Assets	337,168,206	(22,512,133)	12,352,762	5,524,646	33,283,407	365,816,888
Ending Net Assets	$306,912,639	$(20,557,920)	$13,837,941	$7,807,043	$34,680,003	$342,679,706

* March 31, 2022 year-end ^ December 31, 2021 year-end # August 31, 2021 year-end

A. CONTRIBUTIONS RECEIVABLE

Contributions receivable as of June 30, 2022 are as follows:

	GMUF	Mercatus#	Total
Due in less than one year	$11,360,902	$500,000	$11,860,902
Due in one to five years	23,127,551	-	23,127,551
Due in more than five years	989,887	-	989,887
	35,478,340	500,000	35,978,340
Less allowance for doubtful accounts	(708,230)	-	(708,230)
Less discount present value	(1,806,764)	-	(1,806,764)
Total	$32,963,346	$500,000	$33,463,346

August 31, 2021 year-end

Discount rates range from 0.16 percent to 3.69 percent.

As of June 30, 2022, GMUF has $8,474,142 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, 2022:

	GMUF	MHI*	GMUIF*	Mercatus#	Total
Cash and money market funds	$3,418,936	$-	$-	$88,055	$3,506,991
Equities	20,277,617	-	-	-	20,277,617
Fixed income	103,199,609	-	-	-	103,199,609
Hedge funds	103,543,475	-	-	-	103,543,475
Private equity and real assets	21,334,153	-	-	-	21,334,153
Mutual funds	-	977,558	-	1,777,532	2,755,090
Certificates of deposits	-	310,098	813,916	-	1,124,014
Series A preferred stock	-	-	86,949	-	86,949
Membership Interest	-	-	50,000	-	50,000
Total	$251,773,790	$1,287,656	$950,865	$1,865,587	$255,877,898

* March 31, 2022 year-end # August 31, 2021 year-end

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, 2022, based on the level of input utilized to measure fair value:

Measurement at fair value on a recurring basis as of June 30, 2022:

GMUF Financial Assets:	**Level 1**	**Level 2**	**Level 3**	**Reported at NAV***	**Total**
Cash and cash equivalents	$ 3,418,936	$-	$-	$-	$ 3,418,936
Equities:					
Domestic large cap	12,760,837	-	-	-	12,760,837
Domestic small/mid cap	68,102	-	-	-	68,102
International (developed countries)	7,448,678	-	-	-	7,448,678
Fixed income:					
Corporate bonds	4,087,599	-	-	-	4,087,599
U.S. treasuries	9,892,444	-	-	-	9,892,444
Intermediate government/credit	-	8,940,223	-	-	8,940,223
Mutual funds and exchange traded funds	71,342,378	-	-	-	71,342,378
Agency mortgage backed and asset backed securities	-	8,936,965	-	-	8,936,965
Hedge funds					
Long/short	-	-	-	36,186,938	36,186,938
Multi-strategies	-	-	-	63,912,293	63,912,293
Credit/Opportunistic	-	-	-	3,444,244	3,444,244
Private funds					
Private equity	-	-	-	17,251,466	17,251,466
Private real estate	-	-	-	2,890,565	2,890,565
Private credit	-	-	-	1,192,122	1,192,122
Investments	109,018,974	17,877,188	-	124,877,628	251,773,790
Beneficial interests in perpetual trusts	-	10,904,337	-	-	10,904,337
Total GMUF financial assets	$109,018,974	$28,781,525	$-	$124,877,628	$262,678,127

* 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, 2022:

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period	Redemption Restrictions
Hedge funds – multi-strategies[(a)]	$63,912,293	N/A	Monthly, Quarterly, Semi-Annually, Annually	10 days, 30 days, 45 days, 60 days, 65 days, 90 days, 105 days, 120 days, 365 days	Gates and Lock-up provisions range from 0 to 3 years
Hedge funds - long/short[(b)]	36,186,938	N/A	Daily, Quarterly, Annually, Semi-Annually, Every 2.5 years	60 days, 75 days, 90 days, 120 days	Gates and Lock-up provisions range from 0 to 3 years
Hedge funds – credit/opportunistic[(c)]	3,444,244	N/A	None, Quarterly	45 days	Gates and Lock-up provisions range from no liquidity to 1 years
Private equity[(d)]	17,251,466	10,507,705	N/A	N/A	N/A
Private real estate[(e)]	2,890,565	3,907,535	N/A	N/A	N/A
Private credit [(f)]	1,192,122	867,251	N/A	N/A	N/A
Total	$124,877,628	$15,282,491			

(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) Hedge funds - long/short: This class includes investments in funds that employ a long/short strategy to generate superior risk-adjusted returns through a variety of investments and across various sectors. In addition to lock-up periods, some investments include early redemption fees or "gates" which limit the percentage of the Foundation's investments that can be redeemed at one time.

