UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended June 30, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission File Number 001-31400

CACI International Inc

(Exact name of registrant as specified in its charter)

Delaware	**54-1345888**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

12021 Sunset Hills Road, Reston, VA 20190
(Address of principal executive offices)
(703) 841-7800
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	CACI	New York Stock Exchange

Indicate by check mark whether the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒. No ☐.

Indicate by check mark whether the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐. No ☒.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒. No ☐.

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒. No ☐.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐. No ☒.

The aggregate market value of common shares held by non-affiliates of the Registrant on December 31, 2020 was $6,202,453,506, based upon the closing price of the Registrant's common shares as quoted on the New York Stock Exchange composite tape on such date.

As of July 28, 2021, there were 23,586,037 shares outstanding of CACI International's common stock, par value $0.10 per share.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Form 10-K incorporates by reference certain information from the Registrant's Proxy Statement to be filed with the Securities Exchange Commission (SEC) pursuant to Regulation 14A for the 2021 Annual Meeting of Stockholders.

INFORMATION RELATING TO FORWARD-LOOKING STATEMENTS

Certain information included or incorporated by reference in this Annual Report on Form 10-K, may not address historical facts and, therefore, could be interpreted to be "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995 and other federal securities laws. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including projections of financial performance; statements of plans, strategies and objectives of management for future operations; any statement concerning developments, performance or industry rankings relating to products or services; any statements regarding future economic conditions or performance; any statements of assumptions underlying any of the foregoing; and any other statements that address activities, events or developments that the Company intends, expects, projects, believes or anticipates will or may occur in the future. Forward-looking statements may be characterized by terminology such as "believe," "anticipate," "expect," "should," "intend," "plan," "will," "estimates," "projects," "strategy" and similar expressions. These statements are based on assumptions and assessments made by the Company's management in light of its experience and its perception of historical trends, current conditions, expected future developments and other factors it believes to be appropriate. These forward-looking statements are subject to a number of risks and uncertainties that include but are not limited to the factors set forth under Item 1A, Risk Factors in this Annual Report on Form 10-K.

Any such forward-looking statements are not guarantees of future performance, and actual results, developments and business decisions may differ materially from those envisaged by such forward-looking statements. The forward-looking statements included herein speak only as of the date of this Annual Report on Form 10-K. The Company disclaims any duty to update such forward-looking statements, all of which are expressly qualified by the foregoing.

CACI International Inc

FORM 10-K

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PART I

Item 1. Business

Background

CACI International Inc (CACI), a Delaware corporation, is a holding company whose operations are conducted through subsidiaries that are located in the United States (U.S.) and Europe. CACI was founded in 1962 as a simulation technology company and has grown into a leading provider of Expertise and Technology to Enterprise and Mission customers, on both a domestic and international basis.

Our proven Expertise and Technology and strong record of program delivery have enabled us to compete for and secure new customers and new contracts, win repeat business, and build and maintain long-term customer relationships. We seek competitive business opportunities and have built our operations to support major programs through a market-focused business development organization.

Our primary customers are agencies and departments of the U.S. government. Our Expertise and Technology support national security missions and government modernization/transformation for intelligence, defense, and federal civilian customers. The demand for our Expertise and Technology, in large measure, is created by the increasingly complex network, systems, and information environments in which governments and businesses operate, the global geo-political conditions impacting national security, and by the need to stay current with emerging technology while increasing productivity, enhancing security, and, ultimately, improving performance.

Unless the context indicates otherwise, the terms “we”, “our”, “the Company” and “CACI” as used in Parts I, II and III include CACI International Inc and its subsidiaries and ventures that are majority-owned or otherwise controlled by it. The term “the Registrant” as used in Parts I, II and III refers to CACI International Inc only.

For additional discussion and analysis on recent business developments, see “Business Environment and Industry Trends” in “Management’s Discussion and Analysis of Financial Condition & Results of Operations” in Part II of this annual report on Form 10-K.

Overview

The Company provides Expertise and Technology to Enterprise and Mission customers in support of national security missions and government modernization/transformation.

- Enterprise – CACI provides capabilities that enable the internal operations of a government agency. This includes digital solutions (e.g., business systems, agency-unique applications, investigative solutions) and enterprise information technology (IT). For example, CACI customizes, implements, and maintains commercial-off-the-shelf (COTS) and custom enterprise resource planning (ERP) systems. This includes financial, human capital, and supply chain management systems. CACI also designs, develops, integrates, deploys and sustains enterprise-wide IT systems in a variety of models. As an Amazon Web Services (AWS) Premier Consulting Partner and Microsoft Gold Cloud Solution Provider for Government, we deliver cloud-powered solutions, performance-based service management, Software-as-a-Service (SaaS) secure mobility, defensive cyber and network security, end-user services, and infrastructure services.
- Mission – CACI provides capabilities that enable the execution of a government agency’s primary function, or “mission”. For example, we support strategic and tactical Mission customers with capabilities in areas such as command and control, communications, intelligence collection and analysis, signals intelligence (SIGINT), electronic warfare (EW), and cyber operations. CACI develops tools and offerings in an open, software-defined architecture with multi-domain and multi-mission capabilities.
- Expertise – CACI provides Expertise to both Enterprise and Mission customers. For Enterprise customers, we deliver talent with the specific technical and *functional* knowledge to support internal agency operations. And for Mission customers, we deliver talent with technical and *domain* knowledge to support the execution of an agency’s mission.
- Technology – CACI delivers Technology to both Enterprise and Mission customers. For Enterprise customers, Technology includes developing and implementing digital solutions (business systems, agency-unique applications) and end-to-end enterprise IT systems. We continually advance infrastructure through migration to the cloud, network modernization, active cyber defense, and the application of data operations and analytics. For Mission customers, Technology includes developing and deploying multi-domain offerings for signals intelligence, resilient communications, free space optical communications, electronic warfare, and cyber operations. We also deliver actionable intelligence through multi-source collection and analysis. CACI invests ahead of customer needs with research and development to generate unique intellectual property and differentiated technology addressing critical national security mission needs.

Our Markets

Domestic Operations

We provide our Expertise and Technology to our domestic customers in the following market areas:

- Digital Solutions – CACI transforms how government does business. Using our Agile-at-scale method and business process automation tools, we modernize enterprise and agency-unique applications, enterprise infrastructure, and business processes to enhance productivity and increase user satisfaction. We use data analytics and visualization to provide insights and outcomes that optimize our customer's operations.
- C4ISR, Cyber & Space – CACI teams ensure information superiority by delivering multi-domain command, control, communications, and computer (C4) technology and networks. Our software-defined, full-spectrum cyber, electronic warfare, and counter-unmanned aircraft system (C-UAS) solutions provide electromagnetic spectrum advantage and deliver precision effects against national security threats. We are at the forefront of developing technologies that meet the challenges of 5G wireless communications both on and off the battlefield, mmWave, and the use of lasers for free space optical communications and long-range sensing.
- Engineering Services – CACI provides platform integration and modernization and sustainment, system engineering, naval architecture, training and simulation services, and logistics engineering to help our customer achieve a decisive tactical edge. We enhance platforms to improve situational awareness, mobility, interoperability, lethality, and survivability. We conduct software vulnerability analysis and harden technology to protect against malicious actors. Our platform-agnostic, mission-first approach ensures optimal performance, so our nation's forces can overmatch our adversaries.
- Enterprise IT – CACI amplifies efficiency with unmatched expertise and next-generation technology. We pioneered secure, enterprise cloud solutions for classified and unclassified networks. We design, implement, protect, and manage secure enterprise IT solutions for approximately 50 federal agencies to optimize efficiency, enhance performance, and ensure end-user satisfaction.
- Mission Support – CACI's intelligence support ensures continuous advances in collection, analysis, and dissemination to optimize decision-making. We provide analytic services in 50 languages, as well as scenario-based instruction across the spectrum of intelligence processing, collection, and products. Our investigation and litigation experts support the U.S. government on thousands of cases, saving taxpayers billions of dollars. And CACI facilitates the secure flow of supplies across the globe.

International Operations

Our international operations are conducted primarily through our operating subsidiaries in Europe, CACI Limited and CACI BV, and account for substantially all revenue generated from international customers. Headquartered in London, our international operations provide a diverse mix of IT services and proprietary data and software products, serving commercial and government customers throughout the U.K., continental Europe and around the world.

Competition

We operate in a highly competitive industry that includes many firms, some of which are larger in size and have greater financial resources than we do. We obtain much of our business on the basis of proposals submitted in response to requests from potential and current customers, who may also receive proposals from other firms. Non-traditional players have entered the market and have established positions related to such areas as cloud computing, cyber, satellite operations, and business systems. Additionally, we face indirect competition from certain government agencies that perform services for themselves similar to those marketed by us. We know of no single competitor that is dominant in our fields of technology. We have a relatively small share of the addressable market for our solutions and services and intend to achieve growth and increase market share both organically and through strategic acquisitions.

Strengths and Strategy

We primarily offer our entire range of expertise and technology to defense, intelligence and civilian agencies of the U.S. government. Our work for U.S. government agencies may combine a wide range of skills drawn from our expertise and technology. We also contract through our international operations to provide our offerings to governments of other nations. As with other government contractors, our business is subject to government customer funding decisions and actions that are beyond our control.

Our international commercial customer base consists primarily of large commercial and government enterprises in the U.K. This market is the primary target of a diverse mix of IT consultancy services and proprietary data and software products. Commercial bids are frequently negotiated as to terms and conditions for schedule, specifications, delivery and payment.

In order to effectively perform on our existing customer contracts and secure new customer contracts within the U.S. government, we must maintain expert knowledge of agency policies, operations and challenges. We combine this comprehensive knowledge with expertise and technology for our Enterprise and Mission customers. Our capabilities provide us with opportunities either to compete directly for, or to support other bidders in competition for multi-million dollar and multi-year award contracts from the U.S. government.

We have strategic business relationships with a number of companies associated with the information technology industry. These strategic partners have business objectives compatible with ours and offer products and services that complement ours. We intend to continue development of these kinds of relationships wherever they support our growth objectives.

Our marketing and new business development is conducted by many of our officers and managers including the Chief Executive Officer, executive officers, vice presidents and division managers. We employ marketing professionals who identify and qualify major contract opportunities, primarily in the federal government market.

Much of our business is won through submission of formal competitive bids. Government and commercial customers typically base their decisions regarding contract awards on their assessment of the quality of past performance, responsiveness to proposal requirements, price, and other factors. The terms, conditions and form of contract of government bids, however, are in most cases specified by the customer. In situations in which the customer-imposed contract type and/or terms appear to expose us to inappropriate risk or do not offer us a sufficient financial return, we may seek alternate arrangements or opt not to bid for the work. Essentially all contracts with the U.S. government, and many contracts with other government entities, permit the government customer to terminate the contract at any time for the convenience of the government or for default by the contractor. Although we operate under the risk that such terminations may occur and have a material impact on operations, such terminations have been rare and, generally, have not materially affected operations.

Our contracts and subcontracts are composed of a wide range of contract types, including firm fixed-price, cost reimbursement, time-and-materials, indefinite delivery/indefinite quantity (IDIQ) and government wide acquisition contracts (known as GWACS) such as General Services Administration (GSA) schedule contracts. By company policy, significant fixed-price contracts require the approval of at least two of our senior officers.

In FY2021, the top ten revenue-producing contracts, many of which consist of many task orders, accounted for 33.8 percent of our revenue, or $2.0 billion.

Recent Acquisitions

During the past three fiscal years, we completed a total of nine acquisitions, including:

- On August 11, 2020, CACI completed the acquisition of Ascent Vision Technologies (AVT). AVT specializes in Electro-Optical Infrared payloads, On-Board Computer Vision Processing and counter-unmanned aircraft system (C-UAS) solutions.
- During the second quarter of FY2020, CACI completed three strategic acquisitions adding key capabilities in mission expertise and technology.
- On June 1, 2019 CACI Limited acquired 100 percent of the outstanding shares of Mood Enterprises Limited, a United Kingdom company that provides software and managed services to defense, national security and commercial organizations.
- On March 1, 2019, CACI acquired all of the equity interests of Legos Intermediate Holdings, LLC and MDCP Legos Blocker, Inc., the parent companies of LGS Innovations (LGS). LGS is a leading provider of SIGINT and cyber products and solutions to the Intelligence Community and Department of Defense.
- On January 29, 2019, CACI acquired all of the equity interests of Mastodon Design LLC (Mastodon). The company specializes in the rapid design of rugged tactical communications, signals intelligence (SIGINT) and electronic warfare (EW) equipment.
- On August 15, 2018, CACI acquired certain assets of the systems engineering and acquisition support services business unit (SE&A BU) of CSRA LLC, a managed affiliate of General Dynamics Information Technology, Inc.

Seasonal Nature of Business

Our business in general is not seasonal, although the summer and holiday seasons affect our revenue because of the impact of holidays and vacations on our labor and on product and service sales by our international operations. Variations in our business also may occur at the expiration of major contracts until such contracts are renewed or new business is obtained.

The U.S. government's fiscal year ends on September 30 of each year. It is not uncommon for government agencies to award extra tasks or complete other contract actions in the weeks before the end of a fiscal year in order to avoid the loss of unexpended funds. Moreover, in years when the U.S. government does not complete the budget process for the next fiscal year before the end of September, government operations whose appropriations legislation has not been signed into law are funded under a continuing resolution that authorizes them to continue to operate but traditionally does not authorize new spending initiatives.

Human Capital

Our People

Our employees are our most valuable resource. We are in continuing competition for highly skilled professionals in virtually all of our market areas. The success and growth of our business is significantly correlated with our ability to recruit, train, promote and retain high quality people at all levels of the organization. As of June 30, 2021, we employed approximately 22,000 talented full and part-time employees that help make CACI a respected and recognized industry leader with 36% of our employees holding degrees in science, technology, engineering or mathematics fields, 25% holding advanced degrees, and 75% of our employees holding security clearances.

Our Culture

Our culture defines who we are, how we act, and what we believe is the right way to conduct business and is the driving force behind our success. Our culture unifies us as a company and strengthens our resolve to meet our customers' – and our country's – most critical missions.

We believe that there are two pillars to our culture: Character and Innovation. Character is demonstrated in our commitment to ethics and integrity as we expect all of our employees and independent contractors to comply with our high standards for the conduct of our business that are reflected in our policies and practices. We require all of our employees, independent contractors working on customer engagements, officers, and directors annually to execute and affirm to the code of ethics applicable to their activities. In addition, we require annual ethics and compliance training for all of our employees to provide them with the knowledge necessary to maintain our high standards of ethics and compliance.

Innovation is demonstrated in our dedication to advancement and excellence. Our Center for Research, Application, Development, Learning, and Engagement (CRADLE℠) is a state-of-the-art collaboration facility that provides customers with an enhanced engagement experience, built to foster innovation, creative designs, and unique solutions. The CRADLE brings together customers, industry partners, academia, and CACI personnel to explore and discover new ways to solve complex problems and challenges.

Diversity and Inclusion

We embrace diversity and inclusion as core values and seek to ensure that all our employees experience a highly inclusive working environment. CACI's diversity and inclusion efforts are guided by a Diversity and Inclusion Working Group that includes a cross-section of diverse employees and senior executive leaders who have created a foundation and strategy for embracing diversity. This Group meets with our Chief Executive Officer (CEO) and Chief Human Resources Officer (CHRO) to set strategy, seek input, create advocacy, and ensure alignment with CACI's business strategy. Across our total employee population 31% are female; 33% are ethnically diverse; and 37% are military veterans.

Talent Acquisition, Development and Retention

Our industry is ever-evolving, and those who are most successful evolve with it, continually learning and growing throughout their careers. To ensure we have the talent to meet the needs of our customers, we employ broad recruiting and outreach efforts, including partnerships with universities, the military, and professional organizations, resulting in an inclusive pool of the most qualified candidates.

We are able to retain our employees through our career mobility corporate culture, where we believe in growth at all levels. We encourage all employees to embrace a career growth mindset at CACI and strive to provide our employees with long-term professional advancement and a great workplace experience through professional development and a culture of mobility because our people drive our company.

CACI has conducted employee engagement surveys and we rank above external benchmark companies in the areas of sustainable engagement, customer focus, inclusion, innovation, teamwork and empowerment. Specifically, our employees report that they have a personal sense of accomplishment in their work, they feel safe to speak up, and they have pride in CACI. These indicators of an exceptionally strong culture and work environment puts CACI in an extremely competitive position to attract and retain talent and reach our organizational growth objectives. We continue to invest in the areas that produce such high engagement – leadership education, career resources for employees, comprehensive onboarding for new employees, and formal and informal communications that create a two-way dialogue among employees and leaders.

Employee Safety and Health

Our primary focus is the health and safety of our employees and customers. By ensuring the health and safety of our employees and customers, we are doing our part to contribute to the ongoing health in communities where we operate.

We have formed a multi-functional working group to monitor and respond to COVID-19. As travel restrictions, social distancing advisories, and other requirements began to be implemented in March 2020, we instructed our workforce to begin to work remotely to the extent possible. While a majority of our workforce is able to work remotely, some employees must still travel to client or company facilities in order to work. While CACI employees were deemed part of the ‘critical infrastructure workforce’, ensuring their ability to work despite state travel limitations, our business still experienced some impacts as a result of COVID-19 risk mitigation efforts. For example, in order to reduce personnel concentration and ensure social distancing in classified environments, shift work was implemented, which reduced the number of hours our employees could work and we could bill customers on certain programs.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was passed by Congress and signed by the President on March 27, 2020, provided a mechanism to bill hours where our employees are ready and able to work but unable to access required facilities due to COVID-19. This support was subsequently extended through September 30, 2021 as part of the American Rescue Plan Act of 2021, which was signed into law on March 11, 2021. We continue to work with our customers to implement the related provisions of the CARES Act, as well as appropriate risk mitigation efforts and alternative work arrangements.

Patents, Trademarks, Trade Secrets and Licenses

Generally, our solutions and services are not substantially dependent upon obtaining or maintaining intellectual property protections, although our operations make use of such protections and benefit from them as discriminators in competition. The Company owns patents and claims copyright, trademark and other proprietary rights in a variety of intellectual property, including each of our proprietary computer software and data products and the related documentation. We also maintain a number of trade secrets that contribute to our success and competitive distinction and endeavor to accord such trade secrets protection adequate to ensure their continuing availability to us.

Our proprietary information is protected through a combination of contractual arrangements with our employees and third parties and intellectual property laws. From time to time, we are required to assert our rights against former employees or other third parties who attempt to misappropriate our proprietary and confidential information. Although we are not materially dependent on the protection of our intellectual property, we take such matters seriously and pursue claims against such individuals to the extent necessary to adequately protect our rights.

As a systems integrator, it is important that we maintain access to software, data and other products supplied by third parties and we continue to enter into agreements that give us the right to distribute and receive income from third party software, data and other products that serve our customers. The durations of such agreements are negotiated and vary according to the terms of the agreements.

Business Segments, Foreign Operations, and Major Customers

Additional business segment, foreign operations and major customer information is provided in our Consolidated Financial Statements contained in this report. In particular, see Note 18, Business Segments in the Notes to Consolidated Financial Statements contained in this Annual Report on Form 10-K.

Available Information

Our telephone number is (703) 841-7800 and our website can be accessed at www.caci.com. We make our web site content available for information purposes only. It should not be relied upon for investment purposes, nor is it incorporated by reference into this Annual Report on Form 10-K.

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are made available free of charge on our website at www.caci.com as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Documents filed by us with the SEC can also be viewed at www.sec.gov.

Item 1A. Risk Factors

You should carefully consider the risks and uncertainties described below, together with the information included elsewhere in this Annual Report on Form 10-K and other documents we file with the SEC. The risks and uncertainties described below are those that we have identified as material but are not the only risks and uncertainties that we face. Our business is also subject to general risks and uncertainties, such as overall U.S. and non-U.S. economic and industry conditions including a global economic slowdown, geopolitical events, changes in laws or accounting rules, fluctuations in interest and exchange rates, terrorism, international conflicts, major health concerns including global pandemics like COVID-19, natural disasters or other disruptions of expected economic and business conditions, that affect many other companies. Additional risks and uncertainties not currently known to us or that we currently believe are immaterial also may impact our business operations and liquidity.

Risks Related to our Business and Industry

We generate substantially all of our revenue from contracts with the federal government. If the federal government significantly decreased or ceased doing business with us, our business, prospects, financial condition and operating results would be materially and adversely affected.

The federal government is our primary customer, with revenue from federal government contracts, either as a prime contractor or a subcontractor, accounting for 95.5 percent of our total revenue in FY2021 and 95.6 percent of our total revenue in FY2020. Specifically, we generated 69.3 percent of our total revenue in FY2021 and 69.9 percent of our total revenue in FY2020 from contracts with agencies of the DoD. We expect that federal government contracts will continue to be the primary source of our revenue for the foreseeable future. If we were suspended or debarred from contracting with the federal government or any significant agency in the intelligence community or the DoD, if our reputation or relationship with government agencies was impaired, or if the government otherwise ceased doing business with us or significantly decreased the amount of business it does with us, our business, prospects, financial condition and operating results would be materially and adversely affected.

Our business could be adversely affected by delays caused by our competitors protesting major contract awards received by us, resulting in the delay of the initiation of work.

The number of bid protests of contract awards by unsuccessful bidders is increasing and the U.S. government is taking longer to resolve such protests. Bid protests may result in an increase in expenses related to obtaining contract awards or an unfavorable modification or loss of an award. In the event a bid protest is unsuccessful, the resulting delay in the startup and funding of the work under these contracts may cause our actual results to differ materially and adversely from those anticipated.

Our business could be adversely affected by changes in spending levels or budgetary priorities of the federal government.

Because we derive substantially all of our revenue from contracts with the federal government, we believe that the success and development of our business will continue to depend on our successful participation in federal government contract programs. Changes in federal government budgetary priorities, such as for homeland security or to address global pandemics like COVID-19, or actions taken to address government budget deficits, the national debt, and/or prevailing economic conditions, could directly affect our financial performance. A significant decline in government expenditures, a shift of expenditures away from programs that we support or a change in federal government contracting policies could cause federal government agencies to reduce their purchases under contracts, to exercise their right to terminate contracts at any time without penalty or not to exercise options to renew contracts. For further discussion, refer to "Business Environment and Industry Trends" in "Management's Discussion and Analysis of Financial Condition & Results of Operations" in Part II of this annual report on Form 10-K.

At times, we may continue to work without funding, and use our own internal funds in order to meet our customer's desired delivery dates for products or services. It is uncertain at this time which of our programs' funding could be reduced in future years or whether new legislation will be passed by Congress in the next fiscal year that could result in additional or alternative funding cuts.

Additionally, our business could be affected if we experience an increase in set-asides for small businesses that could result in our inability to compete directly for prime contracts.

Our federal government contracts may be terminated by the government at any time and may contain other provisions permitting the government not to continue with contract performance, and if lost contracts are not replaced, our operating results may differ materially and adversely from those anticipated.

We generate substantially all of our revenue from federal government contracts that typically include a base period and discrete option periods. The option periods typically cover more than half of the contract's potential duration. Federal government agencies generally have the right not to exercise these option periods. In addition, our contracts typically also contain provisions permitting a government customer to terminate the contract for its convenience. A decision not to exercise option periods or to terminate contracts for convenience could result in significant revenue shortfalls from those anticipated.

Federal government contracts contain numerous provisions that are unfavorable to us.

Federal government contracts contain provisions and are subject to laws and regulations that give the government rights and remedies, some of which are not typically found in commercial contracts, including allowing the government to:

- cancel multi-year contracts and related orders if funds for contract performance for any subsequent year become unavailable;
- claim rights in systems and software developed by us;
- suspend or debar us from doing business with the federal government or with a governmental agency;
- impose fines and penalties and subject us to criminal prosecution; and
- control or prohibit the export of our data and technology.

If the government terminates a contract for convenience, we may recover only our incurred or committed costs, settlement expenses and profit on work completed prior to the termination. If the government terminates a contract for default, we may be unable to recover even those amounts and instead may be liable for excess costs incurred by the government in procuring undelivered items and services from another source. Depending on the value of a contract, such termination could cause our actual results to differ materially and adversely from those anticipated. Certain contracts also contain organizational conflict of interest (OCI) clauses that limit our ability to compete for or perform certain other contracts. OCIs arise any time we engage in activities that (i) make us unable or potentially unable to render impartial assistance or advice to the government; (ii) impair or might impair our objectivity in performing contract work; or (iii) provide us with an unfair competitive advantage. For example, when we work on the design of a particular system, we may be precluded from competing for the contract to develop and install that system. Depending upon the value of the matters affected, an OCI issue that precludes our participation in or performance of a program or contract could cause our actual results to differ materially and adversely from those anticipated.

