GRAND VALLEY STATE UNIVERSITY

Annual Financial Report 2021

Grand Valley State University

Financial Report

with Additional Information

June 30, 2021

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Independent Auditor's Report

To the Board of Trustees
Grand Valley State University

Report on the Financial Statements

We have audited the accompanying financial statements of Grand Valley State University (the "University"), a component unit of the State of Michigan, and its pension trust funds as of and for the years ended June 30, 2021 and 2020 and the related notes to the financial statements, which collectively comprise Grand Valley State University's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Grand Valley University Foundation, a blended component unit, were not audited under *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grand Valley State University and its pension trust funds as of June 30, 2021 and 2020 and the respective changes in its financial position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the COVID-19 pandemic has impacted the operations of the University. Our opinion is not modified with respect to this matter.

To the Board of Trustees
Grand Valley State University

Other Matter

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 supplemental 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 November 5, 2021 on our consideration of Grand Valley State 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 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 Grand Valley State University's internal control over financial reporting and compliance.

Plante & Moran, PLLC

November 5, 2021

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As management of Grand Valley State University (the "university"), we offer readers of the university's annual report this narrative overview and analysis of the financial activities of the university for the fiscal year ended June 30, 2021.

Financial and Enrollment Highlights for the Year Ended June 30, 2021

For the year ended June 30, 2021, the university continued to be impacted by the outbreak of the novel coronavirus ("COVID-19"), which was declared a global pandemic by the World Health Organization in March 2020. Due to the pandemic, emergency funding was made available under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, the Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA") and the American Rescue Plan ("ARP"). Details of the Higher Education Emergency Relief Fund ("HEERF") provision under each act is outlined on page 10.

Additional financial measures taken to address COVID-19 are disclosed in Note 1 of the financial statements.

The financial statements, which follow this Management's Discussion and Analysis, include these significant changes during the 2021 fiscal year:

- Enrollment dropped by 3.7 percent with FYES (fiscal year equated students) decreasing from 21,992 to 21,177. Fall semester headcount dropped by 2.9 percent from 24,033 to 23,350. Scholarship allowances increased by $6.7 million to mitigate the tuition rate increase of 3.0 percent.

- Operating revenue decreased by 6.4 percent or $23.5 million from 2020 to 2021. The largest components of the decrease were tuition and fees and housing and dining revenue as both were negatively impacted by COVID-19.

- State appropriations remained at the initial 2020 funding level of $73.4 million before an $8.1 million end-of-year funding reduction by the State. The State replaced this funding reduction with a CARES Act subsidy that is included in nonoperating government grants in 2021.

- Endowment cash and investments climbed to $175.5 million due to generous donor support of $4.8 million in new gifts and investment returns of 34 percent. In total, investment income increased by $44.0 million from 2020 to 2021.

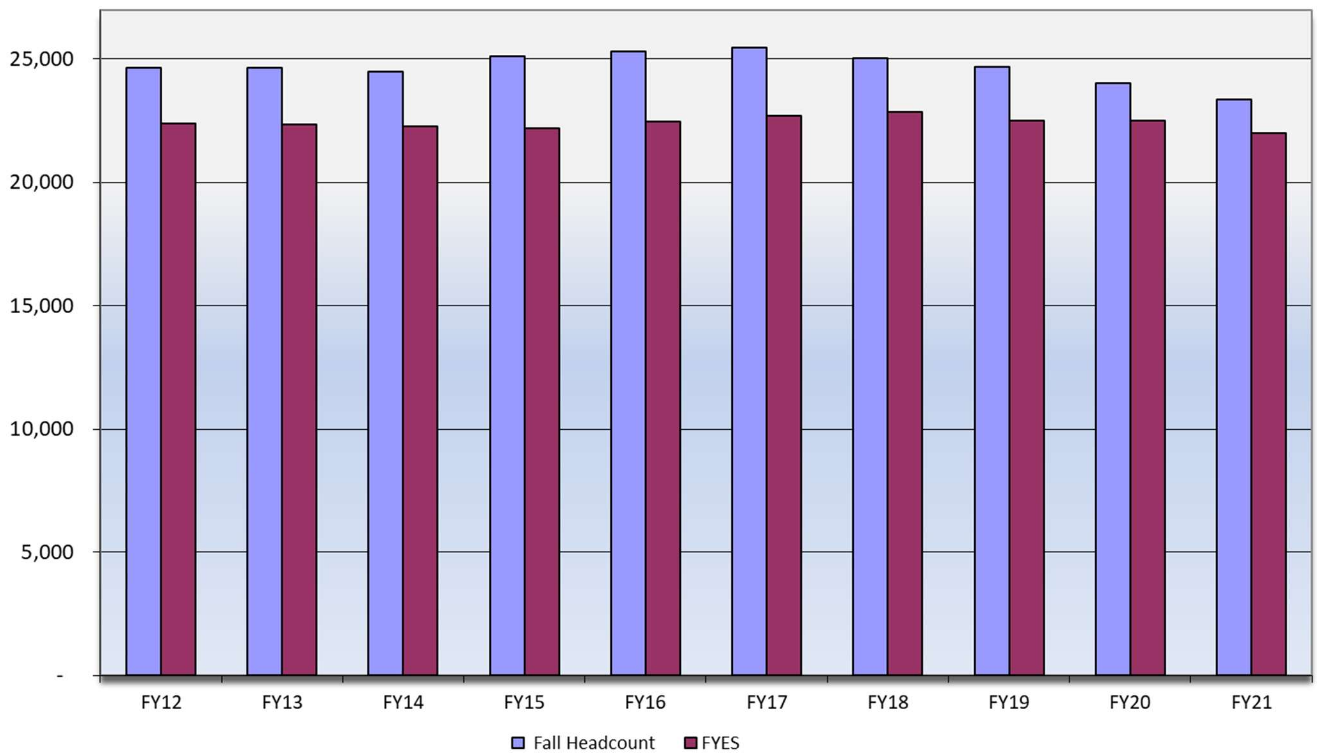
- The university adopted a Voluntary Retirement Incentive Plan ("VRIP") effective July 1, 2020, which was completed on June 30, 2021. The total payout approved under this plan was $8.3 million for the year.

- The Daniel and Pamella DeVos Center for Interprofessional Health opened in May 2021 on the Health Campus in downtown Grand Rapids. It offers one of the largest interprofessional, comprehensive, and state-of-art simulation centers in Michigan.

- Overall, net position increased by $100.6 million, or 11.2 percent.

The following chart depicts the historical enrollment activity over the last 10 years.

Historical Enrollment



Overview of the Financial Statements

The purpose of the annual report is to provide readers with financial information about the activities and financial condition of the university. The report consists of three basic financial statements that provide information on the university as a whole: the Statement of Net Position, the Statement of Revenue, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These statements begin on page 19 and should be read in conjunction with the notes to the financial statements. The following summary and management's discussion of the results are intended to provide the readers with an overview of the financial statements.

The Statement of Net Position

The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting. Net position, assets and deferred outflows of resources offset by liabilities and deferred inflows of resources, is one way to measure the financial health of the university. Assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally measured using current values. Investments are stated at fair value, and capital assets are stated at historical cost less an allowance for depreciation. Net position from 2019 to 2021 increased by 14.9 percent, from $871.9 million to $1.0 billion.

A three-year summarized comparison of the university's statement of net position at June 30 follows:

	June 30 2021	2020	2019
		(in 000s)	
Current Assets			
Cash and short-term investments	$ 112,591	$ 176,166	$ 144,352
Receivables	107,240	80,180	93,642
Inventory, prepaid expenses, and other	5,500	4,881	6,299
Total current assets	225,331	261,227	244,293
Noncurrent Assets			
Restricted cash and investments	20,426	1,301	17,930
Endowment cash and investments	175,563	131,718	133,217
Other long-term investments	224,706	134,376	150,688
Long-term receivables	6,203	9,440	14,566
Capital assets - Net of depreciation	796,594	793,955	768,631
Other	1,846	2,363	2,398
Total assets	1,450,669	1,334,380	1,331,722
Deferred Outflows of Resources			
Accumulated changes in the fair value of hedging derivative instruments	5,621	9,116	4,920
Refunding of bonds payable	8,375	9,159	10,009
Retirement-related deferrals	4,610	5,592	7,008
Total deferred outflows	18,606	23,867	21,937
Current Liabilities			
Accounts payable and accrued liabilities	99,103	89,768	101,184
Unearned revenue	36,458	15,334	17,387
Long-term liabilities - Current portion	19,035	15,334	15,116
Total current liabilities	154,596	120,436	133,688
Noncurrent Liabilities			
Unearned revenue - Net of current portion	3,192	3,865	4,592
Federal student loan payable	4,664	6,227	9,097
Long-term liabilities - Net of current portion	256,627	269,687	282,320
Derivative instruments	5,621	9,116	4,920
Net retirement liabilities	28,074	44,113	43,135
Total liabilities	452,774	453,444	477,752
Deferred Inflows of Resources - Retirement related deferrals	14,999	3,938	3,974
Net Position			
Net investment in capital assets	540,214	523,034	497,865
Restricted	191,031	143,448	162,283
Unrestricted	270,257	234,383	211,787
Total net position	**$ 1,001,502**	**$ 900,865**	**$ 871,934**

Cash and short-term investments include unrestricted funds, which are used for operating expenditures and are managed within the parameters of the university's investment policy.

Other long-term investments should be looked at in conjunction with cash and short-term investments. This combination of funds comprises the overall pool of cash and investments. There was an increase of $26.8 million in cash and investments from 2020 to 2021 and a $15.5 million increase of cash and investments from 2019 to 2020. Restricted cash and investments increased by $19.1 million from 2020 to 2021 due to a new scholarship program that was prefunded by the Thompson Foundation, and decreased by $16.6 million from 2019 to 2020 due to the spending of 2019 bond proceeds for the construction projects on the Health Campus. The statement of cash flows on page 21 explains the sources and uses of cash.

Current receivables, which include grants, State appropriations, capital appropriations, pledges, student notes, and various operating receivables that are expected to be collected within a year, increased by $27.1 million from 2020 to 2021 due to the recovery of the reductions in 2020 from the State of Michigan for a portion of July and the full August appropriation for both the university ($8.0 million) and charter schools ($7.3 million). In addition, the State capital appropriation receivable for the Daniel and Pamella DeVos Center for Interprofessional Health increased by $5.5 million. Current receivables decreased by $13.5 million from 2019 to 2020 due to the reductions in the July and August appropriations from the State of Michigan.

Other current assets consist mainly of inventories and prepaid expenses. These assets may fluctuate based on timing of inventory purchases and payments of vendor service agreements, although balances remained consistent from 2019 to 2021.

Endowment cash and investments increased by $43.8 million from 2020 to 2021 due to gifts and additions of $5.7 million and investment income of $44.0 million less the spending distribution for scholarships and academic programs of $5.7 million. From 2019 to 2020, the endowment assets decreased by $1.5 million due to the decline in investment income of .3 percent, which was not sufficient to cover the spending distribution. The university (along with its investment advisory committee and outside consultants) continues to closely monitor endowment investment strategy and asset allocations.

Long-term receivables, which include pledges and student notes receivable decreased by $3.2 and $5.1 million from 2020 to 2021 and 2019 to 2020, respectively. The decline continues mainly due to collection of pledges and fewer student loans issued due to the wind-down of the Perkins loan program by the US Department of Education. Long-term pledges are discounted to net present value for financial statement purposes.

Capital assets increased by $2.6 million from 2020 to 2021 and by $25.3 million from 2019 to 2020. The primary outlays in both 2021 and 2020 were for construction of the Daniel and Pamella DeVos Center for Interprofessional Health and the adjacent parking structure on the Health Campus. The building was completed in May 2021 and opened for classes. In total, during 2021 there were capital additions of $33.1 million, offset by depreciation expense of $30.4 million and disposals of mostly fully depreciated equipment. In 2020, capital additions were $55.8 million, offset by depreciation expense of $30.2 million and property disposals with a depreciated value of $0.3 million.

Deferred outflows of resources are funds expended by the university that are applicable to a future accounting period. There are three categories that are explained more fully in the notes to the financial statements:

1) Accumulated changes in the fair value of hedging derivative instruments – see Note 5 on page 50
2) Refunding of bonds payable – see Note 4 on page 46 for Series 2014B and 2016A
3) Retirement-related deferrals – see Note 6 on page 53 for Defined Benefit Plans and on page 63 for Other Post-Employment Benefits

Accounts payable and accrued liabilities decreased from 2019 to 2021 by $2.1 million mainly due to the timing of payroll and other benefits due to year-end fluctuations.

Unearned revenue includes receipts from tuition, grants, and contracts that pertain to the upcoming fiscal year. From 2019 to 2021, unearned income increased by $19 million mostly due to a new scholarship program that was prefunded by the Thompson Foundation.

Current maturities in long-term debt remained consistent from 2019 to 2021, reflecting the scheduled principal payments. In 2021, current liabilities also include a $4.3 million deferral of the employer portion of the Social Security tax as allowed by the CARES Act that will be payable at December 31, 2021.

Noncurrent liabilities include unearned revenue, federal student loans payable, derivative instruments, net retirement liabilities, which pertain to both pension and other postemployment benefit ("OPEB") plans, and the long-term portion of bonds payable. Federal student loans payable decreased by $4.4 million from 2019 to 2021 as a result of principal payments to the US Department of Education in the phased elimination of the Perkins Loan program.

The net change in long-term debt (net of current portion) was a decrease of $13.1 million and $12.6 million from 2020 to 2021 and 2019 to 2020, respectively; primarily due to the scheduled principal payments. This decrease was partially offset by an increase of $1.6 million and $2.7 million from 2020 to 2021 and 2019 to 2020, respectively for the noncurrent portion of deferred Social Security tax due at December 31, 2022. There has been no new debt issued since November 2018, at which time the General Revenue Bonds of $41.0 million were issued at a premium to finance the construction projects on the Health Campus. The university maintains an A1 bond credit rating from Moody's Investors Service with a stable outlook and an A+ rating with a stable outlook from Standard & Poors.

The net retirement liabilities (including related deferred inflows of resources) decreased by $5.0 million from 2020 to 2021 and increased by $0.9 million from 2019 to 2020. The decrease in 2021 is due to a 28 percent investment return that will be amortized over 5 years. The increase in 2020 is due to changes in assumptions, particularly impacted by updated mortality tables and lowering the discount rate. In addition to the detailed information provided in Note 6 concerning these benefits, there is also a comprehensive analysis provided in the required supplemental information beginning on page 71.

The total net position of the university increased by $129.6 million from 2019 to 2021. The increase reflects investments in infrastructure as well as generous support from donors to endowments and the Laker Effect comprehensive campaign.

Unrestricted net position, a component of total net position includes funds that the Board of Trustees and university management have designated for specific purposes. The following summarizes the internal designations of unrestricted net position:

	2021	2020	2019
		(in 000s)	
Funds functioning as endowment	$ 12,379	$ 9,445	$ 9,911
Capital projects in progress	15,765	9,486	18,491
Housing and auxiliary repair and maintenance	22,855	27,831	27,986
Debt service funds	40,147	41,345	36,368
Academic initiatives	33,931	28,611	30,973
Future capital projects	86,401	89,319	71,401
Operations and cash flow	58,779	28,346	16,657
	$ 270,257	**$ 234,383**	**$ 211,787**

Management's Discussion and Analysis – Unaudited (Continued)

The Statement of Revenue, Expenses, and Changes in Net Position

The Statement of Revenue, Expenses, and Changes in Net Position presents the operating results of the university, as well as the nonoperating revenue and expenses. Annual State appropriations, while budgeted for operations, are considered nonoperating revenue according to accounting principles generally accepted in the United States of America.

	Year Ended June 30		
	2021	2020	2019
		(in 000s)	
Operating Revenue			
Student tuition and fees	$ 334,141	$ 340,118	$ 335,060
Less scholarship allowance	(75,394)	(68,713)	(63,797)
Auxiliary	48,190	61,678	74,171
Less scholarship allowance	(8,940)	(10,150)	(11,393)
Grants and contracts	28,211	24,495	23,450
Other	16,629	18,876	23,643
Total operating revenue	342,837	366,304	381,134
Operating Expenses	450,393	464,359	461,730
Net Operating Loss	(107,556)	(98,055)	(80,596)
Nonoperating Revenue (Expense)			
State appropriations	73,491	65,284	72,087
Government grants	47,983	45,566	28,703
Gifts (including endowment and capital)	22,228	17,003	24,185
Capital appropriations, grants, and other	23,491	2,222	6,815
Investment income - Net of fees	50,881	8,069	17,289
Other loss and expense	(9,881)	(11,158)	(9,807)
Net nonoperating revenue	208,193	126,986	139,272
Net Increase in Net Position	100,637	28,931	58,676
Net Position - Beginning of year	900,865	871,934	813,258
Net Position - End of year	**$ 1,001,502**	**$ 900,865**	**$ 871,934**

Revenue generated by tuition and fees decreased by 1.8 percent from 2020 to 2021 and increased by 1.5 percent from 2019 to 2020. The tuition rate increases of 3.0 percent in 2021 and 2020 were offset by a decrease in enrollment in each year.

Scholarship allowances as a percentage of tuition and fees increased to 22.6 percent in 2021, compared to 20.2 percent in 2020, and 19.0 percent in 2019. The percentage increase in scholarship allowances as a percentage of tuition and fees is primarily due to the impact of HEERF funded grants of $4.4 million and $9.2 million in 2021 and 2020, respectively.

The university continues to provide significant levels of scholarship support to mitigate the financial impact of tuition rate increases. The method to calculate scholarship allowance is described in Note 1.

Auxiliary revenue consists of housing, dining, parking, bookstores, vending, golf course, health center, and conference fees from external customers. Due to COVID-19, from 2019 to 2021 auxiliary revenue decreased by 35.0 percent, or $26.0 million. In 2021, the university incurred decreases of $10.8 million in housing and dining revenue, $1.0 million in bookstore sales, $1.0 million in parking revenue and $0.7 million in conference events cancellations. In 2020, the university incurred decreases in various revenue sources including $13.5 million for housing and dining refunds (replaced with HEERF funding), $1.6 million in lost bookstore sales, and $1.9 million in conference events cancellations.

Grants and contracts revenue remained steady overall from 2019 to 2021, with new awards mostly offsetting those expiring. The most notable increase was the Small Business Administration CARES Act award, which added $3.1 million in 2021.

In total, operating expenses have decreased from 2019 to 2021, mainly related to COVID-19. Further analysis of operating expenses by program function begins on page 13. Salaries, wages, and benefits comprise the largest operating expense, while instruction is the largest functional category.

