GRAND VALLEY STATE UNIVERSITY

ANNUAL FINANCIAL REPORT 2022

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Grand Valley State University

Financial Report

with Additional Information

June 30, 2022

Contents

Plante & Moran, PLLC
Suite 300
537 E. Pete Rose Way
Cincinnati, OH 45202-3578
Tel: 513.595.8800
Fax: 513.595.8806
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
Grand Valley State University

Report on the Audits of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of Grand Valley State University (the "University"), a component unit of the State of Michigan, as of and for the years ended June 30, 2022 and 2021 and the related notes to the financial statements, which collectively comprise the University's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the University as of June 30, 2022 and 2021 and the respective changes in its financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note 1 to the financial statements, the University adopted the provisions of GASB 87, *Leases*, as of July 1, 2020. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

To the Board of Trustees
Grand Valley State University

Auditor's Responsibilities for the Audits of the Financial Statements

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

In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 audits 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 Information

Management is responsible for the other information included in the basic financial statements. The other information comprises the list of administrative officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

To the Board of Trustees
Grand Valley State University

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2022 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Plante & Moran, PLLC

November 4, 2022

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Administrative Officers

As of June 30, 2022

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, 2022.

Financial and Enrollment Summary for the Year Ended June 30, 2022

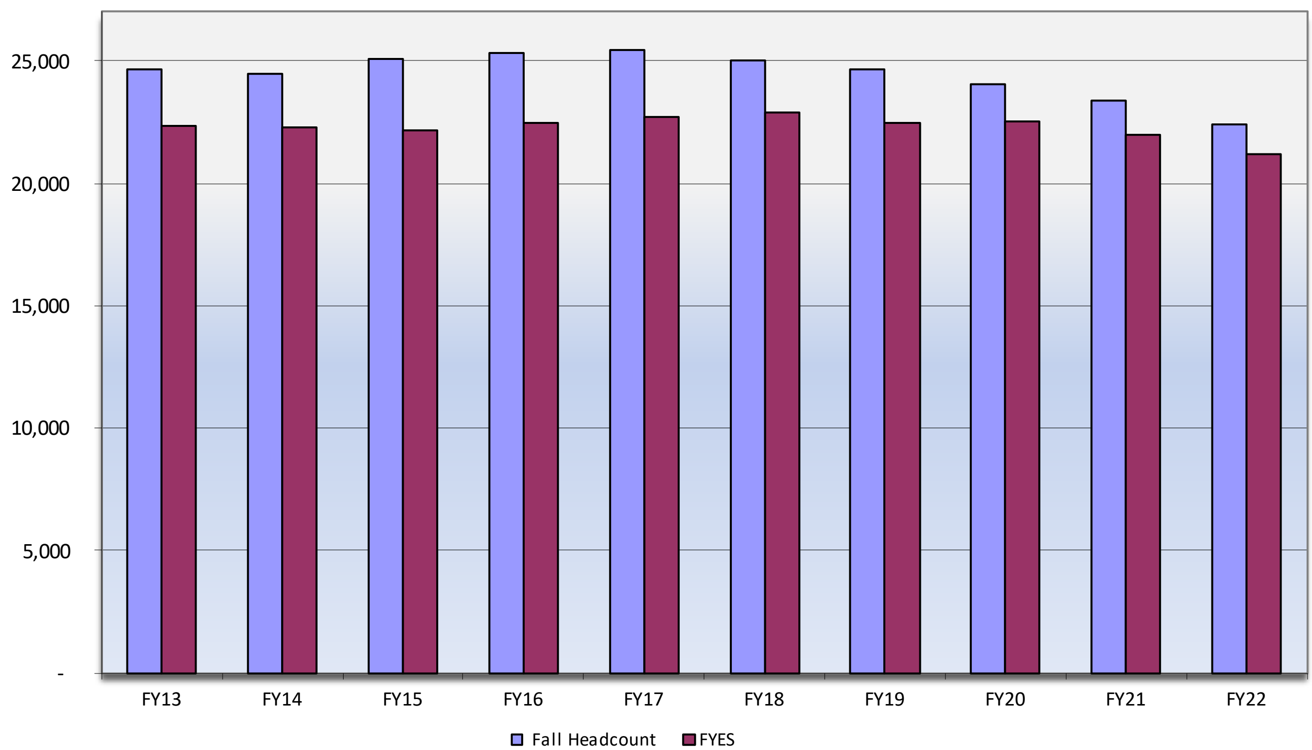
For the year ended June 30, 2022, the university continued to be impacted by the outbreak of the novel coronavirus ("COVID-19"), which was declared a global pandemic by the World Health Organization in March 2020. Due to the pandemic, emergency funding was made available under the Coronavirus Aid, Relief, 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 12.

The financial statements, which follow this Management's Discussion and Analysis, include these significant changes during the 2022 fiscal year:

- Enrollment dropped by 3.9 percent with FYES (fiscal year equated students) decreasing from 21,177 to 20,342. Fall semester headcount dropped by 4.0 percent from 23,350 to 22,406.
- Operating revenue increased by 4.4 percent or $15.2 million from 2021 to 2022. This was mainly due to the increases in revenue from auxiliary operations and other educational activities as the university began to recover from the outbreak of COVID-19.
- State appropriations increased by 4.8 percent from 2021 to 2022 due to one-time supplemental funding of $3.6 million in 2022.
- A new scholarship program, of which $19 million was advanced by the Thompson Foundation in 2021 commenced in Fall 2021.
- Gifts of $3.2 million were received to support the return of Varsity Wrestling for both men and women.
- As disclosed in Note 1, a new accounting pronouncement, GASB Statement No. 87, *Leases,* ("GASB 87") was adopted retrospectively with the adjustment being reflective beginning July 1, 2020. Consequently, reclassifications have been made to certain 2021 and 2020 balances to reflect this change. There was no impact to net financial position.
- Overall, net position increased by $50.5 million, or 5.0 percent from 2021 to 2022.

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 21 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 2020 to 2022 increased by 16.8 percent, from $900.9 million to $1.1 billion.

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

	June 30		
	2022	2021	2020
		(in 000s)	
Current Assets			
Cash and short-term investments	$ 159,432	$ 112,591	$ 176,166
Receivables	103,665	105,358	78,533
Inventory, prepaid expenses, and other	10,261	5,288	4,874
Total current assets	273,358	223,237	259,573
Noncurrent Assets			
Restricted cash and investments	17,394	20,426	1,301
Endowment cash and investments	169,725	175,563	131,718
Other long-term investments	215,401	224,998	134,376
Long-term receivables	14,033	15,193	18,833
Capital assets - Net of depreciation	783,305	797,958	795,261
Derivative Instruments - swap asset	2,199	-	-
Other	2,158	1,554	2,363
Total assets	1,477,573	1,458,929	1,343,425
Deferred Outflows of Resources			
Accumulated changes in the fair value of hedging derivative instruments	1,975	5,621	9,116
Refunding of bonds payable	7,644	8,375	9,159
Retirement-related deferrals	13,018	4,610	5,592
Total deferred outflows	22,637	18,606	23,867
Current Liabilities			
Accounts payable and accrued liabilities	101,315	99,112	89,768
Unearned revenue	18,512	36,432	15,308
Long-term liabilities - Current portion	19,946	19,432	15,595
Total current liabilities	139,773	154,976	120,671
Noncurrent Liabilities			
Unearned revenue - Net of current portion	2,208	2,798	3,445
Federal student loan payable	3,003	4,664	6,227
Long-term liabilities - Net of current portion	237,820	257,632	270,737
Derivative instruments - swap liability	1,975	5,621	9,116
Net retirement liabilities	45,519	28,074	44,113
Total liabilities	430,298	453,765	454,309
Deferred Inflows of Resources			
Accumulated changes in the fair value of hedging derivative instruments	2,199	-	-
Retirement benefit related deferrals	7,308	14,999	3,938
Leases	8,435	7,269	8,180
Total deferred inflows	17,942	22,268	12,118
Net Position			
Net investment in capital assets	538,312	540,214	523,034
Restricted	209,550	191,031	143,448
Unrestricted	304,108	270,257	234,383
Total net position	**$ 1,051,970**	**$ 1,001,502**	**$ 900,865**

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 $37.5 million in cash and investments from 2021 to 2022 and a $26.8 million increase of cash and investments from 2020 to 2021. 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 $3.0 million from 2021 to 2022 due to the scholarship awards. The statement of cash flows on page 23 explains the sources and uses of cash.

Current receivables include grants, State appropriations, capital appropriations, pledges, student notes, financing lease receivables, and various operating receivables expected to be collected within a year. Current receivables decreased slightly between 2021 and 2022. There was an increase of $26.8 million from 2020 to 2021 due to the recovery of reductions made by the State of Michigan in 2020 for a portion of July and the full August appropriation. In addition, the State capital appropriation receivable for the Daniel and Pamella DeVos Center for Interprofessional Health increased by $5.5 million. As disclosed in Note 1, certain reclassifications have been made in this category due to the implementation of GASB 87 and a change in methodology for determining the current portion of student notes receivable.

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. Balances increased from 2021 and 2022 due to the purchase of bonds with accrued interest while remaining consistent from 2020 to 2021.

Endowment cash and investments decreased by $5.8 million from 2021 to 2022 due to an investment loss of $3.7 million and the spending distribution for scholarships and academic programs of $6.3 million. This decrease was offset by gifts and additions of $4.2 million. From 2020 to 2021, endowment assets increased by $43.8 million 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. 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 financing leases, pledges, and student notes receivable decreased by $1.2 million and $3.5 million from 2021 to 2022 and 2020 to 2021, respectively. The on-going decline is 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. This decline is partially offset by the increase in financing lease receivables as a result of GASB 87. Both financing lease arrangements and long-term pledges are discounted to net present value for financial statement purposes. As noted previously, additional information is disclosed in Note 1 regarding the implementation of GASB 87 and subsequent reclassifications.

Capital assets decreased by $14.7 million from 2021 to 2022 and increased by $2.6 million from 2020 to 2021. During 2022 there were capital additions of $19.9 million, offset by depreciation expense of $33.3 million and disposals of mostly fully depreciated equipment. During 2021 there were capital additions of $34.4 million, offset by depreciation expense of $30.4 million and disposals of mostly fully depreciated equipment. The primary outlays in 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 addition, intangible right-to-use assets are capitalized as prescribed by GASB 87 and further disclosed in Note 1.

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 53
2) Refunding of bonds payable – see Note 4 on page 49 for Series 2014B and 2016A

3) Retirement-related deferrals – see Note 6 on page 57 for Defined Benefit Plans and on page 66 for Other Post-Employment Benefits

Accounts payable and accrued liabilities increased $2.2 million from 2021 to 2022 and $9.3 million from 2020 to 2021 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. In 2021, unearned income fluctuated by $19 million due to a new scholarship program that was prefunded by the Thompson Foundation in 2021 and recognized in 2022.

Current maturities in long-term debt remained consistent from 2020 to 2022, reflecting the scheduled principal payments. In 2022 and 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, payable at December 31, 2022 and December 21, 2021, respectively.

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, right-to-use lease liability, as prescribed by GASB 87, and the long-term portion of bonds payable. Federal student loans payable decreased by $3.2 million from 2020 to 2022 as a result of principal payments to the US Department of Education in the phased elimination of the Perkins Loan program. As noted previously, additional information is disclosed in Note 1 regarding the implementation of GASB 87 and subsequent reclassifications.