As is common with government contractors, we have experienced and continue to experience occasional performance issues under certain of our contracts. Depending upon the value of the matters affected, a performance problem that impacts our performance of a program or contract could cause our actual results to differ materially and adversely from those anticipated.

If we fail to establish and maintain important relationships with government entities and agencies, our ability to successfully bid for new business may be adversely affected.

To facilitate our ability to prepare bids for new business, we rely in part on establishing and maintaining relationships with officials of various government entities and agencies. These relationships enable us to provide informal input and advice to government entities and agencies prior to the development of a formal bid. We may be unable to successfully maintain our relationships with government entities and agencies, and any failure to do so may adversely affect our ability to bid successfully for new business and could cause our actual results to differ materially and adversely from those anticipated.

We derive significant revenue from contracts and task orders awarded through a competitive bidding process. If we are unable to consistently win new awards over any extended period, our business and prospects will be adversely affected.

Our contracts and task orders with the federal government are typically awarded through a competitive bidding process. We expect that much of the business that we will seek in the foreseeable future will continue to be awarded through competitive bidding. Budgetary pressures and changes in the procurement process have caused many government customers to increasingly purchase goods and services through IDIQ contracts, GSA schedule contracts and other government-wide acquisition contracts. These contracts, some of which are awarded to multiple contractors, have increased competition and pricing pressure, requiring that we make sustained post-award efforts to realize revenue under each such contract. In addition, in consideration of the practice of agencies awarding work under such contracts that is arguably outside the intended scope of the contracts, both the GSA and the DoD have initiated programs aimed to ensure that all work fits properly within the scope of the contract under which it is awarded. The net effect of such programs may reduce the number of bidding opportunities available to us. Moreover, even if we are highly qualified to work on a particular new contract, we might not be awarded business because of the federal government's policy and practice of maintaining a diverse contracting base.

This competitive bidding process presents a number of risks, including the following:

- we bid on programs before the completion of their design, which may result in unforeseen technological difficulties and cost overruns;
- we expend substantial cost and managerial time and effort to prepare bids and proposals for contracts that we may not win;
- we may be unable to estimate accurately the resources and cost structure that will be required to service any contract we win; and
- we may encounter expense and delay if our competitors protest or challenge awards of contracts to us in competitive bidding, and any such protest or challenge could result in the resubmission of bids on modified specifications, or in the termination, reduction or modification of the awarded contract.

If we are unable to win particular contracts, we may be prevented from providing to customers services that are purchased under those contracts for a number of years. If we are unable to consistently win new contract awards over any extended period, our business and prospects will be adversely affected and that could cause our actual results to differ materially and adversely from those anticipated. In addition, upon the expiration of a contract, if the customer requires further services of the type provided by the contract, there is frequently a competitive rebidding process. There can be no assurance that we will win any particular bid, or that we will be able to replace business lost upon expiration or completion of a contract, and the termination or non-renewal of any of our significant contracts could cause our actual results to differ materially and adversely from those anticipated.

Our business may suffer if we or our employees are unable to obtain the security clearances or other qualifications we and they need to perform services for our customers.

Many of our federal government contracts require us to have security clearances and employ personnel with specified levels of education, work experience and security clearances. Depending on the level of clearance, security clearances can be difficult and time-consuming to obtain. If we or our employees lose or are unable to obtain necessary security clearances, we may not be able to win new business and our existing customers could terminate their contracts with us or decide not to renew them. To the extent we cannot obtain or maintain the required security clearances for our employees working on a particular contract, we may not generate the revenue anticipated from the contract which could cause our results to differ materially and adversely from those anticipated.

If our subcontractors fail to perform their contractual obligations, our performance as a prime contractor and our ability to obtain future business could be materially and adversely impacted and our actual results could differ materially and adversely from those anticipated.

Our performance of government contracts may involve the issuance of subcontracts to other companies upon which we rely to perform all or a portion of the work we are obligated to deliver to our customers. A failure by one or more of our subcontractors to satisfactorily deliver on a timely basis the agreed-upon supplies, perform the agreed-upon services, or appropriately manage their vendors may materially and adversely impact our ability to perform our obligations as a prime contractor.

A subcontractor's performance deficiency could result in the government terminating our contract for default. A default termination could expose us to liability for excess costs of reprocurement by the government and have a material adverse effect on our ability to compete for future contracts and task orders. Depending upon the level of problem experienced, such problems with subcontractors could cause our actual results to differ materially and adversely from those anticipated.

The federal government's appropriation process and other factors may delay the collection of our receivables, and our business may be adversely affected if we cannot collect our receivables in a timely manner.

We depend on the collection of our receivables to generate cash flow, provide working capital, pay debt and continue our business operations. If the federal government, any of our other customers or any prime contractor for whom we are a subcontractor fails to pay or delays the payment of their outstanding invoices for any reason, our business and financial condition may be materially and adversely affected. The government may fail to pay outstanding invoices for a number of reasons, including lack of appropriated funds or lack of an approved budget. In addition, the Defense Contract Audit Agency (DCAA) may revoke our direct billing privileges, which would adversely affect our ability to collect our receivables in a timely manner. Contracting officers have the authority to impose contractual withholdings, which can also adversely affect our ability to collect timely. The Defense Federal Acquisition Regulations require DoD contracting officers to impose contractual withholdings at no less than certain minimum levels if a contracting officer determines that one or more of a contractor's business systems have one or more significant deficiencies. Some prime contractors for whom we are a subcontractor have significantly less financial resources than we do, which may increase the risk that we may not be paid in full or payment may be delayed. If we experience difficulties collecting receivables, it could cause our actual results to differ materially and adversely from those anticipated.

The federal government may change its procurement or other practices in a manner adverse to us.

The federal government may change its procurement practices, or adopt new contracting rules and regulations, such as those related to cost accounting standards. It could also adopt new contracting methods relating to GSA contracts or other government-wide contracts, adopt new socio-economic requirements, or change the basis upon which it reimburses our compensation and other expenses or otherwise limit such reimbursements. In all such cases, there is uncertainty surrounding the changes and what actual impacts they may have on contractors. These changes could impair our ability to obtain new contracts or win re-competed contracts or adversely affect our future profit margin. Any new contracting methods could be costly or administratively difficult for us to satisfy and, as a result, could cause actual results to differ materially and adversely from those anticipated.

Restrictions on or other changes to the federal government's use of service contracts may harm our operating results.

We derive a significant amount of revenue from service contracts with the federal government. The government may face restrictions from new legislation, regulations or government union pressures, on the nature and amount of services the government may obtain from private contractors (i.e., insourcing versus outsourcing). Any reduction in the government's use of private contractors to provide federal services could cause our actual results to differ materially and adversely from those anticipated.

Our contracts and administrative processes and systems are subject to audits and cost adjustments by the federal government, which could reduce our revenue, disrupt our business, or otherwise adversely affect our operating results.

Federal government agencies, including the DCAA and the Defense Contract Management Agency (DCMA), routinely audit and investigate government contracts and government contractors' administrative processes and systems. These agencies review our performance on contracts, pricing practices, cost structure and compliance with applicable laws, regulations and standards. They also evaluate the adequacy of internal controls over our business systems, including our purchasing, accounting, estimating, earned value management, and government property systems. Any costs found to be improperly allocated or assigned to contracts will not be reimbursed, and any such costs already reimbursed must be refunded and certain penalties may be imposed. Moreover, if any of the administrative processes and systems are found not to comply with requirements, we may be subjected to increased government scrutiny and approval that could delay or otherwise adversely affect our ability to compete for or perform contracts or collect our revenue in a timely manner. Therefore, an unfavorable outcome of an audit by the DCAA or another government agency could cause actual results to differ materially and adversely from those anticipated. If a government investigation uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeitures of profits, suspension of payments, fines and suspension or debarment from doing business with the federal government. In addition, we could suffer serious reputational harm if allegations of impropriety were made against us. Each of these results could cause actual results to differ materially and adversely from those anticipated.

Failure to maintain strong relationships with other contractors could result in a decline in our revenue.

We derive substantial revenue from contracts in which we act as a subcontractor or from teaming arrangements in which we and other contractors bid on particular contracts or programs. As a subcontractor or teammate, we often lack control over fulfillment of a contract, and poor performance on the contract could impact our customer relationship, even when we perform as required. We expect to continue to depend on relationships with other contractors for a portion of our revenue in the foreseeable future. Moreover, our revenue and operating results could differ materially and adversely from those anticipated if any prime contractor or teammate chose to offer directly to the customer services of the type that we provide or if they team with other companies to provide those services.

We may not receive the full amounts authorized under the contracts included in our backlog, which could reduce our revenue in future periods below the levels anticipated.

Our total backlog consists of funded and unfunded amounts. Funded backlog represents contract value that has been appropriated by a customer and is expected to be recognized into revenue. Unfunded backlog represents the sum of the unappropriated contract value on executed contracts and unexercised option years that is expected to be recognized into revenue. Our backlog may not result in actual revenue in any particular period, or at all, which could cause our actual results to differ materially and adversely from those anticipated.

The maximum contract value specified under a government contract or task order awarded to us is not necessarily indicative of the revenue that we will realize under that contract. For example, we generate a substantial portion of our revenue from government contracts in which we are not the sole provider, meaning that the government could turn to other companies to fulfill the contract. We also generate revenue from IDIQ contracts, which do not require the government to purchase a pre-determined amount of goods or services under the contract. Action by the government to obtain support from other contractors or failure of the government to order the quantity of work anticipated could cause our actual results to differ materially and adversely from those anticipated.

Without additional Congressional appropriations, some of the contracts included in our backlog will remain unfunded, which could materially and adversely affect our future operating results.

Many of our federal government contracts include multi-year performance periods in which Congress appropriates funds on an annual basis. As a result, a majority of our contracts are only partially funded at any point during their full performance period and unfunded contract work is subject to future appropriations by Congress. As a result of a lack of appropriated funds or efforts to reduce federal government spending, our backlog may not result in revenue or may be delayed. We calculate our unfunded backlog based on the aggregate contract revenue that we have the potential to realize. If our backlog estimate is inaccurate and we fail to realize those amounts as revenue, our future operating results could be materially and adversely affected.

Employee misconduct, including security breaches, could result in the loss of customers and our suspension or debarment from contracting with the federal government.

We may be unable to prevent our employees from engaging in misconduct, fraud or other improper activities that could adversely affect our business and reputation. Misconduct could include the failure to comply with federal government procurement regulations, regulations regarding the protection of classified information and legislation regarding the pricing of labor and other costs in government contracts. Many of the systems we develop involve managing and protecting information involved in national security and other sensitive government functions. A security breach in one of these systems could prevent us from having access to such critically sensitive systems. Other examples of employee misconduct could include time card fraud and violations of the Anti-Kickback Act. The precautions we take to prevent and detect this activity may not be effective, and we could face unknown risks or losses. As a result of employee misconduct, we could face fines and penalties, loss of security clearance and suspension or debarment from contracting with the federal government, which could cause our actual results to differ materially and adversely from those anticipated.

Our failure to attract and retain qualified employees, including our senior management team, could adversely affect our business.

Our continued success depends to a substantial degree on our ability to recruit and retain the technically skilled personnel we need to serve our customers effectively. Our business involves the development of tailored solutions for our customers, a process that relies heavily upon the expertise and services of our employees. Accordingly, our employees are our most valuable resource. Competition for skilled personnel in the information technology services industry is intense, and technology service companies often experience high attrition among their skilled employees. There is a shortage of people capable of filling these positions and they are likely to remain a limited resource for the foreseeable future. Recruiting and training these personnel require substantial resources. Our failure to attract and retain technical personnel could increase our costs of performing our contractual obligations, reduce our ability to efficiently satisfy our customers' needs, limit our ability to win new business and cause our actual results to differ materially and adversely from those anticipated.

In addition to attracting and retaining qualified technical personnel, we believe that our success will depend on the continued employment of our senior management team and its ability to generate new business and execute projects successfully. Our senior management team is very important to our business because personal reputations and individual business relationships are a critical element of obtaining and maintaining customer engagements in our industry, particularly with agencies performing classified operations. The loss of any of our senior executives could cause us to lose customer relationships or new business opportunities, which could cause actual results to differ materially and adversely from those anticipated.

Our markets are highly competitive, and many of the companies we compete against have substantially greater resources.

The markets in which we operate include a large number of participants and are highly competitive. Many of our competitors may compete more effectively than we can because they are larger, better financed and better known companies than we are. In order to stay competitive in our industry, we must also keep pace with changing technologies and customer preferences. If we are unable to differentiate our services from those of our competitors, our revenue may decline. In addition, our competitors have established relationships among themselves or with third parties to increase their ability to address customer needs. As a result, new competitors or alliances among competitors may emerge and compete more effectively than we can. There is also a significant industry trend towards consolidation, which may result in the emergence of companies which are better able to compete against us. The results of these competitive pressures could cause our actual results to differ materially and adversely from those anticipated.

Our quarterly revenue and operating results could be volatile due to the unpredictability of the federal government's budgeting process and policy priorities.

Our quarterly revenue and operating results may fluctuate significantly and unpredictably in the future. In particular, if the federal government does not adopt, or delays adoption of, a budget for each fiscal year beginning on October 1, or fails to pass a continuing resolution, federal agencies may be forced to suspend our contracts and delay the award of new and follow-on contracts and orders due to a lack of funding. Further, the rate at which the federal government procures technology may be negatively affected following changes in presidential administrations and senior government officials. Therefore, period-to-period comparisons of our operating results may not be a good indication of our future performance.

Our quarterly operating results may not meet the expectations of securities analysts or investors, which in turn may have an adverse effect on the market price of our common stock.

We may lose money or generate less than anticipated profits if we do not accurately estimate the cost of an engagement which is conducted on a fixed-price basis.

We generated 29.3 percent of our total revenue in FY2021 and 28.5 percent of our total revenue in FY2020 from fixed-price contracts. Fixed-price contracts require us to price our contracts by predicting our expenditures in advance. In addition, some of our engagements obligate us to provide ongoing maintenance and other supporting or ancillary services on a fixed-price basis or with limitations on our ability to increase prices. Many of our engagements are also on a time-and-materials basis. While these types of contracts are generally subject to less uncertainty than fixed-price contracts, to the extent that our actual labor costs are higher than the contract rates, our actual results could differ materially and adversely from those anticipated.

When making proposals for engagements on a fixed-price basis, we rely on our estimates of costs and timing for completing the projects. These estimates reflect our best judgment regarding our capability to complete the task efficiently. Any increased or unexpected costs or unanticipated delays in connection with the performance of fixed-price contracts, including delays caused by factors outside of our control, could make these contracts less profitable or unprofitable. From time to time, unexpected costs and unanticipated delays have caused us to incur losses on fixed-price contracts, primarily in connection with state government customers. On rare occasions, these losses have been significant. In the event that we encounter such problems in the future, our actual results could differ materially and adversely from those anticipated.

Our earnings and margins may vary based on the mix of our contracts and programs.

At June 30, 2021, our backlog included cost reimbursable, time-and-materials and fixed-price contracts. Cost reimbursable and time-and-materials contracts generally have lower profit margins than fixed-price contracts. Our earnings and margins may therefore vary materially and adversely depending on the relative mix of contract types, the costs incurred in their performance, the achievement of other performance objectives and the stage of performance at which the right to receive fees, particularly under incentive and award fee contracts, is finally determined.

Risks Related to our Acquisitions

We may have difficulty identifying and executing acquisitions on favorable terms and therefore may grow at slower than we historically have grown.

One of our key growth strategies has been to selectively pursue acquisitions. Through acquisitions, we have expanded our base of federal government customers, increased the range of solutions we offer to our customers and deepened our penetration of existing markets and customers. We may encounter difficulty identifying and executing suitable acquisitions. To the extent that management is involved in identifying acquisition opportunities or integrating new acquisitions into our business, our management may be diverted from operating our core business. Without acquisitions, we may not grow as rapidly as we historically have grown, which could cause our actual results to differ materially and adversely from those anticipated. We may encounter other risks in executing our acquisition strategy, including:

- increased competition for acquisitions may increase the costs of our acquisitions;
- our failure to discover material liabilities during the due diligence process, including the failure of prior owners of any acquired businesses or their employees to comply with applicable laws or regulations, such as the Federal Acquisition Regulation and health, safety and environmental laws, or their failure to fulfill their contractual obligations to the federal government or other customers; and
- acquisition financing may not be available on reasonable terms or at all.

Each of these types of risks could cause our actual results to differ materially and adversely from those anticipated.

We may have difficulty integrating the operations of any companies we acquire, which could cause actual results to differ materially and adversely from what we anticipated.

The success of our acquisition strategy will depend upon our ability to continue to successfully integrate any businesses we may acquire in the future. The integration of these businesses into our operations may result in unforeseen operating difficulties, absorb significant management attention and require significant financial resources that would otherwise be available for the ongoing development of our business. These integration difficulties include the integration of personnel with disparate business backgrounds, the transition to new information systems, coordination of geographically dispersed organizations, loss of key employees of acquired companies, and reconciliation of different corporate cultures. For these or other reasons, we may be unable to retain key customers of acquired companies. Moreover, any acquired business may fail to generate the revenue or net income we expected or produce the efficiencies or cost-savings we anticipated. Any of these outcomes could cause our actual results to differ materially and adversely from those anticipated.

We have substantial investments in recorded goodwill as a result of prior acquisitions, and changes in future business conditions could cause these investments to become impaired, requiring substantial write-downs that would reduce our operating income.

Goodwill accounts for $3.6 billion of our recorded total assets. We evaluate the recoverability of recorded goodwill amounts annually or when evidence of potential impairment exists. The annual impairment test is based on several factors requiring judgment. Principally, a decrease in expected reporting unit cash flows or changes in market conditions may indicate potential impairment of recorded goodwill. If there is an impairment, we would be required to write down the recorded amount of goodwill, which would be reflected as a charge against operating income.

Risks Related to our Indebtedness

Our senior secured credit facility (the Credit Facility) imposes certain restrictions on our ability to take certain actions which may have an impact on our business, operating results and financial condition.

The Credit Facility imposes certain operating and financial restrictions on us and requires us to meet certain financial covenants. These restrictions may significantly limit or prohibit us from engaging in certain transactions, and include the following:

- incurring or guaranteeing certain amounts of additional debt;
- paying dividends or other distributions to our stockholders or redeeming, repurchasing or retiring our capital stock in excess of specific limits;
- making certain investments, loans and advances;
- exceeding specific levels of liens on our assets;
- issuing or selling equity in our subsidiaries;
- transforming or selling certain assets currently held by us, including certain sale and lease-back transactions;

- amending or modifying certain agreements, including those related to indebtedness; and
- engaging in certain mergers, consolidations or acquisitions.

The failure to comply with any covenants in the Credit Facility would cause a default under the Credit Facility. A default, if not waived, could cause our debt to become immediately due and payable. In such situations, we may not be able to repay our debt or borrow sufficient funds to refinance it, and even if new financing is available, it may not contain terms that are acceptable to us.

Despite our outstanding debt, we may incur additional indebtedness.

The Credit Facility consists of a $1,500.0 million revolving credit facility (the Revolving Facility) and a $938.4 million term loan facility (the Term Loan). The Revolving Facility has sub-facilities of $100.0 million for same-day swing line loan borrowings and $25.0 million for stand-by letters of credit. At any time and so long as no default has occurred, the Company has the right to increase the Revolving Facility or the Term Loan in an aggregate principal amount of up to the greater of $500.0 million or an amount subject to 3.50 times senior secured leverage, calculated assuming the revolving Facility is fully drawn, with applicable lender approvals. At June 30, 2021, $945.0 million was outstanding under the Revolving Facility and $797.6 million was outstanding under the Term Loan. In addition, the terms of the Credit Facility allow us to incur additional indebtedness from other sources so long as we satisfy the covenants in the agreement governing the Credit Facility. If new debt is added to our current debt levels, the risks related to our ability to service that debt could increase.

Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt.

The Credit Facility matures on June 30, 2024. Principal payments under the term loan are due in quarterly installments. Our business may not generate cash flow from operations sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive.

A change in control or fundamental change may adversely affect us.

The Credit Facility provides that certain change in control events will constitute a default.

Risks Related to our Operations

We must comply with a variety of laws and regulations, and our failure to comply could cause our actual results to differ materially from those anticipated.

We must observe laws and regulations relating to the formation, administration and performance of federal government contracts which affect how we do business with our customers and may impose added costs on our business. For example, the Federal Acquisition Regulation and the industrial security regulations of the DoD and related laws include provisions that:

- allow our federal government customers to terminate or not renew our contracts if we come under foreign ownership, control or influence;
- require us to divest work if an OCI related to such work cannot be mitigated to the government's satisfaction;
- require us to disclose and certify cost and pricing data in connection with contract negotiations; and
- require us to prevent unauthorized access to classified information, covered defense information, and controlled unclassified information.

Our failure to comply with these or other laws and regulations could result in contract termination, loss of security clearances, suspension or debarment from contracting with the federal government, civil fines and damages and criminal prosecution and penalties, any of which could cause our actual results to differ materially and adversely from those anticipated.

Systems failures may disrupt our business and have an adverse effect on our operating results.

Any systems failures, including network, software or hardware failures, whether caused by us, a third party service provider, unauthorized intruders and hackers, computer viruses, natural disasters, power shortages or terrorist attacks, could cause loss of data or interruptions or delays in our business or that of our customers. Like other global companies, we have experienced cyber security threats to our data and systems, our company sensitive information, and our information technology infrastructure, including malware and computer virus attacks, unauthorized access, systems failures and temporary disruptions. Prior cyber attacks directed at us have not had a material adverse impact on our business or our financial results, and we believe that our continuing commitment toward threat detection and mitigation processes and procedures will reduce such impact in the future. Due to the evolving nature of these security threats, however, the impact of any future incident cannot be predicted. In addition, the failure or disruption of our mail, communications or utilities could cause us to interrupt or suspend our operations or otherwise harm our business. Our property and business interruption insurance may be inadequate to compensate us for all losses that may occur as a result of any system or operational failure or disruption and, as a result, our actual results could differ materially and adversely from those anticipated.

The systems and networks that we maintain for our customers, although highly redundant in their design, could also fail. If a system or network we maintain were to fail or experience service interruptions, we might experience loss of revenue or face claims for damages or contract termination. Our errors and omissions liability insurance may be inadequate to compensate us for all the damages that we might incur and, as a result, our actual results could differ materially and adversely from those anticipated.

Customer systems failures could damage our reputation and adversely affect our operating results.

Many of the systems that we develop, integrate, maintain, otherwise support or use involve managing and protecting intelligence, national security, and other sensitive government information. While we have programs designed to protect such information and comply with all relevant privacy and security requirements, the threats that our clients face have grown more frequent and sophisticated. A security breach or system failure in a system that we develop, integrate, maintain or otherwise support could result in a loss of revenue, remediation costs, claims for damages or contract termination and our errors and omissions liability insurance may be inadequate to compensate us for all the damages that we might incur. Any such event could also cause serious damage to our reputation and prevent us from having access to or being eligible for further work on such sensitive systems for U.S. government customers.

In addition, in order to provide services to our customers, we often depend upon or use customer systems that are supported by the customer or third parties. Any security breach or system failure in such systems could result in an interruption of our customer’s operations, significant delays under a contract, and a material adverse effect on our results of operations.

Our operations involve several risks and hazards, including potential dangers to our employees and to third parties that are inherent in aspects of our federal business (e.g., counterterrorism training services). If these risks and hazards are not adequately insured, it could adversely affect our operating results.

Our federal business includes the maintenance of global networks and the provision of special operations services (e.g., counterterrorism training) that require us to dispatch employees to various countries around the world. These countries may be experiencing political upheaval or unrest, and in some cases war or terrorism. It is possible that certain of our employees or executives will suffer injury or bodily harm, or be killed or kidnapped in the course of these deployments. We could also encounter unexpected costs for reasons beyond our control in connection with the repatriation of our employees or executives. Any of these types of accidents or other incidents could involve significant potential claims of employees, executives and/or third parties who are injured or killed or who may have wrongful death or similar claims against us.