State appropriations remained stable from 2020 to 2021. However, in 2020, the State of Michigan reduced its initial appropriation of $73.4 million to $65.3 million and replaced the reduction with a CARES Act federal subsidy in 2021. Consequently, State appropriations increased by $8.1 million or 12.6 percent from 2020 to 2021 due to restoration of the prior year reduction. In 2020 and 2019, a component of State appropriation identified performance based on certain State metrics. However, no performance funding was allocated in 2021. Previously, the performance funding received by the university as a percentage of its base funding was among the highest as compared to other Michigan universities in 2020 and 2019.

From 2019 to 2021, nonoperating government grants increased by 67.2 percent or $19.3 million. In 2021, $8 million of the increase included CARES Act federal subsidy pass-through from the State of Michigan. The remaining increase was due to the following subsidies received from the US Department of Education under the HEERF awards.

- HEERF I was authorized by CARES Act, which was passed into law in March 2020. In 2020, the university was awarded and recognized $18.3 million in funding. This funding was distributed directly to students in the form of emergency financial aid grants of $9.2 million, housing refunds of $9.0 million, with the remaining amount used for technology server upgrades to enable remote work and learning.

- HEERF II was authorized by CRRSAA, which was passed into law in December 2020. The university was awarded $9.1 million for financial aid grants and $19.8 million in institutional funds. As of June 30, 2021, there was $4.4 million of financial aid distributed to students demonstrating exceptional need and $19.8 million of institutional funding expended to subsidize student refunds, enable on-line learning and cover lost revenue. At June 30, 2021, the university recognized revenue of $14.0 million based on the proportion of financial aid expended.

- HEERF III was authorized by the American Rescue Plan (ARP), which was passed into law in March 2021. The university was awarded $25.6 million for financial aid grants and $25.6 million in institutional funds. As of June 30, 2021, $24.1 million in institutional funding was expended for campus safety and operations, supplies to reduce sharing of classroom resources by students, and cover lost revenue. However, no institutional revenue was recognized at June 30, 2021 as the Financial Aid portion has yet to be awarded.

The HEERF funding increases were partially offset by Pell award decreases.

Gifts, including capital and endowment gifts, increased by $5.2 million from 2020 to 2021 after a decline of $7.2 million from 2019 to 2020. This was largely due to receipt of the second year of funding of $4.6 million from the WK Kellogg Battle Public School Partnership Program and increase in scholarship gifts from the existing Thompson Foundation and Torch Lake Scholarship programs. Capital gifts have declined due to the wind down and ending of the Laker Effect comprehensive campaign.

Capital appropriations, grants, and other include awards and other capital income received for special purpose capital projects. In 2021 and 2020, the university accrued State funding of $22.7 million and $1.5 million, respectively; towards new construction on the Health Campus.

Net investment income consists of realized income (interest, dividends, and realized gains on the sale of investments), unrealized gains/losses, and investment expenses (primarily bank fees).

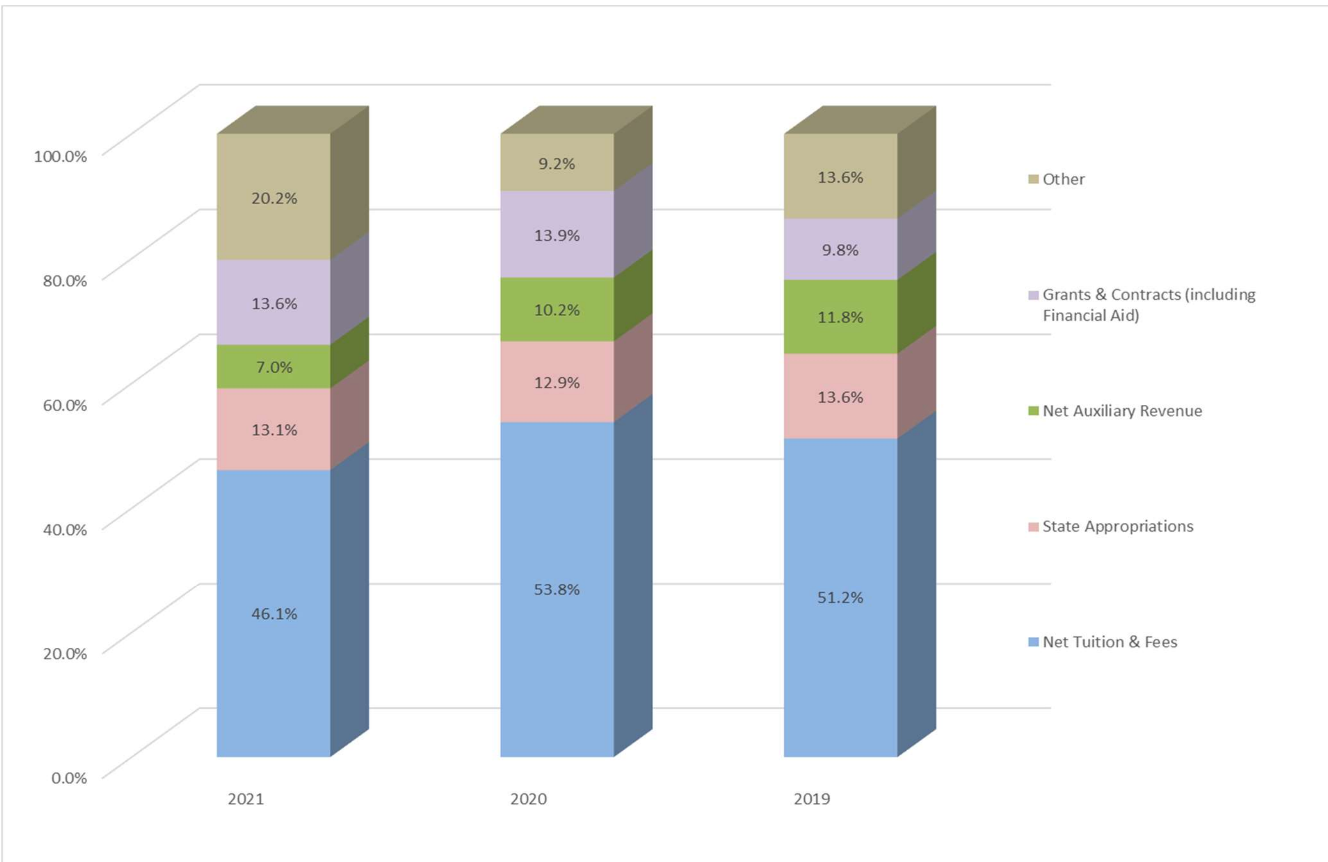
- Endowment investments generated an investment return of 34.0 percent, 0.3 percent, and 4.4 percent, for 2021, 2020, and 2019, respectively.

- Operating investments generated an investment return .3 percent, 2.8 percent, and 4.1 percent for 2021, 2020, and 2019 respectively.

Other nonoperating expense, which includes interest expense, changes in the fair value of derivative instruments, and gains or losses from disposal of assets has remained consistent between 2019 and 2021. The decrease in 2020 was due to a loss incurred from the disposal of existing structures for property enhancements.

Revenue for the university consists of four main categories: tuition, State appropriation, auxiliary activities, and grants. The following table shows the breakdown of total revenue, net of scholarship allowances, for the university:

Total Revenue



Tuition and fees (net) make the largest contribution to the total revenue of the university. State appropriation continues to remain a distant second. Grants and contracts include both financial aid grants and grants for restricted purposes such as research and public service. Auxiliary activities are considered self-supporting enterprises. Other revenue includes investment income, gifts, additions to endowment, and capital grants and appropriations.

Operating Expenses by Functional Classification

Functional classifications are the traditional categories that universities have used. They represent the types of programs and services that the university provides.

	2021	2020	2019
		(in 000s)	
Instruction	$ 163,677	$ 173,901	$ 175,604
Research	6,774	6,867	7,199
Public service	32,020	30,873	27,745
Academic support	58,290	48,351	47,147
Student services	27,764	31,076	31,741
Institutional support	37,372	40,870	40,620
Operation and maintenance of facilities	34,927	37,027	45,122
Depreciation	30,417	30,243	28,255
Scholarships and related expenses	23,420	23,241	13,246
Auxiliary activities	35,614	41,792	44,825
Other expenditures	118	118	226
Total	**$ 450,393**	**$ 464,359**	**$ 461,730**

Instructional expenses decreased by 5.9 and 1.0 percent from 2020 to 2021 and 2019 to 2020, respectively. The decrease in 2021 was reflected in personnel expenses due to retirements and changes in overload assignments. In both 2021 and 2020, the decrease also reflects travel reductions due to less educational travel and the cancellation of international study abroad trips. A new imperative, Reach Higher Together, kicked off in Fall 2019 in part to promote an accelerated bachelor's degree for adults and lifetime learning opportunities through classes offering badges and certificates.

Research expenses include the continuing activities at the Annis Water Resources Institute, Johnson Center for Philanthropy and the Center for Scholarly and Creative Excellence (CSCE). Expenses decreased by 1.4 and 4.6 percent from 2020 to 2021 and 2019 to 2020, respectively. The decrease in 2021 was due to retirements and a delay in certain research projects. The decrease in 2020 resulted from fewer outlays for participant support and travel due to expiring grants.

Public service expenses include WGVU public broadcasting, the Michigan Small Business Development Center (SBDC), and the Charter School Office administration. Expenses increased by 3.7 and 11.3 percent from 2020 to 2021 and 2019 to 2020, respectively; mostly due to higher SBDC spending to assist small businesses navigate the impact of COVID-19. The increase in 2020 also included the ramp-up of the Kellogg Foundation Battle Creek Public School Partnership activity.

Academic support expenses include continuing education, information technology, student advising, the libraries, academic resources, and administration expenses for the academic deans. Expenses increased by 20.6 and 2.6 percent from 2020 to 2021 and 2019 to 2020, respectively. The increases are due to outlays for elevating campus safety and operations. A Virus Action Team was assembled and testing clinics were established at two campus locations to allow regular testing of staff and students. Additional software costs were incurred to enable distance learning and remote work as well as supplies to reduce the number of students sharing lab space and the purchase of virtual learning platforms to substitute the loss of clinical placements. Personnel expenses also increased in 2021 due to the cost of offering of a Voluntary Retirement Incentive Plan.

Student services expenses represent student life programming, admissions, records, registration, financial aid, and intercollegiate athletics. Expenses decreased by 10.7 and 2.1 percent from 2020 to 2021 and 2019 to 2020, respectively. The decrease resulted the cancelation of the Fall and Winter athletic season in 2021 and various student life activities in both 2021 and 2020 due to COVID-19.

Institutional support expenses include administration for the business operations, human resources, executive offices, marketing and communications, public safety, development, and alumni relations. Expenses decreased by 8.6 percent from 2020 to 2021 and remained steady between 2019 and 2020. The decrease is reflective of the COVID-19 impact of fewer staff related events thereby reducing supplies and travel costs with the pivot to online communication and remote work.

Operation and maintenance of facilities decreased by 5.7 percent from 2020 to 2021 and by 17.9 percent from 2019 to 2020. Due to COVID-19, personnel expenses decreased due to retirements and a reduction in overtime and temporary help that were offset by one-time purchases to outfit the new Health Campus. In 2020, select capital maintenance projects were deferred.

Depreciation includes both academic and auxiliary buildings.

Scholarships and related expenses include work-study programs as well as the portion of financial aid that is not considered a scholarship allowance. To mitigate the impact of tuition increases on enrollment, the university has significantly increased need-based scholarships, including establishing The Grand Valley Pledge in 2021, which provides free tuition to qualifying students.

To look at the overall picture for scholarships and financial aid, it is important to also consider the scholarship allowance that is recorded net of tuition revenue and auxiliary revenue to identify the total amount of scholarships awarded. From 2020 to 2021 total scholarships awarded increased by 5.5 percent and 15.5 percent from 2019 to 2020. The increase in 2021 mainly resulted from additional university funding of $10.4 million offset by a decrease of $4.7 million in HEERF funded awards from 2020. The increase from 2019 to 2020 mainly resulted from $9.2 million in HEERF funding along with additional university funded awards of $4.5 million.

	2021	2020	2019
		(in 000s)	
Scholarship allowance - Tuition	$ 75,394	$ 68,713	$ 63,797
Scholarship allowance - Auxiliary	8,940	10,150	11,393
HEERF funded scholarship awards	4,421	9,167	-
Scholarship and fellowship expense	18,999	14,073	13,246
Total	**$ 107,754**	**$ 102,103**	**$ 88,436**

Auxiliary activities include housing, dining, parking, bookstores, vending, golf course, health center, and conference services. Debt service, depreciation, and repairs related to housing are included in the other categories of expense. Auxiliary expenses decreased by 14.8 percent from 2020 to 2021 and 6.8 percent from 2019 to 2020 due to reductions in bookstore cost of goods sold and dining costs as a result of lower sales volume.

Operating Expenses by Natural Classification

Operating expenses are summarized here by natural classification. Natural classifications show the type of expense regardless of program function.

	2021	2020	2019
		(in 000s)	
Salaries and benefits	$ 293,117	$ 300,602	$ 294,328
Scholarships and awards	23,576	24,863	13,259
Utilities	6,963	6,863	8,079
Supplies and other	96,320	101,788	117,809
Depreciation	30,417	30,243	28,255
Total	**$ 450,393**	**$ 464,359**	**$ 461,730**

Salaries and benefit expenses, which represent 65.1 percent of total operating expenses in 2021 and 64.7 percent of total operating expenses in 2020, decreased by 2.5 percent from 2020 to 2021 and increased by 2.1 percent from 2019 to 2020. The decrease in 2021 reflects savings due to retirements and lower fringe benefit expense. The increases from 2019 to 2020 mainly reflected the annual salary and benefit program and salary market adjustments.

Scholarships and awards represent financial aid expense less scholarship allowances and work-study wages. In addition, this category includes awards for graduate assistants and corporate-sponsored programs. To obtain the overall financial aid picture, one must also consider the scholarship allowances.

Utilities increased by 1.5 percent from 2020 to 2021. Utilities decreased by 15.1 percent from 2019 to 2020 due to a combination of mild seasonal weather, lower electricity rates, and vacant buildings due to COVID-19.

Supplies and other expenses decreased by 5.4 percent from 2020 to 2021 and 13.6 percent from 2019 to 2020 as a result of disruption of normal business activities due to COVID-19.

Depreciation continues to rise as a result of the recent significant capital additions. Depreciation includes both academic and auxiliary buildings.

The Statement of Cash Flows

The Statement of Cash Flows provides information about the cash receipts and cash disbursements of the university during the year. This statement also helps users assess the university's ability to generate net cash flows, its ability to meet its obligations as they come due, and its need for external financing.

	2021	2020	2019
		(in 000s)	
Net Cash (Used in) Provided by			
Operating activities	$ (75,632)	$ (68,393)	$ (41,828)
Noncapital financing activities	148,447	127,230	112,976
Capital and related financing activities	(34,043)	(69,793)	(8,490)
Investing activities	(96,844)	29,889	3,429
Net (Decrease) Increase in Cash and Cash Equivalents	(58,072)	18,933	66,087
Cash and Cash Equivalents - Beginning of year	137,666	118,733	52,646
Cash and Cash Equivalents - End of year	**$ 79,594**	**$ 137,666**	**$ 118,733**

The primary cash receipts from operating activities consist of tuition and housing revenue. Cash outlays include payment of wages, benefits, supplies, utilities, and scholarships. As discussed in Note 1 – Adoption of New Standard, Federal direct loan receipts and disbursements required a change in classification from noncapital financing activities to operating activities. Both 2020 and 2019 have been updated accordingly for comparability purposes. From 2020 to 2021 and 2019 to 2020, net cash receipts from operating activities decreased by $8.7 million and $25.7 million, respectively; as a result of various COVID-19 explanations as discussed in previous sections.

State appropriation is the primary source of noncapital financing. This source of revenue is categorized as nonoperating, and these receipts decreased by 10.6 percent or $7.8 million from 2020 to 2021 as a result of the July and August state appropriation reduction. From 2019 to 2020, state appropriation receipts increased by 2.0 percent or $1.4 million.

The increase in noncapital financing from 2020 to 2021 is due to the $19 million receipt for the new scholarship program that was prefunded by the Thompson Foundation. The primary increase in noncapital financing from 2019 to 2020 is due to the initial year of HEERF funding of $18.3 million. Other noncapital financing activity includes Pell grants, gifts, and non-exchange grants for other than capital purposes.

Capital and related financing activities include debt proceeds to finance capital construction. Expenditures related to capital outlays and construction were $32.6 million, $55.1 million, and $45.6 million in 2021, 2020, and 2019, respectively. In 2019, capital expenditures were offset by the issuance of bonds at a significant premium to finance the construction projects on the Health Campus, as well as pay off existing bonds.

Investing activities reflect purchases, sales, and interest income earned on investments. In 2021, there were changes in the endowment investment strategy that resulted in several liquidations of existing funds, whereas in 2020, there was a change in investment strategy that resulted in liquidation of the existing operating investment portfolio. Investments identified in the cash flows statement include both restricted and unrestricted short- and long-term investments.

Economic Factors that Will Affect the Future

The economic position of the university is linked fairly close to economic conditions in the State of Michigan. The university has a number of initiatives to expand its revenue base through programs such as the LEADS (Lifelong Educational Attainment for Determined Students) program and online certificate programs. These programs directly support Michigan's Sixty by 30 campaign goal to increase the number of working-age adults with a skill certificate or college degree from 49 percent today to 60 percent by 2030.

The State of Michigan has approved a base appropriation amount of $73.4 million for fiscal year 2021-2022. The base appropriation has been the same for the last two fiscal years. This fiscal year did include a one-time, 1 percent supplemental appropriation for operations, which amounts to $734,000 of additional funds to the university. It is anticipated that future State support will remain at or near current levels and somewhat track with inflationary costs. The university receives 17 percent of its operating costs from recurring state appropriations and must generate revenue through tuition and other sources to meet remaining 83 percent of operating costs.

In the short term, the university expects it will continue to remain near the bottom in State funding per student. The university's appropriation per student of $3,275 is the second lowest in the State. The appropriation per student is $2,479 less than the State average appropriation per student of $5,754. In inflation adjusted dollars, the State appropriation per student Michigan-wide has declined 39 percent in the past 30 years. However, the university's State appropriation per student has declined over 50 percent in the same period. This decline is the second largest decline of any Michigan public institution. The university educates 8.8 percent of the students attending Michigan public universities yet only receives 5.0 percent of the higher education appropriation – a funding condition that will persist unless long-ago established State funding allocations are adjusted.

While the State of Michigan funding allocation has more recently included a performance component, with factors such as number of degree completions, level of graduation rates, and operational efficiencies, most of the appropriation funding is allocated in proportion to 2010-2011 funding levels. Increases in funds allocation due to performance metrics, despite the university's excellent achievements in these categories, are only a small fraction of the overall State support.