The net change in long-term debt (net of current portion) was a decrease of $19.8 million and $13.1 million from 2021 to 2022 and 2020 to 2021, respectively, primarily due to the scheduled principal payments. 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 S&P Global. Between 2020 and 2022, there was no new debt issued.

The net retirement liabilities (including related deferred inflows of resources) increased by $9.8 million from 2021 to 2022 and decreased by $5.0 million from 2020 to 2021. The increase in liability in 2022 was mainly due to an assumption change lowering the discount rate. The decrease in liability in 2021 is due to a 28 percent investment return to be amortized over 5 years. 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 73.

The total net position of the university increased by $151.1 million from 2020 to 2022. The increase reflects high investment returns in 2021, investments in infrastructure, as well as generous support from donors to facilities, endowments, and new initiatives that are underway. 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:

	2022	2021	2020
		(in 000s)	
Funds functioning as endowment	$ 12,004	$ 12,379	$ 9,445
Capital projects in progress	27,543	15,765	9,486
Housing and auxiliary repair and maintenance	25,052	22,855	27,831
Debt service funds	42,490	40,147	41,345
Academic initiatives	41,573	33,931	28,611
Future capital projects	71,029	86,401	89,319
Operations and cash flow	84,417	58,779	28,346
	$ 304,108	**$ 270,257**	**$ 234,383**

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		
	2022	2021	2020
		(in 000s)	
Operating Revenue			
Student tuition and fees	$ 329,794	$ 334,141	$ 340,118
Less scholarship allowance	(73,954)	(75,394)	(68,713)
Auxiliary	63,291	48,190	61,678
Less scholarship allowance	(11,128)	(8,940)	(10,150)
Grants and contracts	30,011	28,211	24,495
Other	20,033	15,456	18,876
Total operating revenue	358,047	341,664	366,304
Operating Expenses	496,196	450,353	464,359
Net Operating Loss	(138,149)	(108,689)	(98,055)
Nonoperating Revenue (Expense) and Other			
State appropriations	77,050	73,491	65,284
Government grants	89,597	47,983	45,566
Gifts (including endowment and capital)	41,478	22,228	17,003
Capital appropriations, grants, and other	5,205	23,491	2,222
Investment (loss) income - Net of fees	(15,963)	51,144	8,069
Other	(8,750)	(9,011)	(11,158)
Net nonoperating revenue	188,617	209,326	126,986
Net Increase in Net Position	50,468	100,637	28,931
Net Position - Beginning of year	1,001,502	900,865	871,934
Net Position - End of year	**$ 1,051,970**	**$ 1,001,502**	**$ 900,865**

Revenue generated by tuition and fees decreased by 1.3 percent from 2021 to 2022 and decreased by 1.8 percent from 2020 to 2021. The tuition rate increases of 2.4 percent in 2022 and 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 remained steady at 22.4 percent in 2022, as compared to 22.6 percent in 2021, and 20.2 percent in 2020.

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. In 2022, the University began to recover from the outbreak of COVID-19. 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 2020 to 2022, 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 increased from 2020 to 2022, mainly related to the recovery from COVID-19. Further analysis of operating expenses by program function begins on page 15. Salaries, wages, and benefits comprise the largest operating expense, while instruction is the largest functional category.

State appropriations increased by 4.8 percent from 2021 to 2022 due to one-time supplemental funding of $3.6 million. 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, a component of State appropriation identified performance based on certain State metrics. 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. However, no performance funding was allocated in 2021 or 2022.

From 2020 to 2022, nonoperating government grants increased by 91.2 percent or $44.0 million. In 2021, $8.0 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. There was $4.7 million and $4.4 million of financial aid distributed to students demonstrating exceptional need during the years ended June 30, 2022 and 2021, respectively. As of June 30, 2021, the $19.8 million awarded for institutional funding was expended to subsidize student refunds, enable on-line learning and cover lost revenue. In 2022 and 2021, the university recognized revenue of $14.9 million and $14.0 million, respectively, based on the proportion of financial aid expended in each of those years.

- 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. In 2022 and 2021, institutional funding of $1.5 million and $24.1 million, respectively, was expended for campus safety and operations, supplies to reduce sharing of classroom resources by students, and cover lost revenue. In 2022, $25.6 million of institutional revenue was recognized as the Financial Aid portion of $25.6 million was awarded.

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

Gifts, including capital and endowment gifts, increased by $19.3 million from 2021 to 2022 due to the scholarship program of $19.0 million that was prefunded by the Thompson Foundation in 2021 and recognized in 2022. Gifts, including capital and endowment gifts, increased by $5.2 million from 2020 to 2021 due to receipt of the second year of funding of $4.6 million from the WK Kellogg Battle Creek Public School Partnership Program and an increase in scholarship gifts from the existing Thompson Foundation and Torch Lake Scholarship programs.

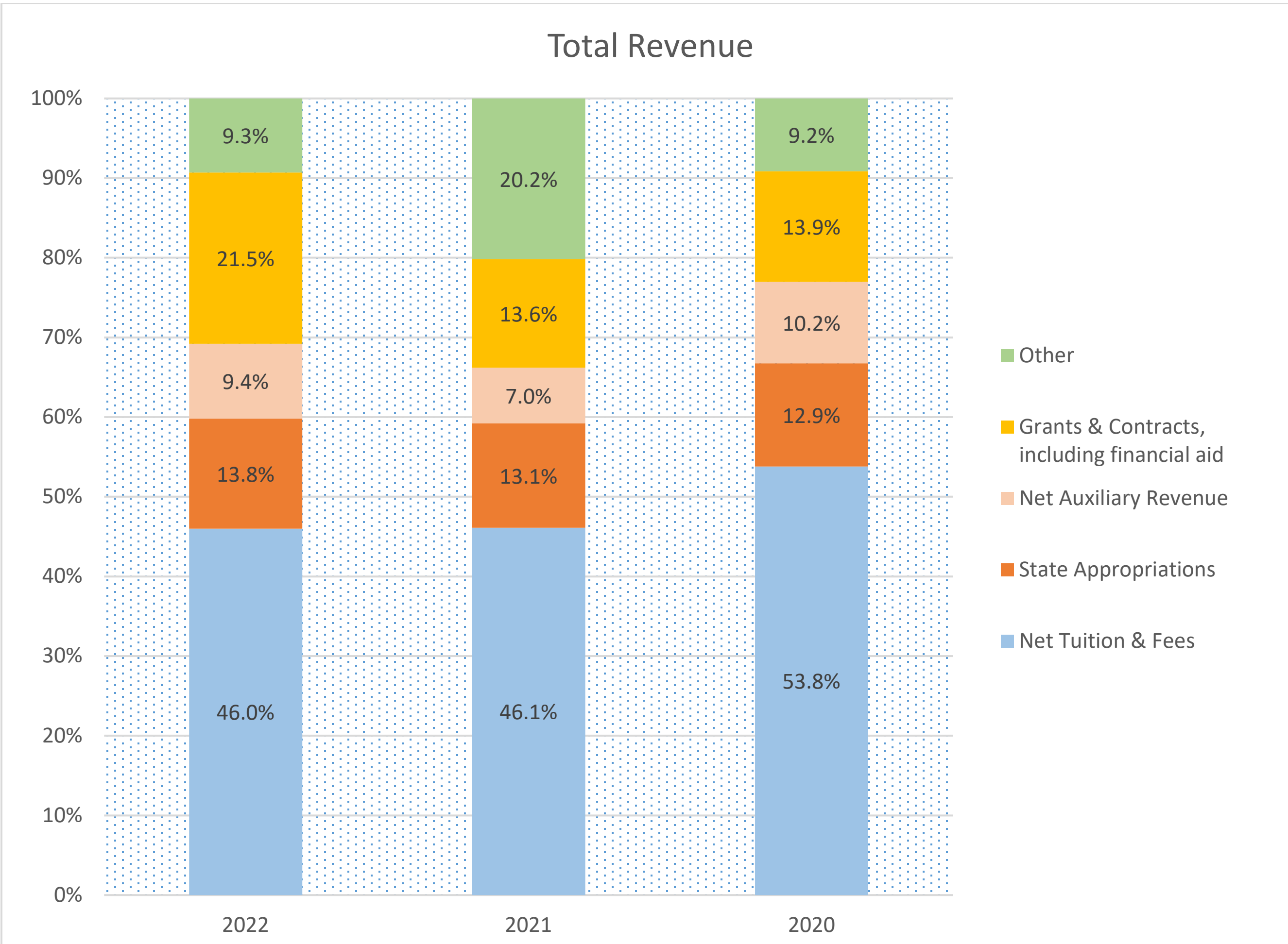
Capital appropriations, grants, and other include awards and other capital income received for special purpose capital projects. In 2022, 2021, and 2020, the university accrued State funding of $3.8 million, $22.7 million, and $1.5 million, respectively, towards new construction on the Health Campus.
Net investment income consists of realized income (interest, dividends, and realized gains (losses) on the sale of investments), unrealized gains/losses, and investment expenses (primarily bank fees).

- Endowment investments generated an investment loss of 4.9 percent in 2022. Investment gains of 34.0 percent and 0.3 percent were generated in 2021 and 2020, respectively.

- Operating investments generated an investment loss of 3.1 percent in 2022. Investment gains of 0.3 percent and 2.8 percent were generated in 2021 and 2020, respectively.

Other nonoperating includes interest expense, financing lease revenue, and gains or losses from disposal of assets. The decrease in expense from 2020 to 2022 is due to lower interest expense and the addition of nonoperating financing lease revenue as a result of GASB 87. As noted previously, additional information is disclosed in Note 1 regarding the implementation of GASB 87 and subsequent reclassifications.

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:



Tuition and fees (net) make the largest contribution to the total revenue of the university. From 2020 to 2022, grants and contracts were second as a result of the HEERF awards, followed by State appropriation. Grants and contracts include both financial aid grants, such as Pell and grants for restricted purposes such as research and public service, and HEERF grant revenue. Auxiliary activities are considered self-supporting enterprises. In addition to sales and services of educational activities and other operating revenue, other revenue also includes investment income (loss), gifts, additions to endowment, financing lease revenue, 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.

	2022	2021	2020
		(in 000s)	
Instruction	$ 161,395	163,630	$ 173,901
Research	6,804	6,774	6,867
Public service	34,695	31,949	30,873
Academic support	53,614	58,290	48,351
Student services	32,628	27,630	31,076
Institutional support	43,635	37,372	40,870
Operation and maintenance of facilities	42,767	34,923	37,027
Depreciation	33,264	30,750	30,243
Scholarships and related expenses	48,504	23,420	23,241
Auxiliary activities	38,628	35,497	41,792
Other expenditures	262	118	118
Total	**$ 496,196**	**$ 450,353**	**$ 464,359**

Instructional expenses decreased by 1.4 and 5.9 percent from 2021 to 2022 and 2020 to 2021, respectively. The decrease in 2022 and 2021 was reflected in personnel expenses due to retirements and changes in overload assignments. In 2022, 2021, and 2020, the decrease also reflects travel reductions due to less educational travel and the cancellation of international study abroad trips.

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 remained consistent between 2022 and 2020.