We maintain insurance policies that mitigate against risk and potential liabilities related to our operations. This insurance is maintained in amounts that we believe are reasonable. However, our insurance coverage may not be adequate to cover those claims or liabilities, and we may be forced to bear significant costs from an accident or incident. Substantial claims in excess of our related insurance coverage could cause our actual results to differ materially and adversely from those anticipated.

Our failure to adequately protect our confidential information and proprietary rights may harm our competitive position.

Our success depends, in part, upon our ability to protect our proprietary information. Although our employees are subject to confidentiality obligations, this protection may be inadequate to deter misappropriation of our proprietary information. In addition, we may be unable to detect unauthorized use of our proprietary information in order to take appropriate steps to enforce our rights. If we are unable to prevent third parties from infringing or misappropriating our proprietary information, our competitive position could be harmed and our actual results could differ materially and adversely from those anticipated.

We face additional risks which could harm our business because we have international operations.

We conduct the majority of our international operations in the United Kingdom and the Netherlands. As a percentage of our total revenue, our international operations generated 2.9 percent and 2.9 percent in FY2021 and FY2020, respectively. Our international operations are subject to risks associated with operating in a foreign country. These risks include fluctuations in the value of the British pound and the Euro, longer payment cycles, changes in foreign tax laws and regulations and unexpected legislative, regulatory, economic or political changes.

The effects of health epidemics, pandemics and similar outbreaks may have material adverse effects on our business, financial position, results of operations and/or cash flows.

We face various risks related to health epidemics, pandemics and similar outbreaks, including the global outbreak of COVID-19. The COVID-19 pandemic and the mitigation efforts to control its spread have adversely impacted the U.S. and global economies, leading to disruptions and volatility in global capital markets. While we have taken steps to mitigate the impact of the COVID-19 pandemic on our employees and our business, the continued spread of COVID-19 may have a material adverse effect on our business, financial position, results of operations and/or cash flows as the result of significant portions of our workforce being unable to work due to illness, quarantines, government actions, facility closures or other restrictions; the inability for us to fully perform on our contracts; delays or limits to the ability of the U.S. Government or other customers to make timely payments; incurrence of increased costs which may not be recoverable; adverse impacts on our access to capital; or other unpredictable events. We continue to monitor the effect of COVID-19 on our business, but we cannot predict the full impact of COVID-19 as the extent of the impact will depend on the duration and spread of the pandemic and the actions taken by federal, state, local and foreign governments to prevent the spread of COVID-19.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of June 30, 2021, we leased building space (including offices, manufacturing plants, warehouses, laboratories and other facilities) at 136 U.S. locations containing an aggregate of approximately 3.6 million square feet located in 30 states and the District of Columbia. In five countries outside the U.S., we leased office space at 17 locations containing an aggregate of approximately 0.1 million square feet. Our corporate headquarters is located at 12021 Sunset Hills Road, Reston Virginia. We believe our facilities are in good condition and adequate for their current use. We may improve, replace, or reduce facilities as considered appropriate to meet the needs of our operations. See Note 16, Leases, in the Notes to Consolidated Financial Statements contained in this Annual Report on Form 10-K for additional information regarding our lease commitments.

Item 3. Legal Proceedings

Al Shimari, et al. v. L-3 Services, Inc. et al.

On June 30, 2008, Plaintiff Al Shimari filed a twenty-count complaint in the United States District Court for the Southern District of Ohio. Plaintiff Al Shimari is an Iraqi who claimed that he suffered significant physical injury and emotional distress while held at Abu Ghraib prison in Iraq. The lawsuit named CACI International Inc, CACI Premier Technology, Inc. and former CACI employee Timothy Dugan as Defendants, along with L-3 Services, Inc. The complaint alleged that the Defendants conspired with U.S. military personnel to engage in illegal treatment of Iraqi detainees. The complaint did not allege any interaction between Plaintiff Al Shimari and any CACI employee. Plaintiff Al Shimari sought, inter alia, compensatory damages, punitive damages, and attorney's fees. On August 8, 2008, the court granted CACI's motion to transfer the action to the United States District Court for the Eastern District of Virginia. Thereafter, an amended complaint was filed adding three plaintiffs. On September 12, 2008, Mr. Dugan was dismissed from the case without prejudice. On October 2, 2008, CACI filed a motion to dismiss the case. CACI also moved to stay discovery pending further proceedings. The court granted CACI's motion to stay discovery. On March 18, 2009, the court granted in part and denied in part CACI's motion to dismiss. On March 23, 2009, CACI filed a notice of appeal with respect to the March 18, 2009 decision. Plaintiffs filed a motion to strike CACI's notice of appeal and a motion to lift the stay on discovery. The United States District Court for the Eastern District of Virginia denied both motions. On April 27, 2009, Plaintiffs filed a motion to dismiss the appeal in the United States Court of Appeals for the Fourth Circuit. The United States Court of Appeals for the Fourth Circuit deferred any ruling on Plaintiffs' motion and issued a briefing schedule. Plaintiffs filed a notice of cross-appeal, which CACI moved to dismiss. The Court of Appeals dismissed the Plaintiffs' cross-appeal. On October 26, 2010, the United States Court of Appeals for the Fourth Circuit heard oral argument in the appeal and took the matter under advisement. On September 21, 2011, the United States Court of Appeals for the Fourth Circuit reversed the decision of the United States District Court for the Eastern District of Virginia and remanded the action with instructions to dismiss the action. On October 5, 2011, Plaintiffs filed a petition for a rehearing en banc, which the Court of Appeals granted. The Court of Appeals also invited the United States to participate in the en banc rehearing of the appeal as amicus curiae. The United States participated in that capacity in the en banc rehearing. On January 27, 2012, the Court of Appeals, sitting en banc, heard oral argument. On May 11, 2012, the Court of Appeals, in an 11-3 decision, held that it lacked jurisdiction over the appeal and dismissed the appeal. The action returned to the district court for further proceedings.

On October 12, 2012, the district court conducted a status conference at which the court asked the parties to prepare and submit a plan for discovery in the action. The parties subsequently filed a joint discovery plan, which the court approved. The Court also lifted the stay of discovery, and reinstated the claims arising under the Alien Tort Statute (ATS) that the Court had previously dismissed. On December 26, 2012, Plaintiffs filed a Second Amended Complaint. Defendants moved to dismiss several counts of the Second Amended Complaint. On March 8, 2013, the Court dismissed the conspiracy claims in the Second Amended Complaint, and dismissed CACI International Inc from the action. Subsequently, the Court allowed Plaintiffs to file a Third Amended Complaint for the purpose of repleading the conspiracy claims. On March 28, 2013, Plaintiffs filed a Third Amended Complaint, and on April 15, 2013, Defendant CACI Premier Technology, Inc. moved to dismiss the conspiracy claims in the Third Amended Complaint.

On March 19, 2013, the Court granted a motion for reconsideration filed by Defendants with respect to the statute of limitations applicable to the common law tort claims of three of the four Plaintiffs, and dismissed those claims. Defendant CACI Premier Technology, Inc. also filed a motion for sanctions with respect to the failure of three of the four Plaintiffs to appear for depositions and medical examinations as ordered by the court. On April 12, 2013, the Court denied that motion but entered an order requiring the three Plaintiffs to appear for depositions and medical examinations no later than April 26, 2013 and stating that if the three Plaintiffs did not comply with the order their claims were subject to dismissal. Plaintiffs did not appear for depositions in the United States as of April 26, 2013. Defendant CACI Premier Technology, Inc. then renewed its motion for sanctions, seeking dismissal, for the three Plaintiffs' violation of the Court order to appear for depositions and medical examinations. Defendant CACI Premier Technology, Inc. also filed a motion to dismiss the ATS claims of all four Plaintiffs for lack of jurisdiction in light of the U.S. Supreme Court's April 17, 2013 decision in Kiobel v. Royal Dutch Petroleum, and a motion to dismiss the common law claims of the single Plaintiff with those claims on various grounds.

On June 26, 2013, the Court issued a Memorandum Opinion and Order granting Defendant CACI Premier Technology, Inc.'s motions with respect to Plaintiffs' ATS claims and Plaintiffs' common law claims, and dismissing the Third Amended Complaint without prejudice. The Court also denied all other pending motions, including Defendant CACI Premier Technology, Inc.'s motions for sanctions and to dismiss the conspiracy claims, as moot.

On July 24, 2013, Plaintiffs filed a Notice of Appeal of the district court's June 26 decision.

On March 18, 2014, a three judge panel of the United States Court of Appeals for the Fourth Circuit held a hearing on Plaintiffs' appeal and took the matters under advisement. On June 30, 2014, the three judge panel vacated the district court's June 26, 2013 Order and remanded Plaintiffs' claims for further proceeding.

On remand, Defendant CACI Premier Technology, Inc. moved to dismiss Plaintiffs' claims based upon the political question doctrine. On June 18, 2015, the Court issued an Order granting Defendant CACI Premier Technology, Inc.'s motion to dismiss, and on June 26, 2015 entered a final judgment in favor of Defendant CACI Premier Technology, Inc.

On July 23, 2015, Plaintiffs filed a Notice of Appeal of the district court's June 2015 decision. On October 21, 2016, the Court of Appeals vacated and remanded the District Court's judgment with instructions for the District Court to make further determinations regarding the political question doctrine. The District Court conducted an initial status conference on December 16, 2016. On June 9, 2017, the District Court dismissed Plaintiff Rashid without prejudice from the action based upon his inability to participate. On July 19, 2017, CACI Premier Technology, Inc. filed a motion to dismiss the action on numerous legal grounds. The Court held a hearing on that motion on September 22, 2017, and denied the motion pending issuance of a written decision. On January 17, 2018, CACI filed a third-party complaint naming the United States and John Does 1-60, asserting claims for contribution, indemnification, exoneration and breach of contract in the event that CACI Premier Technology, Inc. is held liable to Plaintiffs, as Plaintiffs are seeking to hold CACI Premier Technology, Inc. liable on a co-conspirator theory and a theory of aiding and abetting. On April 13, 2018, the Court held a hearing on the United States' motion to dismiss and took the matter under advisement.

On April 13, 2018, the Plaintiffs filed a motion to reinstate Plaintiff Rashid, which CACI opposed. On April 20, 2018, the District Court granted that motion subject to Plaintiff Rashid appearing for a deposition. On May 21, 2018, CACI filed a motion to dismiss for lack of subject matter jurisdiction based on a recent Supreme Court decision. On June 25, 2018, the District Court denied that motion. On October 25, 2018, the District Court conducted a pre-trial conference at which the District Court addressed remaining discovery matters, the scheduling for dispositive motions that CACI intends to file, and set a date of April 23, 2019 for trial, if needed, to start. On December 20, 2018, CACI filed a motion for summary judgment and a motion to dismiss based on the state secrets privilege. On January 3, 2019, CACI filed a motion to dismiss for lack of subject matter jurisdiction. On February 15, 2019, the United States filed a motion for summary judgment with respect to CACI's third-party complaint. On February 27, 2019, the District Court denied CACI's motion for summary judgment and motions to dismiss for lack of subject matter jurisdiction and on the state secrets privilege. On February 28, 2019, CACI filed a motion seeking dismissal on grounds of derivative sovereign immunity.

On March 22, 2019, the District Court denied the United States' motion to dismiss on grounds of sovereign immunity and CACI's motion to dismiss on grounds of derivative sovereign immunity. The District Court also granted the United States' motion for summary judgment with respect to CACI's third-party complaint. On March 26, 2019, CACI filed a Notice of Appeal of the District Court's March 22, 2019 decision. On April 2, 2019, the U.S. Court of Appeals for the Fourth Circuit issued an Accelerated Briefing Order for the appeal. On April 3, 2019, the District Court issued an Order cancelling the trial schedule and holding matters in abeyance pending disposition of the appeal. On July 10, 2019, the U.S. Court of Appeals for the Fourth Circuit heard oral argument in Spartanburg, South Carolina on CACI's appeal. On August 23, 2019, the Court of Appeals issued an unpublished opinion dismissing the appeal. A majority of the panel that heard the appeal held that rulings denying derivative sovereign immunity are not immediately appealable even where they present pure questions of law. The panel also ruled, in the alternative, that even if such a ruling was immediately appealable, review was barred because there remained disputes of material fact with respect to CACI's derivative sovereign immunity defenses. The Court of Appeals subsequently denied CACI's request for rehearing *en banc.* CACI then filed a motion to stay issuance of the mandate pending the filing of a petition for a writ of *certiorari.* On October 11, 2019, the Court of Appeals, by a 2-1 vote, denied the motion to stay issuance of the mandate. CACI then filed an application to stay issuance of the mandate with Chief Justice Roberts in his capacity as Circuit Justice for the U.S. Court of Appeals for the Fourth Circuit. After CACI filed that application, the Court of Appeals issued the mandate on October 21, 2019, returning jurisdiction to the district court. On October 23, Chief Justice Roberts denied the stay application "without prejudice to applicants filing a new application after seeking relief in the district court." CACI then filed a motion in the district court to stay the action pending filing and disposition of a petition for a writ of *certiorari.* On November 1, 2019, the district court granted CACI's motion and issued an Order staying the action until further order of the court. On November 15, 2019, CACI filed a petition for a writ of *certiorari* in the U.S. Supreme Court. On January 27, 2020, the U.S. Supreme Court issued an Order inviting the Solicitor General to file a brief in the case expressing the views of the United States. On August 26, 2020, the Solicitor General filed a brief recommending that CACI's petition for a writ of *certiorari* be held pending the Supreme Court's disposition of *Nestle USA, Inc. v. Doe,* cert. granted, No. 19-416 (July 2, 2020), and *Cargill, Inc. v. Doe,* cert. granted, No. 19-453 (July 2, 2020). The United States' brief recommended that if the Supreme Court's decisions in *Nestle* and *Cargill* did not effectively eliminate the claims in *Al Shimari,* then the Supreme Court should grant CACI's petition for a writ of *certiorari*. On June 17, 2021, the Supreme Court issued its decision in the *Nestle* and *Cargill* cases, holding that the allegations of domestic conduct in the cases were general corporate activity insufficient to establish subject matter jurisdiction. As a result, the Supreme Court remanded the cases for dismissal. On June 28, 2021, the Supreme Court denied CACI's petition for a writ of *certiorari.*

On July 16, 2021, the District Court granted CACI's consent motion to lift the stay of the action, and ordered the parties to submit status reports to the District Court by August 4, 2021. On July 23, 2021, CACI filed a motion to dismiss the action for lack of subject matter jurisdiction based on, among other things, the recent Supreme Court decision in the *Nestle* and *Cargill* cases.

Abbass, et al v. CACI Premier Technology, Inc. and CACI International Inc, Case No. 1:13CV1186-LMB/JFA (EDVA)

On September 20, 2013, fifty-five Plaintiffs filed a nine-count complaint in the United States District Court for the Eastern District of Virginia styled Abbass, et al. v. CACI Premier Technology, Inc., et al. Plaintiffs are Iraqi nationals who assert that their allegations are essentially the same as those of the plaintiffs in Al Shimari. Plaintiffs claim that they suffered significant physical injury and emotional distress while in U.S. custody in Iraq. The lawsuit names CACI International Inc and CACI Premier Technology, Inc. as Defendants. The complaint alleges that Defendants conspired with U.S. military personnel to engage in illegal treatment of Iraqi detainees. The complaint does not allege any interaction between Plaintiffs and any CACI employee. Plaintiffs' claims are brought pursuant to the Alien Tort Statute and the Torture Victims Protection Act. Plaintiffs seek, inter alia, compensatory damages, punitive damages, and attorney's fees.

Plaintiffs' action was originally filed in 2009 in U.S. District Court for the District of Columbia, but was voluntarily dismissed without prejudice in September 2011 after the Supreme Court denied certiorari in Saleh v. Titan Corp. and Ibrahim v. Titan Corp., 580 F.3d 1 (D.C. Cir. 2009).

The CACI Defendants have moved to dismiss the complaint. Before deciding the motion to dismiss, the district court stayed the action pending a decision from the Court of Appeals in Al Shimari v. L-3 Services, Inc.

We are vigorously defending the above-described legal proceedings, and based on our present knowledge of the facts, believe the lawsuits are completely without merit.

Item 4. Mine Safety Disclosures

Not Applicable.

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on the New York Stock Exchange under the ticker symbol "CACI".

The ranges of high and low sales prices of our common stock quoted on the New York Stock Exchange for each quarter during the fiscal years ended June 30, 2021 and 2020 were as follows:

	2021		2020	
Quarter	**High**	**Low**	**High**	**Low**
1st	$ 241.20	$ 190.16	$ 235.00	$ 195.17
2nd	$ 251.41	$ 198.46	$ 252.69	$ 215.00
3rd	$ 263.77	$ 215.18	$ 288.59	$ 156.15
4th	$ 266.96	$ 246.32	$ 266.31	$ 199.56

We have never paid a cash dividend. Our present policy is to retain earnings to provide funds for the operation and expansion of our business. We do not intend to pay any cash dividends at this time. The Board of Directors will determine whether to pay dividends in the future based on conditions existing at that time, including our earnings, financial condition and capital requirements, as well as economic and other conditions as the board may deem relevant.

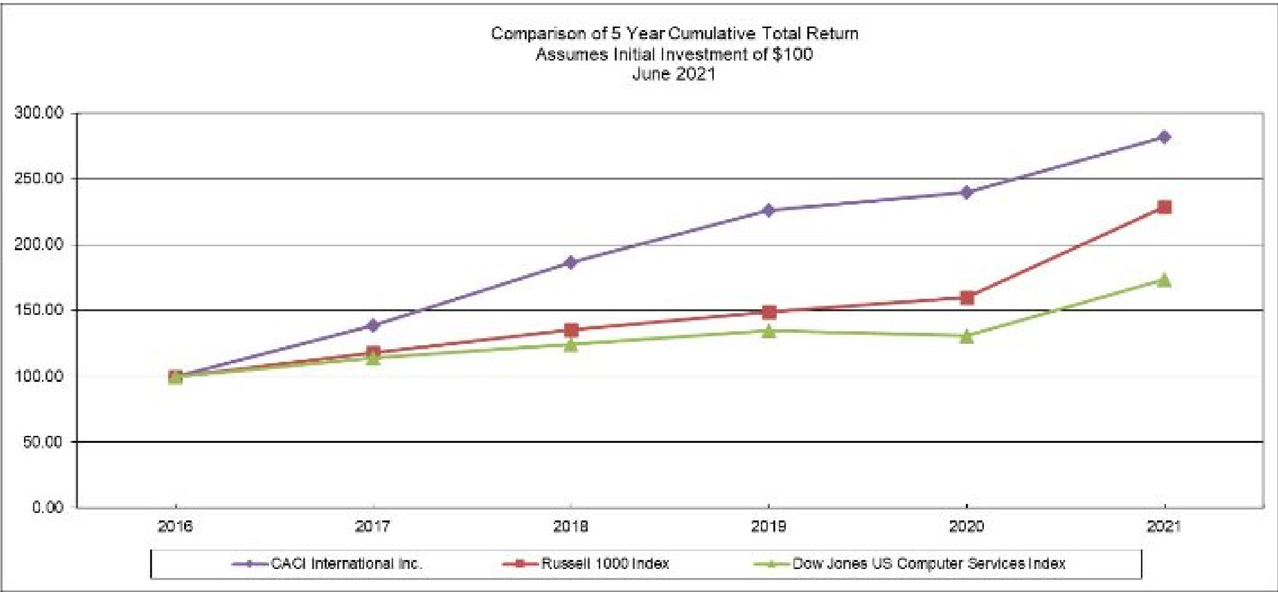
As of July 28, 2021, the number of stockholders of record of our common stock was approximately 184. The number of stockholders of record is not representative of the number of beneficial stockholders due to the fact that many shares are held by depositories, brokers, or nominees.

The following table provides certain information with respect to our purchases of shares of CACI International Inc's common stock during the three months ended June 30, 2021:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased As Part of Publicly Announced Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
April 2021	9,990	$ 251.03	1,258,062	241,938
May 2021	—	—	—	—
June 2021	—	—	—	—
Total	9,990	$ 251.03	1,258,062	

The following graph compares the cumulative 5-year total return to shareholders on CACI International Inc's common stock relative to the cumulative total returns of the Russell 1000 index and the Dow Jones U.S. Computer Services Total Stock Market index. The graph assumes that the value of the investment in our common stock and in each of the indexes (including reinvestment of dividends) was $100 on June 30, 2016 and tracks it through June 30, 2021.

Comparison of Five Year Cumulative Total Returns
Performance Graph for
CACI International Inc



$100 invested on 6/30/16 in stock or index—including reinvestment of dividends. Fiscal year ending June 30.

	June 30,					
	2016	2017	2018	2019	2020	2021
CACI International Inc	$ 100.00	$ 138.31	$ 186.43	$ 226.29	$ 239.88	$ 282.18
Russell 1000	$ 100.00	$ 118.03	$ 135.19	$ 148.73	$ 159.86	$ 228.71
Dow Jones U.S. Computer Services Index	$ 100.00	$ 113.95	$ 124.33	$ 134.76	$ 130.56	$ 173.88

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

Item 6. Selected Financial Data

The selected financial data included below is from our audited financial statements for each of the fiscal years in the five years ended June 30, 2021. This information should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the Notes thereto, included in Part II in this Annual Report on Form 10-K.

Income Statement Data

	Years Ended June 30,				
	2021	2020	2019	2018 (1)	2017
	(amounts in thousands, except per share data)				
Revenue	$ 6,044,135	$ 5,720,042	$ 4,986,341	$ 4,467,860	$ 4,354,617
Costs of revenue	5,504,684	5,262,346	4,608,474	4,127,160	4,057,356
Net income	457,443	321,480	265,604	301,171	163,671
Earnings per common share and common share equivalent:					
Basic:					
Weighted-average shares outstanding	24,705	25,031	24,833	24,616	24,401
Earnings per share	$ 18.52	$ 12.84	$ 10.70	$ 12.23	$ 6.71
Diluted:					
Weighted-average shares and equivalent shares outstanding	24,992	25,485	25,395	25,255	25,069
Earnings per share	$ 18.30	$ 12.61	$ 10.46	$ 11.93	$ 6.53

(1) Net income for FY2018 includes $103.3 million or $4.09 per diluted share of estimated tax benefits related to enactment of the Tax Cuts and Jobs Act on December 22, 2017.

Balance Sheet Data

	As of June 30,				
	2021	2020	2019	2018	2017
	(amounts in thousands)				
Total assets	$ 6,172,372	$ 5,542,472	$ 5,086,843	$ 4,034,206	$ 3,911,082
Long-term obligations	2,622,293	2,112,003	2,023,655	1,187,458	1,317,297
Working capital	446,375	316,727	339,798	392,210	353,158
Shareholders' equity	2,665,278	2,661,310	2,371,466	2,106,887	1,793,721

Item 7. Management's Discussion and Analysis of Financial Condition & Results of Operations

The following discussion and analysis of our financial condition and results of operations is provided to enhance the understanding of, and should be read together with, our consolidated financial statements and the Notes to those statements that appear elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties. Unless otherwise specifically noted, all years refer to our fiscal year which ends on June 30.

Overview

We are a leading provider of Expertise and Technology to Enterprise and Mission customers, supporting national security missions and government modernization/transformation in the intelligence, defense, and federal civilian sectors. The demand for our Expertise and Technology, in large measure, is created by the increasingly complex network, systems, and information environments in which governments and businesses operate, and by the need to stay current with emerging technology while increasing productivity, enhancing security, and, ultimately, improving performance.

Some of our key initiatives include the following:

- Continue to grow organic revenue across our large, addressable market;
- Recruit and hire a world class workforce to execute on our growing backlog;
- Deliver strong profitability and robust cash flows from operations;
- Differentiate ourselves through our investment, including our strategic mergers and acquisition program allowing us to enhance our current capabilities and create new customer access points; and
- Continue our unwavering commitment to our customers while supporting the communities in which we work and live.

Budget Environment

We carefully follow federal budget, legislative and contracting trends and activities and evolve our strategies to take these into consideration. On August 2, 2019, the Bipartisan Budget Act of 2019 (BBA 2019) was signed into law. BBA 2019 called for defense spending, including Overseas Contingency Operations (OCO) funds, of $738 billion in government fiscal year (GFY) 2020 and $740.5 billion in GFY 2021. Both represent increases from GFY 2019 levels of $716 billion. On January 1, 2021, the $740 billion National Defense Authorization Act (NDAA) for GFY 2021 became law. For GFY 2022, the Biden administration has released a budget proposal that calls for an increase in aggregate defense spending of 1.6% from GFY 2021. We believe that bipartisan support remains for continued investment in the areas of defense and national security.