Student enrollment and retention remain a key focus of the university as it addresses the declining demographics of the high-school aged population over the next few years in Michigan and throughout the country. Enrollment is expected to remain steady in the upcoming years and the university has a renewed focus on growth and retention as described in the recently published Strategic Enrollment Management Plan. President Mantella assumed leadership of the university two years ago and despite the challenges faced with the COVID-19 pandemic, the university is pushing forward a bold agenda to provide new learning opportunities in the fast-changing higher education sector, with heavy emphasis on learner outcomes, relevancy in a rapidly changing work environment, and the value of lifetime learning.

The university continues to be a leader in providing a high-quality education at relatively low cost. Tuition has and continues to be much lower than the State average for Michigan public universities. The university ranks 10th in tuition cost among Michigan public institutions – a significant point despite the university's State appropriation per full time student that is much lower than the State average and second lowest per full time student in the State of Michigan. The university keeps higher education affordable with the lowest room and board costs amongst Michigan public universities. The total cost of attendance (tuition, room and board) remains near bottom in comparison to other Michigan public universities, ranking 12th out of 14.

Meanwhile, the university continues to be recognized an outstanding choice for learners and has again been named a top Midwest university by *U.S. News & World Report*, achieving a ranking of third overall for Top Public Regional Universities. Among all the regional Universities in Michigan, Grand Valley State is ranked number one. The rankings are based on 17 measures of academic quality, including peer assessment, graduation and retention rates, student-faculty ratio, student loan debt, tuition and financial aid. The university ranks eighth in the Most Innovative Schools in the Midwest for making improvements in curriculum, campus life, technologies, or facilities.

The university will likely continue to be affected by COVID-19 circumstances, although the full impact is not known at the date of this report. The university will continue operations, modifying its operational posture through a health-informed, data-supported process to meet its mission while ensuring the health and safety of students, faculty, and staff.

Statement of Net Position

	June 30 2021	June 30 2020
Assets		
Current assets:		
Cash and cash equivalents (Note 2)	$ 73,907,002	$ 136,364,909
Short-term investments (Note 2)	38,684,476	39,800,950
Accounts receivable - Net of allowance of $559,291 and $675,811 in 2021 and 2020, respectively	24,044,483	17,423,726
State appropriation receivable	76,374,196	55,260,229
Pledges receivable - Net	2,733,743	3,528,099
Inventories	1,624,869	1,595,008
Prepaid expenses and other	3,875,138	3,285,885
Student notes receivable - Current portion	4,087,084	3,967,963
Total current assets	225,330,991	261,226,769
Noncurrent assets:		
Restricted cash and cash equivalents (Note 2)	5,686,559	1,301,130
Restricted investments (Note 2)	19,002,934	-
Endowment investments (Note 2)	171,299,684	131,718,258
Other long-term investments (Note 2)	224,998,373	134,375,585
Pledges receivable - Net	5,745,806	7,352,420
Student notes receivable - Net of allowance of $137,918 and $154,854 in 2021 and 2020, respectively	456,200	2,088,341
Capital assets - Net (Note 3)	796,594,344	793,955,287
Other assets	1,554,243	2,363,200
Total noncurrent assets	1,225,338,143	1,073,154,221
Total assets	1,450,669,134	1,334,380,990
Deferred Outflows of Resources		
Accumulated changes in the fair value of hedging derivative instruments (Note 5)	5,621,000	9,116,000
Refunding of bonds payable (Note 4)	8,374,830	9,159,376
Retirement benefit related deferrals (Note 6)	4,609,903	5,592,715
Total deferred outflows	18,605,733	23,868,091
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	99,102,524	89,767,521
Unearned revenue	36,457,768	15,333,593
Long-term liabilities - Current portion (Note 4)	19,035,094	15,334,447
Total current liabilities	154,595,386	120,435,561
Noncurrent liabilities:		
Unearned revenue - Net of current portion	3,192,589	3,865,395
Federal student loan payable	4,664,065	6,227,716
Long-term liabilities - Net of current portion (Note 4)	256,626,622	269,688,367
Derivative instruments (Note 5)	5,621,000	9,116,000
Other post-employment benefits (Note 6)	22,270,875	22,123,096
Net pension liability (Note 6)	5,803,145	21,990,159
Total noncurrent liabilities	298,178,296	333,010,733
Total liabilities	452,773,682	453,446,294
Deferred Inflows of Resources - Retirement benefit related deferrals (Note 6)	14,999,481	3,938,062
Net Position		
Net investment in capital assets	540,213,785	523,033,785
Restricted:		
Nonexpendable - Scholarships and academic support	83,657,963	77,967,867
Expendable:		
Scholarships and academic support	104,064,376	62,477,339
Capital projects	2,356,474	1,817,473
Loans	952,654	1,185,257
Unrestricted	270,256,452	234,383,004
Total net position	**$ 1,001,501,704**	**$ 900,864,725**

See Notes to Financial Statements

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30	
	2021	2020
Operating Revenue		
Student tuition and fees	$ 334,141,167	$ 340,117,727
Scholarship allowances	(75,393,787)	(68,712,717)
Net student tuition and fees	258,747,380	271,405,010
Government grants and contracts	27,141,359	22,552,164
Nongovernmental grants	1,070,127	1,941,824
Sales and services of educational activities	12,791,341	12,708,089
Auxiliary activities	48,189,741	61,678,056
Scholarship allowances	(8,939,667)	(10,149,745)
Net auxiliary activities	39,250,074	51,528,311
Other operating revenue	3,836,245	6,168,295
Total operating revenue	342,836,526	366,303,693
Operating Expenses - Education and general		
Instruction	163,677,044	173,901,142
Research	6,773,939	6,867,319
Public service	32,020,338	30,872,641
Academic support	58,290,430	48,351,296
Student services	27,763,929	31,076,210
Institutional support	37,371,512	40,869,958
Operation and maintenance - Plant	34,926,834	37,027,357
Depreciation expense	30,416,502	30,243,340
Scholarships and related expenses	23,420,007	23,240,399
Auxiliary activities	35,614,366	41,792,340
Loan administrative fees and collection costs	117,973	117,600
Total operating expenses	450,392,874	464,359,602
Operating Loss	(107,556,348)	(98,055,909)
Nonoperating Revenue (Expense)		
State appropriations	73,490,700	65,284,000
Government grants	47,982,763	45,566,437
Gifts	15,992,488	8,908,800
Investment income:		
Interest, dividends, and gains on investments - Net of investment expense of $1,324,703 and $1,411,724 in 2021 and 2020, respectively	50,881,009	8,068,486
Interest on capital asset - Related debt	(10,100,739)	(10,958,923)
Gain (Loss) on disposal of assets	219,944	(199,074)
Net nonoperating revenue	178,466,165	116,669,726
Income - Before other revenues, expenses, gains, or losses	70,909,817	18,613,817
Other		
Capital appropriations	22,742,633	1,480,278
Capital grants and gifts	1,431,423	5,634,162
Other capital income	748,384	742,415
Additions to permanent endowments	4,804,722	2,459,808
Total other	29,727,162	10,316,663
Increase in Net Position	100,636,979	28,930,480
Net Position		
Beginning of year	900,864,725	871,934,245
End of year	**$ 1,001,501,704**	**$ 900,864,725**

See Notes to Financial Statements

Statement of Cash Flows

	Year Ended June 30	
	2021	2020
Cash Flows from Operating Activities		
Tuition and fees	$ 261,227,756	$ 270,661,025
Grants and contracts	21,762,575	21,426,276
Payments to suppliers	(97,245,547)	(106,280,247)
Payments for utilities	(6,913,662)	(6,763,829)
Payments to employees	(224,097,330)	(219,505,422)
Payments for benefits	(65,749,480)	(74,701,782)
Payments for scholarships and fellowships	(23,576,125)	(24,862,852)
Loans issued to students	(37,520,555)	(40,468,578)
Collection of loans from students	39,033,575	42,276,510
Auxiliary enterprise charges:		
Residence halls	26,629,619	36,289,394
Bookstore	7,275,628	8,262,929
Other	5,256,192	6,992,297
Sales and service of educational activities	12,478,695	12,775,756
Other receipts	4,894,883	6,071,259
Federal direct loan receipts	138,899,477	153,930,483
Federal direct loan lending disbursements	(137,988,138)	(154,496,644)
Net cash used in operating activities	(75,632,437)	(68,393,425)
Cash Flows from Noncapital Financing Activities		
State appropriations	65,367,614	73,146,338
Government grants	45,314,511	45,027,548
Gifts and grants for other than capital purposes	34,613,831	9,470,159
Private gifts for endowment purposes	4,804,722	2,459,808
Charitable annuities payments - Net	(90,247)	(3,841)
Return of federal student Perkins loan principal	(1,563,651)	(2,869,549)
Net cash provided by noncapital financing activities	148,446,780	127,230,463
Cash Flows from Capital and Related Financing Activities		
Capital appropriations	17,251,077	-
Capital grants and gifts received	4,408,414	10,510,039
Other capital income	86,322	26,489
Proceeds from sale of capital assets	1,497,492	21,164
Purchases of capital assets and construction	(32,625,513)	(55,096,751)
Principal paid on capital debt	(13,700,000)	(13,260,000)
Interest paid on capital debt	(10,961,100)	(11,993,886)
Net cash used in capital and related financing activities	(34,043,308)	(69,792,945)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	72,582,883	230,571,084
Interest on investments	4,374,003	8,310,675
Purchase of investments	(173,800,399)	(208,992,445)
Net cash provided by investing activities	(96,843,513)	29,889,314
Net Increase (Decrease) in Cash and Cash Equivalents	(58,072,478)	18,933,407
Cash and Cash Equivalents - Beginning of year	137,666,039	118,732,632
Cash and Cash Equivalents - End of year	**$ 79,593,561**	**$ 137,666,039**

See Notes to Financial Statements

Statement of Cash Flows (Continued)

	Year Ended June 30	
	2021	2020
Balance Sheet Classification of Cash and Cash Equivalents		
Cash and cash equivalents (Note 2)	$ 73,907,002	$ 136,364,909
Restricted cash and cash equivalents (Note 2)	5,686,559	1,301,130
Total cash and cash equivalents	**$ 79,593,561**	**$ 137,666,039**
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	$ (107,556,348)	$ (98,055,909)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	30,416,502	30,243,340
Changes in assets and liabilities:		
Receivables - Net	(3,291,298)	(174,901)
Inventories	(29,861)	323,203
Other assets	(95,820)	533,204
Accounts payable, accrued liabilities, and deposits	1,142,379	(4,281,278)
Retirement related deferrals and noncurrent liabilties	1,923,824	5,072,696
Unearned revenue	1,858,185	(2,053,780)
Net cash used in operating activities	**$ (75,632,437)**	**$ (68,393,425)**

See Notes to Financial Statements

Statement of Fiduciary Net Position
Pension Trust Funds

	June 30	
	2021	2020
Assets		
Money market funds	$ 3,923,617	$ 3,170,908
Time deposits	-	286,611
Domestic equities	34,248,001	27,099,079
International equities	13,621,265	12,057,247
Domestic bonds	22,847,853	16,817,145
International bonds	1,647,748	1,544,627
Alternative strategies	9,898,149	10,295,905
Total cash and cash equivalents and investments	86,186,633	71,271,522
Accrued income	148,246	140,750
Net Position - Restricted for Pensions	**$ 86,334,879**	**$ 71,412,272**

Statement of Changes in Fiduciary Net Position
Pension Trust Funds

	Year Ended June 30	
	2021	2020
Additions		
Investment income:		
Interest and dividend income	$ 1,617,718	$ 2,002,344
Net appreciation in fair value of investments	15,806,460	627,812
Total investment income	17,424,178	2,630,156
Employer contributions	2,195,934	2,526,500
Other income	445,334	1,023,576
Total additions	20,065,446	6,180,232
Deductions		
Benefit payments	4,975,400	4,349,849
Administrative expense	167,439	210,213
Total deductions	5,142,839	4,560,062
Net Increase	14,922,607	1,620,170
Net Position - Restricted for Pensions		
Beginning of year	71,412,272	69,792,102
End of year	**$ 86,334,879**	**$ 71,412,272**

See Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

Reporting Entity - Grand Valley State University (the "university") is an institution of higher education created by the Michigan Constitution of 1963 and is considered to be a component unit of the State of Michigan (the "State"). Its Board of Trustees is appointed by the Governor of the State. Accordingly, the university is included in the State's financial statements as a discretely presented component unit. Transactions with the State relate primarily to appropriations for operations and capital improvements and grants from various State agencies.

The university has four affiliated organizations that were evaluated in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 61, *The Financial Reporting Entity: Omnibus,* which the university adopted on July 1, 2011, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*, which the university adopted on July 1, 2016. Each organization is described below, with additional information provided regarding the impact to the university's financial statements and accompanying condensed financial statements.

Grand Valley University Foundation ("GVUF") is a Michigan nonprofit corporation established to solicit, collect, receive, and administer funds to advance the mission and goals of the university. In accordance with the provisions of GASB Statement No. 61, GVUF is blended into the university's financial statements because the university has operational responsibility for GVUF and GVUF provides services entirely for the benefit of the university. GVUF obtains an annual financial audit as required by the Michigan Department of Attorney General. The June 30, 2021 audited financial statements for GVUF are located at the university's Business and Finance Office.

University Properties, Inc. ("UPI") is a Michigan nonprofit corporation established for the purpose of holding, administering, and further improving real property held by the university. In accordance with the provisions of GASB Statement No. 61, UPI is blended into the university's financial statements because the university has operational responsibility for UPI and services are provided entirely for the benefit of the university.

Grand Valley Research Corporation ("GVRC") is a Michigan nonprofit corporation established for educational and scientific purposes to provide support solely to the university. In accordance with the provisions of GASB Statement No. 61, GVRC is considered to be a component unit of the university and the blending method is the appropriate method for inclusion in the university's financial statements because a financial benefit and burden relationship exists with the university.

Lafayette-Hastings, LLC is a Michigan limited liability company that was formed in 2011 for the purpose of real estate management on behalf of the university. In accordance with the provisions of GASB Statement No. 61, Lafayette-Hastings LLC is blended into the university's financial statements because the university has operational responsibility for Lafayette Hastings, LLC and services are provided entirely for the benefit of the university.

The Board of Trustees has fiduciary responsibility for employee benefit plans, which includes two defined benefit plans that are further described in Note 6 on page 53. As a result, the plans' fiduciary net position and changes in plans' fiduciary net position are shown as a fiduciary fund in in the university's financial statements.

Note 1 – Summary of Significant Accounting Policies (Continued)

Financial statements for each entity blended in the university's financial reporting follow:

Condensed Statement of Net Position

	Grand Valley University Foundation		University Properties, Inc.		Grand Valley Research Corporation		Lafayette Hastings, LLC	
	2021	2020	2021	2020	2021	2020	2021	2020
Assets								
Current assets	$ 217,918	$ 326,627	$ 160,768	$ 156,272	$ 521,209	$ 63,906	$ (798,702)	$ (798,349)
Capital assets (net)	-	-	4,958	4,958	-	-	-	-
Other assets	3,037,116	2,565,173	-	-	661,696	708,395	-	-
Total assets	**$ 3,255,034**	**$ 2,891,800**	**$ 165,726**	**$ 161,230**	**$ 1,182,905**	**$ 772,301**	**$ (798,702)**	**$ (798,349)**
Liabilities								
Current liabilities	$ 156	$ 350	$ -	$ -	$ -	$ 16	$ 179,881	$ 182,103
Noncurrent liabilities	-	-	-	-	-	140,441	-	-
Total liabilities	156	350	-	-	-	140,457	179,881	182,103
Net Position								
Net investment in capital assets	-	-	4,958	4,958	-	-	-	-
Restricted:								
Nonexpendable	1,835,283	1,913,391	-	-	-	-	-	-
Expendable	1,413,028	978,059	-	-	-	-	-	-
Unrestricted	6,567	-	160,768	156,272	1,182,905	631,844	(978,583)	(980,452)
Total net position	3,254,878	2,891,450	165,726	161,230	1,182,905	631,844	(978,583)	(980,452)
Total liabilities and net position	**$ 3,255,034**	**$ 2,891,800**	**$ 165,726**	**$ 161,230**	**$ 1,182,905**	**$ 772,301**	**$ (798,702)**	**$ (798,349)**

Condensed Statement of Revenue, Expenses, and Changes in Net Position

	Grand Valley University Foundation		University Properties, Inc.		Grand Valley Research Corporation		Lafayette Hastings, LLC	
	2021	2020	2021	2020	2021	2020	2021	2020
Operating Revenue								
Auxiliary enterprises	-	-	119,194	86,670	-	-	-	-
Other	41,691	52,090	11	-	100,015	-	857,732	852,522
Total operating revenue	41,691	52,090	119,205	86,670	100,015	-	857,732	852,522
Operating Expense								
Personnel costs	31,619	33,336	-	-	-	-	-	-
Supplies and other	1,005,737	3,978,066	114,709	102,330	73,985	1,794	855,863	843,712
Total operating expense	1,037,356	4,011,402	114,709	102,330	73,985	1,794	855,863	843,712
Nonoperating Revenue (Expense)								
Gifts and additions to endowments	841,625	4,202,538	-	-	-	-	-	-
Grants	78,000	69,659	-	-	-	-	-	-
Investment income (loss)	840,404	6,389	-	-	375,031	(101,100)	-	-
Other	(400,936)	37,891	-	(7)	150,000	-	-	-
Total nonoperating revenue (expense)	1,359,093	4,316,477	-	(7)	525,031	(101,100)	-	-
Increase (Decrease) in Net Position	363,428	357,165	4,496	(15,667)	551,061	(102,894)	1,869	8,810
Net Position - Beginning of year	2,891,450	2,534,285	161,230	176,897	631,844	734,738	(980,452)	(989,262)
Net Position - End of year	**$ 3,254,878**	**$ 2,891,450**	**$ 165,726**	**$ 161,230**	**$ 1,182,905**	**$ 631,844**	**$ (978,583)**	**$ (980,452)**

Note 1 – Summary of Significant Accounting Policies (Continued)

Condensed Statement of Cash Flows

	Grand Valley University Foundation		University Properties, Inc.		Grand Valley Research Corporation		Lafayette Hastings, LLC	
	2021	2020	2021	2020	2021	2020	2021	2020
Net cash (used in) provided by operating activities	$ (502,638)	$ (103,340)	$ 5,483	$ (17,740)	$ 457,303	$ 1,249	$ 14,813	$ (45,865)
Net cash used in investing activities	266,240	(82,468)	-	-	-	-	-	-
Net cash provided by financing activities	222,689	133,432	-	-	-	-	-	-
Net (decrease) increase in cash and cash equivalents	(13,709)	(52,376)	5,483	(17,740)	457,303	1,249	14,813	(45,865)
Cash and Cash Equivalents - Beginning of year	198,377	250,753	148,788	166,528	63,906	62,657	(844,136)	(798,271)
Cash and Cash Equivalents - End of year	**$ 184,668**	**$ 198,377**	**$ 154,271**	**$ 148,788**	**$ 521,209**	**$ 63,906**	**$ (829,323)**	**$ (844,136)**

Basis of Presentation - The financial statements have been prepared in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board (GASB) using the economic resource measurement focus. The university follows all applicable GASB pronouncements. The university follows the “business-type activities” reporting requirements of GASB Statement No. 35, which provides a comprehensive one-line look at the university’s financial activities.