Public service expenses include WGVU public broadcasting, the Michigan Small Business Development Center (SBDC), and the Charter Schools Office administration. Expenses increased by 8.6 percent from 2020 to 2021 mostly due to the return of summer camp activities and higher SBDC outreach levels due to MEDC funding carryover. From 2020 to 2021, expenses increased by 3.5 percent mostly due to higher SBDC spending to assist small businesses navigate the impact of COVID-19.

Academic support expenses include continuing education, information technology, student advising, the libraries, academic resources, and administration expenses for the academic deans. Expenses decreased by 8.0 percent from 2021 to 2022 and increased by 20.6 from 2020 to 2021. The decrease reflects elimination of one-time costs that were incurred in 2021, which included outlays for a Voluntary Retirement Incentive Plan and for elevating campus safety and distance operations to manage COVID-19 impact.

Student services expenses represent student life programming, admissions, records, registration, financial aid, and intercollegiate athletics. Expenses increased by 18.1 percent from 2021 to 2022 due to the return of many student activities. Expenses decreased by 11.1 percent from 2020 to 2021 due to the cancellation 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 increased by 16.8 percent from 2021 to 2022 due to the recovery from COVID-19, including full bus service, new technology initiatives, and new salary program. Expenses decreased by 8.6 percent from 2020 to 2021 due to 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 increased by 22.5 percent from 2021 to 2022 mainly due to a larger number of renovation and maintenance projects required for building integrity and safety. In addition, fringe benefit expense increased due to higher pension related costs. There was a decrease of 5.7 percent from 2020 to 2021 due to COVID-19. Personnel expenses decreased due to retirements and reduction in overtime and temporary help, which were offset by one-time purchases to outfit the new Health Campus.

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 2021 to 2022 total scholarships awarded increased by 24.0 percent and from 2020 to 2021 total scholarships awarded increased by 5.5 percent. The increase in 2022 mainly results from awarding the remaining $30.4 million of HEERF II and HEERF III funding to students eligible to receive emergency financial grants. 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. In 2020, $9.2 million in HEERF funding was awarded.

	2022	2021	2020
		(in 000s)	
Scholarship allowance - Tuition	$ 73,953	$ 75,394	$ 68,713
Scholarship allowance - Auxiliary	11,128	8,940	10,150
HEERF funded scholarships awards	30,370	4,421	9,167
Scholarship and fellowship expense	18,134	18,999	14,073
Total	**$ 133,585**	**$ 107,754**	**$ 102,103**

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 increased by 8.8 percent from 2021 to 2022 due to the recovery from the outbreak of COVID-19 and the related higher cost of goods sold and dining cost as a result of higher sales volume. Auxiliary expenses decreased by 14.8 percent from 2020 to 2021 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.

	2022	2021	2020
		(in 000s)	
Salaries and benefits	$ 293,577	$ 293,117	$ 300,602
Scholarships and awards	48,975	23,576	24,863
Utilities	8,179	6,963	6,863
Supplies and other	112,201	96,320	101,788
Depreciation	33,264	30,417	30,243
Total	**$ 496,196**	**$ 450,393**	**$ 464,359**

Salaries and benefit expenses represent 59.2, 65.1, and 64.7 percent of total operating expenses in 2022, 2021, and 2020, respectively. The salaries and benefits component dropped as all other expense classifications increased by double digits mostly due to the recovery from COVID-19 and HEERF funded scholarships. The overall decrease in salaries and benefit expenses from 2020 to 2022 reflect savings due to retirements and lower total employee counts that reduced associated fringe benefit costs.

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 17.5 percent from 2021 to 2022 and 1.5 percent from 2020 to 2021. Utilities increased from 2021 to 2022 due to occupying the previously vacant buildings that were impacted by COVID-19.

Supplies and other expenses increased by 16.9 percent from 2021 to 2022 as a result of returning to normal business activities in 2022 upon recovery from the COVID-19 outbreak. There was a decrease of 5.4 percent from 2020 to 2021 caused by this disruption.

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.

	2022	2021	2020
		(in 000s)	
Net Cash (Used in) Provided by			
Operating activities	$ (108,370)	$ (76,806)	$ (68,393)
Noncapital financing activities	185,897	148,447	127,230
Capital and related financing activities	(30,086)	(33,133)	(69,793)
Investing activities	(26,499)	(96,580)	29,889
Net Increase (Decrease) in Cash and Cash Equivalents	20,942	(58,072)	18,933
Cash and Cash Equivalents - Beginning of year	79,594	137,666	118,733
Cash and Cash Equivalents - End of year	**$ 100,536**	**$ 79,594**	**$ 137,666**

The primary cash receipts from operating activities consist of tuition and housing revenue. Cash outlays include payment of wages, benefits, supplies, utilities, and scholarships. From 2021 to 2022, net cash receipts from operating activities decreased by $31.6 million due to an increase in payments to suppliers, an increase in scholarships due to HEERF emergency awards, the small enrollment dip, and the first payment of deferred Social Security taxes. This decrease was partially offset by the rebound in housing and dining receipts with the full return of students to campus residence. From 2020 to 2021, net cash receipts from operating activities decreased by $8.7 million; mostly due to shutdowns in auxiliary operations resulting from COVID-19.

Noncapital financing activity is categorized as nonoperating and includes State appropriation, HEERF, Pell grants, gifts, and non-exchange grants for other than capital purposes. Typically, State appropriation is the primary source of noncapital financing, however governmental grants is the largest component in 2022. HEERF and Pell grant receipts totaled $92.9 million, whereas State appropriation receipts totaled $76.9 million. The increase of $37.5 million from 2021 to 2022 was due to HEERF funding and State appropriation increases, offset by a decrease in gift receipts. From 2020 to 2021, State appropriation decreased by 10.6 percent or $7.8 million as a result of the July and August state appropriation reduction. This decrease was offset by higher gift receipts, resulting in a net increase in cash of $21.2 million.

Capital and related financing activities includes financing lease activity, which due to the implementation of GASB 87 required a restatement of certain 2021 balances. Expenditures related to capital outlays and construction were $21.4 million, $32.6 million, and $55.1 million in 2022, 2021, and 2020 respectively. Capital outlays declined after the completion of the Daniel and Pamella DeVos Center for Interprofessional Health in spring of 2021.

Investing activities reflect purchases, sales, and interest income earned on investments. In 2022, activity returned to typical levels, as the changes in the endowment investment strategy in 2021 that resulted in several liquidations of existing funds were mostly complete by the start of 2022. Investments identified in the cash flows statement include both restricted and unrestricted short- and long-term investments.

Economic Factors that Will Affect the Future

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 this past fiscal year dipped slightly compared to the previous fiscal year but is expected to remain relatively steady over the next few years. The university is focusing on growth and retention initiatives as described in the Strategic Enrollment Management Plan (SEMP). The university is pushing forward a bold agenda as outlined in the Reach Higher 2025 Strategy that was approved this past fiscal year 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 has several initiatives to expand its revenue base through the SEMP and efforts such as the Lifelong Educational Attainment for Determined Students (LEADS) 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. Additionally, the university is increasing partnership efforts with local and regional businesses to become a talent pipeline for these organizations. A recent example is the expanded nursing program for the Beaumont Health/Spectrum Health-GVSU agreement that was initially announced in April 2022.

The State has approved a base appropriation amount of $81.2 million for fiscal year 2023. The increase in the university's State appropriation was significant compared to historical adjustments for the university and represents a 10.5 percent increase over 2022. The Legislature proposed and the Governor approved targeted increases for institutions to bring all Michigan public universities to a minimum funding level of $4,500 per FYES over a period of three years.

After years of State underfunding per FYES relative to State peers, especially considering the university educates 8.8 percent of the students attending Michigan public institutions while only receiving 5 percent of the State's higher education appropriation, this funding increase was an important step in leveling State support amongst public universities. While current law does not bind future legislation to this three-year plan, the legislature has signaled intent to support reaching the minimum funding level for all higher education institutions. However, future support for this effort, considering upcoming gubernatorial and legislative elections in Fall 2022, is not guaranteed.

A separate legislative initiative, a $250 million postsecondary scholarship fund, was passed into law but will not become available until the 2023-2024 academic year. After initial passage, the state legislature approved a supplemental spending bill that Governor Whitmer signed into law that expands this scholarship fund, making $560 million in aid available once fully implemented. This scholarship would potentially make up to $5,500 available per student per year to attend a Michigan public university. Lawmakers estimate that 75 percent of Michigan families would qualify for the scholarship. The program could have a positive impact on future enrollment, providing potential learners with additional resources to attend the university that has one of the lowest total cost of attendance figures in the state.

Inflation has remained persistent over the last fiscal year and reached levels not experienced in the last 40 years. Inflationary factors across all sectors of the economy may place pressure on some portions of university operations, such as energy prices and food cost. The university's debt profile consists of fixed-rate or synthetically fixed-rate debt instruments so there is minimal to no interest rate risk with rising rates at current debt levels. Both fiscal and monetary policy will influence how long inflationary conditions exist and how those factors may impact the overall macroeconomic environment.

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 FYES that is below the state average. 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 as an outstanding choice for learners. Grand Valley State University was named to Money© Magazine's list of 2022 Best Colleges for Value, landing in the top third of all schools rated. The rankings are based on 17 measures across these major categories: quality of education, affordability, and post-graduation outcomes. The university intends to expand its enrollment base beyond the Midwest region through expanded marketing and enhanced partnerships like the Historically Black College and Universities/Hispanic Serving Institutions pipeline consortium. These partnerships offer graduate degree opportunities and targeted relationships with businesses focusing on the skills necessary to succeed in the knowledge and digital economy of the future.

Statement of Net Position

	June 30 2022	June 30 2021
Assets		
Current assets:		
Cash and cash equivalents (Note 2)	$ 97,736,573	$ 73,907,002
Short-term investments (Note 2)	61,695,908	38,684,476
Accounts receivable - Net of allowance of $666,658 and $559,291 in 2022 and 2021, respectively	24,862,018	24,881,762
State appropriation receivable	72,671,531	76,374,196
Pledges receivable - Net	6,131,006	2,733,743
Inventories	1,757,402	1,624,869
Prepaid expenses and other	6,878,681	3,662,805
Student notes receivable - Current portion	1,624,716	1,368,215
Total current assets	273,357,835	223,237,068
Noncurrent assets:		
Restricted cash and cash equivalents (Note 2)	2,799,849	5,686,559
Restricted investments (Note 2)	17,394,381	19,002,934
Endowment investments (Note 2)	166,924,916	171,299,684
Other long-term investments (Note 2)	215,401,485	224,998,373
Accounts and Interest Receivable	7,049,254	6,271,128
Pledges receivable - Net	4,868,032	5,745,806
Student notes receivable - Net of allowance of $78,150 and $137,918 in 2022 and 2021, respectively	2,116,439	3,175,069
Capital assets - Net (Note 3)	783,304,675	797,957,886
Derivative instrument (Note 5)	2,199,000	-
Other assets	2,157,563	1,554,243
Total noncurrent assets	1,204,215,594	1,235,691,682
Total assets	1,477,573,429	1,458,928,750
Deferred Outflows of Resources		
Accumulated changes in the fair value of hedging derivative instruments (Note 5)	1,975,000	5,621,000
Refunding of bonds payable (Note 4)	7,644,285	8,374,830
Retirement benefit related deferrals (Note 6)	13,017,838	4,609,903
Total deferred outflows	22,637,123	18,605,733
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	101,314,884	99,112,124
Unearned revenue	18,512,474	36,431,368
Long-term liabilities - Current portion (Note 4)	19,946,239	19,431,993
Total current liabilities	139,773,597	154,975,485
Noncurrent liabilities:		
Unearned revenue - Net of current portion	2,207,795	2,798,789
Federal student loan payable	3,003,192	4,664,065
Long-term liabilities - Net of current portion (Note 4)	237,819,586	257,631,227
Derivative instruments (Note 5)	1,975,000	5,621,000
Other post-employment benefits (Note 6)	17,645,611	22,270,875
Net pension liability (Note 6)	27,873,257	5,803,145
Total noncurrent liabilities	290,524,441	298,789,101
Total liabilities	430,298,038	453,764,586
Deferred Inflows of Resources		
Accumulated changes in the fair value of hedging derivative instruments (Note 5)	2,199,000	-
Retirement benefit related deferrals (Note 6)	7,307,806	14,999,481
Leases	8,435,592	7,268,712
Total deferred inflows	17,942,398	22,268,193
Net Position		
Net investment in capital assets	538,311,749	540,213,785
Restricted:		
Nonexpendable - Scholarships and academic support	87,414,219	83,657,963
Expendable:		
Scholarships and academic support	119,778,262	104,064,376
Capital projects	2,154,085	2,356,474
Loans	203,419	952,654
Unrestricted	304,108,382	270,256,452
Total net position	**$ 1,051,970,116**	**$ 1,001,501,704**