While we view the budget environment as stable and believe there is bipartisan support for continued investment in the areas of defense and national security, it is uncertain when in any particular GFY that appropriations bills will be passed. During those periods of time when appropriations bills have not been passed and signed into law, government agencies operate under a continuing resolution (CR). Depending on their scope, duration, and other factors, CRs can negatively impact our business due to delays in new program starts, delays in contract award decisions, and other factors. When a CR expires, unless appropriations bills have been passed by Congress and signed by the President, or a new CR is passed and signed into law, the government must cease operations, or shutdown, except in certain emergency situations or when the law authorizes continued activity. We continuously review our operations in an attempt to identify programs potentially at risk from CRs so that we can consider appropriate contingency plans.

Market Environment

Across our addressable market, we provide Expertise and Technology to government Enterprise and Mission customers. Based on the analysis of an independent market consultant retained by the Company, we believe that the total addressable market for our offerings is approximately $230 billion. Our addressable market is expected to continue to grow over the next several years. Approximately 70 percent of our revenue comes from defense-related customers, including those in the Intelligence Community (IC), with additional revenue coming from non-defense IC, homeland security, and other federal civilian customers.

We continue to align the Company’s capabilities with well-funded budget priorities and took steps to maintain a competitive cost structure in line with our expectations of future business opportunities. In light of these actions, as well as the budgetary environment discussed above, we believe we are well positioned to continue to win new business in our large addressable market. We believe that the following trends will influence the USG’s spending in our addressable market:

- A stable USG budget environment, particularly in defense and intelligence-related areas;
- A shift in focus from readiness toward increased capabilities, effectiveness, and responsiveness;
- Increased USG interest in faster contracting and acquisition processes;
- Increased focus on cyber, space, and the electromagnetic spectrum as key domains for National Security;
- Continued focus on counterterrorism, counterintelligence, and counter proliferation as key U.S. security concerns;
- Balanced focus on enterprise cost reductions through efficiency, with increased spend on IT infrastructure modernization and enhancements to cyber security protections; and
- Increased investments in advanced technologies (e.g., Artificial Intelligence, 5G).

We believe that our customers' use of lowest price/technically acceptable (LPTA) procurements, which contributed to pricing pressures in prior years, has moderated, though price still remains an important factor in procurements. We also continue to see protests of major contract awards and delays in USG procurement activities. In addition, many of our federal government contracts require us to employ personnel with security clearances, specific levels of education and specific past work experience. Depending on the level of clearance, security clearances can be difficult and time-consuming to obtain and competition for skilled personnel in the information technology services industry is intense. Additional factors that could affect USG spending in our addressable market include changes in set-asides for small businesses, changes in budget priorities as a result of the COVID-19 pandemic, and budgetary priorities limiting or delaying federal government spending in general.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the U.S. requires us to make estimates and judgments that affect the amounts reported in those financial statements and accompanying notes. We consider the accounting policies and estimates addressed below to be the most important to our financial position and results of operations, either because of the significance of the financial statement item or because they require the exercise of significant judgment and/or use of significant estimates. Although we believe that the estimates are reasonable based on reasonably available facts, due to the inherent uncertainty involved in making those estimates, actual results reported in future periods may differ.

We believe the following accounting policies require significant judgment due to the complex nature of the underlying transactions:

Revenue Recognition

The Company generates almost all of our revenue from three different types of contractual arrangements with the U.S. government: cost-plus-fee, fixed-price, and time-and-materials (T&M) contracts. Our contracts with the U.S. government are generally subject to the Federal Acquisition Regulation (FAR) and are competitively priced based on estimated costs of providing the contractual goods or services.

We account for a contract when the parties have approved the contract and are committed to perform on it, the rights of each party and the payment terms are identified, the contract has commercial substance, and it is probable that we will collect substantially all of the consideration.

At contract inception, the Company determines whether the goods or services to be provided are to be accounted for as a single performance obligation or as multiple performance obligations. This evaluation requires professional judgment as it may impact the timing and pattern of revenue recognition. If multiple performance obligations are identified, we generally use the cost plus a margin approach to determine the relative standalone selling price of each performance obligation.

When determining the total transaction price, the Company identifies both fixed and variable consideration elements within the contract. Variable consideration includes any amount within the transaction price that is not fixed, such as: award or incentive fees; performance penalties; unfunded contract value; or other similar items. For our contracts with award or incentive fees, the Company estimates the total amount of award or incentive fee expected to be recognized into revenue. Throughout the performance period, we recognize as revenue a constrained amount of variable consideration only to the extent that it is probable that a significant reversal of the cumulative amount recognized to date will not be required in a subsequent period. Our estimate of variable consideration is periodically adjusted based on significant changes in relevant facts and circumstances. In the period in which we can calculate the final amount of award or incentive fee earned - based on the receipt of the customer’s final performance score or determining that more objective, contractually-defined criteria have been fully satisfied - the Company will adjust our cumulative revenue recognized to date on the contract. This adjustment to revenue will be disclosed as the amount of revenue recognized in the current period for a previously satisfied performance obligation.

We generally recognize revenue over time throughout the performance period as the customer simultaneously receives and consumes the benefits provided on our services-type revenue arrangements. This continuous transfer of control for our U.S. government contracts is supported by the unilateral right of our customer to terminate the contract for a variety of reasons without having to provide justification for its decision. For our services-type revenue arrangements in which there are a repetitive amount of services that are substantially the same from one month to the next, the Company applies the series guidance. We use a variety of input and output methods that approximate the progress towards complete satisfaction of the performance obligation, including: costs incurred, labor hours expended, and time-elapsed measures for our fixed-price stand ready obligations. For certain contracts, primarily our cost-plus and T&M services-type revenue arrangements, we apply the right-to-invoice practical expedient in which revenue is recognized in direct proportion to our present right to consideration for progress towards the complete satisfaction of the performance obligation.

When a performance obligation has a significant degree of interrelation or interdependence between one month's deliverables and the next, when there is an award or incentive fee, or when there is a significant degree of customization or modification, the Company generally records revenue using a percentage of completion method. For these revenue arrangements, substantially all revenue is recognized over time using a cost-to-cost input method based on the ratio of costs incurred to date to total estimated costs at completion. When estimates of total costs to be incurred on a contract exceed total revenue, a provision for the entire loss on the contract is recorded in the period in which the loss is determined.

Contract modifications are reviewed to determine whether they should be accounted for as part of the original performance obligation or as a separate contract. When a contract modification changes the scope or price and the additional performance obligations are at their standalone selling price, the original contract is terminated and the Company accounts for the change prospectively when the new goods or services to be transferred are distinct from those already provided. When the contract modification includes goods or services that are not distinct from those already provided, the Company records a cumulative adjustment to revenue based on a remeasurement of progress towards the complete satisfaction of the not yet fully delivered performance obligation.

Based on the critical nature of our contractual performance obligations, the Company may proceed with work based on customer direction prior to the completion and signing of formal contract documents. The Company has a formal review process for approving any such work that considers previous experiences with the customer, communications with the customer regarding funding status, and our knowledge of available funding for the contract or program.

Accounting for Business Combinations, Goodwill and Acquired Intangible Assets

The purchase price of an acquired business is allocated to the tangible assets and separately identifiable intangible assets acquired less liabilities assumed based upon their respective fair values, with the excess recorded as goodwill.

The fair values of the assets acquired and liabilities assumed were preliminarily determined using income, market and cost valuation methods. The income approach was primarily used to value the customer relationships intangible assets. The income approach indicates value for an asset or liability based on the present value of cash flow projected to be generated over the remaining economic life of the asset or liability being measured. Both the amount and the duration of the cash flows are considered from a market participant perspective. Our estimates of market participant net cash flows considered historical and projected pricing, operational performance including company specific synergies, material and labor pricing, and other relevant customer, contractual and market factors. Where appropriate, the net cash flows are adjusted to reflect the uncertainties associated with the underlying assumptions, as well as the risk profile of the net cash flows utilized in the valuation. The adjusted future cash flows are then discounted to present value using an appropriate discount rate. Projected cash flow is discounted at a required rate of return that reflects the relative risk of achieving the cash flow and the time value of money. The fair values of the tangible assets and acquired liabilities assumed, were determined using a combination of market and cost valuation methods. The market approach is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities. Valuation techniques consistent with the market approach often use market multiples derived from a set of comparables. The cost approach, which estimates value by determining the current cost of replacing an asset with another of equivalent economic utility.

We evaluate goodwill at least annually for impairment, or whenever events or circumstances indicate that the carrying value may not be recoverable. The evaluation includes comparing the fair value of the relevant reporting unit to the carrying value, including goodwill, of such unit. The level at which we test goodwill for impairment requires us to determine whether the operations below our operating segments constitute a self-sustaining business for which discrete financial information is available and segment management regularly reviews the operating results. If the fair value exceeds the carrying value, no impairment loss is recognized. However, if the carrying value of the reporting unit exceeds its fair value, the goodwill of the reporting unit may be impaired. Impairment is measured by comparing the derived fair value of the goodwill to its carrying value. Separately identifiable intangible assets with estimable useful lives are amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment if impairment indicators are present.

We estimate the fair value of our reporting units using both an income approach and a market approach. The valuation process considers our estimates of the future operating performance of each reporting unit. Companies in similar industries are researched and analyzed and we consider the domestic and international economic and financial market conditions, both in general and specific to the industry in which we operate, prevailing as of the valuation date. The income approach utilizes discounted cash flows.

We evaluate goodwill as of the first day of the fiscal fourth quarter. In addition, we will perform interim impairment testing should circumstances requiring it arise. We completed our annual goodwill assessment as of April 1, 2021 and no impairment charge was necessary as a result of this assessment. We have concluded that none of our reporting units are at risk of a goodwill impairment in the near term as their fair values are considerably greater than their carrying values.

Determining the fair values of the reporting units inherently involves management judgments regarding assumptions such as future sales, profits and cash flows, determination of the discount rate, weighting of the income and market approaches, and the effect of the market conditions on those assumptions. Due to the variables inherent in the estimation of a reporting unit's fair value and the relative size of our goodwill, differences in assumptions could have a material effect on one or more of our reporting units and could result in a goodwill impairment charge in a future period.

Recent Accounting Pronouncements

See Note 3, Recently Issued Accounting Pronouncements, in the Notes to Consolidated Financial Statements contained in this Annual Report on Form 10-K for additional information.

Results of Operations

The following table sets forth the relative percentage that certain items of expense and earnings bear to revenue for the three most recent fiscal years ended.

Consolidated Statements of Operations
Years ended June 30,

	2021	2020	2019	Year to Year Change 2020 to 2021		2019 to 2020	
		Dollars		Dollars	Percent	Dollars	Percent
	(dollar amounts in thousands)						
Revenue	$ 6,044,135	$ 5,720,042	$ 4,986,341	$ 324,093	5.7%	$ 733,701	14.7%
Costs of revenue:							
Direct costs	3,930,707	3,719,056	3,304,053	211,651	5.7	415,003	12.6
Indirect costs and selling expenses	1,448,614	1,432,602	1,218,544	16,012	1.1	214,058	17.6
Depreciation and amortization	125,363	110,688	85,877	14,675	13.3	24,811	28.9
Total costs of revenue	5,504,684	5,262,346	4,608,474	242,338	4.6	653,872	14.2
Income from operations	539,451	457,696	377,867	81,755	17.9	79,829	21.1
Interest expense and other, net	39,836	56,059	49,958	(16,223)	(28.9)	6,101	12.2
Income before income taxes	499,615	401,637	327,909	97,978	24.4	73,728	22.5
Income taxes	42,172	80,157	62,305	(37,985)	(47.4)	17,852	28.7
Net income	$ 457,443	$ 321,480	$ 265,604	$ 135,963	42.3	$ 55,876	21.0

Revenue. For the twelve months ended June 30, 2021, total revenue was $6.0 billion, 5.7 percent greater than last year with 5.0 percent from organic revenue growth. The remaining growth in revenue was attributable to acquired revenues. Out of our primary customer groups, Department of Defense and Federal Civilian revenue increased by $186.0 million and $117.9 million, respectively, compared with the same period a year ago.

The following table summarizes revenue by customer type with related percentages of revenue for the three most recent fiscal years:

	Years Ended June 30, 2021		2020		2019	
	(dollars in thousands)					
Department of Defense	$ 4,185,292	69.3%	$ 3,999,261	69.9%	$ 3,489,854	70.0%
Federal Civilian Agencies	1,585,672	26.2	1,467,801	25.7	1,263,681	25.3
Commercial and other	273,171	4.5	252,980	4.4	232,806	4.7
Total	$ 6,044,135	100.0%	$ 5,720,042	100.0%	$ 4,986,341	100.0%

- DoD revenue includes services and products provided to the U.S. Army, our single largest customer, where our services focus on supporting readiness, tactical military intelligence, and communications systems. DoD revenue also includes contracts with the U.S. Navy and other DoD agencies.
- Federal civilian agencies' revenue primarily includes services and products provided to non-DoD agencies and departments of the U.S. federal government, including intelligence agencies and Departments of Justice, Agriculture, Health and Human Services, and State.

- Commercial and other revenue primarily includes services and products provided to U.S. state and local governments, commercial customers, and certain foreign governments and agencies through our International reportable segment.

Direct Costs. For the twelve months ended June 30, 2021, direct costs increased by $211.7 million or 5.7 percent, compared with the same period a year ago. The increase is primarily related to direct and subcontractor labor costs from organic growth on existing programs and higher other direct costs against our revenue arrangements, partially offset by a reduction in travel related expenses. As a percentage of revenue, total direct costs were 65.0 percent and 65.0 percent, respectively, for FY2021 and FY2020.

Indirect Costs and Selling Expenses. For the twelve months ended June 30, 2021, indirect costs and selling expenses increased by $16.0 million or 1.1 percent, compared with the same period a year ago. The increase is primarily related to increased labor-related expenses, including fringe benefits, and purchases of other professional services, partially offset by reduced indirect travel, incentive compensation and bid and proposal (B&P) costs.

Depreciation and Amortization. For the twelve months ended June 30, 2021, depreciation and amortization expense increased by $14.7 million or 13.3 percent, compared with the same period a year ago. This increase was primarily attributable to intangible amortization from acquisitions and increased depreciation from higher property and equipment balances.

Interest Expense and Other, Net. For the twelve months ended June 30, 2021, interest expense and other, net decreased by $16.2 million or 28.9 percent, compared with the same period a year ago. The decrease in interest expense is primarily attributable to lower average outstanding debt balances on the Company's Credit Facility and lower interest rates.

Income Taxes. The effective income tax rate in FY2021, FY2020, and FY2019, was 8.4 percent, 20.0 percent, and 19.0 percent, respectively. The effective income tax rate decreased in FY2021 primarily as a result of the $56.2 million benefit related to the carryback of the federal tax net operating loss (NOL) pursuant to provisions under the CARES Act (see Note 20), as well as an increase in research and development credits for past and current year tax filings.

Contract Backlog

The Company's backlog represents total value on our existing contracts that has the potential to be recognized into revenue as work is performed. The Company includes unexercised option years in its backlog amount and excludes task orders that may be issued underneath a multiple award IDIQ vehicle until such task orders are awarded.

The Company's backlog as of period end is either funded or unfunded:

- Funded backlog represents contract value appropriated by a customer that is expected to be recognized into revenue.
- Unfunded backlog represents the sum of unappropriated contract value on executed contracts and unexercised option years that is expected to be recognized into revenue.

As of June 30, 2021, the Company had total backlog of $24.2 billion, compared with $21.6 billion a year ago, an increase of 12.0 percent. Contract awards in FY2021 were $9.2 billion, a decrease of 20.7 percent compared with the same period a year ago. Funded backlog as of June 30, 2021 was $3.3 billion. The total backlog consists of remaining performance obligations (see Note 11, Revenue Recognition, in the Notes to Consolidated Financial Statements contained in this Annual Report on Form 10-K) plus unexercised options.

There is no assurance that all funded or potential contract value will result in revenue being recognized. The Company continues to monitor our backlog as it is subject to change from execution of new contracts, contract modifications or extensions, government deobligations, or early terminations. Based on this analysis, an adjustment to the period end balance may be required.

Revenue by Contract Type

The Company generates revenue under three basic contract types:

- *Cost-plus-fee contracts*: This contract type provides for reimbursement of allowable direct expenses and allocable indirect expenses plus an additional negotiated fee. The fee component of the contract may include fixed fees, award fees and incentive fees. Fixed fees are fees that are negotiated and fixed at the inception of the contract. In general, award fees are more subjective in performance criteria and are earned based on overall cost, schedule, and technical performance as measured against contractual requirements. Incentive fees have more objective cost or performance criteria and generally contain a formula based on the relationship of actual costs incurred to target costs.
- *Firm fixed-price contracts*: This contract type provides for a fixed price for specified products, systems, and services and is often used when there is more certainty regarding the estimated costs to complete the contractual statement of work. Since the contractor bears the risk of cost overruns, there is higher risk and potential profit associated with this contract type.
- *Time and materials contracts:* This contract type provides for a fixed hourly rate for defined contractual labor categories, with reimbursement of billable material and other direct costs. For this contract type, the contractor bears the risk that its labor costs and allocable indirect expenses are greater than the fixed hourly rate defined within the contract.

As discussed further within Item 1A, Risk Factors in this Annual Report on Form 10-K, our earnings and margins may vary based on the mix of our contract types. We generated the following revenue on our cost-plus-fee, fixed-price, and time-and-materials contracts during each of the last three fiscal years:

	Years Ended June 30,					
	2021		2020		2019	
	(dollars in thousands)					
Cost-plus-fee	$ 3,504,838	58.0%	$ 3,274,707	57.2%	$ 2,764,291	55.4%
Firm fixed-price	1,769,841	29.3	1,629,475	28.5	1,465,559	29.4
Time and materials	769,456	12.7	815,860	14.3	756,491	15.2
Total	$ 6,044,135	100.0%	$ 5,720,042	100.0%	$ 4,986,341	100.0%

Effects of Inflation

During FY2021, 58.0 percent of our revenue was generated under cost-reimbursable contracts which automatically adjust revenue to cover costs that are affected by inflation. 12.7 percent of our revenue was generated under T&M contracts, where labor rates for many of the services provided are often fixed for several years. Under certain T&M contracts containing IDIQ procurement arrangements, we adjust labor rates annually as permitted. The remaining portion of our business is fixed-price and may span multiple years. We generally have been able to price our T&M and fixed-price contracts in a manner that accommodates the rates of inflation experienced in recent years.

Liquidity and Capital Resources

To date, COVID-19 has not had a significant impact on our liquidity, cash flows or capital resources. However, the continued spread of COVID-19 has led to disruption and volatility in the global capital markets, which, depending on future developments, could impact our capital resources and liquidity in the future.

Existing cash and cash equivalents and cash generated by operations are our primary sources of liquidity, as well as sales of receivables under our MARPA (as defined and discussed in Note 14) and available borrowings under our Credit Facility (as defined in Note 15) described below.

The Company has a $2,438.4 million Credit Facility, which consists of an $1,500.0 million Revolving Facility and a $938.4 million Term Loan. The Revolving Facility is a secured facility that permits continuously renewable borrowings and has subfacilities of $100.0 million for same-day swing line borrowings and $25.0 million for stand-by letters of credit. As of June 30, 2021, $797.6 million was outstanding under the Term Loan, $945.0 million was outstanding under the Revolving Facility and no borrowings on the swing line.

The Term Loan is a five-year secured facility under which principal payments are due in quarterly installments of $11.7 million until the balance is due in full on June 30, 2024.

The interest rates applicable to loans under the Credit Facility are floating interest rates that, at our option, equal a base rate or a Eurodollar rate plus, in each case, an applicable margin based upon our consolidated total leverage ratio.

The Credit Facility requires us to comply with certain financial covenants, including a maximum total leverage ratio and a minimum interest coverage ratio. The Credit Facility also includes customary negative covenants restricting or limiting our ability to guarantee or incur additional indebtedness, grant liens or other security interests to third parties, make loans or investments, transfer assets, declare dividends or redeem or repurchase capital stock or make other distributions, prepay subordinated indebtedness and engage in mergers, acquisitions or other business combinations, in each case except as expressly permitted under the Credit Facility. Since the inception of the Credit Facility, we have been in compliance with all of the financial covenants. A majority of our assets serve as collateral under the Credit Facility.

A summary of the change in cash and cash equivalents is presented below:

	Years Ended June 30,		
	2021	**2020**	**2019**
	(dollar amounts in thousands)		
Net cash provided by operating activities	$ 592,215	$ 518,705	$ 555,297
Net cash used in investing activities	(426,646)	(178,529)	(1,127,982)
Net cash provided by (used in) financing activities	(190,596)	(303,394)	579,556
Effect of exchange rate changes on cash	5,822	(1,574)	(1,037)
Net change in cash and cash equivalents	(19,205)	35,208	5,834

Cash and cash equivalents were $88.0 million and $107.2 million as of June 30, 2021 and 2020, respectively.

Our operating cash flow was $592.2 million and $518.7 million for FY2021 and FY2020, respectively. This represents an increase of $73.5 million or 14.2 percent. The year-over-year increase primarily relates to increases of $136.0 million in FY2021 net income and $52.5 million related to deferrals of employer related social security taxes under the CARES Act, partially offset by $89.6 million of other net unfavorable working capital changes and a $25.4 million decrease in net cash received from the Company's MARPA.

Cash used in investing activities was $426.6 million and $178.5 million during FY2021 and FY2020, respectively. During FY2021 we paid $356.3 million for business acquisitions, as compared to $106.2 million during FY2020. Capital expenditures of $73.1 million and $72.3 million during FY2021 and FY2020, respectively, accounted for a majority of the remaining funds used in investing activities.

Cash used in financing activities was $190.6 million and $303.4 million during FY2021 and FY2020, respectively. During FY2021, we had net borrowings of $329.1 million under our Credit Facility compared to net repayments of $262.9 million in FY2020. During FY2021, our net borrowings were primarily used to finance the $500.0 million repurchase of our common stock (as discussed in Note 26). During FY2021 and FY2020 we also paid taxes on the settlement of employee equity transactions of $19.7 million and $31.4 million, respectively.

We believe that the combination of internally generated funds, available bank borrowings, and cash and cash equivalents on hand will provide the required liquidity and capital resources necessary to fund on-going operations, customary capital expenditures, debt service obligations, and other working capital requirements over the next twelve months. We may in the future seek to borrow additional amounts under a long-term debt security. Over the longer term, our ability to generate sufficient cash flows from operations necessary to fulfill the obligations under the Credit Facility and any other indebtedness we may incur will depend on our future financial performance which will be affected by many factors outside of our control, including current worldwide economic conditions and financial market conditions.

Off-Balance Sheet Arrangements and Contractual Obligations

We have no material off-balance sheet financing arrangements. We had contractual commitments to repay debt, make payments under operating leases, and settle tax and other liabilities. The following table summarizes our contractual obligations as of June 30, 2021 that require us to make future cash payments:

	Payments Due by Period				
	Total	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**
	(amounts in thousands)				
Contractual obligations (1):					
Bank credit facility-term loan (2)	$ 797,635	$ 46,920	$ 750,715	$ —	$ —
Bank credit facility-revolver loan (2)	945,000	—	945,000	—	—
Interest payments (3)	58,316	22,624	35,692	—	—
Operating leases (4)	466,826	72,160	150,286	116,572	127,808
Deferred consideration (5)	830	830	—	—	—
Other long-term liabilities					
Deferred compensation (6)	124,020	19,530	9,399	5,509	89,582
Transition tax (7)	5,071	575	2,623	1,873	—
Deferred payroll taxes (8)	93,120	46,560	46,560	—	—
Total	$ 2,490,818	$ 209,199	$ 1,940,275	$ 123,954	$ 217,390

(1) The liability related to unrecognized tax benefits has been excluded from the contractual obligations table because a reasonable estimate of the timing and amount of cash out flows from future tax settlements cannot be determined. See Note 20 for additional information regarding taxes and related matters.
(2) See Note 15 to our consolidated financial statements for additional information regarding debt and related matters.
(3) Interest payments are estimated through the maturity date of the Term Loan. Variable rate interest obligations are estimated based on rates as of June 30, 2021. Interest payments under the Revolving Facility have been excluded because a reasonable estimate of the timing and amount of cash out flows cannot be determined.
(4) See Note 16 to our consolidated financial statements for additional information regarding operating lease commitments.
(5) Represents deferred payment obligations related to acquisitions.
(6) This liability is substantially offset by COLI assets held by the Company to fund the payment of the liability to the plan participant. See Note 21.
(7) Represents transition tax related to the Tax Cuts and Jobs Act (TCJA).
(8) Represents deferred payments of the employer portion of social security taxes as permitted under the CARES Act.