Basis of Accounting - The financial statements of the university have been prepared on the accrual basis, whereby all revenue is recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

Cash and Cash Equivalents - The university considers all investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments - Investments are reported at fair value. Alternative investments are recorded at their most recent available valuation and updated for capital contributions and distributions. Alternative investments consist of investments that seek absolute-based return in hedge markets, investments in the private equity class investing in various ventures, or investments in a pool of assets invested in the following subclasses: global natural resources, commodities, global real estate, and global inflation-linked bonds. The net realized and unrealized appreciation (depreciation) in market value of investments is included in the accompanying Statement of Revenue, Expenses, and Changes in Net Position. Gains, losses, and investment income are reported as increases or decreases in unrestricted net position unless their use is restricted by explicit donor stipulations or law.

Note 1 – Summary of Significant Accounting Policies (Continued)

Accounts Receivable - Accounts receivable are stated at net invoice amounts. An allowance for bad debts is established on a specific assessment of all invoices that remain unpaid following normal customer payment periods. All trade amounts deemed uncollectible are charged against bad debt expense in the period that determination is made. At June 30, 2021 and 2020, there was an allowance of $559,291 and $675,811, respectively.

Inventories - Inventories, consisting principally of bookstore merchandise, golf equipment, and apparel, are determined on the first-in, first-out (FIFO) method and stated at the lower of cost or market. The cost is recorded as an expense as the inventory is consumed.

Pledges Receivable - The carrying amount of pledges receivable represents recorded promises to contribute, measured at fair value when received, net of estimated uncollectible promises. Pledges receivable are recorded at their net present value using a discount rate of 4.19 percent and 4.44 percent for the years ended June 30, 2021 and 2020 respectively. Included in pledges receivable are an unamortized discount of $805,417 and $1,083,743 at June 30, 2021 and 2020, respectively, and an allowance of $178,336 and $227,501 at June 30, 2021 and 2020, respectively.

Capital Assets - Capital assets with a unit cost of over $5,000 and all library books are recorded at cost at the date of acquisition or at acquisition value at the date of donation. Infrastructure assets are included in the financial statements and are depreciated. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. Expenditures for construction in progress are capitalized as incurred. Certain maintenance and replacement reserves have been established to fund costs relating to residences and other auxiliary activity facilities.

Derivative Instruments - Derivative instruments consist primarily of interest rate swap agreements associated with the university's outstanding long-term debt obligations. Derivative instruments are stated at fair value as established by major securities markets.

Unearned Revenue - Tuition and fee revenue and certain nonexchange grants received and related to the period after June 30 has been deferred.

Compensated Absences - University employees receive compensated absences based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation based upon the nature of separation (death, retirement, or termination). Certain limitations have been placed on the hours of vacation that employees may accumulate and carry over for payment at death, retirement, or termination. Unused hours exceeding these limitations are forfeited.

Operating Revenue - All revenue from programmatic sources is considered to be operating revenue.

Nonoperating Revenue - Included in nonoperating revenue are State appropriations, investment income, Pell Grant revenue, the Higher Education Emergency Relief Fund and CARES Act Coronavirus Relief Fund subsidies, and gifts. Gifts (pledges) that are received on an installment basis are recorded at net present value.

Note 1 – Summary of Significant Accounting Policies (Continued)

Scholarship Allowances and Student Aid - Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid, such as loans, funds provided to students as awarded by third parties, and Federal direct lending, is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenue. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a university basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third-party aid.

Federal Financial Assistance Programs - The university participates in Federally funded Pell Grants, SEOG Grants, Federal Work-Study, Federal Direct Lending, and Perkins Loans programs. Federal programs are audited in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), and the compliance supplement.

During 2021 and 2020, the university distributed $137,988,138 and $154,496,644 respectively, for direct lending through the U.S. Department of Education, which is a fiduciary activity. However, it meets the BTA exception and therefore is not included as revenue and expenditures on the accompanying financial statements.

Encumbrances - The university maintains an encumbrance system for tracking outstanding purchase orders and other commitments for materials or services not received during the year. Encumbrances totaled approximately $26,349,000, which represents the estimated amount of expenses ultimately to result if unperformed contracts in progress at June 30, 2021 are completed. Approximately $15,072,000 of the total is committed for capital projects.

Encumbrances outstanding do not constitute expenses or liabilities and are not reflected in the financial statements.

Fiduciary Activity - The university establishes fiduciary funds to manage amounts held in a fiduciary capacity for others. These amounts are not used to operate the university's programs.

Net Position - Net position is classified according to external donor restrictions or availability of assets for satisfaction of university obligations. Nonexpendable restricted net position consists of gifts that have been received for endowment purposes, the corpus of which cannot be expended. Expendable restricted net position represents funds that have been gifted for specific purposes and funds held in Federal loan programs. Unrestricted net position represents assets of the university that have not been restricted by parties independent of the university.

It is the university's policy to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, unspent bond proceeds, components of debt structuring, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Note 1 – Summary of Significant Accounting Policies (Continued)

Use of Estimates - The preparation of financial statements in conformity with Generally Accepted Accounting Principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Certain estimates are more susceptible to change based on the potential changes in estimates and assumptions, including estimates such as the allowance for doubtful accounts and self-insurance healthcare claims.

Pensions - For the purpose 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 university defined benefit plans was calculated by a certified actuary. Contribution revenue is recorded as contributions are made by the university to the plan. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Related plan investments are reported at fair value.

Postemployment Benefits Other Than Pensions - For purposes of measuring the net Other Postemployment Benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the university defined benefit plan was calculated by a certified actuary. Contribution revenue is recorded as contributions are made by the university to the plan. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms.

Deferred Outflows of Resources - In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. The deferred outflows of resources relate to the net pension liability, other post retirement liabilities, and components of long-term obligations, including a debt refunding. See Notes 4 through 6 for more information.

Deferred Inflows of Resources - In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources relate to the calculation of the net pension liability and other post retirement liabilities. See Note 6 for more information.

Adoption of New Standard – During the fiscal year ended June 30, 2021, the University applied GASB Statement No. 84, "*Fiduciary Activities"*, which establishes criteria for identifying fiduciary activities of governments and improves guidance for accounting and financial reporting related to how these activities should be reported. Although direct loan activity is considered to be fiduciary, it meets the BTA exception and consequently, there was no impact on the financial statements in the current fiscal year.

Note 1 – Summary of Significant Accounting Policies (Continued)

Impact of the COVID-19 Pandemic - The university has been impacted by the outbreak of the novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020. The university responded to the circumstances by following all Federal, State and local guidance, and taking actions to monitor and limit the spread of COVID-19 by implementing various health and safety measures for students, faculty, and staff.

The Higher Education Emergency Relief Fund ("HEERF") was a provision in the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and the American Rescue Plan (ARP) which provided emergency funding to higher education students and for institutional relief, subject to certain provisions.

In 2021, the university recognized total funding under HEERF II of $14.0 million, with $4.4 million distributed to students demonstrating exceptional need and $9.6 million applied to eligible expenses and lost revenue. In 2020, the university recognized total funding under HEERF I of $18.3 million, with $9.2 million being directly distributed to students in the form of emergency financial aid and $9.1 million applied to eligible expenses.

The COVID-19 impact on the university's financial statements for the year ended June 30, 2021 also includes:

- The State of Michigan reduced its appropriation to the university by $8.0 million in 2020. The funding cut was replaced by the State with Federal CARES Act Coronavirus Relief Funds, which were recognized as nonoperating government grant revenue in 2021.
- Decrease in multiple revenue sources, including $5.8 million in housing revenue, $5.0 million in campus dining/meal plans, $1.0 million in bookstore sales, $1.0 million in parking revenue and $0.7 million in conference and events cancellations.
- Increase in expenditures for health and safety measures related to COVID-19, including assembling a Virus Action Team and establishing testing clinics at two campus locations to allow regular testing of staff and students
- The CARES Act provided employers a deferral in paying the employer portion of Social Security taxes, with approximately one-half due at the end of calendar year 2021 and the remainder due at the end of calendar year 2022. The university participated in the program and as a result recorded liabilities of $8,633,726 and $2,714,898 at June 30, 2021 and 2020, respectively.

Note 2 - Cash and Investments

The operating portfolio is invested in accordance with university policy.

Cash and Short-term Investments - Investment policies for cash and short-term investments, as set forth by the Board of Trustees, authorize the university to invest in interest-bearing time deposits, short-term cash funds, money market funds, intermediate cash funds, U.S. government-backed obligations, and commercial paper. All investments must be held by financial institutions organized under federal or state law.

Restricted Cash and Short-term Investments - At June 30, 2021 and 2020, the university held unspent bond proceeds for the construction of the university's Health Campus of $1,423,298 and $1,301,130, respectively. Restricted endowment cash from gift receipts to be invested totaled $4,263,261 and $0 at June 30, 2021 and 2020, respectively. In addition, a gift for a new scholarship program added $19,002,934 in restricted investments in 2021.

Note 2 - Cash and Investments (Continued)

Investments - Investment policies, as set forth by the Board of Trustees, also authorize the university to invest in equity securities, bonds, or similar securities and real estate investments for production of rental income. The Board of Trustees has authorized the Treasurer or Assistant Treasurer of the Board of Trustees to make the university's investment decisions, subject to review with the members of the Advisory Committee. In accordance with policies set forth by the Board of Trustees, complete discretion in selecting individual investments of endowment assets is assigned to two or more money managers who are chosen at the discretion of the university's Treasurer. The university's Treasurer and the appropriate Board committee monitor the asset managers' performance.

The Board of Trustees has established an investment policy with the objectives of protecting the principal of these funds and maximizing total investment return without assuming extraordinary risks. Under Michigan law set forth in the Uniform Prudent Management of Institutional Funds Act, as adopted in Michigan in 2009 ("UPMIFA"), the Board acts in a fiduciary capacity as trustee of its endowment funds. UPMIFA requires that the Board exercise its fiduciary duties prudently and consider both the charitable purposes and needs of the university and the purposes of the specific endowment regarding current expenditures and preservation of the purchasing power of the funds. Annually, the Board of Trustees approves an endowment spending rate consistent with these objectives. For the years ended June 30, 2021 and 2020, the endowment spending rate was 4.50 percent.

As of June 30, 2021, the university has remaining commitments of $28,816,655 in alternative asset investments. As of June 30, 2021 and 2020, the university had approximately $63.2 million and $63.3 million respectively, invested in alternative asset investments.

The university's cash and investments are included in the Statement of Net Position under the following classifications:

	2021	2020
Cash and cash equivalents	$ 73,907,002	$ 136,364,909
Short-term investments	38,684,476	39,800,950
Restricted cash and cash equivalents	5,686,559	1,301,130
Restricted Investments	19,002,934	-
Endowment investments	171,299,684	131,718,258
Other long-term investments	224,998,373	134,375,585
Total cash and investments	$ 533,579,028	$ 443,560,832

The university's cash and investments consist of the following:

	2021	2020
Money markets	$ 89,031,392	$ 137,666,039
Time deposits	10,005,115	-
Fixed-income securities	243,709,165	157,517,111
Equity security investments	114,513,057	75,955,663
Mutual bond funds	13,075,130	9,124,696
Other	63,245,169	63,297,323
Total cash and investments	$ 533,579,028	$ 443,560,832

Note 2 - Cash and Investments (Continued)

As of June 30, 2021, the university had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Money markets	$ 89,031,392	$ 89,031,392	$ -	$ -	$ -
Time deposits	10,005,115	10,005,115	-	-	-
Fixed income securities	243,709,165	38,684,476	205,024,689	-	-
Mutual bond funds	13,075,130	-	4,754,359	-	8,320,771
Mutual equity funds	49,852,725	-	15,335,476	-	34,517,249
Mutual international equity funds	20,906,455	-	7,055,662	-	13,850,793
US equities	43,753,877	-	-	-	43,753,877
Real estate	946,451	-	-	-	946,451
Venture capital and private equity	34,052,141	-	-	-	34,052,141
Other investments	28,246,577	-	474,113	-	27,772,464
Total investments and maturities	$ 533,579,028	$137,720,983	$232,644,299	$ -	$163,213,746

As of June 30, 2020, the university had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Money markets	$ 137,666,039	$137,666,039	$ -	$ -	$ -
Fixed income securities	157,517,111	39,800,950	117,716,161	-	-
Mutual bond funds	9,124,696	-	2,263,114	-	6,861,582
Mutual equity funds	42,333,112	-	7,411,960	-	34,921,152
Mutual international equity funds	24,862,260	-	3,476,813	-	21,385,447
Global equity funds	8,760,291	-	-	-	8,760,291
Real estate	2,050,615	-	-	-	2,050,615
Venture capital	8,980,686	-	-	-	8,980,686
Other investments	52,266,022	-	-	-	52,266,022
Total investments and maturities	$ 443,560,832	$177,466,989	$130,868,048	$ -	$135,225,795

Note 2 - Cash and Investments (Continued)

As of June 30, 2021, the university's fiduciary fund had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Money markets	$ 3,923,617	$ 3,923,617	$ -	$ -	$ -
Fixed-income funds	24,495,601	1,869,272	12,249,797	5,423,589	4,952,943
Equities	47,869,266	-	-	-	47,869,266
Infrastructure funds	3,000,662	-	-	-	3,000,662
Real estate investment funds	3,387,549	-	-	-	3,387,549
Commodities funds	1,175,563	-	-	-	1,175,563
Other alternative funds	2,244,576	-	-	-	2,244,576
Pooled investment funds	89,799	-	-	-	89,799
Total investments and maturities	$ 86,186,633	$ 5,792,889	$ 12,249,797	$ 5,423,589	$ 62,720,358

As of June 30, 2020, the university's fiduciary fund had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Money markets	$ 3,170,908	$ 3,170,908	$ -	$ -	$ -
Time deposits	286,611	286,611	-	-	-
Fixed-income funds	18,361,772	3,181,901	8,978,080	3,407,977	2,793,814
Equities	39,156,326	-	-	-	39,156,326
Infrastructure funds	2,469,159	-	-	-	2,469,159
Real estate investment funds	3,137,666	-	-	-	3,137,666
Precious metals funds	603,871	-	-	-	603,871
Other alternative funds	3,983,267	-	-	-	3,983,267
Pooled investment funds	101,942	-	-	-	101,942
Total investments and maturities	$ 71,271,522	$ 6,639,420	$ 8,978,080	$ 3,407,977	$ 52,246,045

Note 2 - Cash and Investments (Continued)

Concentration of Credit Risk - The university's investment strategy, like that of most other institutions, incorporates certain financial instruments that involve, to varying degrees, elements of market risk and credit risk. Market risk is the potential for changes in the value of financial instruments due to market changes, and is directly impacted by the volatility and liquidity of the markets in which the underlying assets are traded. Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of the contract. Risk of loss in the event of a counterparty default is typically limited to the amounts recognized in the Statement of Revenue, Expenses, and Changes in Net Position.

Investments are presented above based on the segmented time distribution maturity. Mutual equity funds are considered to be long-term funds and therefore are presented as investments with a maturity over one year, whereas the mutual bond funds as of June 30, 2021 have average maturities between 3.8 years and 4.78 years. At June 30, 2020, mutual bond funds have average maturities between 4.51 years and 8.1 years. Both are presented as an investment with a maturity over one year. Market risks (including interest rate risk and liquidity risk) and credit risks are managed by Board policies.

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the university's operating investment policy limits the amount of the university's operating portfolio that can be invested in securities with maturities of more than one year. Operating investment maturities are limited as follows:

Less than one year	10%-100%
One to five years	0%-90%
More than five years	0%-30%

Investments held by the endowment funds are invested based on the policy that they are held to maturity; therefore, the interest rate risk is not considered in the university's decisions.

Custodial Credit Risk - Custodial Credit Risk is the risk that in the event of a bank failure, the university's deposits may not be available or returned. The university does not have a deposit policy for Custodial Credit Risk. The university's investments are held by a custody agent. At June 30, 2021 and 2020, the carrying amount of the university's deposits was $79,593,561 and $137,666,033, respectively. Cash balances in the bank were $84,063,858 and $142,515,906 at June 30, 2021 and 2020, respectively. Of the cash balances in the bank, $1,267,841 and $1,115,235 respectively, was insured.

The remaining cash balances in the bank of $82,796,017 and $141,400,671 at June 30, 2021 and 2020, respectively, were uninsured and uncollateralized. The university does not require deposits to be insured or collateralized. It is precluded by state law from collateralizing its deposits.

Note 2 - Cash and Investments (Continued)

Credit Risk - The university's operating investment policy limits its short-term operating investments to .5 percent of total bank assets or to investment vehicles that possess the highest ratings available by two national services. The university's operating investment policy limits its longer-term investments to investment grade or better securities.

The endowment funds are invested based on the policy that they are held permanently. Therefore, it is possible to invest in alternative investments that have a higher credit risk, but over the long term have the opportunity to yield higher rates of return.

The university held the following types of mutual equity and mutual fixed-income funds and credit ratings in pooled operating cash and investments at June 30, 2021 and 2020:

	Market Value 2021	Rating*	Market Value 2020	Rating*
Dodge & Cox Income	-		$ 1,027,761	4 star
Doubleline Total Return Bond I	-		1,235,353	4 star
Eaton Vance Income Fund of Boston I	466,568	4 star	-	
Federated Hermes Instl High Yield Bd IS	465,374	5 star	-	
iShares MSCI EAFE Intl Idx K	1,122,805	3 star	-	
iShares S&P 500 Index G	4,622,100	5 star	-	
Goldman Sachs Multi-Manager International Equity	1,129,792	n/a	-	
Goldman Sachs Multi-Mgr US SmCp Eq P	944,321	n/a	-	
Pacific Funds Floating Rate Income I	289,163	4 star	-	
Wells Fargo Emerging Markets Equity Inst	415,972	4 star	-	
Total	$ 9,456,095		$ 2,263,114	

* Obtained from Morningstar.