See Notes to Financial Statements

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30 2022	Year Ended June 30 2021
Operating Revenue		
Student tuition and fees	$ 329,793,453	$ 334,141,167
Scholarship allowances	(73,953,409)	(75,393,787)
Net student tuition and fees	255,840,044	258,747,380
Government grants and contracts	28,945,000	27,141,359
Nongovernmental grants	1,065,515	1,070,127
Sales and services of educational activities	13,789,826	11,618,330
Auxiliary activities	63,291,170	48,189,741
Scholarship allowances	(11,127,601)	(8,939,667)
Net auxiliary activities	52,163,569	39,250,074
Other operating revenue	6,242,978	3,836,245
Total operating revenue	358,046,932	341,663,515
Operating Expenses - Education and general		
Instruction	161,394,886	163,629,875
Research	6,803,860	6,773,939
Public service	34,695,233	31,949,111
Academic support	53,614,216	58,290,430
Student services	32,627,990	27,630,277
Institutional support	43,634,781	37,371,512
Operation and maintenance - Plant	42,767,339	34,922,406
Depreciation expense	33,264,312	30,749,452
Scholarships and related expenses	48,504,424	23,420,007
Auxiliary activities	38,628,157	35,497,665
Loan administrative fees and collection costs	261,473	117,973
Total operating expenses	496,196,671	450,352,647
Operating Loss	(138,149,739)	(108,689,132)
Nonoperating Revenue (Expense)		
State appropriations	77,050,400	73,490,700
Government grants	89,597,155	47,982,763
Gifts	38,462,727	15,992,488
Investment (loss) income:		
Interest, dividends, and gains (losses) on investments - Net of investment expense of $1,603,689 and $1,324,703 in 2022 and 2021, respectively	(15,962,718)	51,144,205
Interest on capital asset - Related debt	(9,646,670)	(10,140,966)
Gain (Loss) on disposal of assets	(125,811)	219,944
Other nonoperating revenues	1,023,597	909,815
Net nonoperating revenue	180,398,680	179,598,949
Income - Before other revenues, expenses, gains, or losses	42,248,941	70,909,817
Other		
Capital appropriations	3,814,297	22,742,633
Capital grants and gifts	679,740	1,431,423
Other capital income	710,182	748,384
Additions to permanent endowments	3,015,252	4,804,722
Total other	8,219,471	29,727,162
Increase in Net Position	50,468,412	100,636,979
Net Position		
Beginning of year	1,001,501,704	900,864,725
End of year	**$ 1,051,970,116**	**$ 1,001,501,704**

See Notes to Financial Statements

Statement of Cash Flows

	Year Ended June 30	
	2022	2021
Cash Flows from Operating Activities		
Tuition and fees	256,484,381	$ 261,227,756
Grants and contracts	27,789,039	21,762,575
Payments to suppliers	(112,195,025)	(97,007,102)
Payments for utilities	(8,129,964)	(6,913,662)
Payments to employees	(219,850,245)	(224,097,330)
Payments for benefits	(75,819,147)	(65,749,480)
Payments for scholarships and fellowships	(48,975,263)	(23,576,125)
Loans issued to students	(45,368,371)	(37,520,555)
Collection of loans from students	46,170,500	39,033,575
Auxiliary enterprise charges:		
Residence halls	36,714,408	26,629,619
Bookstore	7,989,381	7,275,628
Other	7,471,455	5,256,192
Sales and service of educational activities	13,712,409	11,305,684
Other receipts	6,622,405	4,894,883
Federal direct loan receipts	128,470,519	138,899,477
Federal direct loan lending disbursements	(129,501,944)	(137,988,138)
Public school academy funding receipts	323,564,033	313,917,456
Public school academy funding disbursements	(323,518,336)	(314,155,901)
Net cash used in operating activities	(108,369,765)	(76,805,448)
Cash Flows from Noncapital Financing Activities		
State appropriations	76,918,928	65,367,614
Government grants	92,897,354	45,314,511
Gifts and grants for other than capital purposes	14,865,172	34,613,831
Private gifts for endowment purposes	3,015,252	4,804,722
Charitable annuities payments - Net	(138,481)	(90,247)
Return of federal student Perkins loan principal	(1,660,873)	(1,563,651)
Net cash provided by noncapital financing activities	185,897,352	148,446,780
Cash Flows from Capital and Related Financing Activities		
Capital appropriations	10,783,131	17,251,077
Capital grants and gifts received	2,379,935	4,408,414
Other receipts	1,551,573	996,137
Proceeds from sale of capital assets	483,832	1,497,492
Purchases of capital assets and construction	(21,390,536)	(32,625,513)
Principal paid on capital debt	(13,638,587)	(13,700,000)
Interest paid on capital debt	(10,255,381)	(10,961,100)
Net cash used in capital and related financing activities	(30,086,033)	(33,133,493)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	23,074,425	72,582,883
Interest on investments	3,882,410	4,637,199
Purchase of investments	(53,455,528)	(173,800,399)
Net cash used by investing activities	(26,498,693)	(96,580,317)
Net Increase (Decrease) in Cash and Cash Equivalents	20,942,861	(58,072,478)
Cash and Cash Equivalents - Beginning of year	79,593,561	137,666,039
Cash and Cash Equivalents - End of year	**$ 100,536,422**	**$ 79,593,561**

See Notes to Financial Statements

Statement of Cash Flows (Continued)

	Year Ended June 30	
	2022	2021
Balance Sheet Classification of Cash and Cash Equivalents		
Cash and cash equivalents (Note 2)	$ 97,736,573	$ 73,907,002
Restricted cash and cash equivalents (Note 2)	2,799,849	5,686,559
Total cash and cash equivalents	**$ 100,536,422**	**$ 79,593,561**
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	$ (138,149,739)	$ (108,689,132)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization expense	33,264,312	30,749,452
Changes in assets and liabilities:		
Receivables - Net	(3,135,586)	(3,291,298)
Inventories	(132,533)	(29,861)
Other assets	(104,242)	(95,820)
Accounts payable, accrued liabilities, and deposits	1,348,913	769,202
Retirement related deferrals and noncurrent liabilties	(2,949,690)	1,923,824
Unearned revenue	1,488,800	1,858,185
Net cash used in operating activities	**$ (108,369,765)**	**$ (76,805,448)**
Significant Noncash Disclosures		
Property acquired under lease arrangements	**$ 128,278**	**$ 390,814**

See Notes to Financial Statements

Statement of Fiduciary Net Position
Pension Trust Funds

	June 30 2022	June 30 2021
Assets		
Money market funds	$ 2,006,152	$ 3,923,617
Domestic equities	28,620,635	34,248,001
International equities	11,767,587	13,621,265
Domestic bonds	20,693,223	22,847,853
International bonds	1,365,969	1,647,748
Alternative strategies	8,982,091	9,898,149
Total cash and cash equivalents and investments	73,435,657	86,186,633
Accrued income	140,175	148,246
Net Position - Restricted for Pensions	**$ 73,575,832**	**$ 86,334,879**

Statement of Changes in Fiduciary Net Position
Pension Trust Funds

	Year Ended June 30 2022	Year Ended June 30 2021
Additions		
Investment income (loss):		
Interest and dividend income	$ 2,661,752	$ 1,617,718
Net appreciation (depreciation) in fair value of investments	(16,530,320)	9,590,468
Income on sale of investments	4,482,238	6,215,992
Total investment income (loss)	(9,386,330)	17,424,178
Employer contributions	1,810,097	2,195,934
Other income	384,113	445,334
Total additions - Net	(7,192,120)	20,065,446
Deductions		
Benefit payments	5,391,809	4,975,400
Administrative expense	175,118	167,439
Total deductions	5,566,927	5,142,839
Net Increase (Decrease)	(12,759,047)	14,922,607
Net Position - Restricted for Pensions		
Beginning of year	86,334,879	71,412,272
End of year	**$ 73,575,832**	**$ 86,334,879**

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, 2022 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 56. 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	
	2022	2021	2022	2021	2022	2021	2022	2021
Assets								
Current assets	$ 221,752	$ 217,918	$ 170,891	$ 160,768	$ 621,600	$ 521,209	$ (768,849)	$ (798,702)
Capital assets (net)	-	-	4,958	4,958	-	-	-	-
Other assets	3,295,845	3,037,116	-	-	793,549	661,696	-	-
Total assets	$ 3,517,597	$ 3,255,034	$ 175,849	$ 165,726	$ 1,415,149	$ 1,182,905	$ (768,849)	$ (798,702)
Liabilities								
Current liabilities	$ -	$ 156	$ -	$ -	$ -	$ -	$ 145,943	$ 179,881
Noncurrent liabilities	-	-	-	-	-	-	-	-
Total liabilities	-	156	-	-	-	-	145,943	179,881
Net Position								
Net investment in capital assets	-	-	4,958	4,958	-	-	-	-
Restricted:								
Nonexpendable	2,252,494	1,835,283	-	-	-	-	-	-
Expendable	1,265,103	1,413,028	-	-	-	-	-	-
Unrestricted	-	6,567	170,627	160,768	1,415,149	1,182,905	(914,792)	(978,583)
Total net position	3,517,597	3,254,878	175,585	165,726	1,415,149	1,182,905	(914,792)	(978,583)
Total liabilities and net position	$ 3,517,597	$ 3,255,034	$ 175,585	$ 165,726	$ 1,415,149	$ 1,182,905	$ (768,849)	$ (798,702)