Item 7A. Quantitative and Qualitative Disclosure About Market Risk

The interest rates on both the Term Loan and the Revolving Facility are affected by changes in market interest rates. We have the ability to manage these fluctuations in part through interest rate hedging alternatives in the form of interest rate swaps. We have entered into floating-to-fixed interest rate swap agreements for an aggregate notional amount of $800.00 million related to a portion of our floating rate indebtedness. All remaining balances under our Term Loan, and any additional amounts that may be borrowed under our Revolving Facility, are currently subject to interest rate fluctuations. With every one percent fluctuation in the applicable interest rate, interest expense on our variable rate debt for the twelve months ended June 30, 2021 would have fluctuated by approximately $7.3 million.

Approximately 2.9 percent and 2.9 percent of our total revenue in FY2021 and FY2020, respectively, was generated from our international operations headquartered in the U.K. Our practice in our international operations is to negotiate contracts in the same currency in which the predominant expenses are incurred, thereby mitigating the exposure to foreign currency exchange rate fluctuations. To the extent that it is not possible to do so, there is some risk that profits will be affected by foreign currency exchange rate fluctuations. As of June 30, 2021, we held a combination of euros and pounds sterling in the U.K. and in the Netherlands equivalent to approximately $48.9 million. Although these balances are generally available to fund ordinary business operations without legal or other restrictions, a significant portion is not immediately available to fund U.S. operations unless repatriated. Our intention is to reinvest earnings from our foreign subsidiaries. This allows us to better utilize our cash resources on behalf of our foreign subsidiaries, thereby mitigating foreign currency conversion risks.

Item 8. Financial Statements and Supplementary Data

The Consolidated Financial Statements of CACI International Inc and subsidiaries are provided in Part IV in this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

A. Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as defined in the Exchange Act Rules 13a-15(e) and 15d-15(e), that are designed to ensure that information required to be disclosed in our periodic filings with the SEC is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Our disclosure controls and procedures are also designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), as appropriate, to allow timely decisions regarding required disclosure.

The effectiveness of a system of disclosure controls and procedures is subject to various inherent limitations, including cost limitations, judgments used in decision making, assumptions about the likelihood of future events, the soundness of internal controls, and fraud. Due to such inherent limitations, there can be only reasonable, and not absolute, assurance that any system of disclosure controls and procedures will be successful in detecting or preventing all errors or fraud, or in making all material information known in a timely manner to the appropriate levels of management.

We performed an evaluation of the effectiveness of our disclosure controls and procedures under the supervision of the CEO and CFO, as of June 30, 2021. Based on the evaluation procedures, our management, including the CEO and CFO, concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of June 30, 2021.

B. Internal Control Over Financial Reporting

The management of CACI is responsible for establishing, maintaining, and assessing the effectiveness of internal control over financial reporting, as defined in Exchange Act Rules 13a-15(f) and 15d-15(f).

We maintain internal controls over financial reporting that are designed to provide reasonable assurance regarding the reliability of financial reporting, and the preparation of financial statements. CACI's internal control over financial reporting includes those policies and procedures that 1) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles; 2) ensure the maintenance of records that accurately and fairly reflect our transactions; 3) ensure that our receipts, expenditures and asset dispositions are made in accordance with director and management authorizations; and 4) provide reasonable assurance that our assets are properly safeguarded.

With the participation of our CEO and CFO, we performed an evaluation of the effectiveness of the internal control over financial reporting to comply with the rules on internal control over financial reporting issued pursuant to the Sarbanes-Oxley Act of 2002. In making this evaluation, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework (2013 Framework).* Based on the evaluation procedures, our management, including the CEO and CFO, concluded that, as of June 30, 2021, our internal control over financial reporting was effective based on those criteria. In addition, our independent registered public accounting firm evaluated the effectiveness of our internal control over financial reporting.

Management's report on the effectiveness of internal control over financial reporting, and the independent auditors' report on internal control over financial reporting, are included in Part IV of this report.

C. Changes in Internal Control Over Financial Reporting

Under the supervision and with the participation of our management, an evaluation was also performed of any changes in our internal control procedures over financial reporting that occurred during our last fiscal quarter. Based on this evaluation, management determined there were no changes in our internal control over financial reporting that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART III

The Information required by Items 10, 11, 12, 13 and 14 of Part III of Form 10-K has been omitted in reliance on General Instruction G(3) and is incorporated herein by reference to our proxy statement to be filed with the SEC pursuant to Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended, as set forth below:

Item 10. Directors, Executive Officers and Corporate Governance

Except for the specific disclosures below, the information required by this Item 10 is included under the headings “Executive Officers” and “Corporate Governance” in our 2021 Proxy Statement for the annual meeting to be held with respect to the fiscal year ended June 30, 2021 (2021 Proxy Statement) and is incorporated by reference.

Code of Ethics

We have adopted a code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer and persons performing similar functions. That code, our Standards of Ethics and Business Conduct, is posted in the “Investors Relations/Corporate Governance” section of our website at www.caci.com and a printed copy of such code will be furnished free of charge to any shareholder who requests a copy.

We intend to disclose any amendment to the Standards of Ethics and Business Conduct that relates to any element of the code of ethics definition enumerated in Item 406(b) of Regulation S-K, and any waiver from a provision of the Standards of Ethics and Business Conduct granted to any director, principal executive officer, principal financial officer, principal accounting officer, or any other executive officer of the Company, in the “Investors” section of our website at www.caci.com within four business days following the date of such amendment or waiver.

Corporate Governance Guidelines

We have adopted a set of corporate governance guidelines in accordance with the requirements of Section 303A of the New York Stock Exchange Listed Company Manual. Those guidelines can be found posted on our website at www.caci.com and a printed copy will be furnished free of charge to any shareholder who requests a copy.

Item 11. Executive Compensation

The information required by this Item 11 will be incorporated herein by reference to the Proxy Statement for the 2021 Annual Meeting of Shareholders to be filed within 120 days after the end of the company’s fiscal year.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required by this Item 12 will be incorporated herein by reference to the Proxy Statement for the 2021 Annual Meeting of Shareholders to be filed within 120 days after the end of the company’s fiscal year.

Item 13. Certain Relationships and Related Transactions

The information required by this Item 13 will be incorporated herein by reference to the Proxy Statement for the 2021 Annual Meeting of Shareholders to be filed within 120 days after the end of the company’s fiscal year.

Item 14. Principal Accountant Fees and Services

The information required by this Item 14 will be incorporated herein by reference to the Proxy Statement for the 2021 Annual Meeting of Shareholders to be filed within 120 days after the end of the company’s fiscal year.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) List of documents filed as part of this Report

(1) Financial Statements

The financial statements are included under Item 8 of this Annual Report on Form 10-K.

(2) Financial Statements Schedules

All schedules have been omitted because the required information is included in the financial statements included under Item 8 of this Annual Report on Form 10-K or the notes thereto, or because it is not required.

(3) Exhibits

See exhibits listed under Part (b) below.

(b) Exhibits

			Incorporated by Reference		
Exhibit No.	**Description**	**Filed with this Form 10-K**	**Form**	**Filing Date**	**Exhibit No.**
2.1	Purchase and Sale Agreement dated January 25, 2019, by and among Legos Holdings, LLC, Legos Intermediate Holdings, LLC, CoVant Technologies II LLC - Series LGS, Madison Dearborn Capital Partners VI-C, L.P. MDCP Legos Blocker, Inc. CACI, Inc. – Federal and Legos Holdings, LLC in its capacity as the initial seller representative.		8-K	January 30, 2019	2.1
3.1	Certificate of Incorporation of CACI International Inc, as amended to date.		10-K	September 13, 2006	3.1
3.2	Amended and Restated By-laws of CACI International Inc, amended as of March 16, 2017.		8-K	March 21, 2017	3.1
4.1	Description of the Corporation's Securities Registered Pursuant to Section 12 of the Exchange Act of 1934.		10-K	August 14, 2020	4.1
10.1	Amendment No. 2 to the Master Accounts Receivable Purchase Agreement dated December 28, 2018, among CACI, International Inc, CACI, Inc.-Federal, certain subsidiaries from time to time party thereto, MUFG Bank, Ltd., as Administrative Agent, and certain purchasers from time to time party thereto.		8-K	December 30, 2020	10.1
10.2	Master Confirmation by and between CACI International Inc and JPMorgan Chase Bank dated March 12, 2021.		10-Q	April 22, 2021	10.1
10.3	Supplemental Confirmation by and between CACI International Inc and JPMorgan Chase Bank dated March 12, 2021.		10-Q	April 22, 2021	10.2
10.4	Credit Agreement by and among CACI International Inc as borrower; Bank of America, N.A. as administrative agent, swing line lender and L/C issuer; JP Morgan Chase Bank, N.A., as syndication agent; and each of the lenders named therein.		8-K	October 27, 2010	10.1
10.5	Amendment dated May 17, 2011 to the Credit Agreement dated October 21, 2010, between CACI International Inc, Bank of America, N.A. and a consortium of participating banks.		8-K	May 19, 2011	10.2

Exhibit No.	Description	Filed with this Form 10-K	Incorporated by Reference		
			Form	Filing Date	Exhibit No.
10.6	Amendment dated November 18, 2011 to the Credit Agreement dated October 21, 2010, between CACI International Inc, Bank of America, N.A. and a consortium of participating banks.		8-K	November 22, 2011	10.3
10.7	Lender Joinder and Increase Agreement dated as of October 26, 2012 between CACI International Inc, Bank of America, N.A. and a consortium of participating banks.		8-K	October 31, 2012	10.4
10.8	Amendment dated August 6, 2013 to the Credit Agreement dated October 21, 2010, between CACI International Inc, Bank of America, N.A. and a consortium of participating banks.		8-K	August 12, 2013	10.4
10.9	Amendment dated October 31, 2013 to the Credit Agreement dated October 21, 2010, between CACI International Inc, Bank of America, N.A. and a consortium of participating banks.		8-K	November 5, 2013	10.5
10.10	Amendment dated November 15, 2013 to the Credit Agreement dated October 21, 2010, between CACI International Inc, Bank of America, N.A. and a consortium of participating banks.		8-K	November 18, 2013	10.6
10.11	Amendment dated April 22, 2015 to the Credit Agreement dated October 21, 2010, between CACI International Inc, Bank of America, N.A. and a consortium of participating banks.		8-K	April 28, 2015	10.7
10.12	Amendment dated May 21, 2015 to the Credit Agreement dated October 21, 2010, between CACI International Inc, Bank of America, N.A. and a consortium of participating banks.		8-K	May 27, 2015	10.8
10.13	Eighth Amendment dated January 29, 2016 to the Credit Agreement dated October 21, 2010, between CACI International Inc, Bank of America, N.A. and a consortium of participating banks.		8-K	February 3, 2016	10.9
10.14	First Incremental Facility Amendment dated February 1, 2016 to the Credit Agreement dated October 21, 2010, between CACI International Inc, Bank of America, N.A. and a consortium of participating banks.		8-K	February 3, 2016	10.10
10.15	Ninth Amendment dated May 3, 2018 to the Credit Agreement, dated October 21, 2010, between CACI International Inc, Bank of America, N.A. and a consortium of participating banks.		8-K	May 9, 2018	10.1
10.16	Incremental Facility Amendment dated January 17, 2019, to the Credit Agreement, dated October 21, 2010, between CACI International Inc, Bank of America, N.A. and a consortium of participating banks.		8-K	January 24, 2019	10.1
10.17	Tenth Amendment dated May 8, 2019 to the Credit Agreement, dated October 21, 2010, between CACI International Inc, Bank of America, N.A. and a consortium of participating banks.		8-K	May 14, 2019	10.1

Exhibit No.	Description	Filed with this Form 10-K	Incorporated by Reference		
			Form	Filing Date	Exhibit No.
10.18	Master Accounts Receivable Purchase Agreement, dated December 28, 2018, among CACI International Inc, CACI, Inc.-Federal, certain subsidiaries from time to time party thereto, MUFG Bank, Ltd., as Administrative Agent, and certain purchasers from time to time party thereto.		8-K	January 4, 2019	10.1
10.19	Performance Undertaking, dated December 28, 2018, made by CACI International Inc in favor of MUFG Bank, Ltd., as Administrative Agent, for the benefit of the purchasers.		8-K	January 4, 2019	10.2
10.20	Amendment No. 1 to Master Accounts Receivable Purchase Agreement dated December 28, 2018, among CACI, International Inc, CACI, Inc.-Federal, certain subsidiaries from time to time party thereto, MUFG Bank, Ltd., as Administrative Agent, and certain purchasers from time to time party thereto.		8-K	December 27, 2019	10.1
10.21	The 2002 Employee Stock Purchase Plan of CACI International Inc, as amended. *		Def 14A	October 3, 2019	Appendix A
10.22	Amended and Restated Management Stock Purchase Plan of CACI International Inc. *		10-K	August 27, 2008	10.5
10.23	Amendment to the CACI International Inc Management Stock Purchase Plan dated June 23, 2010. *		10-K	August 25, 2010	10.34
10.24	Form of Restricted Stock Unit (RSU) Agreement under CACI International Inc Management Stock Purchase Plan. *		S-8	February 6, 2012	10.13
10.25	Amended and Restated Director Stock Purchase Plan of CACI International Inc. *		10-Q	May 4, 2012	10.1
10.26	Form of Stock Grant Agreement under CACI International Inc Director Stock Purchase Plan. *		S-8	February 6, 2012	10.15
10.27	CACI International Inc 2006 Stock Incentive Plan, as amended and restated. *		Def 14A	October 6, 2011	Appendix A
10.28	Form of CACI International Inc 2006 Stock Incentive Plan Performance Restricted Stock Unit Grant Agreement. *		10-Q	February 4, 2011	10.2
10.29	Form of Performance RSU Grant Agreement pursuant to the CACI International Inc 2016 Stock Incentive Plan. *		8-K	December 1, 2017	10.1
10.30	Form of Non-Employee Director Restricted Stock Unit Grant Agreement. *		10-K	August 29, 2011	10.30
10.31	CACI International Inc 2016 Amended and Restated Incentive Compensation Plan. *		Def 14A	October 1, 2020	Appendix A
10.32	Form of RSU Grant Agreement pursuant to the CACI International Inc 2016 Incentive Compensation Plan. *		10-K	August 21, 2017	10.31
10.33	Form of Performance RSU Grant Agreement pursuant to the CACI International Inc 2016 Incentive Compensation Plan. *		10-K	August 14, 2020	10.30

Exhibit No.	Description	Filed with this Form 10-K	Incorporated by Reference		
			Form	Filing Date	Exhibit No.
10.34	Form of Non-Employee Director Restricted Stock Unit Grant Agreement issued pursuant to the 2016 Incentive Compensation Plan. *		10-K	August 21, 2017	10.30
10.35	Severance Compensation Agreement dated October 1, 2007 between Thomas A. Mutryn and CACI International Inc. *		S-1/A	October 9, 2007	10.25
10.36	Severance Compensation Agreement dated June 16, 2008 between Gregory R. Bradford and CACI International Inc. *		10-K	August 27, 2008	10.23
10.37	Supplemental Executive Retirement Plan dated June 3, 2019 between John S. Mengucci and CACI International Inc. *		10-K	August 21, 2019	10.32
10.38	Employment Agreement dated July 1, 2019 between John S. Mengucci and CACI International Inc. *		10-K	August 21, 2019	10.33
21.1	Significant Subsidiaries of the Registrant.	X			
23.1	Consent of Independent Registered Public Accounting Firm.	X			
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities and Exchange Commission.	X			
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities and Exchange Commission.	X			
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.	X			
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.	X			
101.INS	XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)				
101.SCH	Inline XBRL Taxonomy Extension Schema Document				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101)				

* Denotes a management contract, compensatory plan, or arrangement.

Report of Management on Internal Control Over Financial Reporting

August 17, 2021

The management of CACI International Inc is responsible for establishing and maintaining effective internal control over financial reporting, and for assessing the effectiveness of internal control over financial reporting. Management maintains a comprehensive system of internal controls intended to ensure that transactions are executed in accordance with management's authorization, that assets are safeguarded, and that financial records are reliable. CACI International Inc's internal control system is designed to provide reasonable assurance to Company management and its Board of Directors regarding the preparation and fair presentation of consolidated financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

Due to inherent limitations, internal control systems can provide only reasonable assurance with respect to financial statement preparation and presentation, and may not prevent or detect financial statement misstatements. Also, projections of any evaluation of internal control effectiveness to future periods are subject to the risk that existing controls may become inadequate because of changing conditions, or that the degree of compliance with existing policies and procedures may deteriorate.

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of CACI International Inc's internal control over financial reporting based on the framework and criteria established in *Internal Control-Integrated Framework (2013 Framework)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, our management has concluded that CACI International Inc's internal control over financial reporting was effective as of June 30, 2021.

Ernst & Young LLP, an independent registered public accounting firm, has audited the Company's consolidated financial statements included herein and has reported on the Company's internal control over financial reporting as of June 30, 2021.

/s/ John S. Mengucci	/s/ Thomas A. Mutryn
John S. Mengucci	**Thomas A. Mutryn**
President,	**Executive Vice President and**
Chief Executive Officer and Director	**Chief Financial Officer**

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of CACI International Inc

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of CACI International Inc (the Company) as of June 30, 2021 and 2020, the related consolidated statements of operations, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended June 30, 2021, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at June 30, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 30, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated August 17, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing a separate opinion on the critical audit matters or on the account or disclosures to which they relate.

Revenue recognition based on the percentage of completion method

Description of the Matter

As described in Notes 2 and 11 to the consolidated financial statements, the Company records revenue using the percentage of completion method based on costs incurred for applicable contracts. For those contracts, the Company estimates variable consideration (e.g., award or incentive fees) and the estimated costs at completion (EAC). Changes in variable consideration and contract EACs can occur over the contract performance period for a variety of reasons including changes in contract scope and schedule and technical issues that may affect the award or incentive fee earned and total costs at completion. Significant changes in estimates could have a material effect on the Company's results of operations.

Auditing revenue recognition based on the percentage of completion method involved subjective auditor judgment because the Company's estimates include time and materials necessary to complete the contract and management's expectation of award and incentive fees that will be earned. These estimates are based on management's assessment of the current status of the contract as well as historical results.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's accounting for percentage of completion revenue recognition. For example, we tested controls over the determination of significant assumptions regarding award or incentive fees that will be earned, future costs based on the current status of the contract, and changes in EAC estimates.

To test the estimate of revenue recognition based on the percentage of completion method, our audit procedures included among others, comparing estimates of hours and materials and award or incentive fees to historical results of similar contracts, agreeing the key terms, including the terms of the award and incentive fees, to contract documentation and management's estimates, and obtaining an understanding of contract performance through review of customer correspondence.

Valuation of Acquired Intangible Assets

Description of the matter

As described in Notes 2 and 4 to the consolidated financial statements, the Company completed the acquisition of Ascent Vision Technologies (AVT) during the year ended June 30, 2021. The Company's accounting for the acquisition included determining the fair value of the intangible assets acquired, which primarily included technology and customer relationships.

Auditing the Company's accounting for the acquired intangible assets of AVT involved subjective auditor judgment due to the significant estimation required in management's determination of the fair value of intangible assets. The significant estimation was primarily due to the sensitivity of the respective fair values to underlying assumptions including discount rates, projected revenue growth rates and profit margins. These assumptions relate to the future performance of the acquired business, are forward-looking and could be affected by future economic and market conditions.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's process for accounting for acquired intangible assets. For example, we tested controls over management's review of the valuation of intangible assets, including the review of the valuation model and significant assumptions used in the valuation.

To test the fair value of these acquired intangible assets, our audit procedures included, among others, evaluating the Company's use of valuation methodologies, evaluating the prospective financial information and testing the completeness and accuracy of underlying data. We involved our valuation specialists to assist in testing the significant assumptions used to value the acquired intangible assets. For example, we compared the significant assumptions to current industry, market and economic trends, historical results of the acquired business and to other relevant factors. We also performed sensitivity analyses of the significant assumptions to evaluate the change in the fair value resulting from changes in the assumptions.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2002.

Tysons, Virginia
August 17, 2021

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of CACI International Inc

Opinion on Internal Control over Financial Reporting

We have audited CACI International Inc's internal control over financial reporting as of June 30, 2021, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, CACI International Inc (the Company) maintained, in all material respects, effective internal control over financial reporting as of June 30, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of June 30, 2021 and 2020, and the related consolidated statements of operations, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended June 30, 2021, and the related notes and our report dated August 17, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Tysons, Virginia
August 17, 2021

CACI INTERNATIONAL INC

CONSOLIDATED STATEMENTS OF OPERATIONS
(amounts in thousands, except per share data)

	Fiscal Year Ended June 30,		
	2021	2020	2019
Revenue	$ 6,044,135	$ 5,720,042	$ 4,986,341
Costs of revenue:			
Direct costs	3,930,707	3,719,056	3,304,053
Indirect costs and selling expenses	1,448,614	1,432,602	1,218,544
Depreciation and amortization	125,363	110,688	85,877
Total costs of revenue	5,504,684	5,262,346	4,608,474
Income from operations	539,451	457,696	377,867
Interest expense and other, net	39,836	56,059	49,958
Income before income taxes	499,615	401,637	327,909
Income taxes	42,172	80,157	62,305
Net income	$ 457,443	$ 321,480	$ 265,604
Basic earnings per share	$ 18.52	$ 12.84	$ 10.70
Diluted earnings per share	$ 18.30	$ 12.61	$ 10.46
Weighted-average basic shares outstanding	24,705	25,031	24,833
Weighted-average diluted shares outstanding	24,992	25,485	25,395

See Notes to Consolidated Financial Statements.

CACI INTERNATIONAL INC

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(amounts in thousands)

	Fiscal Year Ended June 30,		
	2021	2020	2019
Net income	$ 457,443	$ 321,480	$ 265,604
Other comprehensive income (loss):			
Foreign currency translation adjustment	22,656	(4,990)	(6,103)
Effects of post-retirement adjustments, net of tax	585	141	(109)
Change in fair value of interest rate swap agreements, net of tax	12,753	(24,280)	(17,914)
Other comprehensive income (loss), net of tax	35,994	(29,129)	(24,126)
Comprehensive income	$ 493,437	$ 292,351	$ 241,478

See Notes to Consolidated Financial Statements.

CACI INTERNATIONAL INC

CONSOLIDATED BALANCE SHEETS
(amounts in thousands, except per share data)

	June 30, 2021	June 30, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 88,031	$ 107,236
Accounts receivable, net	879,851	841,227
Prepaid expenses and other current assets	363,294	137,423
Total current assets	1,331,176	1,085,886
Goodwill	3,632,578	3,407,110
Intangible assets, net	476,106	406,885
Property and equipment, net	190,444	170,521
Operating lease right-of-use assets	356,887	330,767
Supplemental retirement savings plan assets	102,984	96,355
Accounts receivable, long-term	12,159	9,629
Other long-term assets	70,038	35,319
Total assets	$ 6,172,372	$ 5,542,472
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 46,920	$ 46,920
Accounts payable	148,636	89,961
Accrued compensation and benefits	409,275	338,760
Other accrued expenses and current liabilities	279,970	293,518
Total current liabilities	884,801	769,159
Long-term debt, net of current portion	1,688,919	1,357,519
Supplemental retirement savings plan obligations, net of current portion	104,490	103,004
Deferred income taxes	327,230	213,096
Operating lease liabilities, noncurrent	363,302	309,680
Other long-term liabilities	138,352	128,704
Total liabilities	3,507,094	2,881,162
Commitments and contingencies		
Shareholders' equity:		
Preferred stock $0.10 par value, 10,000 shares authorized, no shares issued or outstanding	—	—
Common stock $0.10 par value, 80,000 shares authorized; 42,676 issued and 23,554 outstanding at June 30, 2021 and 42,525 issued and 25,093 outstanding at June 30, 2020	4,268	4,253
Additional paid-in capital	484,260	573,744
Retained earnings	3,189,087	2,731,644
Accumulated other comprehensive loss	(36,291)	(72,285)
Treasury stock, at cost (19,122 and 17,432 shares, respectively)	(976,181)	(576,181)
Total CACI shareholders' equity	2,665,143	2,661,175
Noncontrolling interest	135	135
Total shareholders' equity	2,665,278	2,661,310
Total liabilities and shareholders' equity	$ 6,172,372	$ 5,542,472

See Notes to Consolidated Financial Statements.