The university's fiduciary fund held the following types of mutual equity and mutual fixed-income funds and credit ratings in pooled operating cash and investments at June 30, 2021 and 2020:

Note 2 - Cash and Investments (Continued)

	Market Value 2021	Rating*	Market Value 2020	Rating*
Abbey Capital Futures Strategy I	$ 935,506	4 star	$ -	
AQR Diviersified Arbitrage I	735,014	n/a	-	
Baillie Gifford Emerging Markets Eqs I	900,452	5 star	-	
Boston Partners Emerg Mkts Dyn Eq Instl	409,405	3 star	-	
Brow n Capital Mgmt Intl Sm Co Instl	534,602	5 star	-	
Calvert Emerging Markets Equity I	1,335,414	4 star	1,607,083	4 star
Cohen & Steers Preferred Sec & Inc I	673,243	5 star	-	
Cohen & Steers Realty Shares I	3,387,549	4 star	-	
Credit Suisse Managed Futs Strat I	209,155	3 star	-	
DWS Enhanced Commodity Strategy Inst	1,175,563	4 star	-	
Goldman Sachs Absolute Ret Trckr Instl	-		3,983,267	4 star
Harbor Capital Appreciation Instl	1,438,932	4 star	1,393,565	4 star
Harding Loevner International Eq Instl	3,463,456	3 star	577,717	3 star
Invesco Developing Markets R6	927,379	4 star	1,669,228	4 star
iShares Core MSCI EAFE ETF	3,728,926	3 star	2,337,673	4 star
iShares Core MSCI Emerging Markets ETF	908,853	3 star	-	
iShares Core S&P 500 ETF	21,950,855	5 star	15,928,905	5 star
iShares Core S&P Mid-Cap ETF	-		229,032	4 star
iShares Core S&P Small-Cap ETF	-		213,543	4 star
iShares Edge MSCI Intl Value Factor ETF	725,129	3 star	737,726	3 star
iShares ESG Aw are MSCI EAFE ETF	-		1,832,363	4 star
iShares Global Infrastructure ETF	3,000,662	1 star	2,163,921	2 star
iShares MSCI EAFE Grow th ETF	-		497,164	3 star
iShares MSCI EAFE Min Vol Factor ETF	-		623,673	5 star
iShares MSCI EAFE Small-Cap ETF	-		499,470	4 star
iShares MSCI Emerg Mkts Min Vol Fctr ETF	459,193	2 star	671,632	3 star
iShares MSCI Intl Momentum Factor ETF	-		253,093	3 star
iShares MSCI Intl Quality Factor ETF	637,859	5 star	750,426	5 star
iShares MSCI USA Min Vol Factor ETF	-		1,131,477	5 star
iShares MSCI USA Momentum Factor ETF	719,561	3 star	738,709	4 star
iShares MSCI USA Quality Factor ETF	1,439,381	3 star	2,946,950	5 star
iShares MSCI USA Size Factor ETF	-		453,366	2 star
iShares MSCI USA Sm-Cp Min Vol Fctr ETF	395,388	3 star	468,275	2 star
iShares MSCI USA Value Factor ETF	1,138,325	3 star	684,636	2 star
iShares Russell 2000 ETF	2,190,025	4 star	-	
iShares Russell Mid-Cap ETF	2,784,494	4 star	-	
iShares S&P 100 ETF	1,572,383	5 star	-	
Neuberger Berman Long Short Instl	618,658	4 star	-	
Nicholas Limited Edition I	-		804,768	4 star
Northern Multi-Mgr Glbl Listed Infra	-		305,238	3 star
Nuance Mid Cap Value Institutional	-		632,946	5 star
Principal MidCap Institutional	-		688,651	4 star
Stone Ridge Hi Yld Risk Prml	617,896	3 star	-	
Vanguard Real Estate ETF	-		3,137,666	3 star
Virtus AllianzGI Convertible Inst	1,084,247	5 star	-	
Wells Fargo Special Small Cap Value Inst	-		784,255	5 star
Total	$ 60,097,505		$ 48,746,418	

* Obtained from Morningstar.

Note 2 - Cash and Investments (Continued)

Foreign Credit Risk - The university holds investments in some international mutual funds that invest in international equity funds and debt. These funds are invested in various countries throughout the world and therefore expose the university to foreign credit risk. The international equity and debt investments represent approximately 18 percent and 14 percent at June 30, 2021 and 2020, respectively. Investments in these funds were approximately $82.3 million and $63.9 million for the ended June 30, 2021 and 2020, respectively.

Alternative Assets - The other investments, private equities, and venture capital are comprised of investments in alternative assets.

Fair Value Measurements - 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 significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy on the following page.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The university's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Note 2 - Cash and Investments (Continued)

The university has the following recurring fair value measurements as of June 30, 2021:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

		Fair Value Measurements Using		
	Balance at June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt securities - Mutual bond funds	$ 13,075,130	$ 13,075,130	$ -	$ -
Equity securities:				
Preferred stock	571,507	-	-	571,507
US equities	711,053	711,053	-	-
Money market funds	31,941,503	31,941,503	-	-
Mutual equity funds	49,852,725	49,852,725	-	-
Mutual international security funds	20,906,455	20,906,455	-	-
Mutual asset allocation fund	5,115,199	5,115,199	-	-
Mutual alternative strategies	583,773	583,773	-	-
Real asset funds	2,200,872	2,200,872	-	-
Total equity securities	111,883,087	111,311,580	-	571,507
U.S. Governmental agencies	99,045,041	71,144,523	27,900,518	-
Corporate Bonds	144,664,125	-	144,664,125	-
Land	452,900	-	-	452,900
Beneficial interest	1,898,166	-	-	1,898,166
Total investments by fair value level		$ 195,531,233	$ 172,564,643	$ 2,922,573
Investments Measured at Net Asset Value (NAV)				
Hedge funds	56,738,458			
Private equity/venture capital	37,362,615			
Real estate funds	1,364,502			
Total investments measured at NAV	95,465,575			
Total investments measured at fair value	$ 466,484,024			
Investment Derivative Instruments - Interest rate swaps	$ (5,621,000)		$ (5,621,000)	

Note 2 - Cash and Investments (Continued)

The university has the following recurring fair value measurements as of June 30, 2020:

	Balance at June 30, 2020	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt securities - Mutual bond funds	$ 9,895,073	$ 9,895,073	$ -	$ -
Equity securities:				
Preferred stock	279,508	$ -	-	279,508
Money market funds	4,998,900	4,998,900	-	-
Mutual equity funds	12,732,096	12,732,096	-	-
Mutual international security funds	3,476,813	3,476,813	-	-
Mutual diversification funds	1,133,145	1,133,145	-	-
Mutual balanced fund	5,454,507	5,454,507	-	-
Real asset funds	1,608,554	1,608,554	-	-
Total equity securities	29,683,523	29,404,015	-	279,508
U.S. Governmental agencies	71,970,075	26,887,948	45,082,127	-
Corporate Bonds	84,776,659	-	84,776,659	-
Land	452,900	-	-	452,900
Beneficial interest	1,461,785	-	-	1,461,785
Total investments by fair value level		$ 66,187,036	$ 129,858,786	$ 2,194,193
Investments Measured at Net Asset Value (NAV)				
Hedge funds	55,842,879			
Pooled investment funds	30,757,519			
Private equity/venture capital	24,272,112			
Real estate funds	1,597,715			
Total investments measured at NAV	112,470,225			
Total investments measured at fair value	$ 310,710,240			
Investment Derivative Instruments - Interest rate swaps	$ (9,116,000)		$ (9,116,000)	

Amounts included in the tables above include brokerage funds of $12,498,557 and $4,998,900 as of June 30. 2021 and 2020, respectively that are included in cash and cash equivalents on the Statement of Net Position.

Note 2 - Cash and Investments (Continued)

The university's fiduciary funds have the following recurring fair value measurements as of June 30, 2021:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

		Fair Value Measurements Using		
	Balance at June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Equity securities:				
Money market mutual funds	$ 3,923,617	$ 3,923,617	$ -	$ -
Developed international equity funds	9,089,973	9,089,973	-	-
Emerging markets equity funds	4,531,292	4,531,292	-	-
Large-cap domestic equity funds	28,259,437	28,259,437	-	-
Real estate investment funds	3,387,549	3,387,549	-	-
Small- and mid-cap domestic equity funds	5,369,906	5,369,906	-	-
Equity-related strategy funds	618,658	618,658	-	-
Infrastructure funds	3,000,662	3,000,662	-	-
Alternative strategies funds	2,244,576	2,244,576	-	-
Commodities funds	1,175,563	1,175,563	-	-
Total equity securities	61,601,233	61,601,233	-	-
Fixed-income securities:				
Domestic fixed-income	21,424,530	1,757,490	19,667,040	-
International developed market fixed-income	1,387,621	-	1,387,621	-
International emerging market fixed-income	260,127	-	260,127	-
Inflation indexed fixed-income	688,309	-	688,309	-
Fixed income-related strategy	735,014	735,014	-	-
Total fixed-income securities	24,495,601	2,492,504	22,003,097	-
Total investments by fair value level		$ 64,093,737	$ 22,003,097	$ -
Investments Measured at Net Asset Value (NAV)				
Pooled investment funds	89,799			
Total investments measured at fair value	$ 86,186,633			

Note 2 - Cash and Investments (Continued)

The university's fiduciary funds have the following recurring fair value measurements as of June 30, 2020:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

		Fair Value Measurements Using		
	Balance at June 30, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Equity securities:				
Money market mutual funds	$ 3,170,908	$ 3,170,908	$ -	$ -
Developed international equity funds	8,109,304	8,109,304	-	-
Emerging markets equity funds	3,947,943	3,947,943	-	-
Large-cap domestic equity funds	22,824,242	22,824,242	-	-
Real estate investment funds	3,137,666	3,137,666	-	-
Small- and mid-cap domestic equity funds	4,274,837	4,274,837	-	-
Infrastructure funds	2,469,159	2,469,159	-	-
Alternative strategies funds	3,983,267	3,983,267	-	-
Precious metals investment funds	603,871	603,871	-	-
Total equity securities	52,521,197	52,521,197	-	-
Fixed-income securities:				
Domestic fixed-income	15,954,555	-	15,954,555	-
International fixed-income	1,544,627	-	1,544,627	-
Inflation indexed fixed-income	862,590	-	862,590	-
Total fixed-income securities	18,361,772	-	18,361,772	-
Total investments by fair value level		$ 52,521,197	$ 18,361,772	$ -
Investments Measured at Net Asset Value (NAV)				
Pooled investment funds	101,942			
Total investments measured at fair value	$ 70,984,911			

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. U.S. Governmental agency securities purchased at first issue (on-the-run) are also classified in Level 1.

The fair value of fixed-income securities, corporate bonds, and U. S. Governmental agency securities that were purchased after first issue (off-the-run) were determined primarily based on Level 2 inputs. The university estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. Derivative instruments classified in Level 2 reflect the fair values of the interest rate swaps estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future settlement on the swap.

The fair value of land, preferred stock holdings, and the beneficial interest account held at Grand Rapids Community Foundation at June 30, 2021 and 2020 was determined primarily based on Level 3 inputs. The university estimates the fair value of these investments using the university's own estimates using pricing models, discounted cash flow methodologies, or similar techniques, after considering the characteristics of the asset.

Note 2 - Cash and Investments (Continued)

Investments in Entities that Calculate Net Asset Value per Share

The university holds shares or interests in investment companies whereby the fair value of the investments are measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At year-end, the fair value, unfunded commitments, and redemption rules of those investments is as follows:

	June 30, 2021 Fair Value	June 30, 2020 Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Hedge funds (A)	$ 56,738,458	$ 55,842,879	$ -	See (A) below	See (A) below
Pooled investment funds (B)	-	30,757,519	-	See (B) below	N/A
Private equity/venture capital (C)	37,362,615	24,272,112	28,319,937	Not redeemable	N/A
Real estate funds (D)	1,364,502	1,597,715	496,718	Not redeemable	N/A
Total	$ 95,465,575	$ 112,470,225	$ 28,816,655		

(A) This category includes investments in hedge funds that invest primarily in limited partnerships and investment companies. Management of these funds employs a variety of strategies and has the ability to shift investments based on market, economic, political, and government-driven events. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. These investments can be redeemed as follows, with the following restrictions:

a. Adage Capital Partners - Quarterly redemptions with 60 days’ advance notice.

b. Varde Investment Partners - Redeemable on anniversary date of admission to the fund with 90 days’ advance written notice.

c. Varadero Capital - Fund is not redeemable for the first three years it is held. After that, it is redeemable on the last calendar day of each calendar quarter with 90 days’ prior written notice.

d. Pelham Long/Short Fund - Fund is not redeemable for the first twelve months it is held. After that it is redeemable on a monthly basis with 180 days prior written notice.

e. Davidson Kempner Institutional Partners - Quarterly redemptions with 65 days’ advance notice.

f. SRS Partners - Quarterly redemptions with 60 days’ prior written notice.

g. Indaba Capital Partners - Redeemable quarterly upon 90 days’ notice, beginning on the last day of the quarter falling one year after the date of capital contribution.

h. Nitorum Capital - Class B shares are subject to a three year soft lock-up. During the lock-up period, interests may be withdrawn on the last business day immediately preceding each one year anniversary of the date the investment was established with 60 days’ notice, and subject to an early withdrawal fee.

i. Hitchwood Capital Fund - Redeemable each calendar quarter with 75 days’ advance notice.

j. Senator Global Offshore Fund - Redeemable at any calendar quarter-end upon at least 60 days’ prior written notice. Shareholders may only redeem 25% of their shares at each redemption date.

k. Himilaya Capital Investors LP- Redeemable annually, last calendar day of the year with 60 days’ notice.

Note 2 - Cash and Investments (Continued)

(B) This category includes investments in a common trust fund, commingled pool that invests in commodity-related and fixed-income investments. The fair values of the investments in this category have been estimated using the net asset value of the university's ownership interest in the fund. The investments held at June 30, 2020 were liquidated during 2021.

(C) This category includes several private equity funds that invest in early stage, high-growth private companies, growth equity financing, leverage buyouts, securities, and other obligations of distressed businesses and financially troubled companies. These investments can never be redeemed with the funds. Instead, the nature of the investments in this category is that distributions are received through the liquidation for the underlying assets of the funds. These investments are planned to be held for a various number of years depending on the individual fund contract. In addition, this category includes venture capital funds that will invest in three to five companies, primarily from within the Michigan Accelerator Fund portfolio. The fair value of the investment in this class has been estimated using the net asset value of the university's ownership interest in partners' capital.

(D) This category includes several real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this class have been estimated using the net asset value of the university's ownership interest in partners' capital.

Note 3 - Capital Assets

Capital asset activity for the university for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	$ 73,227,901	$ -	$ 1,267,149	$ 71,960,752
Nondepreciable artw ork and historical treasures	6,353,417	11,972	-	6,365,389
Nondepreciable land improvements	1,722,820	-	-	1,722,820
Construction in progress	74,840,208	28,806,104	88,900,901	14,745,411
Total cost of nondepreciable capital assets	156,144,346	28,818,076	90,168,050	94,794,372
Land improvements & infrastructure	121,058,901	28,956,237	-	150,015,138
Buildings	843,668,035	59,392,007	29,878	903,030,164
Equipment	81,132,671	5,871,230	640,352	86,363,549
Library books	17,381,971	219,759	-	17,601,730
Total cost of depreciable capital assets	1,063,241,578	94,439,233	670,230	1,157,010,581
Total cost of capital assets	1,219,385,924	$ 123,257,309	$ 90,838,280	1,251,804,953
Less accumulated depreciation for:				
Land improvements & infrastructure	74,815,989	$ 5,003,409	$ -	79,819,398
Buildings	273,074,596	19,868,506	8,330	292,934,772
Equipment	62,756,176	4,933,718	628,200	67,061,694
Library books	14,783,876	610,869	-	15,394,745
Total accumulated depreciation	425,430,637	$ 30,416,502	$ 636,530	455,210,609
University capital assets - Net	$ 793,955,287			$ 796,594,344

Note 3 - Capital Assets (Continued)

Capital asset activity for the university for the year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	$ 73,131,901	$ 96,000	$ -	$ 73,227,901
Nondepreciable artw ork and historical treasures	6,327,222	26,195	-	6,353,417
Nondepreciable land improvements	1,722,820	-	-	1,722,820
Construction in progress	37,756,837	53,399,657	16,316,286	74,840,208
Total cost of nondepreciable capital assets	118,938,780	53,521,852	16,316,286	156,144,346
Land improvements & infrastructure	118,911,971	2,146,930	-	121,058,901
Buildings	833,135,724	10,796,759	264,448	843,668,035
Equipment	76,401,415	5,489,742	758,486	81,132,671
Library books	17,806,047	209,137	633,213	17,381,971
Total cost of depreciable capital assets	1,046,255,157	18,642,568	1,656,147	1,063,241,578
Total cost of capital assets	1,165,193,937	$ 72,164,420	$ 17,972,433	1,219,385,924
Less accumulated depreciation for:				
Land improvements &infrastructure	69,682,443	$ 5,133,546	$ -	74,815,989
Buildings	253,601,930	19,534,045	61,379	273,074,596
Equipment	58,537,964	4,898,972	680,760	62,756,176
Library books	14,740,312	676,777	633,213	14,783,876
Total accumulated depreciation	396,562,649	$ 30,243,340	$ 1,375,352	425,430,637
University capital assets - Net	$ 768,631,288			$ 793,955,287

The following estimated useful lives are used to compute depreciation:

Land improvements and infrastructure	20 years
Buildings	40-50 years
Equipment	3-25 years
Library books	10 years

Note 4 - Long-term Liabilities

Long-term liabilities of the university consist of bonds payable, charitable gift annuities payable, and other noncurrent liabilities.