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

	Grand Valley University Foundation		University Properties, Inc.		Grand Valley Research Corporation		Lafayette Hastings, LLC	
	2022	2021	2022	2021	2022	2021	2022	2021
Operating Revenue								
Auxiliary enterprises	-	-	147,715	119,194	-	-	-	-
Other	49,174	41,691	30	11	17,794	100,015	905,083	857,732
Total operating revenue	49,174	41,691	147,745	119,205	17,794	100,015	905,083	857,732
Operating Expense								
Personnel costs	37,549	31,619	-	-	-	-	-	-
Supplies and other	1,053,905	1,005,737	137,886	114,709	16,835	73,985	841,292	855,863
Total operating expense	1,091,454	1,037,356	137,886	114,709	16,835	73,985	841,292	855,863
Nonoperating Revenue (Expense)								
Gifts and additions to endowments	1,183,867	841,625	-	-	-	-	-	-
Grants	18,381	78,000	-	-	-	-	-	-
Investment (loss) income	(86,508)	840,404	-	-	231,285	375,031	-	-
Other	189,259	(400,936)	-	-	-	150,000	-	-
Total nonoperating revenue	1,304,999	1,359,093	-	-	231,285	525,031	-	-
Increase in Net Position	262,719	363,428	9,859	4,496	232,244	551,061	63,791	1,869
Net Position - Beginning of year	3,254,878	2,891,450	165,726	161,230	1,182,905	631,844	(978,583)	(980,452)
Net Position - End of year	$ 3,517,597	$ 3,254,878	$ 175,585	$ 165,726	$ 1,415,149	$ 1,182,905	$ (914,792)	$ (978,583)

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	
	2022	2021	2022	2021	2022	2021	2022	2021
Net cash provided (used) by operating activities	$ 79,626	$ (502,638)	$ 10,474	$ 5,483	$ 100,391	$ 457,303	$ 16,934	$ 14,813
Net cash (used) provided by investing activities	(359,492)	266,240	-	-	-	-	-	-
Net cash provided by financing activities	282,450	222,689	-	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	2,584	(13,709)	10,474	5,483	100,391	457,303	16,934	14,813
Cash and Cash Equivalents - Beginning of year	184,668	198,377	154,271	148,788	521,209	63,906	(829,323)	(844,136)
Cash and Cash Equivalents - End of year	**$ 187,252**	**$ 184,668**	**$ 164,745**	**$ 154,271**	**$ 621,600**	**$ 521,209**	**$ (812,389)**	**$ (829,323)**

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, and global real estate. 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, 2022 and 2021, there was an allowance of $666,658 and $559,291, respectively.

In addition, the university leases space on buildings to cellular companies and office space to external parties. The university records lease receivables in accordance with GASB 87, of which the total was $8,025,167 and $7,108,407 at June 30, 2022 and 2021, respectively. Of the total balances, noncurrent accounts receivable were $7,049,254 and $6,271,128 at June 30, 2022 and 2021, respectively. The expected receipts over the term of the respective leases are discounted to present value, using the interest rate stated on the lease, if available or otherwise discounted using the university's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. During the years ended June 30, 2022 and 2021, the university recognized revenues related to these lease agreements totaling $1,023,597 and $909,815, respectively, which are reflected as nonoperating revenue.

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 4.30 percent and 4.19 percent for the years ended June 30, 2022 and 2021 respectively. Included in pledges receivable are an unamortized discount of $660,123 and $805,417 at June 30, 2022 and 2021, respectively, and an allowance of $84,918 and $178,336 at June 30, 2022 and 2021, 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. The right-to-use assets are amortized over the shorter of the lease term or the useful life of the underlying asset. Right-to-use assets totaled $1,778,857 and $1,697,171 at June 30, 2022 and 2021 respectively. Accumulated amortization totaled $690,281 and $333,629 at June 30, 2022 and 2021 respectively.

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 accrue compensated absences on a per pay period basis. Vacation pay is fully vested when accrued. 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. As a result, compensated absences are recorded as a current accrued liability.

Note 1 – Summary of Significant Accounting Policies (Continued)

Operating Revenue - All revenue from programmatic sources is considered 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, financing lease revenue, and gifts. Financing lease arrangements and gifts (pledges) that are received on an installment basis are recorded at net present value.

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 and includes the HEERF scholarships awarded. 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 2022 and 2021, the university distributed $129,501,944 and $137,988,138 respectively, for direct lending through the U.S. Department of Education, which is a fiduciary activity. However, it meets the business-type activities 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 $29,132,000, which represents the estimated amount of expenses ultimately to result if unperformed contracts in progress at June 30, 2022 are completed. Approximately $14,311,000 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.

Note 1 – Summary of Significant Accounting Policies (Continued)

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, financing lease assets, net of accumulated amortization, unspent bond proceeds, components of debt structuring, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

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.

Note 1 – Summary of Significant Accounting Policies (Continued)

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, derivative instruments, and leases. Detailed information is provided in Note 5 regarding the derivative instrument and Note 6 regarding retirement related benefit deferrals. The deferred inflow related to leases results from future inflows resulting from the university's lessor arrangements, as referenced in the Accounts Receivable accounting policy.

Adoption of New Standards - Effective for the year ended June 30, 2022, the university adopted GASB Statement No. 87, *Leases* ("GASB 87"). This statement supersedes GASB Statement No. 62 and establishes new requirements for calculating and reporting the university's lease activities. The adoption of GASB 87 has been reflected as of July 1, 2020 and did not result in a change in net position as of July 1, 2020. Under this Statement, the university, as lessee is required to recognize a lease liability and an intangible right-to-use lease asset of $1,310,800, and as lessor is required to recognize a lease receivable of $7,733,579, a deferred inflow resource of $8,180,179, and decrease in unearned income of $446,600.

Reclassification - Certain 2021 amounts have been reclassified to conform to 2022 presentation.

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, 2022 and 2021, the university held unspent bond proceeds for the construction of the university's Health Campus of $0 and $1,423,298 respectively. Restricted endowment cash from gift receipts to be invested totaled $2,799,849 and $4,263,261 at June 30, 2022 and 2021, respectively. Restricted short-term investments received for a scholarship program were $17,394,381 and 19,002,934 at June 30, 2022 and 2021, respectively.

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, 2022 and 2021, the endowment spending rate was 4.5 percent.

As of June 30, 2022, the university has remaining commitments of $41,391,500 in alternative asset investments. As of June 30, 2022 and 2021, the university had approximately $98.6 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:

	2022	2021
Cash and cash equivalents	$ 97,736,573	$ 73,907,002
Short-term investments	61,695,908	38,684,476
Restricted cash and cash equivalents	2,799,849	5,686,559
Restricted Investments	17,394,381	19,002,934
Endowment investments	166,924,916	171,299,684
Other long-term investments	215,401,485	224,998,373
Total cash and investments	$ 561,953,112	$ 533,579,028

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

	2022	2021
Money markets	$ 102,886,069	$ 89,031,392
Time deposits	15,044,734	10,005,115
Fixed-income securities	250,726,525	243,709,165
Equity security investments	81,539,769	114,513,057
Mutual bond funds	13,176,249	13,075,130
Other	98,579,766	63,245,169
Total cash and investments	$ 561,953,112	$ 533,579,028

Note 2 - Cash and Investments (Continued)

As of June 30, 2022, 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	$ 102,886,069	$ 102,886,069	$ -	$ -	$ -
Time deposits	15,044,734	15,044,734	-	-	-
Fixed income securities	250,726,525	61,695,908	189,030,617	-	-
Mutual bond funds	13,176,249	-	142,900	12,876,171	157,178
Mutual equity funds	51,291,202	-	8,021,432	43,161,951	107,819
Mutual international equity funds	23,174,050	-	4,079,557	19,094,493	-
U.S. equities	7,074,517	-	-	6,622,558	451,959
Real estate	1,493,063	-	-	-	1,493,063
Venture capital and private equity	51,069,814	-	-	-	51,069,814
Private debt	2,855,790	-	-	-	2,855,790
Other investments	43,161,099	-	680,022	5,297,704	37,183,373
Total investments and maturities	$ 561,953,112	$ 179,626,711	$ 201,954,528	$ 87,052,877	$ 93,318,996

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
U.S. 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

Note 2 - Cash and Investments (Continued)

As of June 30, 2022, 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	$ 2,006,152	$ 2,006,152	$ -	$ -	$ -
Fixed-income funds	22,059,192	2,270,012	11,250,145	5,033,251	3,505,784
Equities	40,388,222	-	-	-	40,388,222
Real estate investment funds	4,537,239	-	-	-	4,537,239
Commodities funds	2,415,896	-	-	-	2,415,896
Other alternative funds	1,950,813	-	-	-	1,950,813
Pooled investment funds	78,143	-	-	-	78,143
Total investments and maturities	$ 73,435,657	$ 4,276,164	$ 11,250,145	$ 5,033,251	$ 52,876,097

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

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, 2022 have average maturities between 1.92 years and 12.5 years. At June 30, 2021, mutual bond funds have average maturities between 3.8 years and 12.5 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, 2022 and 2021, the carrying amount of the university's deposits was $100,536,422 and $79,593,561, respectively. Cash balances in the bank were $99,632,129 and $84,063,858 at June 30, 2022 and 2021, respectively. Of the cash balances in the bank, $1,112,182 and $1,267,841 respectively, was insured.

The remaining cash balances in the bank of $98,519,947 and $82,796,017 at June 30, 2022 and 2021, 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 0.5 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, 2022 and 2021:

	Market Value 2022	Rating*	Market Value 2021	Rating*
Eaton Vance Income Fund of Boston I	821,218	4 star	466,568	4 star
Federated Hermes Instl High Yield Bd IS	819,866	4 star	465,374	5 star
Fidelity Large Cap Value Index	266,816	3 star	-	
Goldman Sachs Multi-Manager International Equity	1,830,731	n/a	1,129,792	n/a
Goldman Sachs Multi-Mgr US SmCp Eq P	1,688,963	n/a	944,321	n/a
GQG Partners Emerging Markets EquityInst	433,219	5 star	-	
iShares MSCI EAFE Intl Idx K	1,820,526	3 star	1,122,805	3 star
iShares S&P 500 Index G	8,651,285	5 star	4,622,100	5 star
Pacific Funds Floating Rate Income I	512,457	5 star	289,163	4 star
Total	$ 16,845,081		$ 9,456,095	

* 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, 2022 and 2021:

Note 2 - Cash and Investments (Continued)