(c) Hedge funds – credit/opportunistic: This class includes investments which seek to generate superior risk adjusted returns through a range of investment strategies including distressed securities, special situations, absolute value and relative value. In addition to lock-up periods, some investments include early redemption fees or "gates" which limit the percentage of the Foundation's investments that can be redeemed at one time. One fund in this class does not allow for redemption.

(d) Private equity: This class includes investments in private equity funds, which 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. Instead, the nature of the investments in this class is that distributions are receive through liquidation of the underlying assets of the funds.

(e) Private real estate: This class includes investments in private real estate funds, which invest in both U.S. and global real estate investments, utilizing a variety of strategies, for purposes of generating income and capital appreciation. These investments can never be redeemed. Instead, the nature of the investments in this class is that distribution is received through liquidation of the underlying assets of the funds.

(f) Private credit: This class includes an investment in a private credit fund, which seeks to generate targeted net annual returns by primarily investing in distressed debt secured by real estate in New York City and other opportunistic real estate. These investments can never be redeemed. 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, 2022:

MHI Financial Assets and Liability:	Level 1	Level 2	Level 3	Total
Assets:				
Mutual funds	$977,558	$-	$-	$977,558
Certificates of deposits	310,098	-	-	310,098
Investments	$1,287,656	$-	$-	$1,287,656
Liability:				
Interest rate swap	$-	$8,740,529	$-	$8,740,529

The following table presents GMUIF's fair value hierarchy for those assets measured at fair value as of March 31, 2022:

GMUIF Financial Assets	Level 1	Level 2	Level 3	Total
Certificates of deposit	$-	$813,916	$-	$813,916
Series A preferred stock	-	-	86,949	86,949
Membership Interest	-	-	50,000	50,000
Total Investments	$-	$813,916	$136,949	$950,865

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, 2021:

Mercatus Financial Assets	Level 1	Level 2	Level 3	Total
Money markets	$88,055	$-	$-	$88,055
Mutual funds – fixed income	1,169,664	-	-	1,169,664
Mutual funds – equities	607,868	-	-	607,868
Total Investments	$1,865,587	$-	$-	$1,865,587

D. PROPERTY AND EQUIPMENT

The following comprises property and equipment for the component units at June 30, 2022:

	GMUF	MHI *	GMUIF *	Mercatus #	Total
Land	$18,564,263	$-	$6,435,556	$-	$24,999,819
Land improvements	-	127,558	-	-	127,558
Buildings & building improvements	66,540,825	31,267,734	600,000	1,480,205	99,888,764
Furniture, fixtures and equipment	363,996	1,181,602	839,161	689,019	3,073,778
Total	85,469,084	32,576,894	7,874,717	2,169,224	128,089,919
Accumulated depreciation and amortization	(31,386,217)	(13,801,070)	(864,991)	(1,700,750)	(47,753,028)
Net property and equipment	$54,082,867	$18,775,824	$7,009,726	$468,474	$80,336,891

* March 31, 2022 year-end # August 31, 2021 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. 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, 2022:

	2022
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	$10,690,000
GMUF Mason Administration, LLC Tax-Exempt Revenue Bond, interest rate 3.47% maturing on April 1, 2036	24,956,518
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	20,395,000
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	9,100,000
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	43,403,346
GMUF Commerce Buildings, LLC Note with interest rate of 3.63% maturing March 1, 2030	3,292,170
Notes and bonds payable at face value	127,712,034
Less: Debt issuance costs, net	(999,463)
Total long-term debt	$126,712,571

Scheduled maturities and sinking fund requirements are as follows:

Year Ended June 30	Total
2023	$8,289,771
2024	8,587,869
2025	8,891,074
2026	9,286,241
2027	9,643,043
Thereafter	83,014,036
Total	$127,712,034

Interest expense on notes and bonds along with the amortization of deferred financing charges was $4,970,966 for the year ended June 30, 2022.

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, 2022, 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 but a fourth supplement dated December 22,2021 was signed and the rate was extended through June 30,203. The interest rate on the Bonds as of March 31, 2022 and 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 (0.07870% at March 31, 2022).

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 (0.07870% at March 31, 2022).

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 years ended March 31, 2022, interest expense of $1,892,795 was incurred and included as interest expense on the statements of activities and changes in net deficit without donor restrictions. As of March 31, 2022, the outstanding principal balance was $36,975,000. As of March 31, 2022, accrued interest payable was $154,611.