The changes in long-term liabilities for the year ended June 30, 2021 are as shown below:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Revenue Refunding Variable Rate Bonds, Series 2008B	$ 27,940,000	-	-	$ 27,940,000	2,050,000
General Revenue Bonds, Series 2011	2,860,000	-	2,860,000	-	-
General Revenue Refunding Bonds, Series 2014B	36,940,000	-	1,685,000	35,255,000	1,495,000
General Revenue Bonds, Series 2015A	25,430,000	-	1,070,000	24,360,000	1,125,000
General Revenue Refunding Bonds, Series 2016A	61,010,000	-	2,655,000	58,355,000	2,905,000
General Revenue Bonds, Series 2017	22,850,000	-	1,705,000	21,145,000	830,000
General Revenue Bonds, Series 2018	41,125,000	-	-	41,125,000	1,265,000
Subtotal	218,155,000	-	9,975,000	208,180,000	9,670,000
General Revenue Refunding, Series 2013A Direct Purchase Bonds	10,995,000	-	3,345,000	7,650,000	2,235,000
General Revenue, Series 2014A Direct Purchase Bonds	31,405,000	-	380,000	31,025,000	1,320,000
Subtotal	42,400,000	-	3,725,000	38,675,000	3,555,000
Total bonds payable	260,555,000	-	13,700,000	246,855,000	13,225,000
Noncurrent accrued liabilities	2,714,898	5,918,828		8,633,726	4,316,863
Unamortized bond premiums	20,362,545	-	1,360,597	19,001,948	1,273,535
Charitable gift annuities payable	640,035	54,365	90,248	604,152	90,093
Ground lease payable	285,336	-	3,446	281,890	3,603
Interest rate sw ap contract (see Note 5)	465,000	-	180,000	285,000	126,000
Total	285,022,814	5,973,193	15,334,291	275,661,716	19,035,094
Due w ithin one year	15,334,447			19,035,094	
Total long-term liabilities	$ 269,688,367			$256,626,622	

Note 4 - Long-term Liabilities (Continued)

The changes in long-term liabilities for the year ended June 30, 2020 are as shown below:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Revenue Refunding Variable Rate Bonds, Series 2008B	$ 27,940,000	-	-	$ 27,940,000	-
General Revenue Bonds, Series 2011	5,580,000	-	2,720,000	2,860,000	2,860,000
General Revenue Refunding Bonds, Series 2014B	36,940,000	-	-	36,940,000	1,685,000
General Revenue Bonds, Series 2015A	26,450,000	-	1,020,000	25,430,000	1,070,000
General Revenue Refunding Bonds, Series 2016A	61,010,000	-	-	61,010,000	2,655,000
General Revenue Bonds, Series 2017	28,780,000	-	5,930,000	22,850,000	1,705,000
General Revenue Bonds, Series 2018	41,125,000	-	-	41,125,000	-
Subtotal	227,825,000	-	9,670,000	218,155,000	9,975,000
General Revenue Refunding, Series 2013A Direct Purchase Bonds	14,220,000	-	3,225,000	10,995,000	3,345,000
General Revenue, Series 2014A Direct Purchase Bonds	31,770,000	-	365,000	31,405,000	380,000
Subtotal	45,990,000	-	3,590,000	42,400,000	3,725,000
Total bonds payable	273,815,000	-	13,260,000	260,555,000	13,700,000
Noncurrent accrued liabilities		2,714,898	-	2,714,898	-
Unamortized bond premiums	21,810,208	-	1,447,663	20,362,545	1,360,598
Charitable gift annuities payable	812,600	-	172,565	640,035	90,403
Ground lease payable	288,633	-	3,297	285,336	3,446
Interest rate swap contract (see Note 5)	710,000	-	245,000	465,000	180,000
Total	297,436,441	2,714,898	15,128,525	285,022,814	15,334,447
Due within one year	15,116,161			15,334,447	
Total long-term liabilities	$ 282,320,280			$269,688,367	

Note 4 - Long-term Liabilities (Continued)

The General Revenue Bonds, Series 2007A, were issued in September 2007 by the Board of Trustees to provide funds for construction of a residential living and learning center, construction of a movement science and indoor recreational facility, and additions to an academic building and student activity center, as well as a portion of the construction period interest expense. In addition to the scheduled payment of $785,000, $5,145,000 of the bonds were defeased through a refunding in 2017. The defeased bonds will be held in trust until callable on December 1 of the years 2018 to 2020. The interest rates on the Series 2007A bonds range from 4.00 percent to 5.00 percent. The remaining bonds matured in 2018.

The General Revenue Refunding Bonds, Series 2008A, and the General Revenue Refunding Variable Rate Bonds, Series 2008B, were issued in April 2008 by the Board of Trustees for the refunding and extinguishment of $20,730,000 of Series 2001B bonds, $14,775,000 of Series 2002A bonds, $25,445,000 of Series 2003 bonds, $22,660,000 of Series 2004 bonds, and $61,535,000 of Series 2007B bonds and to provide funds for the termination of a prior swap agreement. In addition to the scheduled payments of $3,090,000 in 2016 and $3,660,000 in 2017, $64,955,000 was defeased through a refunding in 2016 and $4,505,000 was defeased through a refunding in 2017. The defeased bonds from 2016 were held in trust until callable on June 1, 2018 and the defeased bonds from 2017 were held in trust until callable on December 1, 2018. The interest rate on the Series 2008A bonds ranges from 4.13 percent to 5.00 percent. The Series 2008A bonds matured in 2019 and the Series 2008B bonds mature in 2032.

The Series 2008B bonds bear interest based on a weekly rate determined by the remarketing agent (0.03 percent and 0.12 percent at June 30, 2021 and 2020, respectively). The bonds may be converted and subject to a different interest rate mode, provided certain conditions are met. The interest rate modes to which the bonds could potentially be converted to include a daily-rate mode, a commercial paper-rate mode, a term-rate mode, and a fixed-rate mode. The bonds are subject to purchase on demand of the holder at a price equal to the principal amount plus accrued and unpaid interest, without premium, upon seven days' notice and delivery to the remarketing agent. Liquidity for the payment of the purchase price of the bonds on any mandatory or optional tender will be provided by an irrevocable direct pay letter of credit. The letter of credit will terminate at the final bond maturity date of December 1, 2031, unless the university initiates an early termination, which requires a 30 day prior written notice to the bank. In addition, the letter of credit contains a stated expiration date that will require extension or replacement after July 18, 2024.

The General Revenue Bonds, Series 2011, were issued in May 2011 by the Board of Trustees to provide a portion of the funds needed to construct, furnish, and equip the Mary Idema Pew Library Learning and Information Commons. The interest rates on these bonds range from 4.00 percent to 5.00 percent. The bonds matured in fiscal year 2021.

The General Revenue Refunding Bonds, Series 2013A, were issued in June 2013 by the Board of Trustees for the current refunding of $29,180,000 of Series 2005 bonds.

The Series 2013A bonds bear interest of 0.52 percent and 0.59 percent at June 30, 2021 and 2020, respectively, based on a reset rate calculated as a factor of LIBOR plus an applicable spread. The bonds may be converted and subject to a different interest rate mode, provided certain conditions are met. The interest rate modes to which the bonds could potentially be converted include a daily-rate mode, a weekly-rate mode, a term-rate mode, a bank-rate mode, and a fixed-rate mode. The bonds mature in 2025.

The General Revenue Bonds, Series 2014A, were issued in February 2014 by the Board of Trustees to provide a portion of the funds needed to construct, furnish, and equip a classroom and laboratory building, a building for the relocation of the university's bookstore and printing activities, as well as an addition to Au Sable Hall, all located on the Allendale campus. This is a draw-down bond in which a portion was drawn during fiscal year 2014 and the remainder in fiscal year 2015.

Note 4 - Long-term Liabilities (Continued)

The Series 2014A bonds bear interest of 0.52 percent and 0.59 percent at June 30, 2021 and 2020, respectively, based on a reset rate calculated as a factor of LIBOR plus an applicable spread. The bonds may be converted and subject to a different interest rate mode, provided certain conditions are met. The interest rate modes to which the bonds could potentially be converted include a daily-rate mode, a weekly-rate mode, a term-rate mode, a bank-rate mode, and a fixed-rate mode. The bonds mature in 2040.

Both the Series 2013A and 2014A bonds were issued using direct purchase agreements that identify events of default requiring immediate payment of the outstanding debt if they are not cured within the allowable cure period. The primary events of default consist of (1) general revenues collected do not equal at least 200% of amounts required for debt service (principal, interest, and other related costs) during the preceding twelve months (2) the university's credit rating issued by Standard & Poor's drops below BBB, or (3) the university fails to pay when due any amount of principal or interest.

The General Revenue Refunding Bonds, Series 2014B, were issued in September 2014 by the Board of Trustees for the advance refunding of $37,905,000 of Series 2009 bonds. The interest rates on these bonds range from 3.50 percent to 5.00 percent. The bonds mature in 2035. The advance refunding resulted in a deferred outflow of $4,664,356, which is amortized over the life of the original debt.

The General Revenue Bonds, Series 2015A, were issued in June 2015 by the Board of Trustees to provide a portion of the funds needed to construct, furnish, and equip a student housing and academic building on the Allendale campus. The interest rates on these bonds range from 4.00 percent to 5.00 percent. The bonds mature in 2036.

The General Revenue Refunding Bonds, Series 2016A, were issued in May 2016 by the Board of Trustees for the advance refunding of $64,955,000 of Series 2008A bonds. The interest rates on these bonds range from 3.00 percent to 5.00 percent. The bonds mature in 2034. The advance refunding resulted in a deferred outflow of $6,806,169, which is amortized over the life of the original debt.

The General Revenue Bonds, Series 2017, were issued in December 2017 by the Board of Trustees to provide a portion of the funds needed to construct, furnish, and equip Raleigh J. Finkelstein Hall on the Health Campus. In addition, $5,145,000 and $4,505,000 will be used for the advance refunding of Series 2007A and Series 2008A bonds, respectively. The interest rates on the Series 2017 bonds range from 3.00 percent to 5.00 percent. The bonds mature in 2037. The advance refunding resulted in a deferred outflow of $81,945, which is amortized over the life of the original debt.

The General Revenue Bonds, Series 2018, were issued in November 2018 by the Board of Trustees to provide a portion of the funds needed to construct, furnish, and equip a building and related facilities and improvements on the university's Health Campus. The interest rate on these bonds is 5.00 percent. The bonds mature in 2044.

Note 4 - Long-term Liabilities (Continued)

Scheduled maturities of long-term liabilities are as follows:

	Revenue Bonds		Direct Purchase Bonds		
Fiscal Year	Principal	Interest	Principal	Interest	Annuities Payable
2022	9,670,000	8,445,163	3,555,000	211,237	90,093
2023	10,130,000	8,042,306	3,700,000	192,178	90,093
2024	11,705,000	7,592,427	2,775,000	175,615	90,093
2025	12,800,000	7,079,870	2,375,000	162,299	90,093
2026	13,415,000	6,528,748	2,490,000	149,511	90,093
2027-2031	78,980,000	22,953,166	4,920,000	559,407	153,687
2032-2036	53,575,000	9,056,528	10,280,000	375,439	-
2037-2041	13,940,000	2,209,738	8,580,000	96,160	-
2042-2044	3,965,000	269,375	-	-	-
University maturities	$ 208,180,000	$ 72,177,321	$ 38,675,000	$ 1,921,846	$ 604,152

Note 5 - Derivative Instruments

The university is party to derivative financial instruments (interest rate swaps) that are reported at fair value on the statement of net position at June 30, 2021 and 2020. The fair value is calculated by the counterparty to the transactions and approximates the termination value of the interest rate swaps.

The fair value balances and notional amounts of the derivative instruments outstanding at June 30, 2021, classified by type, and the change in fair value of such derivative instruments for the year ended as reported in the 2021 financial statements are as follows:

	Changes in Fair Value		Fair Value at June 30, 2021		
Type	Classification	Amount	Classification	Amount	Notional
Hedging Derivatives					
Cash flow hedges:					
Pay-fixed interest rate swap	Deferred outflow of resources	$ 139,000	Liability	$ (167,000)	$ 7,650,000
Pay-fixed interest rate swap	Deferred outflow of resources	1,476,000	Liability	(4,564,000)	27,940,000
Pay-fixed interest rate swap	Deferred outflow of resources	1,880,000	Liability	(890,000)	31,025,000
	Total	$3,495,000	Total	$(5,621,000)	

Note 5 - Derivative Instruments (Continued)

The fair value balances and notional amounts of the derivative instruments outstanding at June 30, 2020, classified by type, and the change in fair value of such derivative instruments for the year ended as reported in the 2020 financial statements are as follows:

	Changes in Fair Value		Fair Value at June 30, 2020		
Type	Classification	Amount	Classification	Amount	Notional
Hedging Derivatives					
Cash flow hedges:					
Pay-fixed interest rate swap	Deferred outflow of resources	$ (211,000)	Liability	$ (306,000)	$ 10,995,000
Pay-fixed interest rate swap	Deferred outflow of resources	(1,215,000)	Liability	(6,040,000)	27,940,000
Pay-fixed interest rate swap	Deferred outflow of resources	(2,770,000)	Liability	(2,770,000)	31,405,000
	Total	($4,196,000)	Total	$(9,116,000)	

As of the Statement of Net Position date, the swap agreements can be summarized as follows:

Effective Date	Type	Objective	Notional Amount	Pay Terms	Receive Terms	Maturity Date	Counterparty Credit Rating
3/3/2005	Pay fixed, Receive variable	Cash flow hedge for Series 2013A bonds	$ 7,650,000	3.501% Fixed	70% of one-month LIBOR	12/1/2025	Aa3/A+
9/6/2007	Pay fixed, Receive variable	Cash flow hedge for Series 2008B bonds	$27,940,000	3.691% Fixed	70% of one-month LIBOR	12/1/2031	Aa3/A+
11/20/2019	Pay-fixed, Receive variable	Cash flow hedge for Series 2014A bonds	$31,025,000	1.443% Fixed	80% of one-month LIBOR	12/1/2038	Aa3/A+

At June 30, 2021, the university holds three derivative instruments that are pay fixed, receivable-variable interest rate swaps. The notional amounts of the swaps match the principal amount of the associated debt and the swap agreements contain scheduled reductions to outstanding notional amounts that follow scheduled reductions in the associated “bonds payable” category; the intent of entering into these swap agreements was to create a synthetic fixed-rate debt at an interest rate that is lower than if fixed-rate debt were to have been issued directly. All of the outstanding swap agreements are effective cash flow hedges.

In 2014, one of the university’s hedging relationships was designated into a new relationship due to a refunding of the original debt. In accordance with GASB Statement No. 53, this swap is now considered a hybrid instrument consisting of a financing element and an embedded derivative. The at-market amount of the swap at the time of the new hedging relationship is designated as a hedging instrument with a current mark-to-market value of $167,000 and $306,000 at June 30, 2021 and 2020, respectively. The above-market amount, which equals $285,000 and $465,000 at June 30, 2021 and 2020, respectively, is considered a borrowing and is included in long-term debt as an interest rate swap contract.

Note 5 - Derivative Instruments (Continued)

The fair values of the interest rate swaps were calculated by an independent consultant as of June 30, 2021 and 2020. The fair values represent the future net settlement payments or receipts required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates.

The interest rate swaps are subject to the following risks:

Credit Risk - The university is exposed to credit risk on hedging derivative instruments that are in asset positions. The terms of the swap agreement require collateralization of the fair value of hedging derivative instruments in asset positions based on a scale that evaluates both the market value of the swap and the counterparty's credit rating. The university has never needed to access collateral from the counterparty.

It is the university's policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the nondefaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the nondefaulting party.

All of the contracts are held with one counterparty. That counterparty is rated Aa3/A+ at June 30, 2021.

Interest Rate Risk - The university is exposed to interest rate risk on its interest rate swaps. On its pay-fixed, receive-variable interest rate swap, as LIBOR rates decrease, the university's net payment on the swap increases.

Basis Risk - The university is exposed to basis risk on its LIBOR-based interest rate swaps due to variable-rate payments received by the university on these instruments based on a rate or index other than interest rates the university pays on its variable-rate debt, which is remarketed every seven days. As of June 30, 2021 and 2020, the weighted average interest rate on the university's hedged variable-rate debt is 0.39 percent and 0.40 percent, respectively, while 70 percent of LIBOR is 0.06 percent and 1.26 percent, respectively. The 80 percent of LIBOR, used in the 2019 swap calculation is 0.07 percent and 1.44 percent as of June 30, 2021 and 2020, respectively.

Termination Risk - The university or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract.

Hedging Derivative Instrument Payments and Hedged Debt - As of June 30, 2021, aggregate debt service requirements of the university's debt (fixed rate and variable rate) and net receipts/payments on associated hedging derivative instruments follow. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary.

Note 5 - Derivative Instruments (Continued)

Fiscal Year		Associated with Swap Agreements Principal	Interest	Interest Rate Swaps - Net	Total
2022		5,605,000	199,754	1,959,337	7,764,091
2023		5,835,000	180,065	1,769,580	7,784,645
2024		5,000,000	162,846	1,593,528	6,756,374
2025		4,695,000	148,846	1,435,980	6,279,825
2026		4,905,000	135,345	1,279,016	6,319,361
2027-2031		18,620,000	564,379	4,475,516	23,659,895
2032-2036		13,375,000	365,878	1,788,876	15,529,754
2037-2040		8,580,000	88,200	389,641	9,057,841
	Total	$ 66,615,000	$ 1,845,312	$ 14,691,473	$ 83,151,786

Note 6 - Retirement Plans

Defined Contribution Plans

The Executive, Administrative, and Professional Staff and Faculty are covered under a defined contribution retirement plan through TIAA-CREF (Teachers Insurance and Annuity Association of America - College Retirement Equities Fund) or Fidelity Investments. Employees may contribute an amount not to exceed the Internal Revenue Service's designated maximum. Participants become fully vested upon completion of two years of employment. Discretionary university contributions equal to 12 percent of participants' base salaries were made in each year.

The total expense under this discretionary plan was approximately $18,266,300 and $18,455,400 for the years ended June 30, 2021 and 2020, respectively. Total payroll covered under this plan was approximately $152,363,000 in 2021 and $153,989,300 in 2020.

Maintenance, Grounds, and Service staff hired after October 8, 2004 and Professional Support Staff hired on or after February 2, 2006 participate in a defined contribution plan with university contributions equal to 8 percent of wages. The university will also match the employees' contribution up to an additional 2 percent of wages. Participants become fully vested upon completion of two years of employment. Total expenses under this plan were approximately $1,511,600 in 2021 and $1,508,700 in 2020. Total payroll covered under this plan was approximately $16,113,300 in 2021 and $15,914,200 in 2020.

Note 6 - Retirement Plans (Continued)

Defined Benefit Plans

The university has two defined benefit retirement plans - the GVSU Professional Support Staff Employees' Retirement Plan and the GVSU Maintenance, Grounds, Service Employees' Retirement Plan.

Plan Administration - Grand Valley State University (GVSU) administers the GVSU Professional Support Staff Employees' Retirement Plan (PSSE), a single-employer defined benefit pension plan that provides pensions for all Professional Support Staff of the university hired before February 2, 2006, and the GVSU Maintenance, Grounds, Service Employees' Retirement Plan (MGSE), a single-employer defined benefit pension plan that provides pensions for all permanent full-time Maintenance, Grounds, and Service employees of the university hired before October 9, 2004. The management of the plans is vested in the Treasurer of the Board of Trustees. Benefit terms have been established by contractual agreements between the university and the various employee union representation; amendments are subject to the same process.

The financial statements of the plans are included in these financial statements as a pension trust fund (a fiduciary fund).

At July 1, 2020 and 2019, retirement plan membership consisted of the following:

	Professional Support Staff Employees' Plan		Maintenance, Grounds, Service Employees' Plan	
	2020	2019	2020	2019
Inactive plan members receiving benefits	239	229	74	77
Inactive members entitled to, not yet receiving benefits	84	89	9	9
Active plan members	141	150	54	59
Total participants	464	468	137	145

Benefits Provided - The plans provide retirement and death benefits. Retirement benefits for plan members are calculated as 1.9 percent of the member's calendar year salary for the highest five years out of the last 10 years multiplied by the member's years of service. Plan members with 10 years of continuous service are eligible to retire at age 65, or with reduced benefits, as early as age 55. Death benefits are equal to the present value of accrued benefits. A plan member who leaves the university with less than 10 years of continuous service may withdraw his or her contributions. The plan does not provide cost-of-living adjustments.