	Market Value 2022	Rating*	Market Value 2021	Rating*
Abbey Capital Futures Strategy I	$ 904,491	4 star	$ 935,506	4 star
Abbey Capital Multi Asset I	292,110	5 star	-	
AQR Diviersified Arbitrage I	654,839	n/a	735,014	n/a
Baillie Gifford Emerging Markets Eqs I	1,816,176	3 star	900,452	5 star
Boston Partners Emerg Mkts Dyn Eq Instl	109,005	1 star	409,405	3 star
Brow n Capital Mgmt Intl Sm Co Instl	601,079	4 star	534,602	5 star
Calvert Emerging Markets Equity I	1,363,067	3 star	1,335,414	4 star
Cohen & Steers Preferred Sec & Inc I	558,286	4 star	673,243	5 star
Cohen & Steers Realty Shares I	-		3,387,549	4 star
Credit Suisse Managed Futs Strat I	449,971	3 star	209,155	3 star
DWS Enhanced Commodity Strategy Inst	1,950,813	4 star	1,175,563	4 star
DWS RREEF Real Assets Inst	4,537,239	5 star	-	
Harbor Capital Appreciation Instl	894,947	3 star	1,438,932	4 star
Harding Loevner International Eq Instl	2,127,832	3 star	3,463,456	3 star
Invesco Developing Markets R6	-		927,379	4 star
Invesco S&P 500 Quality ETF	3,525,564	5 star	-	
iShares Core MSCI EAFE ETF	2,694,388	3 star	3,728,926	3 star
iShares Core MSCI Emerging Markets ETF	-		908,853	3 star
iShares Core S&P 500 ETF	16,921,465	4 star	21,950,855	5 star
iShares Edge MSCI Intl Value Factor ETF	793,933	3 star	725,129	3 star
iShares ESG Aw are MSCI EAFE ETF	1,555,381	4 star	-	
iShares Global Infrastructure ETF	-		3,000,662	1 star
iShares MSCI Emerg Mkts Min Vol Fctr ETF	-		459,193	2 star
iShares MSCI Intl Quality Factor ETF	-		637,859	5 star
iShares MSCI USA Momentum Factor ETF	-		719,561	3 star
iShares MSCI USA Quality Factor ETF	-		1,439,381	3 star
iShares MSCI USA Sm-Cp Min Vol Fctr ETF	-		395,388	3 star
iShares MSCI USA Value Factor ETF	-		1,138,325	3 star
iShares Russell 1000 Value ETF	1,452,454	3 star	-	
iShares Russell 2000 ETF	1,533,216	3 star	2,190,025	4 star
iShares Russell Mid-Cap ETF	1,971,871	4 star	2,784,494	4 star
iShares S&P 100 ETF	-		1,572,383	5 star
iShares S&P 500 Grow th ETF	931,864	4 star	-	
Neuberger Berman Long Short Instl	681,329	4 star	618,658	4 star
Seafarer Overseas Gr and Income Instl	815,732	5 star	-	
Stone Ridge Hi Yld Risk Prml	660,318	n/a	617,896	3 star
Vanguard Mid-Cap Grow th ETF	305,161	3 star	-	
Vanguard Small-Cap ETF	402,764	4 star	-	5 star
Virtus Convertible Inst	621,451	5 star	1,084,247	5 star
Total	$ 51,126,746		$ 60,097,505	

* 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 investments in non-US corporate and government bonds. 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 14 percent and 18 percent at June 30, 2022 and 2021, respectively. Investments in these funds were approximately $62.2 million and $82.3 million for the ended June 30, 2022 and 2021, 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, 2022:

	Balance at June 30, 2022	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	$ 13,176,249	$ 13,176,249	$ -	$ -
Equity securities:				
Preferred stock	571,507	-	-	571,507
U.S. equities	7,074,517	7,074,517	-	-
Money market funds	62,843,200	62,843,200	-	-
Mutual equity funds	51,291,202	51,291,202	-	-
Mutual international security funds	23,174,050	23,174,050	-	-
Mutual asset allocation fund	5,297,704	5,297,704	-	-
Mutual alternative strategies	680,022	680,022	-	-
Real asset funds	1,827,467	1,827,467	-	-
Total equity securities	152,759,669	152,188,162	-	571,507
U.S. Governmental agencies	111,189,003	82,430,380	28,758,623	-
Foreign Government bond	2,131,847		2,131,847	
Corporate Bonds	137,405,675	-	137,405,675	-
Land	543,480	-	-	543,480
Beneficial interest	1,937,208	-	-	1,937,208
Total investments by fair value level		$247,794,791	$168,296,145	$ 3,052,195
Investments Measured at Net Asset Value (NAV)				
Hedge funds	32,869,074			
Private equity/venture capital	50,686,991			
Private debt	2,855,790			
Real estate funds	1,310,523			
Total investments measured at NAV	87,722,378			
Total investments measured at fair value	$ 506,865,509			
Investment Derivative Instruments - Interest rate swaps	$ 224,000		$ 224,000	

Note 2 - Cash and Investments (Continued)

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

		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
U.S. 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 alternative strategies	583,773	583,773	-	-
Mutual balanced fund	-			
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)	

Amounts included in the tables above include brokerage funds of $45,448,819 and $12,498,557 as of June 30. 2022 and 2021, 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, 2022:

		Fair Value Measurements Using		
	Balance at June 30, 2022	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Equity securities:				
Money market mutual funds	$ 2,006,152	$ 2,006,152	$ -	$ -
Developed international equity funds	7,772,613	7,772,613	-	-
Emerging markets equity funds	3,994,974	3,994,974	-	-
Large-cap domestic equity funds	23,726,294	23,726,294	-	-
Real estate investment funds	4,537,239	4,537,239	-	-
Small- and mid-cap domestic equity funds	4,213,012	4,213,012	-	-
Equity-related strategy funds	681,329	681,329	-	-
Alternative strategies funds	2,415,896	2,415,896	-	-
Commodities funds	1,950,813	1,950,813	-	-
Total equity securities	51,298,322	51,298,322	-	-
Fixed-income securities:				
Domestic fixed-income	19,375,002	1,179,737	18,195,265	-
International developed market fixed-income	1,115,769	-	1,115,769	-
International emerging market fixed-income	250,200	-	250,200	-
Inflation indexed fixed-income	663,382	-	663,382	-
Fixed income-related strategy	654,839	654,839	-	-
Total fixed-income securities	22,059,192	1,834,576	20,224,616	-
Total investments by fair value level		$ 53,132,898	$ 20,224,616	$ -
Investments Measured at Net Asset Value (NAV)				
Pooled investment funds	78,143			
Total investments measured at fair value	$ 73,435,657			

Note 2 - Cash and Investments (Continued)

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

	Balance at June 30, 2021	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets	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			

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 foreign 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, 2022 and 2021 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, 2022	June 30, 2021	June 30, 2022		
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Hedge funds (A)	$ 32,869,074	$ 56,738,458	$ -	See (A) below	See (A) below
Private equity/venture capital (B)	50,686,991	37,362,615	34,651,984	Not redeemable	N/A
Private debt (C)	2,855,790	-	6,518,472	Not redeemable	N/A
Real estate funds (D)	1,310,523	1,364,502	221,045	Not redeemable	N/A
Total	$ 87,722,378	$ 95,465,575	$ 41,391,501		

(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 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. 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.

(C) This category consists of two funds that provide financing to companies and primarily generates income through investments in cash paying, floating rate senior secured debt, complemented by capital appreciation-focused credit strategies. The nature of these investments in this category is that distributions are received through the periodic repayment of debt obligations. The fair value of the investment in this class has been estimated using the next asset value of the university's ownership interest in the 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, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	$ 71,960,752	$ 25,000	$ 77,725	$ 71,908,027
Nondepreciable artwork and historical treasures	6,365,389	41,240	-	6,406,629
Nondepreciable land improvements	1,722,820	-	-	1,722,820
Construction in progress	14,745,411	13,983,482	22,964,248	5,764,645
Total cost of nondepreciable capital assets	94,794,372	14,049,722	23,041,973	85,802,121
Land improvements & infrastructure	150,015,138	9,386,594	80,000	159,321,732
Buildings	903,030,164	13,532,532	291,395	916,271,301
Equipment	86,363,549	4,971,443	14,405,050	76,929,942
Library books	17,601,730	147,749	-	17,749,479
Total cost of depreciable capital assets	1,157,010,581	28,038,318	14,776,445	1,170,272,454
Right-to-Use Buildings	617,509	-	713	616,796
Right-to-Use Equipment	820,233	-	-	820,233
Right-to-Use Vehicles	259,429	128,278	45,879	341,828
Total cost of Right-to-Use capital assets	1,697,171	128,278	46,592	1,778,857
Total cost of capital assets	1,253,502,124	$ 42,216,318	$ 37,865,010	1,257,853,432
Less accumulated depreciation for:				
Land improvements & infrastructure	79,819,398	6,208,715	80,000	85,948,113
Buildings	292,934,772	21,341,973	101,799	314,174,946
Equipment	67,061,694	4,761,521	14,035,456	57,787,759
Library books	15,394,745	552,913	-	15,947,658
Total accumulated depreciation	455,210,609	32,865,122	14,217,255	473,858,476
Less accumulated amortization for:				
Right-to-Use Buildings	144,856	197,872	-	342,728
Right-to-Use Equipment	85,370	88,639	-	174,009
Right-to-Use Vehicles	103,403	112,679	42,538	173,544
Total accumulated amortization	333,629	399,190	42,538	690,281
Total accumulated depreciation and amortization	455,544,238	$ 33,264,312	$ 14,259,793	474,548,757
University capital assets - Net	$ 797,957,886			$ 783,304,675

Note 3 - Capital Assets (Continued)

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
Right-to-Use Buildings	451,245	166,264	-	617,509
Right-to-Use Equipment	656,820	163,413	-	820,233
Right-to-Use Vehicles	198,292	61,137	-	259,429
Total cost of Right-to-Use capital assets	1,306,357	390,814	-	1,697,171
Total cost of capital assets	1,220,692,281	$ 123,648,123	$ 90,838,280	1,253,502,124
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
Less accumulated amortization for:				
Right-to-Use Buildings	-	144,856	-	144,856
Right-to-Use Equipment	-	85,371	-	85,371
Right-to-Use Vehicles	-	103,403	-	103,403
Total accumulated amortization	-	333,629	-	333,629
Total accumulated depreciation and amortization	425,430,637	$ 30,750,131	$ 636,530	455,544,238
University capital assets - Net	$ 795,261,644			$ 797,957,886

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, including right-to-use lease liability.

The changes in long-term liabilities for the year ended June 30, 2022 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	-	2,050,000	$ 25,890,000	2,135,000
General Revenue Refunding Bonds, Series 2014B	35,255,000	-	1,495,000	33,760,000	1,530,000
General Revenue Bonds, Series 2015A	24,360,000	-	1,125,000	23,235,000	1,180,000
General Revenue Refunding Bonds, Series 2016A	58,355,000	-	2,905,000	55,450,000	3,085,000
General Revenue Bonds, Series 2017	21,145,000	-	830,000	20,315,000	870,000
General Revenue Bonds, Series 2018	41,125,000	-	1,265,000	39,860,000	1,330,000
Subtotal	208,180,000	-	9,670,000	198,510,000	10,130,000
General Revenue Refunding, Series 2013A Direct Purchase Bonds	7,650,000	-	2,235,000	5,415,000	2,320,000
General Revenue, Series 2014A Direct Purchase Bonds	31,025,000	-	1,320,000	29,705,000	1,380,000
Subtotal	38,675,000	-	3,555,000	35,120,000	3,700,000
Total bonds payable	246,855,000	-	13,225,000	233,630,000	13,830,000
Noncurrent accrued liabilities	8,633,726	-	4,294,928	4,338,798	4,338,798
Unamortized bond premiums	19,001,948	-	1,273,535	17,728,413	1,273,535
Charitable gift annuities payable	604,152	-	92,623	511,529	90,093
Construction loan payable	281,890	-	3,603	278,287	3,766
Interest rate swap contract (see Note 5)	285,000	-	126,000	159,000	80,000
Right to use lease liability	1,401,504	128,278	409,984	1,119,798	330,047
Total	277,063,220	128,278	19,425,673	257,765,825	19,946,239
Due within one year	19,431,993			19,946,239	
Total long-term liabilities	$ 257,631,227			$ 237,819,586	

Note 4 - Long-term Liabilities (Continued)

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
Construction loan payable	285,336	-	3,446	281,890	3,603
Interest rate swap contract (see Note 5)	465,000	-	180,000	285,000	126,000
Right to use lease liability	1,310,800	390,814	300,110	1,401,504	396,899
Total	286,333,614	6,364,007	15,634,401	277,063,220	19,431,993
Due within one year	15,595,687			19,431,993	
Total long-term liabilities	$ 270,737,927			$ 257,631,227	

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 were held in trust until callable on December 1 of the years 2018 to 2020, with final payment issued in December 2020. The interest rates on the Series 2007A bonds ranged 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 (0.98 percent and 0.03 percent at June 30, 2022 and 2021, 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 1.30 percent and 0.52 percent at June 30, 2022 and 2021, 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 1.30 percent and 0.52 percent at June 30, 2022 and 2021, 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.