Debt issuance costs on the above note are being amortized using an imputed rate of 5.34% at March 31, 2022. Amortization expense included in interest expense during 2022 totaled $74,208. As of March 31, 2022, unamortized debt issuance costs were $857,569.

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

Year Ended March 31	Total
2023	$706,667
2024	815,000
2025	940,000
2026	1,066,666
2027	1,203,334
Thereafter	32,243,333
Total	$36,975,000
Less: Debt Issuance Costs	(857,569)
Total long-term debt	$36,117,431

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 $17,431. 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
2023	$189,170
2024	196,857
2025	202,736
Total note payable	$588,763
Less: unamortized debt issuance cost	(3,286)
Long term debt, net	$585,477

23. COMMITMENTS AND CONTINGENCIES

A. COMMITMENTS

Outstanding commitments for capital outlay projects that were under construction at June 30, 2022 were $140,663,842.

B. CONTINGENCIES

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, 2022, the University estimates that no material liabilities will result from such audits or questions.

24. BEGINNING BALANCE ADJUSTMENTS RESULTING FROM THE ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT

As a result of implementing GASB 87 on a retrospective basis, the University recognized Lease receivable and Deferred inflows of resources of $21,066,154, and Right-to-use lease assets and Lease liabilities of $52,080,528, on the Statement of Net Position as of July 1, 2021. The adoption also caused an increase to beginning net position of $3,585,997 resulting from a remeasurement of previous capital leases, that are now called financed purchases under GASB 87.

Details of these adjustments are provided in the tables below. See also Notes 1.F., 1.H., 1.K., 1.U., 1.V., 5, 6, 9, and 13.

	Beginning Balance	GASB 87 Adjustment	Beginning Balance Adjusted
Lease receivable	$-	$21,066,154	$21,066,154

	Beginning Balance	GASB 87 Adjustment	Beginning Balance Adjusted
Deferred inflows of resources - leases	$-	$21,066,154	$21,066,154

	Beginning Balance	GASB 87 Adjustment	Beginning Balance Adjusted
Depreciable and amortizable capital assets:			
Intangible assets:			
Right-to-use lease assets:			
Buildings	$-	$51,465,540	$51,465,540
Equipment	-	614,988	614,988
Total	$-	$52,080,528	$52,080,528

	Beginning Balance	GASB 87 Adjustment	Beginning Balance Adjusted
Noncurrent liabilities:			
Financed purchase obligation	$84,159,176	$(3,502,188)	$80,656,988
Lease liability	-	52,080,528	52,080,528

	GASB 87 Remeasurement
Beginning net position adjustment:	
Financed purchase obligation	$3,502,188
Deferred inflow from refunding	83,809
Increase in beginning net position	$3,585,997

25. SUBSEQUENT EVENTS

On October 12, 2022, the University signed a Revolving Credit Agreement with Atlantic Union Bank for a revolving loan in the maximum principal amount of $68 million, advances under which will be used by the University to provide bridge financing for the construction of Fuse at Mason Square, and to provide financing for other capital projects as needed. Advances are payable on or before October 15, 2037.

From October 12, 2022, to and including October 15, 2032, interest on advances is calculated at a fixed rate per annum equal to 3.66%. Thereafter, interest is a fixed rate per annum equal to the sum of (a) the 5-Year Treasury Note as of October 12, 2032, and (b) 81 basis points. Interest on each advance is due and payable quarterly in arrears on each July 1, October 1, January 1 and April 1, calculated on the basis of a year of 360 days and 12 months of 30 days each.

On October 12, 2022, the University also signed a Promissory Note with the Bank to pay any unpaid advances and interest by the due dates. This note is payable from Pledged Revenues of the University, which Pledged Revenues have been pledged to the Bank by the University on a parity basis with all other Parity Revenue Obligations. As of May 3, 2023, no advances have been requested from Atlantic Union Bank.

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, 2022

Schedule of George Mason University's Share of Net Pension Liability
VRS State Employee Retirement Plan
For the Measurement Dates of June 30, 2014 through 2021

	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
2021	3.56%	$129,129,739	$144,633,889	89.28%	86.44%
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 2021 is the eighth year for this presentation, there are only eight years available. However, additional years will be included as they become available.