CACI INTERNATIONAL INC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(amounts in thousands)

	Fiscal Year Ended June 30,		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 457,443	$ 321,480	$ 265,604
Reconciliation of net income to net cash provided by operating activities:			
Depreciation and amortization	125,363	110,688	85,877
Amortization of deferred financing costs	2,320	2,346	2,406
Non-cash lease expense	77,148	73,248	—
Loss on extinguishment of debt	—	—	363
Loss on disposal of assets	6	190	70
Stock-based compensation expense	30,463	29,302	25,272
Deferred income taxes	108,973	17,874	(1,009)
Changes in operating assets and liabilities, net of effect of business acquisitions:			
Accounts receivable, net	(38,162)	34,550	96,754
Prepaid expenses and other assets	(15,766)	(38,432)	(5,372)
Accounts payable and other accrued expenses	49,812	(24,406)	70,692
Accrued compensation and benefits	68,742	46,769	8,387
Income taxes payable and receivable	(231,971)	(25,118)	1,119
Deferred rent	—	—	(538)
Operating lease liabilities	(73,057)	(74,928)	—
Long-term liabilities	30,901	45,142	5,672
Net cash provided by operating activities	592,215	518,705	555,297
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(73,129)	(72,303)	(47,902)
Cash paid for business acquisitions, net of cash acquired	(356,261)	(106,226)	(1,082,809)
Other	2,744	—	2,729
Net cash used in investing activities	(426,646)	(178,529)	(1,127,982)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings under bank credit facilities	3,290,000	1,698,000	2,531,500
Principal payments made under bank credit facilities	(2,960,920)	(1,960,920)	(1,928,420)
Payment of financing costs under bank credit facilities	—	—	(3,177)
Payment of contingent consideration	—	(8,700)	(616)
Proceeds from employee stock purchase plans	9,181	7,432	5,702
Repurchases of common stock	(509,137)	(7,806)	(5,838)
Payment of taxes for equity transactions	(19,720)	(31,400)	(19,595)
Net cash provided by (used in) financing activities	(190,596)	(303,394)	579,556
Effect of exchange rate changes on cash and cash equivalents	5,822	(1,574)	(1,037)
Net change in cash and cash equivalents	(19,205)	35,208	5,834
Cash and cash equivalents, beginning of year	107,236	72,028	66,194
Cash and cash equivalents, end of year	$ 88,031	$ 107,236	$ 72,028
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid during the period for income taxes, net of refunds	$ 142,177	$ 79,071	$ 68,303
Cash paid during the period for interest	$ 36,137	$ 50,986	$ 44,673
Non-cash financing and investing activities:			
Accrued capital expenditures	950	1,078	8,223
Landlord sponsored tenant incentives	$ 16,363	$ 2,925	$ 5,180

See Notes to Consolidated Financial Statements.

CACI INTERNATIONAL INC

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(amounts in thousands)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total CACI Shareholders' Equity	Noncontrolling Interest	Total Shareholders' Equity
	Shares	Amount				Shares	Amount			
BALANCE, June 30, 2018	42,139	$ 4,214	$ 570,964	$ 2,126,790	$ (19,030)	17,434	$ (576,186)	$ 2,106,752	$ 135	$ 2,106,887
Net income	—	—	—	265,604	—	—	—	265,604	—	265,604
Cumulative effect adjustment of ASC 606, net of taxes	—	—	—	17,770	—	—	—	17,770	—	17,770
Stock-based compensation expense	—	—	25,272	—	—	—	—	25,272	—	25,272
Tax withholdings on restricted share vestings	175	17	(19,572)	—	—	—	—	(19,555)	—	(19,555)
Change in fair value of interest rate swap agreements, net	—	—	—	—	(17,914)	—	—	(17,914)	—	(17,914)
Currency translation adjustment	—	—	—	—	(6,103)	—	—	(6,103)	—	(6,103)
Repurchases of common stock	—	—	(392)	—	—	34	(5,446)	(5,838)	—	(5,838)
Treasury stock issued under stock purchase plans	—	—	5	—	—	(34)	5,447	5,452	—	5,452
Post-retirement benefit costs	—	—	—	—	(109)	—	—	(109)		(109)
BALANCE, June 30, 2019	42,314	$ 4,231	$ 576,277	$ 2,410,164	$ (43,156)	17,434	$ (576,185)	$ 2,371,331	$ 135	$ 2,371,466
Net income	—	—	—	321,480	—	—	—	321,480	—	321,480
Stock-based compensation expense	—	—	29,302	—	—	—	—	29,302	—	29,302
Tax withholdings on restricted share vestings	211	22	(31,293)	—	—	—	—	(31,271)	—	(31,271)
Change in fair value of interest rate swap agreements, net	—	—	—	—	(24,280)	—	—	(24,280)	—	(24,280)
Currency translation adjustment	—	—	—	—	(4,990)	—	—	(4,990)	—	(4,990)
Repurchases of common stock	—	—	(622)	—	—	34	(7,184)	(7,806)	—	(7,806)
Treasury stock issued under stock purchase plans	—	—	80	—	—	(36)	7,188	7,268	—	7,268
Post-retirement benefit costs	—	—	—	—	141	—	—	141	—	141
BALANCE, June 30, 2020	42,525	$ 4,253	$ 573,744	$ 2,731,644	$ (72,285)	17,432	$ (576,181)	$ 2,661,175	$ 135	$ 2,661,310
Net income	—	—	—	457,443	—	—	—	457,443	—	457,443
Stock-based compensation expense	—	—	30,463	—	—	—	—	30,463	—	30,463
Tax withholdings on restricted share vestings	151	15	(19,734)	—	—	—	—	(19,719)	—	(19,719)
Change in fair value of interest rate swap agreements, net	—	—	—	—	12,753	—	—	12,753	—	12,753
Currency translation adjustment	—	—	—	—	22,656	—	—	22,656	—	22,656
Repurchases of common stock	—	—	(100,232)	—	—	1,731	(408,905)	(509,137)	—	(509,137)
Treasury stock issued under stock purchase plans	—	—	19	—	—	(41)	8,905	8,924	—	8,924
Post-retirement benefit costs	—	—	—	—	585	—	—	585	—	585
BALANCE, June 30, 2021	42,676	$ 4,268	$ 484,260	$ 3,189,087	$ (36,291)	19,122	$ (976,181)	$ 2,665,143	$ 135	$ 2,665,278

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND BASIS OF PRESENTATION

Business Activities

CACI International Inc (collectively, with its consolidated subsidiaries, the Company, we, us and our) is a leading provider of information solutions and services primarily to the U.S. government. Other customers include state and local governments, commercial enterprises and agencies of foreign governments.

The Company's operations are subject to certain risks and uncertainties including, among others, the dependence on contracts with federal government agencies, dependence on revenue derived from contracts awarded through competitive bidding, existence of contracts with fixed pricing, dependence on subcontractors to fulfill contractual obligations, dependence on key management personnel, ability to attract and retain qualified employees, ability to successfully integrate acquired companies, and current and potential competitors with greater resources.

Basis of Presentation

The accompanying consolidated financial statements of the Company have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) and include the assets, liabilities, results of operations and cash flows for the Company, including its subsidiaries and ventures that are majority-owned or otherwise controlled by the Company. All intercompany balances and transactions have been eliminated in consolidation.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reported periods. The most significant of these estimates and assumptions relate to estimating contract revenue and costs, measuring progress against the Company's performance obligations, assessing the fair value of acquired assets and liabilities accounted for through business acquisitions, valuing and determining the amortization periods for long-lived intangible assets, assessing the recoverability of long-lived assets, reserves for accounts receivable, and reserves for contract related matters. Management evaluates its estimates on an ongoing basis using the most current and available information. However, actual results may differ significantly from estimates. Changes in estimates are recorded in the period in which they become known.

Revenue Recognition

The Company generates almost all of our revenue from three different types of contractual arrangements with the U.S. government: cost-plus-fee, fixed-price, and time-and-materials (T&M) contracts. Our contracts with the U.S. government are generally subject to the Federal Acquisition Regulation (FAR) and are competitively priced based on estimated costs of providing the contractual goods or services.

We account for a contract when the parties have approved the contract and are committed to perform on it, the rights of each party and the payment terms are identified, the contract has commercial substance, and it is probable that we will collect substantially all of the consideration.

At contract inception, the Company determines whether the goods or services to be provided are to be accounted for as a single performance obligation or as multiple performance obligations. This evaluation requires professional judgment and it may impact the timing and pattern of revenue recognition. If multiple performance obligations are identified, we generally use the cost plus a margin approach to determine the relative standalone selling price of each performance obligation.

When determining the total transaction price, the Company identifies both fixed and variable consideration elements within the contract. Variable consideration includes any amount within the transaction price that is not fixed, such as: award or incentive fees; performance penalties; unfunded contract value; or other similar items. For our contracts with award or incentive fees, the Company estimates the total amount of award or incentive fee expected to be recognized into revenue. Throughout the performance period, we recognize as revenue a constrained amount of variable consideration only to the extent that it is probable that a significant reversal of the cumulative amount recognized to date will not be required in a subsequent period. Our estimate of variable consideration is periodically adjusted based on significant changes in relevant facts and circumstances. In the period in which we can calculate the final amount of award or incentive fee earned - based on the receipt of the customer's final performance score or determining that more objective, contractually-defined criteria have been fully satisfied - the Company will adjust our cumulative revenue recognized to date on the contract. This adjustment to revenue will be disclosed as the amount of revenue recognized in the current period for a previously satisfied performance obligation.

We generally recognize revenue over time throughout the performance period as the customer simultaneously receives and consumes the benefits provided on our services-type revenue arrangements. This continuous transfer of control for our U.S. government contracts is supported by the unilateral right of our customer to terminate the contract for a variety of reasons without having to provide justification for its decision. For our services-type revenue arrangements in which there are a repetitive amount of services that are substantially the same from one month to the next, the Company applies the series guidance. We use a variety of input and output methods that approximate the progress towards complete satisfaction of the performance obligation, including: costs incurred, labor hours expended, and time-elapsed measures for our fixed-price stand ready obligations. For certain contracts, primarily our cost-plus and T&M services-type revenue arrangements, we apply the right-to-invoice practical expedient in which revenue is recognized in direct proportion to our present right to consideration for progress towards the complete satisfaction of the performance obligation.

When a performance obligation has a significant degree of interrelation or interdependence between one month's deliverables and the next, when there is an award or incentive fee, or when there is a significant degree of customization or modification, the Company generally records revenue using a percentage of completion method. For these revenue arrangements, substantially all revenue is recognized over time using a cost-to-cost input method based on the ratio of costs incurred to date to total estimated costs at completion. When estimates of total costs to be incurred on a contract exceed total revenue, a provision for the entire loss on the contract is recorded in the period in which the loss is determined.

Contract modifications are reviewed to determine whether they should be accounted for as part of the original performance obligation or as a separate contract. When a contract modification changes the scope or price and the additional performance obligations are at their standalone selling price, the original contract is terminated and the Company accounts for the change prospectively when the new goods or services to be transferred are distinct from those already provided. When the contract modification includes goods or services that are not distinct from those already provided, the Company records a cumulative adjustment to revenue based on a remeasurement of progress towards the complete satisfaction of the not yet fully delivered performance obligation.

Based on the critical nature of our contractual performance obligations, the Company may proceed with work based on customer direction prior to the completion and signing of formal contract documents. The Company has a formal review process for approving any such work that considers previous experiences with the customer, communications with the customer regarding funding status, and our knowledge of available funding for the contract or program.

Costs of Revenue

Costs of revenue includes all direct contract costs such as labor, materials, subcontractor costs, and indirect costs that are allowable and allocable to contracts under federal procurement standards. Costs of revenue also includes expenses that are unallowable under applicable procurement standards and are not allocable to contracts for billing purposes. Such unallowable expenses do not directly generate revenue but are necessary for business operations.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at amounts earned less an allowance for doubtful accounts. The Company periodically reassesses its allowance for doubtful accounts by analyzing reasonably available information as of the balance sheet date, including the length of time that the receivable has been outstanding, historical bad debts and aging trends, and other general and contract specific factors. Upon determination that a specific receivable is uncollectible, the receivable is written off against the allowance for doubtful accounts reserve.

Contract Assets

Contract assets include unbilled receivables in which our right to consideration is conditional on factors other than the passage of time. Contract assets exclude billed and billable receivables.

In addition, the costs to fulfill and obtain a contract are considered for capitalization based on contract specific facts and circumstances. The incremental costs to fulfill a contract (e.g., ramp up costs at the beginning of the period of performance) may be capitalized when expenses are incurred prior to satisfying a performance obligation. The incremental costs of obtaining a contract (e.g., sales commissions) are capitalized as an asset when the Company expects to recover them either directly or indirectly through the revenue arrangement's profit margins. These capitalized costs are subsequently expensed over the revenue arrangement's period of performance. The Company has elected to apply the practical expedient to immediately expense the costs to obtain a contract when the performance obligation will be completed within twelve months of contract inception.

Contract assets are periodically reassessed based on reasonably available information as of the balance sheet date to ensure they do not exceed their net realizable value.

Contract Liabilities

Contract liabilities primarily include advance payments received from a customer in excess of revenue that may be recognized as of the balance sheet date. The advance payment is subsequently recognized into revenue as the performance obligation is satisfied.

Remaining Performance Obligations

The Company's remaining performance obligations balance represents the expected revenue to be recognized for the satisfaction of remaining performance obligations on our existing contracts as of period end. The remaining performance obligations balance excludes unexercised contract option years and task orders that may be issued underneath an Indefinite Delivery/Indefinite Quantity (IDIQ) vehicle until such task orders are issued. The remaining performance obligations balance generally increases with the execution of new contracts and converts into revenue as our contractual performance obligations are satisfied.

The Company continues to monitor our remaining performance obligations balance as it is subject to change from execution of new contracts, contract modifications or extensions, government deobligations, or early terminations. Based on this analysis, an adjustment to the period end balance may be required.

Cash and Cash Equivalents

The Company considers all investments with an original maturity of three months or less on their trade date to be cash equivalents. The Company classifies investments with an original maturity of more than three months but less than twelve months on their trade date as short-term marketable securities.

Accounting for Business Combinations and Goodwill

The purchase price of an acquired business is allocated to the tangible assets and separately identifiable intangible assets acquired less liabilities assumed based upon their respective fair values, with the excess recorded as goodwill. Determining the fair value of the acquired intangibles requires significant judgment in selecting underlying assumptions, including projected revenue growth rates, profit margins, and discount rates. In some cases, the Company uses discounted cash flow analyses, which were based on our best estimate of future sales, earnings and cash flows after considering such factors as general market conditions, customer budgets, existing firm and future orders, changes in working capital, long-term business plans and recent operating performance. Use of different estimates and judgments could yield materially different results.

The Company evaluates goodwill at least annually for impairment, or whenever events or circumstances indicate that the carrying value may not be recoverable. The evaluation includes comparing the fair value of the relevant reporting unit to the carrying value, including goodwill, of such unit. The level at which the Company tests goodwill for impairment requires management to determine whether the operations below the operating segments constitute a self-sustaining business for which discrete financial information is available and segment management regularly reviews the operating results. If the fair value exceeds the carrying value, no impairment loss is recognized. However, if the carrying value of the reporting unit exceeds its fair value, the goodwill of the reporting unit may be impaired. Impairment is measured by comparing the implied fair value of the goodwill to its carrying value. Separately identifiable intangible assets with estimable useful lives are amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment if impairment indicators are present.

As part of the annual assessment, the Company estimates the fair value of its reporting units using both an income approach and a market approach. The valuation process considers management's estimates of the future operating performance of each reporting unit. Companies in similar industries are researched and analyzed and management considers the domestic and international economic and financial market conditions, both in general and specific to the industry in which the Company operates, prevailing as of the valuation date. The income approach utilizes discounted cash flows. The Company calculates a weighted average cost of capital for each reporting unit in order to estimate the discounted cash flows.

The Company evaluates goodwill as of the first day of the fiscal fourth quarter. In addition, the Company will perform interim impairment testing should circumstances requiring it arise. The Company completed its annual goodwill assessment as of April 1, 2021 and no impairment charge was necessary as a result of this assessment.

Leases

The Company enters into contractual arrangements primarily for the use of real estate facilities, information technology equipment, and certain other equipment. These arrangements contain a lease when the Company controls the underlying asset and has the right to obtain substantially all of the economic benefits or outputs from the asset. All of our leases are operating leases.

The Company records a right of use (ROU) asset and lease liability as of the lease commencement date equal to the present value of the remaining lease payments. Most of our leases do not provide an implicit rate that can be readily determined. Therefore, we use a discount rate based on the Company's incremental borrowing rate, which is determined using our credit rating and information available as of the commencement date. The ROU asset is then adjusted for initial direct costs and certain lease incentives included in the contractual arrangement. The Company has elected to not apply the lease recognition guidance for short-term equipment leases and to separate lease from non-lease components. Our operating lease arrangements may contain options to extend the lease term or for early termination. We account for these options when it is reasonably certain we will exercise them. ROU assets are evaluated for impairment in a manner consistent with the treatment of other long-lived assets.

Operating lease expense is recognized on a straight-line basis over the lease term and is recorded primarily within indirect costs and selling expenses on the consolidated statement of operations. Variable lease expenses are generally recorded in the period they are incurred and are excluded from the ROU asset and lease liability.

Long-Lived Assets (Excluding Goodwill)

Long-lived assets such as property and equipment and intangible assets subject to amortization are reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized if the sum of the long-term undiscounted cash flows is less than the carrying amount of the long-lived asset being evaluated. Any write-downs are treated as permanent reductions in the carrying amount of the assets. Property and equipment is recorded at cost. Depreciation of equipment and furniture has been provided over the estimated useful life of the respective assets (ranging from three to eight years) using the straight-line method. Leasehold improvements are generally amortized using the straight-line method over the remaining lease term or the useful life of the improvements, whichever is shorter. Repairs and maintenance costs are expensed as incurred. Separately identifiable definite-lived intangible assets are amortized over their respective estimated useful lives.

External Software Development Costs

Costs incurred in creating a software product to be sold or licensed for external use are expensed as incurred until technological feasibility has been established. Technological feasibility is established upon completion of a detailed program design or, in its absence, completion of a working model. Thereafter, all such software development costs are capitalized and subsequently reported at the lower of unamortized cost or estimated net realizable value. Capitalized costs are amortized on a straight-line basis over the remaining estimated economic life of the product.

Supplemental Retirement Savings Plan

The Company maintains the CACI International Inc Group Executive Retirement Plan (the Supplemental Savings Plan) and maintains the underlying assets in a Rabbi Trust. The Supplemental Savings Plan is a non-qualified defined contribution supplemental retirement savings plan for certain key employees whereby participants may elect to defer and contribute a portion of their compensation, as permitted by the plan. Each participant directs his or her investments in the Supplemental Savings Plan (see Note 21).

A Rabbi Trust is a grantor trust established to fund compensation for a select group of management. The assets of this trust are available to satisfy the claims of general creditors in the event of bankruptcy of the Company. The assets held by the Rabbi Trust are invested in corporate owned life insurance (COLI) products. The COLI products are recorded at cash surrender value in the consolidated financial statements as supplemental retirement savings plan assets. The amounts due to participants are based on contributions, participant investment elections, and other participant activity and are recorded as supplemental retirement savings plan obligations.

Income Taxes

Income taxes are accounted for using the asset and liability method whereby deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of assets and liabilities, and their respective tax bases, and operating loss and tax credit carry forwards. The Company accounts for tax contingencies in accordance with ASC 740-10-25, *Income Taxes – Recognition*. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities due to a change in tax rates is recognized in income in the period that includes the enactment date. Estimates of the realizability of deferred tax assets are based on the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies. Any interest or penalties incurred in connection with income taxes are recorded as part of income tax expense for financial reporting purposes.

Costs of Acquisitions

Costs associated with legal, financial and other professional advisors related to acquisitions, whether successful or unsuccessful, are expensed as incurred.

Foreign Currency Translation

The assets and liabilities of the Company's foreign subsidiaries whose functional currency is other than the U.S. dollar are translated at the exchange rate in effect on the reporting date, and income and expenses are translated at the weighted-average exchange rate during the period. The Company's primary practice is to negotiate contracts in the same currency in which the predominant expenses are incurred, thereby mitigating the exposure to foreign currency fluctuations. The net translation gains and losses are not included in net income, but are accumulated as a separate component of shareholders' equity. Foreign currency transaction gains and losses are recorded as incurred in indirect costs and selling expenses in the accompanying consolidated statements of operations.

Earnings Per Share

Basic earnings per share excludes dilution and is computed by dividing income by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock but not securities that are anti-dilutive, including stock options and stock settled stock appreciation rights (SSARs) with an exercise price greater than the average market price of the Company's common stock. Using the treasury stock method, diluted earnings per share includes the incremental effect of SSARs, stock options, restricted shares, and those restricted stock units (RSUs) that are no longer subject to a market or performance condition. Information about the weighted-average number of basic and diluted shares is presented in Note 24.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and amounts included in other current assets and current liabilities that meet the definition of a financial instrument approximate fair value because of the short-term nature of these amounts.

The fair value of the Company's debt under its bank credit facility approximates its carrying value at June 30, 2021. The fair value of the Company's debt under its bank credit facility was estimated using Level 2 inputs based on market data on companies with a corporate rating similar to CACI's that have recently priced credit facilities.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to credit risk include accounts receivable and cash equivalents. Management believes that credit risk related to the Company's accounts receivable is limited due to a large number of customers in differing segments and agencies of the U.S. government. Accounts receivable credit risk is also limited due to the credit worthiness of the U.S. government. Management believes the credit risk associated with the Company's cash equivalents is limited due to the credit worthiness of the obligors of the investments underlying the cash equivalents. In addition, although the Company maintains cash balances at financial institutions that exceed federally insured limits, these balances are placed with high quality financial institutions.

Accounting for Sales of Financial Assets

The Company accounts for receivable transfers under its Master Accounts Receivable Purchase Agreement (MARPA) as sales under ASC 860, *Transfers and Servicing*, and derecognizes the sold receivables from its balance sheets.

Other Comprehensive Income (Loss)

Comprehensive income is the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. Other comprehensive income (loss) refers to revenue, expenses, and gains and losses that under U.S. GAAP are included in comprehensive income, but excluded from the determination of net income. The elements within other comprehensive income consist of foreign currency translation adjustments; the changes in the fair value of interest rate swap agreements, net of tax of $4.5 million, $8.7 million and $6.4 million for the years ended June 30, 2021, 2020 and 2019, respectively; and differences between actual amounts and estimates based on actuarial assumptions and the effect of changes in actuarial assumptions made under the Company's post-retirement benefit plans, net of tax (see Note 17).

As of June 30, 2021 and 2020, accumulated other comprehensive loss included a loss of $15.9 million and $38.6 million, respectively, related to foreign currency translation adjustments, a loss of $20.5 million and $33.2 million, respectively, related to the fair value of its interest rate swap agreements, and a gain of $0.1 million and a loss of $0.5 million, respectively, related to unrecognized post-retirement costs.

Commitments and Contingencies

The Company is involved in various lawsuits, claims, and administrative proceedings arising in the normal course of business. Management is of the opinion that any liability or loss associated with such matters, either individually or in the aggregate, will not have a material adverse effect on the Company's operations and liquidity. Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated.

NOTE 3. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Accounting Standards Updates Issued but Not Yet Adopted

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. This ASU provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions that reference the London Interbank Offered Rate (LIBOR) or another reference rate expected to be discontinued because of reference rate reform. The guidance in this ASU is optional and expedients may be elected over time through December 31, 2022, as reference rate reform activities occur. During the fourth quarter of FY2020, CACI elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives consistent with past presentation. Application of these expedients assisted in preserving the Company's presentation of derivatives as qualifying cash flow hedges. The Company continues to evaluate this guidance and may apply other elections, as applicable, as additional changes in the market occur.

Accounting Standards Updates Adopted

In August 2018, the Financial Accounting standards Board (FASB) issued Accounting standards update (ASU) 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, which aligns the capitalization requirements for implementation costs incurred in a hosting arrangement that is a service contract with the existing capitalization requirements for implementation costs associated with internal-use software (subtopic 350-40). The Company adopted this standard on July 1, 2020 using the prospective method. The adoption of this standard did not have a material impact on our operating results, financial position or cash flows.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses,* which requires companies to record an allowance for expected credit losses over the contractual term of financial assets, including short-term trade receivables and contract assets, and expands disclosure requirements for credit quality of financial assets. The Company adopted this standard on July 1, 2020 using the modified retrospective method. The adoption of this standard did not have a material impact on our operating results, financial position or cash flows.