The university leases building space, laundry equipment, cell tower equipment and vehicles from external parties. In accordance with GASB 87, the university records right-to-use assets and lease liabilities based on the present value of expected payments over the term of the respective leases. The expected payments are discounted using the interest rate charged on the lease, if available and are otherwise discounted using the university's incremental borrowing rate. The university did not have any significant leases with variable payments, and these are excluded from the valuations. For leases including payments tied to an index or market rate, the valuation is based on the initial index or market rate. The university does not have any leases subject to a residual value guarantee.

Note 4 - Long-term Liabilities (Continued)

Scheduled maturities of long-term liabilities are as follows:

	Revenue Bonds		Direct Purchase Bonds			Lease Liability	
Fiscal Year	Principal	Interest	Principal	Interest	Annuities Payable	Principal	Interest
2023	10,130,000	8,276,481	3,700,000	476,816	90,093	330,047	33,409
2024	11,705,000	7,805,822	2,775,000	435,720	90,093	222,710	23,366
2025	12,800,000	7,271,603	2,375,000	402,681	90,093	145,844	17,033
2026	13,415,000	6,697,917	2,490,000	370,953	90,093	87,657	13,273
2027	15,005,000	6,072,550	1,670,000	301,324	90,093	90,625	10,564
2028-2032	79,040,000	20,165,372	4,290,000	1,328,776	61,064	109,927	32,209
2033-2037	42,765,000	7,007,803	11,275,000	790,422	-	32,690	25,381
2038-2042	10,940,000	1,625,463	6,545,000	137,519	-	50,832	16,443
2043-2046	2,710,000	102,500	-	-	-	49,466	3,817
University maturities	$ 198,510,000	$ 65,025,511	$ 35,120,000	$ 4,244,211	$ 511,529	$ 1,119,798	$ 175,495

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, 2022 and 2021. 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, 2022, classified by type, and the change in fair value of such derivative instruments for the year ended as reported in the 2022 financial statements are as follows:

	Changes in Fair Value		Fair Value at June 30, 2022		
Type	Classification	Amount	Classification	Amount	Notional
Hedging Derivatives					
Cash flow hedges:					
Pay-fixed interest rate swap	Deferred inflow of resources	$ 220,000	Asset	$ 53,000	$ 5,415,000
Pay-fixed interest rate swap	Deferred inflow of resources	3,036,000	Asset	2,146,000	29,705,000
	Total	$ 3,256,000	Total	$ 2,199,000	
Pay-fixed interest rate swap	Deferred outflow of resources	$ 2,589,000	Liability	$(1,975,000)	25,890,000

Note 5 - Derivative Instruments (Continued)

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)	

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	$ 5,415,000	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	$ 25,890,000	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	$ 29,705,000	1.443% Fixed	80% of one-month LIBOR	12/1/2038	Aa3/A+

At June 30, 2022, 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.

Note 5 - Derivative Instruments (Continued)

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 ($53,000) and $167,000 at June 30, 2022 and 2021, respectively. The above-market amount, which equals $159,000 and $285,000 at June 30, 2022 and 2021, respectively, is considered a borrowing and is included in long-term debt as an interest rate swap contract.

The fair values of the interest rate swaps were calculated by an independent consultant as of June 30, 2022 and 2021. 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, 2022.

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, 2022 and 2021, the weighted average interest rate on the university's hedged variable-rate debt is 1.16 percent and 0.39 percent, respectively, while 70 percent of LIBOR is 1.14 percent and 0.06 percent, respectively. The 80 percent of LIBOR, used in the 2019 swap calculation is 1.37 percent and 0.07 percent as of June 30, 2022 and 2021, 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, 2022, 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)

		Associated with Swap Agreements			
Fiscal Year		Principal	Interest	Interest Rate Swaps - Net	Total
2023		5,835,000	669,984	1,120,998	7,625,982
2024		5,000,000	607,453	1,003,904	6,611,357
2025		4,695,000	552,068	899,689	6,146,757
2026		4,905,000	497,064	796,054	6,198,118
2027		4,190,000	446,633	700,711	5,337,344
2028-2031		18,565,000	1,654,034	2,291,133	22,510,167
2032-2036		11,275,000	765,734	762,308	12,803,042
2037-2040		6,545,000	122,706	95,790	6,763,496
	Total	$ 61,010,000	$ 5,315,676	$ 7,670,587	$ 73,996,263

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 $18,202,300 and $18,266,300 for the years ended June 30, 2022 and 2021, respectively. Total payroll covered under this plan was approximately $151,771,700 in 2022 and $152,363,000 in 2021.

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 $1,517,400 in 2022 and $1,511,600 in 2021. Total payroll covered under this plan was approximately $16,235,700 in 2022 and $16,113,300 in 2021.

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, 2021 and 2020, retirement plan membership consisted of the following:

	Professional Support Staff Employees' Plan		Maintenance, Grounds, Service Employees' Plan	
	2021	2020	2021	2020
Inactive plan members receiving benefits	266	239	82	74
Inactive members entitled to, not yet receiving benefits	84	84	8	9
Active plan members	111	141	46	54
Total participants	461	464	136	137

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 21.9 percent and 19.7 percent for the years ended June 30, 2022 and 2021, 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 21.9 percent and 23.6 percent for the years ended June 30, 2022 and 2021, 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, 2022 and 2021:

	Target Allocation	
Asset Class	2022	2021
Global equities	62%	62%
Fixed income	18%	18%
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 -11.6 percent and 27.9 percent for the years ended June 30, 2022 and 2021, respectively, for the PSSE plan. The annual money-weighted rate of return on retirement plan investments, net of retirement plan investment expense, was -11.6 percent and 27.7 percent for the years ended June 30, 2022 and 2021, 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	
	2022	2021	2022	2021
Assets				
Money market funds	$ 1,514,155	$ 2,856,416	$ 491,996	$ 1,067,201
Domestic equities	20,737,048	24,870,588	7,883,587	9,377,413
International equities	8,526,114	9,896,430	3,241,474	3,724,835
Domestic bonds	15,580,663	17,184,495	5,112,560	5,663,358
International bonds	974,044	1,323,592	391,925	324,156
Alternative strategies	6,523,413	7,136,585	2,458,678	2,761,564
Total cash and cash equivalents and investments	53,855,437	63,268,106	19,580,220	22,918,527
Accrued income	106,677	114,903	33,498	33,343
Net Position - Restricted for Pensions	**$ 53,962,114**	**$ 63,383,009**	**$ 19,613,718**	**$ 22,951,870**

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	
	2022	2021	2022	2021
Additions				
Investment income (loss):				
Interest and dividends	$ 1,952,334	$ 1,198,205	$ 709,418	$ 419,513
(Depreciation) appreciation in fair value of investments	(12,083,155)	6,908,791	(4,447,165)	2,681,677
Income on sale of investments	3,265,554	4,561,297	1,216,684	1,654,695
Total investment (loss) income	(6,865,267)	12,668,293	(2,521,063)	4,755,885
Employer contributions	1,195,438	1,464,957	614,659	730,977
Other income	281,925	342,492	102,188	102,842
Total (deductions) additions - Net	(5,387,904)	14,475,742	(1,804,216)	5,589,704
Deductions				
Benefit payments	3,918,551	3,586,482	1,473,258	1,388,918
Administrative expense	114,440	109,160	60,678	58,279
Total deductions	4,032,991	3,695,642	1,533,936	1,447,197
Net (Decrease) Increase	(9,420,895)	10,780,100	(3,338,152)	4,142,507
Net Position - Restricted for Pensions				
Beginning of year	63,383,009	52,602,909	22,951,870	18,809,363
End of year	**$ 53,962,114**	**$ 63,383,009**	**$ 19,613,718**	**$ 22,951,870**

Net Pension Liability of the University

The university's net pension liability was measured as of June 30, 2022 and 2021. The total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2021 and 2020, which used updated procedures to roll forward the estimated liability to June 30, 2022 and 2021, 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, 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**
Changes for the Year			
Service cost - Beginning of year	527,546	-	527,546
Interest on average adjusted total pension liability	4,284,466	-	4,284,466
Differences between expected and actual experience	(469,744)	-	(469,744)
Changes in assumptions	6,705,695	-	6,705,695
Benefit payments, including refunds of member contributions	(3,918,551)	(3,918,551)	-
Contributions - Employer	-	1,195,438	(1,195,438)
Contributions - Member	-	281,682	(281,682)
Net investment loss	-	(6,865,266)	6,865,266
Administrative expenses	-	(114,441)	114,441
Other	-	243	(243)
Net Changes	7,129,412	(9,420,895)	16,550,307
Balance at June 30, 2022	**$ 73,773,702**	**$ 53,962,114**	**$ 19,811,588**

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, 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**
Changes for the Year			
Service cost - Beginning of year	197,176	-	197,176
Interest on average adjusted total pension liability	1,639,495	-	1,639,495
Differences between expected and actual experience	(449,977)	-	(449,977)
Changes in assumptions	2,268,217	-	2,268,217
Benefit payments, including refunds of member contributions	(1,473,258)	(1,473,258)	-
Contributions - Employer	-	614,659	(614,659)
Contributions - Member	-	102,109	(102,109)
Net investment loss	-	(2,521,062)	2,521,062
Administrative expenses	-	(60,678)	60,678
Other	-	78	(78)
Net Changes	2,181,653	(3,338,152)	5,519,805
Balance at June 30, 2022	**$ 27,675,387**	**$ 19,613,718**	**$ 8,061,669**

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, 2022 and 2021, the university recognized pension expense (revenue) of $2,886,920 and ($1,551,926), respectively, for the PPSE plan and $669,163 and ($552,647), respectively, for the MSGE Plan.