Schedule of George Mason University's Share of Net Pension Liability
VaLORS Employee Retirement Plan
For the Measurement Dates of June 30, 2014 through 2021

	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
2021	0.84%	$4,360,812	$3,074,844	141.82%	78.18%
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 2021 is the eighth year for this presentation, there are only eight 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, 2013 through 2022					
	Contractually Required Contribution*	Contributions in Relation to Contractually Required Contribution*	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2022	$22,603,581	$22,603,581	$0	$156,317,986	14.46%
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%

** Includes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.*

Schedule of George Mason University's Contributions VaLORS Employee Retirement Plan For the Years Ended June 30, 2013 through 2022					
	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2022	$607,453	$607,453	$0	$2,773,759	21.90%
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%

Notes to Required Supplementary Information
For the Year Ended June 30, 2022

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, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions for the VRS – State Employee Retirement Plan as a result of the experience study and VRS Board action are as follows:

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

The following changes in actuarial assumptions were made for the VaLORS Retirement Plan effective June 30, 2020, 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 PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Required Supplementary Information (RSI)
OPEB Programs
For the Fiscal Year Ended June 30, 2022

Schedule of George Mason University's Share of Net OPEB Liability (Asset)
For the Measurement Dates of June 30, 2017 through 2021

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	2021	1.83%	$21,299,646	$373,319,630	5.71%	67.45%
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	2021	5.23%	$44,157,062	$375,911,518	11.75%	19.75%
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	2021	0.24%	$1,039,682	$2,825,047	36.80%	1.68%
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	2021	3.41%	$(11,759,963)	$142,549,508	8.25%	229.01%
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 2021 is the fifth year for this presentation, there are only five 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**	**Proportionate Share of Total OPEB Liability (Asset)**	**Covered-Employee Payroll**	**Proportionate Share of Total PMRH Liability as a Percentage of Covered-Employee Payroll**
PMRH	2022*	4.35%	$19,510,581	$362,164,843	5.39%
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 2022 is the fifth year for this presentation, there are only five 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, 2018 through 2022						
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	2022	$2,198,522	$2,198,522	$0	$407,133,704	0.54%
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	2022	$4,579,938	$4,579,938	$0	$408,923,036	1.12%
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	2022	$29,805	$29,805	$0	$3,023,253	0.99%
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	2022	$951,299	$951,299	$0	$155,950,656	0.61%
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 2022 is the fifth year for this presentation, only five 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, 2022

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, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Teachers (GLI):

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020; LODA & VSDP: increased disability life expectancy
Retirement Rates	Increased rates for ages 55 to 61, 63 and 64 with 26 or more years of service; changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for

	1 to 6 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

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

JRS Employees (GLI, HIC):

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

Largest 10 Locality Employers - General Employees (GLI):

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

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

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

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

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

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

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

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, 2020 valuation based on recent experience:

- Retiree Participation - reduced the rate from 45% to 40%

Spousal coverage and retiree participation were based on a blend of recent experience and the prior year assumptions. The mortality table has been updated from adjusted RP-2014 mortality tables using Scale BB to adjusted Pub-2010 Headcount-Weighted mortality tables projected generationally with modified MP-2021 Improvement Scales.

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, 2021. Additionally, the discount rate was decreased from 2.21% to 2.16% based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2022.

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

May 3, 2023

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 the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and aggregate discretely presented component units of **George Mason University** (University), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and aggregate discretely presented component units of the University as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the aggregate discretely presented component units of the University, which are discussed in Notes 1 and 22. 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 solely on the reports of the other auditors.

Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle

As discussed in Notes 1 and 24 of the accompanying financial statements, the University implemented Governmental Accounting Standards Board Statement No. 87, Leases, related to accounting and financial reporting for lease liabilities and intangible right-to-use assets. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements: Management's Discussion and Analysis on pages 1 through 11; 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 87 through 89; 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 90 through 95; 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 90 through 95. Such information is the responsibility of management and, 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 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 May 3, 2023, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the University's internal control over financial reporting and compliance.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

DLR/vks

UNIVERSITY OFFICIALS

GEORGE MASON UNIVERSITY

Fairfax, Virginia

As of June 30, 2022

BOARD OF VISITORS

James W. Hazel, Rector

Horace Blackman, Vice Rector

Simmi Bhuller, Secretary

Anjan Chimaladinne

Dolly Oberoi

Juan Carlos Iturregui

Mehmood S. Kazmi

Wendy Marquez

Ignacia S. Moreno

Carolyn J. Moss

Jon M. Peterson

Nancy Gibson Prowitt

Paul J. Reagan

Edward H. Rice

Denise Turner Roth

Bob Witeck

Melissa A. Broeckelman - Post, Faculty Representative

Erin Iacangelo Rogers, Staff Liaison

Natalia Kanos, Student Representative

Steven Zhou, Student Representative

UNIVERSITY OFFICIALS

Gregory Washington, President

Deb Dickenson, Interim Senior Vice President for Administration and Finance

Sharon Heinle, Interim Vice President for Finance