Contributions - Article 9, Section 24 of the Regulations of the State of Michigan constitution requires the financial benefits arising on account of service rendered each year be funded during that year. The university retains an actuary to determine the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. In addition, active members also contribute to the plan.

For the PSSE plan, through December 31, 2018, the active members' contribution rate was 4.5 percent, and 5.0 percent beginning January 1, 2019 and continues at 5.0 percent. The university's contribution rate of annual payroll was 19.7 percent and 22.4 percent for the years ended June 30, 2021 and 2020, respectively.

Note 6 - Retirement Plans (Continued)

For the MGSE plan, the active members' contribution rate is 4.25 percent. The university's contribution rate of annual payroll was 23.6 percent and 28.5 percent for the years ended June 30, 2021 and 2020, respectively.

Investments

Investment Policy - The retirement plan's policy in regard to the allocation of invested assets is established and may be amended by the Treasurer of the Board of Trustees in consultation with the GVSU Pension Plans Investment Committee. It is the policy of the Board of Trustees that the Treasurer pursue an investment strategy that is long term and primarily equity based. The retirement plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The following was the asset allocation policy for the plans as of June 30, 2021 and 2020:

	Target Allocation	
Asset Class	2021	2020
Global equities	62%	63%
Fixed income	18%	17%
Cash	3%	3%
Real estate	10%	10%
Commodities	7%	7%

Concentrations - The retirement plans held no investment in any one organization that represents 5 percent or more of the retirement plan's fiduciary net position.

Rate of Return - The annual money-weighted rate of return on retirement plan investments, net of retirement plan investment expense, was 27.9 percent and 2.7 percent for the years ended June 30, 2021 and 2020, respectively, for the PSSE plan. The annual money-weighted rate of return on retirement plan investments, net of retirement plan investment expense, was 27.7 percent and 2.5 percent for the years ended June 30, 2021 and 2020, respectively, for the MGSE plan. The money-weighted rate of return expresses investment performance, net of investment expense.

Note 6 - Retirement Plans (Continued)

The financial statements of the trust funds held for each retirement plan follow:

Schedule of Fiduciary Net Position by Pension Trust Fund

	Professional Support Staff Employees' Retirement Plan		Maintenance, Grounds, and Service Employees' Retirement Plan	
	Year Ended June 30		Year Ended June 30	
	2021	2020	2021	2020
Assets				
Money market funds	$ 2,856,416	$ 2,415,047	$ 1,067,201	$ 755,861
Time deposits	-	100,652	-	185,959
Domestic equities	24,870,588	19,728,489	9,377,413	7,370,590
International equities	9,896,430	8,771,740	3,724,835	3,285,507
Domestic bonds	17,184,495	12,802,720	5,663,358	4,014,425
International bonds	1,323,592	1,194,890	324,156	349,737
Alternative strategies	7,136,585	7,481,123	2,761,564	2,814,782
Total cash and cash equivalents and investments	63,268,106	52,494,661	22,918,527	18,776,861
Accrued income	114,903	108,248	33,343	32,502
Net Position - Restricted for Pensions	**$ 63,383,009**	**$ 52,602,909**	**$ 22,951,870**	**$ 18,809,363**

Note 6 - Retirement Plans (Continued)

Schedule of Changes in Fiduciary Net Position by Pension Trust Fund

	Professional Support Staff Employees' Retirement Plan		Maintenance, Grounds, and Service Employees' Retirement Plan	
	Year Ended June 30		Year Ended June 30	
	2021	2020	2021	2020
Additions				
Investment income (loss):				
Interest and dividends	$ 1,198,205	$ 1,470,886	$ 419,513	$ 531,458
Appreciation (depreciation) in fair value of investments	6,908,791	(474,811)	2,681,677	(275,839)
Income on sale of investments	4,561,297	1,009,470	1,654,695	368,992
Total investment income	12,668,293	2,005,545	4,755,885	624,611
Employer contributions	1,464,957	1,680,087	730,977	846,413
Other income	342,492	909,945	102,842	113,631
Total additions - Net	14,475,742	4,595,577	5,589,704	1,584,655
Deductions				
Benefit payments	3,586,482	3,138,347	1,388,918	1,211,502
Administrative expense	109,160	155,623	58,279	54,590
Total deductions	3,695,642	3,293,970	1,447,197	1,266,092
Net Increase	10,780,100	1,301,607	4,142,507	318,563
Net Position - Restricted for Pensions				
Beginning of year	52,602,909	51,301,302	18,809,363	18,490,800
End of year	**$ 63,383,009**	**$ 52,602,909**	**$ 22,951,870**	**$ 18,809,363**

Net Pension Liability of the University

The university's net pension liability was measured as of June 30, 2021 and 2020. The total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2020 and 2019, which used updated procedures to roll forward the estimated liability to June 30, 2021 and 2020, respectively.

Note 6 - Retirement Plans (Continued)

Changes in the net pension liability for the PSSE plan during the measurement years are as follows:

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2019	$ 67,005,353	$ 51,301,302	$ 15,704,051
Changes for the Year			
Service cost - Beginning of year	701,687	-	701,687
Interest on average adjusted total pension liabillity	4,120,388	-	4,120,388
Differences between expected and actual experience	(780,109)	-	(780,109)
Changes in assumptions	(484,636)	-	(484,636)
Benefits payments, including refunds of member contributions	(3,138,347)	(3,138,347)	-
Contributions - Employer	-	1,680,087	(1,680,087)
Contributions - Member	-	330,806	(330,806)
Net investment income	-	2,005,546	(2,005,546)
Administrative expenses	-	(155,623)	155,623
Other	-	579,138	(579,138)
Net Changes	418,983	1,301,607	(882,624)
Balance at June 30, 2020	**$ 67,424,336**	**$ 52,602,909**	**$ 14,821,427**
Changes for the Year			
Service cost - Beginning of year	610,659	-	610,659
Interest on average adjusted total pension liability	4,153,358	-	4,153,358
Differences between expected and actual experience	561,716	-	561,716
Changes in assumptions	(2,519,297)	-	(2,519,297)
Benefit payments, including refunds of member contributions	(3,586,482)	(3,586,482)	-
Contributions - Employer	-	1,464,957	(1,464,957)
Contributions - Member	-	342,492	(342,492)
Net investment income	-	12,668,293	(12,668,293)
Administrative expenses	-	(109,160)	109,160
Net Changes	(780,046)	10,780,100	(11,560,146)
Balance at June 30, 2021	**$ 66,644,290**	**$ 63,383,009**	**$ 3,261,281**

Note 6 - Retirement Plans (Continued)

Changes in the net pension liability for the MGSE plan during the measurement years are as follows:

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2019	$26,054,162	$18,490,800	$ 7,563,362
Changes for the Year			
Service cost - Beginning of year	279,560	-	279,560
Interest on average adjusted total pension liability	1,602,853	-	1,602,853
Differences between expected and actual experience	(568,836)	-	(568,836)
Changes in assumptions	(178,142)	-	(178,142)
Benefits payments, including refunds of member contributions	(1,211,502)	(1,211,502)	-
Contributions - Employer	-	846,413	(846,413)
Contributions - Member	-	113,610	(113,610)
Net investment income	-	624,612	(624,612)
Administrative expenses	-	(54,590)	54,590
Other	-	20	(20)
Net Changes	(76,067)	318,563	(394,630)
Balance at June 30, 2020	**$25,978,095**	**$18,809,363**	**$ 7,168,732**
Changes for the Year			
Service cost - Beginning of year	236,543	-	236,543
Interest on average adjusted total pension liability	1,600,115	-	1,600,115
Differences between expected and actual experience	(67,173)	-	(67,173)
Changes in assumptions	(864,928)	-	(864,928)
Benefit payments, including refunds of member contributions	(1,388,918)	(1,388,918)	-
Contributions - Employer	-	730,977	(730,977)
Contributions - Member	-	102,842	(102,842)
Net investment income	-	4,755,886	(4,755,886)
Administrative expenses	-	(58,280)	58,280
Net Changes	(484,361)	4,142,507	(4,626,868)
Balance at June 30, 2021	**$25,493,734**	**$22,951,870**	**$ 2,541,864**

Note 6 - Retirement Plans (Continued)

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

For the years ended June 30, 2021 and 2020, the university recognized pension (revenue) expense of ($1,551,926) and $2,620,633, respectively, for the PPSE plan and ($552,647) and $1,204,623, respectively, for the MSGE Plan.

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

	Professional Support Staff Employees' Plan		Maintenance, Grounds, Service Employees' Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 617,674	$ 283,234	$ 112,765	$ 270,556
Changes in assumptions	914,243	2,396,067	500,071	1,001,779
Net difference between projected and actual earnings on plan investments	-	6,978,640	-	2,620,747
Total	$ 1,531,917	$ 9,657,941	$ 612,836	$ 3,893,082

At June 30, 2020, the university reported deferred outflows and inflows of resources related to pensions from the following sources:

	Professional Support Staff Employees' Plan		Maintenance, Grounds, Service Employees' Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 395,395	$ 804,033	$ 240,596	$ 476,989
Changes in assumptions	1,830,475	1,299,945	910,769	767,619
Net difference between projected and actual earnings on plan investments	295,347	-	156,241	-
Total	$ 2,521,217	$ 2,103,978	$ 1,307,606	$ 1,244,608

Note 6 - Retirement Plans (Continued)

Amounts reported as deferred outflows (inflows) of resources related to pension will be recognized in pension expense as follows:

Amortization of Deferred Outflows/Inflows Years Ended June 30	PPSE Amount Recognized	MSGE Amount Recognized
2022	$(2,780,407)	$ (1,249,866)
2023	(1,954,802)	(793,656)
2024	(1,561,699)	(517,571)
2025	(1,829,116)	(719,153)
2026	-	-

Actuarial Assumptions - The total pension liability as of June 30, 2021 and 2020 for both plans was determined by an actuarial valuation as of July 1, 2020 and 2019, respectively, using updated procedures and the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases including inflation	2.50%
Investment rate of return	6.57% as of July 1, 2021 and 6.27% as of July 1, 2020, net of pension plan investment expense

For the July 1, 2020 actuarial valuation, the mortality improvement projection scale was updated from MP-2018 to MP-2019, since the prior measurement date. For the July 1, 2019, actuarial valuation, the mortality improvement projection scale was updated from MP-2017 to MP-2018. There were no changes in benefit terms during either period.

Discount Rate - The discount rate used to measure the total pension liability of the PPSE plan was 6.57 percent and 6.27 percent for years ended June 30, 2021 and 2020, respectively. The discount rate used to measure the total pension liability of the MSGE plan was 6.57 percent and 6.27 percent for the years ended June 30, 2021 and 2020, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that university contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the retirement plan's fiduciary net position is projected to be available to make all projected future benefit payments of active and inactive plan members.

Note 6 - Retirement Plans (Continued)

The long-term expected rate of return on retirement plan investments for both plans was determined using a building-block model in which best-estimate ranges of expected future real rates of return (expected returns, net of retirement plan 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. Best estimates of arithmetic real rates of return as of June 30, 2021 and 2020 (see discussion of the retirement plans' investment policy) are summarized in the table below:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equities	62%	8.22%
Fixed income	18%	1.46%
Cash	3%	0.28%
Real estate	10%	10.06%
Alternatives	7%	2.74%

The sum of the target allocations times the long-term expected rates is 6.57 percent and 6.27 percent for years ended June 30, 2021 and 2020, respectively.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the university, calculated using the current discount rates, as well as what the university's net pension 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 for each plan.

For the year ended June 30, 2021:

Plan	1% Decrease	Current Discount Rate	1% Increase
Professional Support Staff Employees' Plan	$ 11,108,222	$ 3,261,281	$ (3,348,566)
Maintenance, Grounds, Service Employees' Plan	$ 5,235,346	$ 2,541,864	$ 237,893

For the year ended June 30, 2020:

Plan	1% Decrease	Current Discount Rate	1% Increase
Professional Support Staff Employees' Plan	$ 23,152,114	$ 14,821,427	$ 7,844,121
Maintenance, Grounds, Service Employees' Plan	$ 10,050,108	$ 7,168,732	$ 4,718,260

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Note 6 - Retirement Plans (Continued)

Other Postemployment Benefit Plan (OPEB)

The university has a single-employer defined benefit plan that provides certain healthcare benefits for retired faculty and staff. As of June 30, 2021, the most recent valuation date, the plan covered 2,255 members, which includes 1,200 active members, 771 inactive members receiving benefits and 284 covered spouses of retirees and does not require active members to contribute to the plan. At January 1, 2014, the plan was closed to new participants. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Description - The plan requirements are established and may be amended by the university's Board of Trustees. Substantially all of the university's employees hired prior to January 1, 2014 may become eligible for certain healthcare benefits if they reach retirement age while working for the university, are vested in a university-sponsored retirement plan, and their years of university service and age total a minimum of 75.

Funding Policy - The plan's policy is that the employer will fund the plan on a pay-as-you-go basis. An investment fund has been established for the purpose of prefunding retiree benefits, with a market value of $21,344,228 and $16,578,568 at June 30, 2021 and 2020, respectively. However, because the funds are not held in an irrevocable trust, these assets are excluded for GASB Statement No. 75 purposes.

Note 6 - Retirement Plans (Continued)

Total OPEB Liability - The June 30, 2021 OPEB liability was measured as of June 30, 2021 based on an actuarial valuation performed June 30, 2021 in compliance with GASB Statement No. 75. The June 30, 2020 total OPEB liability was measured as of June 30, 2020 based on an actuarial valuation performed June 30, 2019, which used update procedures to roll forward the estimated liability to June 30, 2020. Changes in the total OPEB liability during the measurement year were as follows:

	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at June 30, 2019	$ 20,593,654	$ -	$ 20,593,654
Changes for the Year			
Service cost - Beginning of year	622,951	-	622,951
Interest on average adjusted total OPEB liability	703,145	-	703,145
Differences between expected and actual experience	(314,544)	-	(314,544)
Changes in assumptions	1,676,212	-	1,676,212
Benefits payments, including refunds of member contributions	(579,322)	(579,322)	-
Contributions - Employer	-	579,322	(579,322)
Net Changes	2,108,442	-	2,108,442
Balance at June 30, 2020	**$ 22,702,096**	-	**$ 22,702,096**
Changes for the Year			
Service cost - Beginning of year	622,951	-	622,951
Interest on average adjusted total OPEB liability	609,325	-	609,325
Differences between expected and actual experience	(1,079,291)	-	(1,079,291)
Changes in assumptions	1,087,927	-	1,087,927
Benefits payments, including refunds of member contributions	(836,133)	(836,133)	-
Contributions - Employer	-	836,133	(836,133)
Net Changes	404,779	-	404,779
Balance at June 30, 2021	**$ 23,106,875**	-	**$ 23,106,875**
Current	**$ 836,000**		**$ 836,000**
Noncurrent	**22,270,875**		**22,270,875**
	$ 23,106,875		**$ 23,106,875**

Note 6 - Retirement Plans (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the years ended June 30, 2021 and 2020, the university recognized OPEB expense of $1,398,636 and $1,491,364, respectively.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 115,070	$ 1,250,460
Changes in assumptions	2,350,080	197,998
Total	$ 2,465,150	$ 1,448,458

At June 30, 2020, the university reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 135,181	$ 356,874
Changes in assumptions	1,628,711	232,602
Total	$ 1,763,892	$ 589,476

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Amortization of Deferred Outflows/Inflows Years Ended June 30	Amount Recognized
2022	$ 166,360
2023	166,360
2024	166,360
2025	166,360
2026	166,360
Thereafter	184,892

Actuarial Assumptions - The total OPEB liability in the June 30, 2021 actuarial valuation was determined using an inflation assumption of 2.0 percent; assumed salary increases (including inflation) of 2.5 percent; an investment rate of 0 percent as assets held are not allowable for inclusion under GASB 75 requirements; a healthcare cost trend rate of 6.5 percent and 7.0 percent in 2021 and 2020, respectively, decreasing .5 percent per year to an ultimate rate of 5.0 percent; and using the RP-2014 mortality tables with the MP-2020 and MP-2019 improvement scale in 2021 and 2020, respectively.

There were no changes in benefit terms during 2021 or 2020.

Note 6 - Retirement Plans (Continued)

Discount Rate - The discount rate used to measure the total OPEB liability was 2.18 percent at June 30, 2021 and 2.66 percent at June 30, 2020. The impact of this change is presented as a change in assumption. Because the plan does not have an irrevocable OPEB trust, there are not assets projected to be sufficient to make projected future benefit payment to current plan members, and therefore the discount rate reflects the S & P Municipal Bond 20 Year High Grade Rate Index.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the university, as well as what the university's total liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

June 30, 2021	1% Decrease	Current Discount Rate 2.18%	1% Increase
Total OPEB Liability	$ 26,223,494	$ 23,106,875	$ 20,497,636
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	**$ 26,223,494**	**$ 23,106,875**	**$ 20,497,636**

June 30, 2020	1% Decrease	Current Discount Rate 2.66%	1% Increase
Total OPEB Liability	$ 25,861,443	$ 22,702,096	$ 20,060,319
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	**$ 25,861,443**	**$ 22,702,096**	**$ 20,060,319**

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability of the university, calculated using the pertinent healthcare cost trend rate of 6.5 percent and 7.0 percent for 2021 and 2020, respectively, as well as what the university's total liability would be if it were calculated using a healthcare cost trend that is 1 percentage point lower or 1 percentage point higher than the current rate:

June 30, 2021	1% Decrease	Current Healthcare Trend Rate 6.5%	1% Increase
Total OPEB Liability	$ 23,096,494	$ 23,106,875	$ 23,118,487
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	**$ 23,096,494**	**$ 23,106,875**	**$ 23,118,487**

June 30, 2020	1% Decrease	Current Healthcare Trend Rate 7.0%	1% Increase
Total OPEB Liability	$ 22,513,587	$ 22,702,096	$ 22,919,551
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	**$ 22,513,587**	**$ 22,702,096**	**$ 22,919,551**

Note 7 - Commitments

The university has an arrangement with the State of Michigan and State Building Authority (the “SBA”) to finance a large portion of the following buildings:

- Padnos College of Engineering and Computing (Pew Campus in downtown Grand Rapids)
- Graduate School of Business and Graduate Library Building (Pew Campus)
- P. Douglas Kindschi Hall of Science (Allendale Campus)
- Daniel and Pamella DeVos Center for Interprofessional Health (Health Campus in downtown Grand Rapids)

The projects were financed in part with SBA Revenue Bonds and State appropriations. The buildings are recorded as assets of the university. The SBA bond issues are secured by a pledge of rentals to be received from the State of Michigan, pursuant to a lease agreement between the SBA, the State of Michigan, and the university. The lease agreement stipulates that the SBA will hold title to the buildings and the State will make all lease payments to the SBA on behalf of the university, and the university will pay all operating and maintenance costs. At the expiration of the lease, the SBA has agreed to sell each building to the university for $1.