At June 30, 2022, 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	$ 318,455	$ 250,237	$ 66,525	$ 306,379
Changes in assumptions	4,117,860	1,060,679	1,562,398	404,206
Net difference between projected and actual earnings on plan investments	3,607,402	-	1,266,717	-
Total	$ 8,043,717	$ 1,310,916	$ 2,895,640	$ 710,585

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

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
2023	$ 3,148,309	$ 811,307
2024	1,035,378	492,039
2025	360,000	81,279
2026	2,189,114	800,430

Actuarial Assumptions - The total pension liability as of June 30, 2022 and 2021 for both plans was determined by an actuarial valuation as of July 1, 2021 and 2020, 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	5.71% as of July 1, 2022 and 6.57% as of July 1, 2021, net of pension plan investment expense

For the July 1, 2021 actuarial valuation, the mortality improvement projection scale was updated from MP-2019 to MP-2020, since the prior measurement date. For the July 1, 2020, actuarial valuation, the mortality improvement projection scale was updated from MP-2018 to MP-2019. 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 5.71 percent and 6.57 percent for years ended June 30, 2022 and 2021, respectively. The discount rate used to measure the total pension liability of the MSGE plan was 5.71 percent and 6.57 percent for the years ended June 30, 2022 and 2021, 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, 2022 and 2021 (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%	6.45%
Fixed income	18%	3.65%
Cash	3%	1.66%
Real estate	10%	7.32%
Alternatives	7%	3.98%

The sum of the target allocations times the long-term expected rates is 5.71 percent and 6.57 percent for years ended June 30, 2022 and 2021, 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, 2022:

Plan	1% Decrease	Current Discount Rate	1% Increase
Professional Support Staff Employees' Plan	$ 28,819,091	$ 19,811,588	$ 12,254,774
Maintenance, Grounds, Service Employees' Plan	$ 11,062,559	$ 8,061,669	$ 5,501,019

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

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 $18,736,986 and $21,344,228 at June 30, 2022 and 2021, 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, 2022 total OPEB liability was measured as of June 30, 2022 based on an actuarial valuation performed June 30, 2021 which used update procedures to roll forward the estimated liability to June 30, 2022. The June 30, 2021 total 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. 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, 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**
Changes for the Year			
Service cost - Beginning of year	745,442	-	745,442
Interest on average adjusted total OPEB liability	509,000	-	509,000
Differences between expected and actual experience	(143,511)	-	(143,511)
Changes in assumptions	(4,557,776)	-	(4,557,776)
Benefits payments, including refunds of member contributions	(1,007,419)	(1,007,419)	-
Contributions - Employer	-	1,007,419	(1,007,419)
Net Changes	(4,454,264)	-	(4,454,264)
Balance at June 30, 2022	**$ 18,652,611**	**$ -**	**$ 18,652,611**
Current	**$ 1,007,000**		**$ 1,007,000**
Noncurrent	**17,645,611**		**17,645,611**
	$ 18,652,611		**$ 18,652,611**

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, 2022 and 2021, the university recognized OPEB expense of $777,671 and $1,398,636, respectively.

At June 30, 2022, 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	$ 94,959	$ 1,188,634
Changes in assumptions	1,983,522	4,097,671
Total	$ 2,078,481	$ 5,286,305

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

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
2023	$ (476,771)
2024	(476,771)
2025	(476,771)
2026	(476,771)
2027	(472,741)
Thereafter	(827,999)

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 6.0 percent and 6.5 percent in 2022 and 2021, respectively, decreasing .5 percent per year to an ultimate rate of 5.0 percent; and using the RP-2014 mortality tables with the MP-2021 and MP-2020 improvement scale in 2022 and 2021, respectively.

There were no changes in benefit terms during 2022 or 2021.

Note 6 - Retirement Plans (Continued)

Discount Rate - The discount rate used to measure the total OPEB liability was 4.09 percent at June 30, 2022 and 2.18 percent at June 30, 2021. 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, 2022	1% Decrease	Current Discount Rate 4.09%	1% Increase
Total OPEB Liability	$ 20,883,699	$ 18,652,611	$ 16,765,973
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	**$ 20,883,699**	**$ 18,652,611**	**$ 16,765,973**

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**

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 6.0 percent and 6.5 percent for 2022 and 2021, 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, 2022	1% Decrease	Current Healthcare Trend Rate 6.0%	1% Increase
Total OPEB Liability	$ 18,643,287	$ 18,652,611	$ 18,663,366
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	**$ 18,643,287**	**$ 18,652,611**	**$ 18,663,366**

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**

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 by SBA bond issuances, which are secured by a pledge of rentals to be received by the State of Michigan pursuant to an arrangement between the SBA, the State of Michigan, and the university. While the SBA bonds are outstanding, the SBA will hold title to the respective building, although the university has capitalized the building and pays all operating and maintenance costs. Once the SBA bonds are fully paid, the SBA will transfer title of the building to the university.

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 FY22 and FY21, 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 $1,950,362 and $1,759,763, as of June 30, 2022 and 2021, respectively.

	2022	2021	2020
Balance - Beginning of year	$ 1,759,763	$ 2,039,836	$ 2,256,429
Claims incurred and changes in estimates	31,034,965	31,834,040	31,077,842
Claim payments	(30,844,366)	(32,114,113)	(31,294,435)
Balance - End of year	$ 1,950,362	$ 1,759,763	$ 2,039,836

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, 2022, 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 2022 and 2021, 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 $326,698,730 and $321,416,781 was appropriated by the State in 2022 and 2021, respectively, to be allocated to the public school academies, net of approximately a 3.0 percent administrative fee retained by the university. At June 30, 2022, $59,178,113 was outstanding as a receivable from the State, of which $57,556,862 was subsequently forwarded to support the public school academies. 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. This activity is treated as a fiduciary custodial transaction. However, it meets the business-type activities exception and therefore is not included as revenue and expenditures on the accompanying financial statements.

Note 9 - Upcoming Pronouncements

In March 2020, the Governmental Accounting Standards Board issued GASB Statement No. 93, "*Replacement of Interbank Offered Rates*". This GASB Statement amends accounting guidance that will be impacted by global reference rate reform and the related end of the London Interbank Offered Rate (LIBOR). The University will be required to implement the provisions of this statement when LIBOR ceases to be determined by the ICE Benchmark Administration at June 30, 2023. The University is in the process of determining the full impact of this standard on its financial statements.

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.

In June 2022, the Governmental Accounting Standards Board issued GASB Statement No. 101, "*Compensated Absences*", which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the university's financial statements for the year ending June 30, 2025.

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, 2022	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	$ 527,546	$ 610,659	$ 701,687	$ 718,850	$ 797,818	$ 718,706	$ 785,499	$ 869,998	$ 884,731
Interest on average adjusted TPL	4,284,466	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	(469,744)	561,716	(780,109)	(787,903)	209,400	197,571	154,810	-	-
Changes in assumptions	6,705,695	(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	(3,918,551)	(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	7,129,412	(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	66,644,290	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	**$ 73,773,702**	**$ 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	$ 1,195,438	$ 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	281,682	342,492	330,806	347,440	305,305	286,728	304,178	280,975	161,147
Net investment income (loss)	(6,865,266)	12,668,293	2,005,546	2,961,581	4,032,968	4,633,461	(311,149)	610,806	6,959,448
Administrative expenses	(114,441)	(109,160)	(155,623)	(197,614)	(200,506)	(186,466)	(178,037)	-	(76,160)
Other	243	-	579,138	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(3,918,551)	(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	(9,420,895)	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	63,383,009	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	**$ 53,962,114**	**$ 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	**$ 19,811,588**	**$ 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	73.1%	95.1%	78.0%	76.6%	77.0%	73.7%	76.1%	78.2%	85.2%
Covered payroll	$ 5,455,790	$ 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	363.1%	43.9%	197.2%	196.3%	135.3%	162.9%	121.8%	106.3%	60.8%

Schedule of Investment Returns

	June 30, 2022	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	-11.6%	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, 2022	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	$ 1,115,729	$ 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	1,195,438	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	(79,709)	64,509	(70,895)	(91,960)	(167,035)	22,479	215,647	(140,116)	(1,681,351)
Covered payroll	5,455,790	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	21.9%	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, 2022	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	5.71%/year	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	6.50%/year	7.00%/year	7.00%/year	7.00%/year
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	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	None

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

Notes to Schedule of Contributions

Actuarial valuation information relevant 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, 2022	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	$ 197,176	$ 236,543	$ 279,560	$ 265,172	$ 318,061	$ 284,832	$ 360,568	$ 373,413	$ 400,689
Interest on average adjusted TPL	1,639,495	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	(449,977)	(67,173)	(568,836)	252,845	5,766	(50,039)	(305,849)	-	-
Changes in assumptions	2,268,217	(864,928)	(178,142)	651,124	(132,170)	1,865,214	(1,669,232)	2,280,678	-
Benefits payments, including refunds of member contributions	(1,473,258)	(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	2,181,653	(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	25,493,734	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	**$ 27,675,387**	**$ 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	$ 614,659	$ 730,977	$ 846,413	$ 829,005	$ 904,245	$ 908,222	$ 580,156	$ 611,534	$ 617,498
Contributions - Member	102,109	102,842	113,610	112,328	123,132	134,960	137,686	165,723	181,075
Net investment income (loss)	(2,521,062)	4,755,886	624,612	1,065,492	1,485,370	1,741,566	(162,055)	289,491	2,564,971
Administrative expenses	(60,678)	(58,280)	(54,590)	(51,172)	(53,062)	(50,013)	(48,255)	(49,671)	(42,023)
Other	78	-	20	-	-	-	-	(1,830)	1,062
Benefit payments, including refunds of member contributions	(1,473,258)	(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	(3,338,152)	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	22,951,870	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	**$ 19,613,718**	**$ 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	**$ 8,061,669**	**$ 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	70.9%	90.0%	72.4%	71.0%	72.3%	68.5%	68.9%	67.2%	76.72%
Covered payroll	$ 2,662,649	$ 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	302.8%	82.2%	241.2%	253.5%	182.4%	218.6%	185.6%	198.8%	108.4%

Schedule of Investment Returns

	June 30, 2022	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	-11.6%	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, 2022	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	$ 568,847	$ 720,913	$ 777,954	$ 857,482	$ 867,707	$ 905,259	$ 812,813	$ 618,150	$ 612,391
Actual contributions by University	614,659	730,977	846,413	829,005	904,245	908,222	580,156	611,534	617,498
Contribution (excess) deficiency	(45,812)	(10,064)	(68,459)	28,477	(36,538)	(2,963)	232,657	6,616	(5,107)
Covered payroll	2,662,649	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	23.1%	23.6%	28.5%	27.8%	24.3%	26.4%	16.4%	16.4%	14.77%

Actuarial Valuation information relative to the determination of contributions:	June 30, 2022	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	5.71%/year	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	6.50%/year	7.00%/year	7.00%/year	7.00%/year
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	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	None

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

Notes to Schedule of Contributions

Actuarial valuation information relevant 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, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability					
Service cost	$ 745,442	$ 622,951	$ 622,951	$ 719,962	725,755
Interest	509,000	609,325	703,145	614,057	612,140
Difference between expected and actual experience	(143,511)	(1,079,291)	(314,544)	175,403	(111,193)
Changes in assumptions	(4,557,776)	1,087,927	1,676,212	(301,810)	220,509
Benefits payments, including refunds of member contributions	(1,007,419)	(836,133)	(579,322)	(725,085)	(713,556)
Net change in total OPEB liability	(4,454,264)	404,779	2,108,442	482,527	733,655
Total OPEB liability - Beginning of year	23,106,875	22,702,096	20,593,654	20,111,127	19,377,472
Total OPEB liability - End of year	18,652,611	23,106,875	22,702,096	20,593,654	20,111,127
Plan Fiduciary Net Position					
Contributions/benefit payments made from general operating funds	1,007,419	836,133	579,322	725,085	713,556
Benefit payments, including refunds of member contributions	(1,007,419)	(836,133)	(579,322)	(725,085)	(713,556)
Net change in plan fiduciary net position	-	-	-	-	-
Net OPEB liability - End of year	$ 18,652,611	$ 23,106,875	$ 22,702,096	$ 20,593,654	$ 20,111,127
Covered payroll	106,292,000	120,567,500	125,070,500	128,421,700	132,267,000
Net OPEB liability as a percentage of covered payroll	17.5%	19.2%	18.2%	16.0%	15.2%
Discount rate	4.09%	2.18%	2.66%	3.36%	3.00%
Mortality	RP-2014 with Projection Table MP-2021	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	None

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

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GRAND VALLEY STATE UNIVERSITY