NOTE 4. ACQUISITIONS

Year Ended June 30, 2021

On August 11, 2020, CACI completed the acquisition of Ascent Vision Technologies (AVT) for a purchase price of approximately $348.8 million. AVT specializes in Electro-Optical Infrared payloads, On-Board Computer Vision Processing and counter-unmanned aircraft system (C-UAS) solutions. The Company recognized fair values of the assets acquired and liabilities assumed and allocated $211.0 million to goodwill and $133.8 million to intangible assets. The goodwill of $211.0 million is largely attributable to the assembled workforce of AVT and expected synergies between the Company and AVT. The intangible assets consist of customer relationships of $65.7 million and technology of $68.1 million. The fair value attributed to intangible assets is being amortized on an accelerated basis over approximately 20 years for customer relationships and over approximately 10 years for technology. The fair value attributed to the intangible assets acquired was based on assumptions and other information compiled by management, including independent valuations that utilized established valuation techniques. Of the value attributed to goodwill and intangible assets, approximately $319.7 million is deductible for income tax purposes.

Year Ended June 30, 2020

During the second quarter of FY2020, CACI completed three strategic acquisitions adding key capabilities in mission expertise and technology. The aggregate purchase consideration was approximately $109.4 million. The Company recognized fair values of the assets acquired and liabilities assumed and allocated $70.3 million to goodwill and $29.5 million to intangible assets.

Year Ended June 30, 2019

Domestic Acquisitions

SE&A BU

On August 15, 2018, CACI acquired certain assets of the systems engineering and acquisition support services business unit (SE&A BU) of CSRA LLC, a managed affiliate of General Dynamics Information Technology, Inc. for purchase consideration of $96.1 million. The Company recognized fair values of the assets acquired and liabilities assumed and allocated $46.4 million to goodwill and $8.9 million to intangible assets. The intangible assets consist of customer relationships. Of the value attributed to goodwill and intangible assets, approximately $55.3 million is deductible for income tax purposes.

Mastodon

On January 29, 2019, CACI acquired all of the equity interests of Mastodon Design LLC (Mastodon) for a purchase consideration of $225.0 million, which includes a $220.0 million initial cash payment and $5.0 million of deferred consideration. Mastodon specializes in the rapid design of rugged tactical communications, signals intelligence (SIGINT) and electronic warfare (EW) equipment.

The Company recognized fair values of the assets acquired and liabilities assumed and allocated $139.2 million to goodwill and $83.9 million to intangible assets. The goodwill is largely attributable to the assembled workforce of Mastodon and expected synergies between the Company and Mastodon. The intangible assets consist of customer relationships of $19.8 million and technology of $64.1 million. The fair value attributed to intangible assets is being amortized on an accelerated basis over approximately 20 years for customer relationships and over a range of approximately 5 to 9 years for technology. The fair value attributed to the intangible assets acquired was based on assumptions and other information compiled by management, including independent valuations that utilized established valuation techniques. Of the value attributed to goodwill and intangible assets, approximately $223.1 million is deductible for income tax purposes.

LGS

On March 1, 2019, CACI acquired all of the equity interests of Legos Intermediate Holdings, LLC and MDCP Legos Blocker, Inc., the parent companies of LGS Innovations (LGS). The purchase consideration was $758.2 million. LGS is a leading provider of SIGINT and cyber products and solutions to the Intelligence Community and Department of Defense.

The Company recognized fair values of the assets acquired and liabilities assumed and allocated $530.8 million to goodwill and $147.7 million to intangible assets. The goodwill is largely attributable to the assembled workforce of LGS and expected synergies between the Company and LGS. The intangible assets consist of customer relationships of $86.9 million and technology of $60.8 million. The estimated fair value attributed to intangible assets is being amortized on an accelerated basis over approximately 20 years for customer relationships and over a range of approximately 5 to 15 years for technology. The fair value attributed to the intangible assets acquired was based on assumptions and other information compiled by management, including independent valuations that utilized established valuation techniques. Of the value attributed to goodwill and intangible assets, approximately $599.9 million is deductible for income tax purposes.

International Acquisitions

Effective June 1, 2019 CACI Limited acquired 100 percent of the outstanding shares of Mood Enterprises Limited, a United Kingdom company that provides software and managed services to defense, national security and commercial organizations. Its technology platform improves enterprise transparency and enables significant improvement in business processes and is typically deployed in organizations with complex data environments where access to critical information in a timely manner is essential. The purchase consideration was approximately $9.1 million, which includes initial cash payments and deferred consideration.

NOTE 5. ACCOUNTS RECEIVABLE

Total accounts receivable, net of allowance for doubtful accounts of $3.1 million, $3.0 million, and $4.2 million at June 30, 2021, 2020, and 2019, respectively, consisted of the following (in thousands):

	June 30,	
	2021	2020
Billed and billable receivables	763,921	779,339
Unbilled receivables	115,930	61,888
Total accounts receivable, current	879,851	841,227
Unbilled receivables, long-term	12,159	9,629
Total accounts receivable	$ 892,010	$ 850,856

NOTE 6. GOODWILL

The changes in the carrying amount of goodwill for the years ended June 30, 2021 and 2020 are as follows (in thousands):

	Domestic	International	Total
Balance at June 30, 2019	$ 3,224,685	$ 111,394	$ 3,336,079
Goodwill acquired (1)	55,171	19,978	75,149
Foreign currency translation	—	(4,118)	(4,118)
Balance at June 30, 2020	$ 3,279,856	$ 127,254	$ 3,407,110
Goodwill acquired (1)	211,004	(1,478)	209,526
Foreign currency translation	887	15,055	15,942
Balance at June 30, 2021	$ 3,491,747	$ 140,831	$ 3,632,578

(1) Includes goodwill initially allocated to new business combinations as well as measurement period adjustments.

NOTE 7. INTANGIBLE ASSETS

Intangible assets consisted of the following (in thousands):

	June 30,	
	2021 (1)	2020
Intangible assets		
Customer contracts and related customer relationships	$ 601,509	$ 570,562
Acquired technologies	198,273	129,925
Other	7	8
Intangible assets	799,789	700,495
Less accumulated amortization		
Customer contracts and related customer relationships	(276,496)	(271,708)
Acquired technologies	(47,185)	(21,900)
Other	(2)	(2)
Accumulated amortization	(323,683)	(293,610)
Total intangible assets, net	$ 476,106	$ 406,885

(1) During FY2021, the Company removed $38.2 million in fully amortized intangible assets.

Intangible assets are primarily amortized on an accelerated basis over periods ranging from one to twenty years. The weighted-average period of amortization for customer contracts and related customer relationships as of June 30, 2021 is 17.8 years, and the weighted-average remaining period of amortization is 14.2 years. The weighted-average period of amortization for acquired technologies as of June 30, 2021 is 10.6 years, and the weighted-average remaining period of amortization is 8.8 years.

Amortization expense for the years ended June 30, 2021, 2020 and 2019 was $67.5 million, $59.3 million and $45.8 million, respectively. Expected amortization expense for each of the fiscal years through June 30, 2026 and for years thereafter is as follows (in thousands):

	Amount
Year ending June 30, 2022	$ 68,594
Year ending June 30, 2023	65,164
Year ending June 30, 2024	57,811
Year ending June 30, 2025	50,551
Year ending June 30, 2026	42,939
Thereafter	191,047
Total intangible assets, net	$ 476,106

NOTE 8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following (in thousands):

	June 30,	
	2021	2020
Equipment and furniture	$ 234,721	$ 214,107
Leasehold improvements	187,542	160,723
Property and equipment, at cost	422,263	374,830
Less accumulated depreciation and amortization	(231,819)	(204,309)
Total property and equipment, net	$ 190,444	$ 170,521

Depreciation expense, including amortization of leasehold improvements, was $57.9 million, $49.4 million and $36.4 million for the years ended June 30, 2021, 2020 and 2019, respectively.

NOTE 9. ACCRUED COMPENSATION AND BENEFITS

Accrued compensation and benefits consisted of the following (in thousands):

	June 30,	
	2021	2020
Accrued salaries and withholdings	$ 185,844	$ 178,293
Accrued leave	140,529	123,972
Accrued fringe benefits	36,342	36,495
Deferred payroll taxes	46,560	—
Total accrued compensation and benefits	$ 409,275	$ 338,760

NOTE 10. OTHER ACCRUED EXPENSES AND CURRENT LIABILITIES

Other accrued expenses and current liabilities consisted of the following (in thousands):

	June 30,	
	2021	2020
Vendor obligations	$ 68,001	$ 82,104
Deferred revenue (Note 12)	70,907	57,082
MARPA payable (Note 14)	62,159	57,020
Operating lease liabilities, current (Note 16)	61,280	67,549
Other	17,623	29,763
Total other accrued expenses and current liabilities	$ 279,970	$ 293,518

NOTE 11. REVENUE RECOGNITION

We disaggregate our revenue arrangements by contract type, customer, and whether the Company performs on the contract as the prime or subcontractor. We believe that these categories allow for a better understanding of the nature, amount, timing, and uncertainty of revenue and cash flows arising from our contracts.

Revenue by Contract Type

The Company generated revenue on our cost-plus-fee, firm fixed-price, and time-and-materials contracts as follows during the year ended June 30, 2021 and 2020 (in thousands):

	Year Ended June 30, 2021			Year Ended June 30, 2020		
	Domestic	International	Total	Domestic	International	Total
Cost-plus-fee	$ 3,504,838	$ —	$ 3,504,838	$ 3,274,707	$ —	$ 3,274,707
Firm fixed-price	1,651,343	118,498	1,769,841	1,524,381	105,094	1,629,475
Time and materials	712,211	57,245	769,456	757,584	58,276	815,860
Total	$ 5,868,392	$ 175,743	$ 6,044,135	$ 5,556,672	$ 163,370	$ 5,720,042

Customer Information

The Company generated revenue from our primary customer groups as follows during the year ended June 30, 2021 and 2020 (in thousands):

	Year Ended June 30, 2021			Year Ended June 30, 2020		
	Domestic	International	Total	Domestic	International	Total
Department of Defense	$ 4,185,292	$ —	$ 4,185,292	$ 3,999,261	$ —	$ 3,999,261
Federal civilian agencies	1,585,672	—	1,585,672	1,467,801	—	1,467,801
Commercial and other	97,428	175,743	273,171	89,610	163,370	252,980
Total	$ 5,868,392	$ 175,743	$ 6,044,135	$ 5,556,672	$ 163,370	$ 5,720,042

Prime or Subcontractor

The Company generated revenue as either the prime or subcontractor as follows during the year ended June 30, 2021 and 2020 (in thousands):

	Year Ended June 30, 2021			Year Ended June 30, 2020		
	Domestic	International	Total	Domestic	International	Total
Prime contractor	$ 5,284,761	$ 164,829	$ 5,449,590	$ 5,057,930	$ 153,436	$ 5,211,366
Subcontractor	583,631	10,914	594,545	498,742	9,934	508,676
Total	$ 5,868,392	$ 175,743	$ 6,044,135	$ 5,556,672	$ 163,370	$ 5,720,042

Expertise and Technology

The Company generated revenue as either the prime or subcontractor as follows during the year ended June 30, 2021 and 2020 (in thousands):

	Year Ended June 30, 2021			Year Ended June 30, 2020		
	Domestic	International	Total	Domestic	International	Total
Expertise	$ 2,901,204	$ 71,762	$ 2,972,966	$ 2,938,379	$ 63,133	$ 3,001,512
Technology	2,967,188	103,981	3,071,169	2,618,293	100,237	2,718,530
Total	$ 5,868,392	$ 175,743	$ 6,044,135	$ 5,556,672	$ 163,370	$ 5,720,042

Significant Estimates

For many of our fixed price revenue arrangements and for revenue arrangements that have award or incentive fees, the Company uses an estimate at completion (EAC) to measure progress towards the complete satisfaction of its performance obligations. For these revenue arrangements, revenue is recognized over time primarily using a cost-to-cost input method based on the ratio of costs incurred to date to total estimated costs at completion. The EAC process requires the Company to use professional judgment when assessing risks, estimating contract revenue and costs, estimating variable consideration, and making assumptions for schedule and technical issues. The Company periodically reassesses its EAC assumptions and updates its estimates as needed. When estimates of total costs to be incurred on a contract exceed total revenue, a provision for the entire loss on the contract is recorded in the period in which the loss is determined.

Based on changes in a contract's EAC, a cumulative adjustment to revenue will be recorded. For the twelve months June 30, 2021 and 2020, we recognized an increase to income before income taxes of $44.1 million ($1.30 per diluted share) and $33.0 million ($0.95 per diluted share), respectively. The Company used its statutory tax rate when calculating the impact to diluted earnings per share.

Revenue recognized from previously satisfied performance obligations was $2.5 million for the twelve months ended June 30, 2021, compared with $10.5 million for the twelve months ended June 30, 2020. The change in revenue generally relates to final true-up adjustments to our estimated award or incentive fees in the period in which we receive the customer's final performance score or when we can determine that more objective, contractually-defined criteria have been fully satisfied. During the twelve months ended June 30, 2020, the Company received notification that certain contract close out risks had been mitigated on previously satisfied performance obligations and therefore recorded a reduction to its established reserve amount.

Remaining Performance Obligations

The Company's remaining performance obligations balance as of period end represents the expected revenue to be recognized for the satisfaction of remaining performance obligations on our existing contracts. This balance excludes unexercised contract option years and task orders that may be issued underneath an IDIQ vehicle. Our remaining performance obligations balance as of June 30, 2021 was $6.9 billion.

The Company expects to recognize approximately 85 percent of our remaining performance obligations balance as revenue over the next year and the remaining 15 percent thereafter.

NOTE 12. CONTRACT BALANCES

Contract assets are primarily comprised of conditional unbilled receivables in which revenue has been recognized but an invoice has not yet been issued to the customer as of the balance sheet date. Contract assets exclude billed and billable receivables and are not stated above their net realizable value.

Contract liabilities are primarily comprised of advance payments in which consideration is received in advance of satisfying a performance obligation.

Net contract assets (liabilities) consisted of the following (in thousands):

Description of Contract Related Balance	Financial Statement Classification	June 30, 2021	June 30, 2020
Contract assets – current:			
Unbilled receivables	Accounts receivable, net	$ 115,930	$ 61,888
Costs to obtain – short-term	Prepaid expenses and other current assets	4,144	3,492
Contract assets – noncurrent:			
Unbilled receivables	Accounts receivable, long-term	12,159	9,629
Costs to obtain – long-term	Other long-term assets	9,584	7,708
Contract liabilities – current:			
Deferred revenue and other contract liabilities – short-term	Other accrued expenses and current liabilities	(70,907)	(57,082)
Contract liabilities – noncurrent:			
Deferred revenue and other contract liabilities – long-term	Other long-term liabilities	(6,837)	(6,507)
Net contract assets (liabilities)		$ 64,073	$ 19,128

For the year ended June 30, 2021 and 2020, respectively, we recognized $57.1 million and $48.7 million of revenue that was included in a previously recorded contract liability as of the beginning of the period.

NOTE 13. INVENTORIES

Inventories consisted of the following (in thousands):

	June 30,	
	2021	2020
Materials, purchased parts and supplies	$ 52,615	$ 36,692
Work in process	11,353	10,867
Finished goods	15,728	17,608
Total	$ 79,696	$ 65,167

Inventories are stated at the lower of cost (average cost or first-in, first-out) or net realizable value and are included in prepaid expenses and other current assets on the accompanying consolidated balance sheets. The Company periodically assesses its current inventory balances and records a provision for damaged, deteriorated, or obsolete inventory based on historical patterns and forecasted sales.

NOTE 14. SALES OF RECEIVABLES

On December 24, 2020, the Company amended its Master Accounts Receivable Purchase Agreement (MARPA) with MUFG Bank, Ltd. (the Purchaser), for the sale of certain designated eligible U.S. government receivables. The amendment extended the term of the MARPA to December 23, 2021. Under the MARPA, the Company can sell eligible receivables, including certain billed and unbilled receivables up to a maximum amount of $200.0 million. The Company's receivables are sold under the MARPA without recourse for any U.S. government credit risk.

The Company accounts for receivable transfers under the MARPA as sales under ASC 860, *Transfers and Servicing*, and derecognizes the sold receivables from its balance sheets. The fair value of the sold receivables approximated their book value due to their short-term nature.

The Company does not retain an ongoing financial interest in the transferred receivables other than cash collection and administrative services. The Company estimated that its servicing fee was at fair value and therefore no servicing asset or liability related to these receivables was recognized as of June 30, 2021. Proceeds from the sold receivables are reflected in our operating cash flows on the statement of cash flows.

MARPA activity consisted of the following (in thousands):

	As of and for the Year Ended June 30,	
	2021	2020
Beginning balance:	$ 200,000	$ 192,527
Sales of receivables	2,741,518	2,393,684
Cash collections	(2,759,491)	(2,386,211)
Outstanding balance sold to Purchaser: (1)	182,027	200,000
Cash collected, not remitted to Purchaser (2)	(62,159)	(57,020)
Remaining sold receivables	$ 119,868	$ 142,980

(1) For the year ended June 30, 2021 and 2020, the Company recorded a net cash outflow in its cash flows from operating activities of $18.0 million and a net cash inflow of $7.5 million, respectively, from sold receivables. MARPA cash flows are calculated as the change in the outstanding balance during the fiscal year.

(2) Includes the cash collected on behalf of but not yet remitted to the Purchaser as of June 30, 2021 and 2020. This balance is included in other accrued expenses and current liabilities as of the balance sheet date.

NOTE 15. LONG-TERM DEBT

Long-term debt consisted of the following (in thousands):

	June 30,	
	2021	2020
Bank credit facility – term loans	$ 797,635	$ 844,555
Bank credit facility – revolver loans	945,000	569,000
Principal amount of long-term debt	1,742,635	1,413,555
Less unamortized discounts and debt issuance costs	(6,796)	(9,116)
Total long-term debt	1,735,839	1,404,439
Less current portion	(46,920)	(46,920)
Long-term debt, net of current portion	$ 1,688,919	$ 1,357,519

Bank Credit Facility

The Company has a $2,438.4 million credit facility (the Credit Facility), which consists of a $1,500.0 million revolving credit facility (the Revolving Facility) and a $938.4 million term loan (the Term Loan). The Revolving Facility has sub-facilities of $100.0 million for same-day swing line loan borrowings and $25.0 million for stand-by letters of credit. At any time and so long as no default has occurred, the Company has the right to increase the Revolving Facility or the Term Loan in an aggregate principal amount of up to the greater of $500.0 million or an amount subject to 3.50 times senior secured leverage, calculated assuming the Revolving Facility is fully drawn, with applicable lender approvals. The Credit Facility is available to refinance existing indebtedness and for general corporate purposes, including working capital expenses and capital expenditures.

The Revolving Facility is a secured facility that permits continuously renewable borrowings of up to $1,500.0 million. As of June 30, 2021, the Company had $945.0 million outstanding under the Revolving Facility and no borrowings on the swing line. The Company pays a quarterly facility fee for the unused portion of the Revolving Facility.

The Term Loan is a five-year secured facility under which principal payments are due in quarterly installments of $11.7 million until the balance is due in full on June 30, 2024. As of June 30, 2021, the Company had $797.6 million outstanding under the Term Loan.

The interest rates applicable to loans under the Credit Facility are floating interest rates that, at the Company’s option, equal a base rate or a Eurodollar rate plus, in each case, an applicable rate based upon the Company’s consolidated total leverage ratio. As of June 30, 2021, the effective interest rate, including the impact of the Company’s floating-to-fixed interest rate swap agreements and excluding the effect of amortization of debt financing costs, for the outstanding borrowings under the Credit Facility was 2.33 percent.

The Credit Facility requires the Company to comply with certain financial covenants, including a maximum total leverage ratio and a minimum interest coverage ratio. The Credit Facility also includes customary negative covenants restricting or limiting the Company's ability to guarantee or incur additional indebtedness, grant liens or other security interests to third parties, make loans or investments, transfer assets, declare dividends or redeem or repurchase capital stock or make other distributions, prepay subordinated indebtedness and engage in mergers, acquisitions or other business combinations, in each case except as expressly permitted under the Credit Facility. As of June 30, 2021, the Company was in compliance with all of the financial covenants. A majority of the Company's assets serve as collateral under the Credit Facility.

All debt issuance costs are being amortized from the date incurred to the expiration date of the Credit Facility.

The aggregate maturities of long-term debt at June 30, 2021 are as follows (in thousands):

Year ending June 30,		
2022	$	46,920
2023		46,920
2024		1,648,795
Principal amount of long-term debt		1,742,635
Less unamortized discounts and debt issuance costs		(6,796)
Total long-term debt	$	1,735,839

Cash Flow Hedges

The Company periodically uses derivative financial instruments as part of a strategy to manage exposure to market risks associated with interest rate fluctuations. The Company has entered into several floating-to-fixed interest rate swap agreements for an aggregate notional amount of $800.0 million which hedge a portion of the Company's floating rate indebtedness. The swaps mature at various dates through 2026. The Company has designated the swaps as cash flow hedges. Unrealized gains are recognized as assets while unrealized losses are recognized as liabilities. The interest rate swap agreements are highly correlated to the changes in interest rates to which the Company is exposed. Realized gains and losses in connection with each required interest payment are reclassified from accumulated other comprehensive income or loss to interest expense. The Company does not hold or issue derivative financial instruments for trading purposes.

The effect of derivative instruments in the consolidated statements of operations and accumulated other comprehensive loss for the years ended June 30, 2021, 2020 and 2019 is as follows (in thousands):

	Interest Rate Swaps		
	2021	**2020**	**2019**
Gain (loss) recognized in other comprehensive income	$ (1,458)	$ (26,915)	$ (14,011)
Amounts reclassified to earnings from accumulated other comprehensive loss	14,211	2,635	(3,903)
Net current period other comprehensive income (loss)	$ 12,753	$ (24,280)	$ (17,914)

NOTE 16. LEASES

All of the Company's leases are operating leases. The current portion of operating lease liabilities is included in other accrued expenses and current liabilities in our consolidated balance sheets. Lease balances in our consolidated balance sheet are as follows (in thousands):

	June 30,	
	2021	**2020**
Operating lease right-of-use assets	$ 356,887	$ 330,767
Operating lease liabilities, current	61,280	67,549
Operating lease liabilities, noncurrent	363,302	309,680
	$ 424,582	$ 377,229

The Company's total lease cost is recorded primarily within indirect costs and selling expenses and had the following impact on the consolidated statement of operations (in thousands):

	Fiscal Year Ended June 30,	
	2021	2020
Operating lease cost	$ 89,254	$ 86,039
Short-term and variable lease cost	15,160	14,777
Sublease income	(379)	(1,201)
Total lease cost	$ 104,035	$ 99,615

The Company's future minimum lease payments under non-cancelable operating leases at June 30, 2021 are as follows (in thousands):

Year ending June 30:	
2022	$ 72,160
2023	78,333
2024	71,953
2025	63,032
2026	53,540
Thereafter	127,808
Total undiscounted lease payments	466,826
Less: imputed interest	(42,244)
Total discounted lease liabilities	$ 424,582

The weighted-average remaining lease term (in years) and weighted-average discount rate was 6.79 years and 2.76 percent, respectively.

Cash paid for operating leases was $85.2 million for the year ended June 30, 2021. During the year ended June 30, 2021 operating lease liabilities arising from obtaining new ROU assets was $102.8 million, which includes all noncash changes arising from new or remeasured operating lease arrangements.

NOTE 17. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consisted of the following (in thousands):

	June 30,	
	2021	2020
Interest rate swap agreements	$ 24,838	$ 43,168
Deferred and contingent acquisition consideration	—	740
Deferred revenue	6,837	6,507
Deferred payroll taxes	46,560	40,594
Accrued post-retirement obligations	6,980	6,715
Reserve for unrecognized tax benefits	31,617	8,869
Transition tax	4,496	5,071
Other	17,024	17,040
Total other long-term liabilities	$ 138,352	$ 128,704

Accrued post-retirement obligations include projected liabilities for benefits the Company is obligated to provide under long-term care, group health, and executive life insurance plans, each of which is unfunded. Plan benefits are provided to certain current and former executives, their dependents and other eligible employees, as defined. Post-retirement obligations also include accrued benefits under supplemental retirement benefit plans covering certain executives. The expense recorded under these plans was $1.3 million and $1.2 million during the years ended June 30, 2021 and 2020, respectively.