Previously, the university agreed to lease the Muskegon Innovation Hub from the City of Muskegon, Michigan at no cost through June 30, 2025. Ownership of the building will revert to the university at lease termination for $1.

Note 8 - Contingencies

The university is self-funded for coverage under portions of its hospital/medical benefits and for all unemployment compensation and workers’ compensation. The university also offers one HMO plan to employees. Stop-loss coverage has been purchased by the university for the self-funded hospital/medical benefits and workers’ compensation claims. The stop-loss insurance limits the claims for hospital/medical benefits to $300,000 per individual in FY21 and FY20, with no lifetime limit. The workers’ compensation stop-loss insurance continues to limit its liability for claims paid per individual to $500,000. Current liabilities for estimated claims retained by the university under self-insurance programs have been established at $1,759,763 and $2,039,836, as of June 30, 2021 and 2020, respectively.

	2021	2020	2019
Balance - Beginning of year	$ 2,039,836	$ 2,256,429	$ 3,159,884
Claims incurred and changes in estimates	31,834,040	31,077,842	29,894,439
Claim payments	(32,114,113)	(31,294,435)	(30,797,894)
Balance - End of year	$ 1,759,763	$ 2,039,836	$ 2,256,429

The university established a line of credit as required by a particular utility agreement. To secure payment for this agreement, the university requested a $450,000 letter of credit during August 2007, which has been extended through March 31, 2023. As of June 30, 2021, there were no funds drawn.

Note 8 – Contingencies (Continued)

The university is a participant in the Michigan Universities Self-Insurance Corporation (MUSIC). This organization provides insurance coverage for errors and omissions liability, comprehensive general liability, and all risk property insurance. In fiscal year 2021 and 2020, there are 11 universities participating in MUSIC. Each participating university is responsible for a first tier of losses up to a level that has been actuarially determined. MUSIC is financially responsible for a second tier of losses. For comprehensive general liability errors and omissions and all risk property insurance, MUSIC has purchased excess insurance coverage with commercial insurance carriers to cover a third tier of losses. However, in the event the insurance reserves established by MUSIC are insufficient to meet its second-tier obligations, each of the participating universities share this obligation by agreements with MUSIC.

In the normal course of its activities, the university has been a party in various legal actions. Historically, the university has not experienced significant losses from such actions. After taking into consideration legal counsel's evaluation of pending actions, the university is of the opinion that the outcome thereof will not have a material effect on its financial statements.

Pursuant to State of Michigan Public Act 362 of 1993, as amended, the university has previously authorized 62 public school academies. All 62 of these public school academies can operate schools funded by the State School Aid Act. The university, as fiscal agent, provides guidance in and review of compliance with State requirements and forwards the State payment to the public school academies. Public funding is provided by the State of Michigan on a per-pupil basis. Funding of $321,416,781 and $293,661,961 was appropriated by the State in 2021 and 2020, respectively, to be allocated to the public school academies, net of approximately a 3 percent administrative fee retained by the university. At June 30, 2021, $55,891,225 was outstanding as a receivable from the State, of which $54,376,468 was subsequently forwarded to support the public school academies. At June 30, 2020, $48,544,091 was outstanding as a receivable from the State, of which $47,231,632 was subsequently forwarded to support the public school academies. This activity is treated as a custodial transaction.

Note 9 - Subsequent Events

The State of Michigan has approved the appropriation amount of $73,490,700 for fiscal year 2021-2022. This includes $723,100 of one-time supplemental funding. The State of Michigan also approved one-time supplemental funding of $2,836,600 from its fiscal year 2020-2021 budget, which will be available to the university in fiscal year 2021-2022.

Note 10 - Upcoming Pronouncements

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, "*Leases*", which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The new lease standard is not expected to have a significant effect on the university's financial statements. The provisions of this statement were originally effective for the university's financial statements for the year ending June 30, 2021 but were extended to June 30, 2022 with the issuance of GASB Statement No. 95, "*Postponement of the Effective Date of Certain Authoritative Guidance".*

In March 2020, the Governmental Accounting Standards Board issued GASB Statement No. 93, "*Replacement of Interbank Offered Rates*". With the London Interbank Offered Rate (LIBOR) expecting to cease existence in its current form at the end of 2021, this statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) in hedging derivative instruments and leases. The removal of LIBOR as an appropriate benchmark interest rate for a hedging derivative instrument is effective for the university's financial statements for the June 30, 2022 fiscal year.

In May 2020, the Governmental Accounting Standards Board issued GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements (SBITAs)"* that addresses accounting and financial reporting issues regarding the right-to-use subscription assets (an intangible asset) and the corresponding subscription liability, and capitalization criteria for outlays other than subscription payments, including implementation costs. This statement will provide consistency by establishing standard capitalization criteria for implementation costs, and improve comparability of financial reporting across governmental entities. Effective for the university's fiscal year ending June 30, 2023, this new statement may have an impact on the financial statements, but the full effect has not yet been determined.

Required Supplemental Information

Required Supplemental Information
Professional Support Staff Employee's Retirement Plan
Schedule of Changes in the Plan's Net Pension Liability and Related Ratios

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability (TPL)								
Service cost - Beginning of year	$ 610,659	$ 701,687	$ 718,850	$ 797,818	$ 718,706	$ 785,499	$ 869,998	$ 884,731
Interest on average adjusted TPL	4,153,358	4,120,388	4,103,753	3,976,774	3,918,820	3,718,896	3,170,993	3,026,543
Difference between expected and actual experience	561,716	(780,109)	(787,903)	209,400	197,571	154,810	-	-
Changes in assumptions	(2,519,297)	(484,636)	1,935,559	(312,926)	5,444,091	(2,009,843)	3,014,969	-
Benefits payments, including refunds of member contributions	(3,586,482)	(3,138,347)	(2,761,440)	(2,515,721)	(2,183,758)	(1,987,377)	(1,683,752)	(1,554,355)
Net change in total pension liability	(780,046)	418,983	3,208,819	2,155,345	8,095,430	661,985	5,372,208	2,356,919
Total pension liability - Beginning of year	67,424,336	67,005,353	63,796,534	61,641,189	53,545,759	52,883,774	47,511,566	45,154,647
Total pension liability - End of year	**$ 66,644,290**	**$ 67,424,336**	**$ 67,005,353**	**$ 63,796,534**	**$ 61,641,189**	**$ 53,545,759**	**$ 52,883,774**	**$ 47,511,566**
Plan Fiduciary Net Position								
Contributions - Employer	$ 1,464,957	$ 1,680,087	$ 1,846,741	$ 2,080,143	$ 2,078,728	$ 1,600,653	$ 1,645,094	$ 1,681,351
Contributions - Member	342,492	330,806	347,440	305,305	286,728	304,178	280,975	161,147
Net investment income	12,668,293	2,005,546	2,961,581	4,032,968	4,633,461	(311,149)	610,806	6,959,448
Administrative expenses	(109,160)	(155,623)	(197,614)	(200,506)	(186,466)	(178,037)	-	(76,160)
Other	-	579,138	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(3,586,482)	(3,138,347)	(2,761,440)	(2,515,721)	(2,183,758)	(1,987,377)	(1,683,752)	(1,554,355)
Net change in plan fiduciary net position	10,780,100	1,301,607	2,196,708	3,702,189	4,628,693	(571,732)	853,123	7,171,431
Plan fiduciary net position - Beginning of year	52,602,909	51,301,302	49,104,594	45,402,405	40,773,712	41,345,444	40,492,321	33,320,890
Plan fiduciary net position - End of year	**$ 63,383,009**	**$ 52,602,909**	**$ 51,301,302**	**$ 49,104,594**	**$ 45,402,405**	**$ 40,773,712**	**$ 41,345,444**	**$ 40,492,321**
Net pension liability - End of year	**$ 3,261,281**	**$ 14,821,427**	**$ 15,704,051**	**$ 14,691,940**	**$ 16,238,784**	**$ 12,772,047**	**$ 11,538,330**	**$ 7,019,245**
Plan fiduciary net position as a percentage of total pension liability	95.1%	78.0%	76.6%	77.0%	73.7%	76.1%	78.2%	85.2%
Covered payroll	$ 7,428,812	$ 7,515,171	$ 8,001,192	$ 10,857,657	$ 9,966,093	$ 10,482,326	$ 10,858,867	$ 11,544,380
Net pension liability as a percentage of covered payroll	43.9%	197.2%	196.3%	135.3%	162.9%	121.8%	106.3%	60.8%

Schedule of Investment Returns

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Annual money-weighted rate of return, net of investment expense	27.9%	2.7%	5.8%	9.7%	12.8%	-1.9%	2.9%	0.6%

Required Supplemental Information
Professional Support Staff Employee's Retirement Plan
Schedule of Employer Contributions

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Actuarially determined contribution offset by employee contributions	$ 1,529,466	$ 1,609,192	$ 1,754,781	$ 1,913,108	$ 2,101,207	$ 1,816,300	$ 1,504,978	$ -
Actual contributions by the University	1,464,957	1,680,087	1,846,741	2,080,143	2,078,728	1,600,653	1,645,094	1,681,351
Contribution (excess) deficiency	64,509	(70,895)	(91,960)	(167,035)	22,479	215,647	(140,116)	(1,681,351)
Covered payroll	7,428,812	7,515,171	8,001,192	10,857,657	9,966,093	10,482,326	10,858,867	11,544,380
Actual contributions as a percentage of covered payroll	19.7%	22.4%	23.1%	19.2%	20.9%	15.3%	15.1%	14.6%

Actuarial Valuation information relative to the determination of contributions:	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total pension liability	6.57%/year	6.27%/year	6.23%/year	6.50%/year	6.50%/year	7.37%/year	7.06%/year	6.82%/year
Funding	6.50%/year	6.50%/year	6.50%/year	6.50%/year	6.50%/year	7.00%/year	7.00%/year	7.00%/year
Mortality	RP-2014 with Projection Table MP-2019	RP-2014 with Projection Table MP-2018	RP-2014 with Projection Table MP-2017	RP-2014 with Projection Table MP-2016	RP-2014 with Projection Table MP-2014	RP-2014 with Projection Table MP-2014	RP-2014 with Projection Table MP-2014	1983 GAM
Changes in Benefit Terms	None	None	None	None	None	None	None	None

Required Supplemental Information
Professional Support Staff Employee's Retirement Plan
Schedule of Employer Contributions

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation Date	Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported.
Actuarial Methods	
Actuarial cost method	Entry age normal
Amortization method	Level dollar amount, closed
Remaining amortization period	20 years, declining based on average future service
Asset valuation method	Four-year moving market value average recognizing 25% of gains and losses per year
Actuarial Assumptions	
Retirement age	65 with 10 years of vesting service
Salary increases	2.50%/year
Data Collection	
Date and form of data	All personnel and asset data was prepared by the plan sponsor or a representative and was generally relied upon as being correct and complete without audit.

Required Supplemental Information
Maintenance, Grounds, Service Employees' Retirement Plan
Schedule of Changes in the Plan's Net Pension Liability and Related Ratios

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability (TPL)								
Service cost - Beginning of year	$ 236,543	$ 279,560	$ 265,172	$ 318,061	$ 284,832	$ 360,568	$ 373,413	$ 400,689
Interest on average adjusted TPL	1,600,115	1,602,853	1,571,020	1,535,483	1,547,098	1,321,895	1,227,012	1,170,114
Differences betw een expected and actual experience	(67,173)	(568,836)	252,845	5,766	(50,039)	(305,849)	-	-
Changes in assumptions	(864,928)	(178,142)	651,124	(132,170)	1,865,214	(1,669,232)	2,280,678	-
Benefits payments, including refunds of member contributions	(1,388,918)	(1,211,502)	(1,180,738)	(1,074,315)	(1,024,385)	(1,065,199)	(778,615)	(644,712)
Net change in total pension liability	(484,361)	(76,067)	1,559,423	652,825	2,622,720	(1,357,817)	3,102,488	926,091
Total pension liability - Beginning of year	25,978,095	26,054,162	24,494,739	23,841,914	21,219,194	22,577,011	19,474,523	18,548,432
Total pension liability - End of year	**$ 25,493,734**	**$ 25,978,095**	**$ 26,054,162**	**$ 24,494,739**	**$ 23,841,914**	**$ 21,219,194**	**$ 22,577,011**	**$ 19,474,523**
Plan Fiduciary Net Position								
Contributions - Employer	$ 730,977	$ 846,413	$ 829,005	$ 904,245	$ 908,222	$ 580,156	$ 611,534	$ 617,498
Contributions - Member	102,842	113,610	112,328	123,132	134,960	137,686	165,723	181,075
Net investment income	4,755,886	624,612	1,065,492	1,485,370	1,741,566	(162,055)	289,491	2,564,971
Administrative expenses	(58,280)	(54,590)	(51,172)	(53,062)	(50,013)	(48,255)	(49,671)	(42,023)
Other	-	20	-	-	-	-	(1,830)	1,062
Benefit payments, including refunds of member contributions	(1,388,918)	(1,211,502)	(1,180,738)	(1,074,315)	(1,024,385)	(1,065,199)	(778,615)	(644,712)
Net change in plan fiduciary net position	4,142,507	318,563	774,915	1,385,370	1,710,350	(557,667)	236,632	2,677,871
Plan fiduciary net position - Beginning of year	18,809,363	18,490,800	17,715,885	16,330,515	14,620,165	15,177,832	14,941,200	12,263,329
Plan fiduciary net position - End of year	**$ 22,951,870**	**$ 18,809,363**	**$ 18,490,800**	**$ 17,715,885**	**$ 16,330,515**	**$ 14,620,165**	**$ 15,177,832**	**$ 14,941,200**
Net pension liability - End of year	**$ 2,541,864**	**$ 7,168,732**	**$ 7,563,362**	**$ 6,778,854**	**$ 7,511,399**	**$ 6,559,029**	**$ 7,399,179**	**$ 4,533,323**
Plan fiduciary net position as a percentage of total pension liability	90.03%	72.40%	70.97%	72.33%	68.49%	68.90%	67.23%	76.72%
Covered payroll	$ 3,093,181	$ 2,971,700	$ 2,984,013	$ 3,716,780	$ 3,435,936	$ 3,534,057	$ 3,721,412	$ 4,181,815
Net pension liability as a percentage of covered payroll	82.2%	241.2%	253.5%	182.4%	218.6%	185.6%	198.8%	108.4%

Schedule of Investment Returns

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Annual money-weighted rate of return, net of investment expense	27.7%	2.5%	5.8%	9.6%	12.8%	-1.7%	2.9%	20.2%

Required Supplemental Information
Maintenance, Grounds, Service Employees' Retirement Plan
Schedule of Employer Contributions

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Actuarially determined contribution offset by employee contributions	$ 720,913	$ 777,954	$ 857,482	$ 867,707	$ 905,259	$ 812,813	$ 618,150	$ 612,391
Actual contributions by University	730,977	846,413	829,005	904,245	908,222	580,156	611,534	617,498
Contribution (excess) deficiency	(10,064)	(68,459)	28,477	(36,538)	(2,963)	232,657	6,616	(5,107)
Covered payroll	3,093,181	2,971,700	2,984,013	3,716,780	3,435,936	3,534,057	3,721,412	4,181,815
Actual contributions as a percentage of covered payroll	23.63%	28.48%	27.78%	24.33%	26.43%	16.42%	16.43%	14.77%

Actuarial Valuation information relative to the determination of contributions:	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total pension liability	6.57%/year	6.27%/year	6.23%/year	6.50%/year	6.50%/year	7.37%/year	7.06%/year	6.82%/year
Funding	6.50%/year	6.50%/year	6.50%/year	6.50%/year	6.50%/year	7.00%/year	7.00%/year	7.00%/year
Mortality	RP-2014 with Projection Table MP-2019	RP-2014 with Projection Table MP-2018	RP-2014 with Projection Table MP-2017	RP-2014 with Projection Table MP-2016	RP-2014 with Projection Table MP-2014	RP-2014 with Projection Table MP-2014	RP-2014 with Projection Table MP-2014	1983 GAM
Changes in Benefit Terms	None	None	None	None	None	None	None	None

Required Supplemental Information
Maintenance, Grounds, Service Employees' Retirement Plan
Schedule of Employer Contributions

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation Date	Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported.
Actuarial Methods	
Actuarial cost method	Entry age normal
Amortization method	Level dollar amount, closed
Remaining amortization period	20 years, declining based on average future service
Asset valuation method	Four-year moving market value average recognizing 25% of gains and losses per year
Actuarial Assumptions	
Retirement age	65 with 10 years of vesting service
Salary increases	2.50%/year
Data Collection	
Date and form of data	All personnel and asset data was prepared by the plan sponsor or a representative and was generally relied upon as being correct and complete without audit.

Required Supplemental Information
Other Postemployment Benefits
Schedule of Changes in OPEB Liability and Related Ratios

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability				
Service cost	$ 622,951	$ 622,951	$ 719,962	725,755
Interest	609,325	703,145	614,057	612,140
Difference between expected and actual experience	(1,079,291)	(314,544)	175,403	(111,193)
Changes in assumptions	1,087,927	1,676,212	(301,810)	220,509
Benefits payments, including refunds of member contributions	(836,133)	(579,322)	(725,085)	(713,556)
Net change in total OPEB liability	404,779	2,108,442	482,527	733,655
Total OPEB liability - Beginning of year	22,702,096	20,593,654	20,111,127	19,377,472
Total OPEB liability - End of year	23,106,875	22,702,096	20,593,654	20,111,127
Plan Fiduciary Net Position				
Contributions/benefit payments made from general operating funds	836,133	579,322	725,085	713,556
Benefit payments, including refunds of member contributions	(836,133)	(579,322)	(725,085)	(713,556)
Net change in plan fiduciary net position	-	-	-	-
Net OPEB liability - End of year	$ 23,106,875	$ 22,702,096	$ 20,593,654	$ 20,111,127
Covered payroll	120,567,500	125,070,500	128,421,700	132,267,000
Net OPEB liability as a percentage of covered payroll	19.2%	18.2%	16.0%	15.2%
Discount rate	2.18%	2.66%	3.36%	3.00%
Mortality	RP-2014 with Projection Table MP-2020	RP-2014 with Projection Table MP-2019	RP-2014 with Projection Table MP-2018	RP-2014 with Projection Table MP-2017
Changes in Benefit Terms	None	None	None	None

No assets are accumulated in an irrevoable trust to pay related other postemployment benefits.

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