The Company has entered into floating-to-fixed interest rate swap agreements related to a portion of the Company's floating rate indebtedness (see Note 15). See Note 23 for fair values of the swap agreements as of June 30, 2021 and 2020.

NOTE 18. BUSINESS SEGMENTS

Segment Information

The Company reports operating results and financial data in two segments: domestic operations and international operations. Domestic operations provide information solutions and services to its customers. Its customers are primarily U.S. federal government agencies. Other customers of the Company's domestic operations include commercial enterprises. The Company places employees in locations around the world in support of its customers. International operations offer services to both commercial and non-U.S. government customers primarily within the Company's business systems and enterprise IT markets. The Company evaluates the performance of its operating segments based on net income. Summarized financial information concerning the Company's reportable segments is shown in the following tables.

	Domestic Operations	International Operations	Total
		(in thousands)	
Year Ended June 30, 2021			
Revenue from external customers	$ 5,868,392	$ 175,743	$ 6,044,135
Net income	432,912	24,531	457,443
Net assets	2,461,048	204,230	2,665,278
Goodwill	3,491,747	140,831	3,632,578
Total long-term assets	4,665,782	175,414	4,841,196
Total assets	5,898,869	273,503	6,172,372
Capital expenditures	69,610	3,519	73,129
Depreciation and amortization	121,725	3,638	125,363
Year Ended June 30, 2020			
Revenue from external customers	$ 5,556,672	$ 163,370	$ 5,720,042
Net income	302,822	18,658	321,480
Net assets	2,482,283	179,027	2,661,310
Goodwill	3,279,856	127,254	3,407,110
Total long-term assets	4,297,885	158,701	4,456,586
Total assets	5,293,588	248,884	5,542,472
Capital expenditures	70,499	1,804	72,303
Depreciation and amortization	105,874	4,814	110,688
Year Ended June 30, 2019			
Revenue from external customers	$ 4,829,450	$ 156,891	$ 4,986,341
Net income	249,793	15,811	265,604
Net assets	2,206,109	165,357	2,371,466
Goodwill	3,224,685	111,394	3,336,079
Total long-term assets	3,927,783	127,540	4,055,323
Total assets	4,876,399	210,444	5,086,843
Capital expenditures	46,406	1,496	47,902
Depreciation and amortization	81,205	4,672	85,877

Interest income and interest expense are not presented above as the amounts attributable to the Company's international operations are insignificant.

Customer Information

The Company earned 95.5 percent, 95.6 percent and 95.3 percent of its revenue from various agencies and departments of the U.S. government for the years ended June 30, 2021, 2020 and 2019, respectively.

NOTE 19. OTHER COMMITMENTS AND CONTINGENCIES

General Legal Matters

The Company is involved in various lawsuits, claims, and administrative proceedings arising in the normal course of business. Management is of the opinion that any liability or loss associated with such matters, either individually or in the aggregate, will not have a material adverse effect on the Company's operations and liquidity.

Government Contracting

Payments to the Company on cost-plus-fee and T&M contracts are subject to adjustment upon audit by the Defense Contract Audit Agency (DCAA) and other government agencies that do not utilize DCAA's services. The DCAA has completed audits of the Company's annual incurred cost proposals through fiscal year 2019. We are still negotiating the results of prior years' audits with the respective cognizant contracting officers and believe our reserves for such are adequate. In the opinion of management, adjustments that may result from these audits and the audits not yet started are not expected to have a material effect on the Company's financial position, results of operations, or cash flows as the Company has accrued its best estimate of potential disallowances. Additionally, the DCAA continually reviews the cost accounting and other practices of government contractors, including the Company. In the course of those reviews, cost accounting and other issues are identified, discussed and settled.

NOTE 20. INCOME TAXES

The Company changed its method of accounting related to the capitalization of property and equipment for its FY2020 U.S. federal income tax return (filed in the fourth quarter of FY2021), increasing its taxable income. Subsequently, the Company made a related change in its method of accounting that will result in a net operating loss (NOL) on its FY2021 income tax returns. Pursuant to provisions under the CARES Act, the U.S. federal income tax NOL generated in FY2021 will be carried back to tax years when the U.S. federal statutory income tax rate was greater than the current 21.0 percent. As a result of these method changes, in the fourth quarter of FY2021 the Company recorded a $56.2 million dollar income tax benefit and an income tax receivable of $232.6 million, which is included within prepaid expenses and other current assets on the accompanying consolidated balance sheet.

The domestic and foreign components of income before provision for income taxes are as follows (in thousands):

	Year Ended June 30,		
	2021	2020	2019
Domestic	$ 471,711	$ 379,414	$ 308,922
Foreign	27,904	22,223	18,987
Income before income taxes	$ 499,615	$ 401,637	$ 327,909

The components of income tax expense are as follows (in thousands):

	Year Ended June 30,		
	2021	2020	2019
Current:			
Federal	$ (94,143)	$ 42,268	$ 41,675
State and local	19,958	14,744	17,606
Foreign	7,384	5,271	4,033
Total current	(66,801)	62,283	63,314
Deferred:			
Federal	109,157	12,940	(27)
State and local	185	5,465	(877)
Foreign	(369)	(531)	(105)
Total deferred	108,973	17,874	(1,009)
Total income tax expense	$ 42,172	$ 80,157	$ 62,305

Income tax expense differs from the amounts computed by applying the U.S. federal statutory income tax rate of 21.0 percent as a result of the following (in thousands):

	Year Ended June 30,		
	2021	2020	2019
Expected tax expense computed at federal statutory rate	$ 104,919	$ 84,344	$ 68,861
State and local taxes, net of federal benefit	21,252	15,965	13,216
Remeasurement of current year NOL	(56,192)	—	—
Nonincludible and nondeductible items, net	(2,269)	3,133	1,971
Remeasurement of deferred taxes and transition tax	—	—	(2,182)
Effect of foreign tax rates	(687)	(377)	(380)
R&D tax credit, net	(18,173)	(10,700)	(6,755)
Other tax credits	(648)	(1,183)	(2,138)
Stock-based compensation	(5,525)	(10,900)	(7,493)
Other	(505)	(125)	(2,795)
Total income tax expense	$ 42,172	$ 80,157	$ 62,305
Effective income tax rate	8.4%	20.0%	19.0%

The effective income tax rate in FY2021, FY2020, and FY2019, was 8.4 percent, 20.0 percent, and 19.0 percent, respectively. The effective income tax rate decreased in FY2021 primarily as a result of the $56.2 million benefit related to the carryback of the federal income tax NOL under the CARES Act, as well as an increase in research and development tax credits for past and current year returns.

The tax effects of temporary differences that give rise to deferred taxes are presented below (in thousands):

	June 30,	
	2021	2020
Deferred tax assets:		
Deferred compensation and post-retirement obligations	$ 36,183	$ 33,094
Reserves and accruals	58,900	41,137
Stock-based compensation	11,767	9,860
NOL carryforward	39,123	—
Lease liability	110,282	99,539
Interest rate swaps	6,800	11,349
Other assets	2,757	6,786
Total deferred tax assets	265,812	201,765
Deferred tax liabilities:		
Goodwill and other intangible assets	(291,282)	(273,088)
Unbilled revenue	(35,115)	(17,429)
Prepaid expenses	(8,932)	(6,444)
Right of use assets	(90,186)	(85,275)
Property and equipment	(167,527)	(32,625)
Total deferred tax liabilities	(593,042)	(414,861)
Net deferred tax liability	$ (327,230)	$ (213,096)

As discussed above, the FY2021 change in method of accounting will result in net operating losses on the Company's FY2021 tax returns. For state tax purposes, the related losses will be carried forward, thus a NOL carryforward was recorded. The increase in the property and equipment deferred tax liability largely relates to the Company's changes in method of accounting and represents income to be recognized in future years

The Company is subject to income taxes in the U.S. and various state and foreign jurisdictions. Tax statutes and regulations within each jurisdiction are subject to interpretation and require the application of significant judgment. The Company is currently under examination by the Internal Revenue Service for fiscal years 2017 through 2019. The Company does not expect the resolution of these examinations to have a material impact on its results of operations, financial condition or cash flows.

U.S. income taxes have not been provided for undistributed earnings of foreign subsidiaries that have been permanently reinvested outside the United States. As of June 30, 2021, the estimated deferred tax liability associated with these undistributed earnings is approximately $1.9 million.

Changes in the Company's liability for unrecognized tax benefits is shown in the table below (in thousands):

	Year Ended June 30,		
	2021	2020	2019
Beginning of year	$ 8,826	$ 1,530	$ 4,122
Additions based on current year tax positions	5,702	2,293	676
Lapse of statute of limitations	—	—	(164)
Additions based on prior year tax positions	20,025	5,003	—
Reductions based on prior tax year positions	—	—	(3,104)
Settlement with taxing authorities	(3,048)	—	—
End of year	$ 31,505	$ 8,826	$ 1,530

The Company's total liability for unrecognized tax benefits as of June 30, 2021, 2020 and 2019 was approximately $ 31.5 million, $8.8 million and $1.5 million, respectively. During FY2021, the Company recognized an increase in reserves primarily related to current and prior year research and development tax credits. Any amount, if recognized, would positively impact the Company's effective tax rate.

The Company recognizes net interest and penalties as a component of income tax expense. Over the next 12 months, the Company does not expect a significant increase or decrease in the unrecognized tax benefits recorded at June 30, 2021. As of June 30, 2021, the entire balance of unrecognized tax benefits is included in other long-term liabilities.

NOTE 21. RETIREMENT SAVINGS PLANS

401(k) Plan

The Company maintains a defined contribution plan under Section 401(k) of the Internal Revenue Code, the CACI $MART Plan (the 401(k) Plan). Employees can contribute up to 75 percent (subject to certain statutory limitations) of their total cash compensation. The Company provides matching contributions equal to 50 percent of the amount of salary deferral employees elect, up to 8 percent of each employee's total calendar year cash compensation, as defined. The Company may also make discretionary profit sharing contributions to the 401(k) Plan. Employee contributions vest immediately. Employer contributions vest in full after three- years of employment. Total 401(k) Plan Company contribution expense for the years ended June 30, 2021, 2020, and 2019 were $48.0 million, $46.9 million, and $35.0 million, respectively.

The Company maintains several qualified 401(k) profit-sharing plans (PSP) that cover eligible employees. Employees are eligible to participate in the PSP beginning on the first of the month following the start of employment and attainment of age 18. Under the PSP, the Company may make discretionary contributions based on a percentage of the total compensation of all eligible participants. Company contribution expense for the year ended June 30, 2021, 2020 and 2019 was $42.7 million, $41.8 million and $32.0 million, respectively.

Supplemental Savings Plan

The Company maintains the Supplemental Savings Plan through which, on a calendar year basis, officers at the director level and above can elect to defer for contribution to the Supplemental Savings Plan up to 50 percent of their base compensation and up to 100 percent of their bonuses. The Company provides a contribution of 5 percent of compensation for each participant's compensation that exceeds the limit as set forth in IRC 401(a)(17) (currently $290,000 per year). The Company also has the option to make annual discretionary contributions. Company contributions vest five-years from the date of enrollment, and vesting is accelerated in the event of a change of control of the Company. Participant deferrals and Company contributions will be credited with the rate of return based on the investment options and asset allocations selected by the Participant. Participants may change their asset allocation as often as daily, if they so choose. A Rabbi Trust has been established to hold and provide a measure of security for the investments that finance benefit payments. Distributions from the Supplemental Savings Plan are made upon retirement, termination, death, or total disability. The Supplemental Savings Plan also allows for in-service distributions.

Supplemental Savings Plan obligations due to participants totaled $124.0 million at June 30, 2021, of which $19.5 million is included in accrued compensation and benefits in the accompanying consolidated balance sheet. Supplemental Savings Plan obligations increased by $13.3 million during the year ended June 30, 2021, consisting of $10.2 million of investment gains, $12.8 million of participant compensation deferrals, and $2.0 million of Company contributions, offset by $11.7 million of distributions.

The Company maintains COLI assets in a Rabbi Trust to offset the obligations under the Supplemental Savings Plan. The value of the COLI in the Rabbi Trust was $103.0 million at June 30, 2021 and COLI gains were $9.7 million for the year ended June 30, 2021. The value of the COLI in the Rabbi Trust was $96.4 million at June 30, 2020 and COLI gains were $4.7 million for the year ended June 30, 2020.

Contribution expense for the Supplemental Savings Plan during the years ended June 30, 2021, 2020, and 2019, was $1.6 million, $1.9 million, and $1.6 million, respectively.

NOTE 22. STOCK PLANS AND STOCK-BASED COMPENSATION

Historically, the Company grants stock options, SSARs, non-performance-based RSUs and performance-based RSUs to key employees. Stock-based compensation expense is recognized on a straight-line basis ratably over the respective vesting periods. Performance-based RSUs are subject to achievement of a performance metric in addition to grantee service. Stock-based compensation expense for performance-based RSUs is recognized on an accelerated basis by treating each vesting tranche as if it was a separate grant. A summary of the components of stock-based compensation expense recognized during the years ended June 30, 2021, 2020, and 2019, together with the income tax benefits realized, is as follows (in thousands):

	Year Ended June 30,		
	2021	2020	2019
Stock-based compensation included in indirect costs and selling expense:			
Restricted stock and RSU expense	$ 30,463	$ 29,302	$ 25,272
Income tax benefit recognized for stock-based compensation	$ 8,009	$ 5,849	$ 4,865

The Company recognizes the effect of expected forfeitures of equity grants by estimating an expected forfeiture rate for grants of equity instruments. Amounts recognized for expected forfeitures are subsequently adjusted periodically and at major vesting dates to reflect actual forfeitures.

The incremental income tax benefits realized upon the exercise or vesting of equity instruments are reported as operating cash flows. During the years ended June 30, 2021, 2020, and 2019, the Company recognized $7.3 million, $13.5 million, and $9.2 million of excess tax benefits, respectively, which have been reported as operating cash inflows in the accompanying consolidated statements of cash flows.

Equity Grants and Valuation

Under the terms of its 2016 Amended and Restated Incentive Compensation Plan (the 2016 Plan), the Company may issue, among others, non-qualified stock options, restricted stock, RSUs, SSARs, and performance awards, collectively referred to herein as equity instruments. The 2016 Plan was approved by the Company's stockholders in November 2016 and amended and restated the 2006 Stock Incentive Plan (the 2006 Plan) which was due to expire at the end of the ten-year period. Grants that were made under the 2006 Plan, and equity instruments granted prior to approval of the 2016 Plan continue to be governed by the terms of the 2006 Plan. During the periods presented all equity instrument grants were made in the form of RSUs.

Annual grants under the 2016 Plan and the 2006 Plan are generally made to the Company's key employees during the first quarter of the Company's fiscal year and to members of the Company's Board of Directors during the second quarter of the Company's fiscal year. With the approval of its Chief Executive Officer, the Company also issues equity instruments to strategic new hires and to employees who have demonstrated superior performance.

Upon the vesting of restricted shares and RSUs, the Company fulfills its obligations under the equity instrument agreements by either issuing new shares of authorized common stock or by issuing shares from treasury. The total number of shares authorized by shareholders for grants under the 2016 Plan and its predecessor plan was 1,200,000 plus any forfeitures from the 2006 Plan. The aggregate number of grants that may be made may exceed this approved amount as forfeited restricted stock and RSUs become available for future grants. As of June 30, 2021, cumulative grants of 1,062,994 equity instruments underlying the shares authorized have been awarded, and 221,277 of these instruments have been forfeited.

The Company granted performance-based stock awards to key employees in October of 2020, 2019 and 2018. The final number of RSUs that are earned by participants and vest is based on the achievement of a specified EPS for the fiscal year and on the average share price for the 90-day period ended for the following three years. If the 90-day average share price of the Company's stock in years one, two and three exceeds the 90-day average share price at the grant date by 100 percent or more the number of shares ultimately awarded could range up to 200 percent of the specified target award. In addition to the performance and market conditions, there is a service vesting condition that stipulates 50 percent of the award will vest 3 years from the grant date and 50 percent will vest approximately 4 years from the grant date, depending on the award date.

The annual performance-based awards granted for each of the fiscal years presented were as follows:

	Performance-based stock awards granted	Number of additional shares earned under performance-based stock awards
Fiscal year 2021	111,729	—
Fiscal year 2020	108,844	—
Fiscal year 2019	129,108	12,462

We account for stock-based payments to employees, including grants of employee stock awards and purchases under employee stock purchase plans, in accordance with ASC 718, *Compensation-Stock Compensation,* which requires that stock-based payments (to the extent they are compensatory) be recognized in our consolidated statements of operations based on their fair values. The fair value of RSU grants are determined based on the Company's common stock closing price on the date of grant. The fair value of RSUs with market-based vesting features is also measured on the grant date but uses a binomial lattice model.

We determine the fair value of our market-based and performance-based RSUs at the date of grant using generally accepted valuation techniques and the closing market price of our stock. The fair value for the annual grant made in October 2020 was determined using a Monte Carlo simulation model incorporating the following factors: 90-day average stock price at the grant date of $216.00 a share, risk free rate of return of 0.16 percent and expected volatility of 31.95 percent. Stock-based compensation cost is recognized as expense on an accelerated basis over the requisite service period for performance-based awards. The weighted-average fair value of RSUs granted during the years ended June 30, 2021, 2020, and 2019, was $243.87, $252.25, and $201.27, respectively.

The Company also issues equity instruments in the form of RSUs under its Management Stock Purchase Plan (MSPP) and Director Stock Purchase Plan (DSPP). In addition, annual grants are made to members of the Company's Board of Directors in the form of a set dollar value of RSUs. Grants to members of the Board of Directors vest based on the passage of time and continued service as a Director of the Company.

Restricted shares and most non-performance-based RSUs generally vest in full three years from the date of grant.

Changes in the number of unvested restricted stock and RSUs during each of the years in the three-year period ended June 30, 2021, 2020, and 2019, together with the corresponding weighted-average fair values, are as follows:

	Restricted Stock and Restricted Stock Units	
	Number of Shares	Weighted Average Grant Date Fair Value
Unvested at June 30, 2018	663,987	$ 107.96
Granted	274,261	201.27
Vested	(276,626)	61.85
Forfeited	(32,816)	123.55
Unvested at June 30, 2019	628,806	$ 134.10
Granted	271,542	252.25
Vested	(348,897)	77.33
Forfeited	(49,528)	181.89
Unvested at June 30, 2020	501,923	$ 173.18
Granted	198,564	243.87
Vested	(240,950)	99.55
Forfeited	(33,566)	219.94
Unvested at June 30, 2021	425,971	$ 209.60

The total intrinsic value of RSUs that vested during the years ended June 30, 2021, 2020, and 2019 was $52.7 million, $79.6 million and $53.0 million, respectively, and the income tax benefit realized was $13.9 million, $15.9 million and $10.2 million, respectively.

As of June 30, 2021, there was no unrecognized compensation cost related to SSARs and stock options and $38.6 million of unrecognized compensation cost related to restricted stock and RSUs scheduled to be recognized over a weighted-average period of 2.5 years.

Stock Purchase Plans

The Company adopted the 2002 Employee Stock Purchase Plan (ESPP), MSPP and DSPP in November 2002, and implemented these plans beginning July 1, 2003. There are 1,500,000, 500,000, and 75,000 shares authorized for grants under the ESPP, MSPP and DSPP, respectively.

The ESPP allows eligible full-time employees to purchase shares of common stock at 95 percent of the fair market value of a share of common stock on the last day of the quarter. The maximum number of shares that an eligible employee can purchase during any quarter is equal to two times an amount determined as follows: 20 percent of such employee's compensation over the quarter, divided by 95 percent of the fair market value of a share of common stock on the last day of the quarter. The ESPP is a qualified plan under Section 423 of the Internal Revenue Code and, for financial reporting purposes, was amended effective July 1, 2005 so as to be considered non-compensatory. Accordingly, there is no stock-based compensation expense associated with shares acquired under the ESPP. As of June 30, 2021, participants have purchased 1,258,062 shares under the ESPP, at a weighted-average price per share of $66.67. Of these shares, 40,658 were purchased by employees at a weighted-average price per share of $221.79 during the year ended June 30, 2021. During the year ended June 30, 2013, the Company established a 10b5-1 plan to facilitate the open market purchase of shares of Company stock to satisfy its obligations under the ESPP.

The MSPP provides those senior executives with stock holding requirements a mechanism to receive RSUs in lieu of up to 100 percent of their annual bonus. For the fiscal years ended June 30, 2021, 2020, and 2019, RSUs awarded in lieu of bonuses earned were granted at 85 percent of the closing price of a share of the Company's common stock on the date of the award, as reported by the New York Stock Exchange. RSUs granted under the MSPP vest at the earlier of 1) three-years from the grant date, 2) upon a change of control of the Company, 3) upon a participant's retirement at or after age 65, or 4) upon a participant's death or permanent disability. Vested RSUs are settled in shares of common stock. The Company recognizes the value of the discount applied to RSUs granted under the MSPP as stock compensation expense ratably over the three-year vesting period.

Activity related to the MSPP during the year ended June 30, 2021 is as follows:

	MSPP
RSUs outstanding, June 30, 2020	2,223
Granted	1,409
Issued	(528)
Forfeited	(11)
RSUs outstanding, June 30, 2021	3,093
Weighted average grant date fair value as adjusted for the applicable discount	$ 185.45

The DSPP allows directors to elect to receive RSUs at the market price of the Company's common stock on the date of the award in lieu of up to 100 percent of their annual retainer fees. Vested RSUs are settled in shares of common stock. There were no DSPP awards outstanding during the year ended June 30, 2021.

NOTE 23. FAIR VALUE OF FINANCIAL INSTRUMENTS

ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

The Company's financial assets and liabilities recorded at fair value on a recurring basis are categorized based on the priority of the inputs used to measure fair value. The inputs used in measuring fair value are categorized into three levels, as follows:

- Level 1 Inputs – unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs – unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.
- Level 3 Inputs – amounts derived from valuation models in which unobservable inputs reflect the reporting entity's own assumptions about the assumptions of market participants that would be used in pricing the asset or liability.

The following table summarizes the financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2021 and June 30, 2020, and the level they fall within the fair value hierarchy (in thousands):

			As of June 30,	
	Financial Statement	Fair Value	2021	2020
Description of Financial Instrument	Classification	Hierarchy	Fair Value	
Interest rate swap agreements	Other accrued expenses and current liabilities	Level 2	$ 1,028	$ —
Interest rate swap agreements	Other long-term liabilities	Level 2	$ 24,838	$ 43,168

The Company entered into interest rate swap agreements to manage its interest rate risk. The valuation of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves. To comply with the provisions of ASC 820, the Company incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. Changes in the fair value of the interest rate swap agreements are recorded as a component of accumulated other comprehensive income or loss.

NOTE 24. EARNINGS PER SHARE

Earnings per share and the weighted-average number of diluted shares are computed as follows (in thousands, except per share data):

	Year Ended June 30,		
	2021	2020	2019
Net income	$ 457,443	$ 321,480	$ 265,604
Weighted-average number of basic shares outstanding during the period	24,705	25,031	24,833
Dilutive effect of RSUs after application of treasury stock method	287	454	562
Weighted-average number of diluted shares outstanding during the period	24,992	25,485	25,395
Basic earnings per share	$ 18.52	$ 12.84	$ 10.70
Diluted earnings per share	$ 18.30	$ 12.61	$ 10.46

NOTE 25. QUARTERLY FINANCIAL DATA (UNAUDITED)

This data is unaudited, but in the opinion of management, includes and reflects all adjustments that are normal and recurring in nature, and necessary, for a fair presentation of the selected data for these interim periods. Quarterly condensed financial operating results of the Company for the years ended June 30, 2021 and 2020, are presented below (in thousands except per share data).

	Year Ended June 30, 2021			
	First	Second	Third	Fourth
Revenue	$ 1,459,506	$ 1,468,711	$ 1,551,918	$ 1,564,000
Income from operations	$ 134,424	$ 141,539	$ 151,438	$ 112,050
Net income	$ 93,644	$ 106,478	$ 120,344	$ 136,977
Basic earnings per share	$ 3.73	$ 4.22	$ 4.83	$ 5.82
Diluted earnings per share	$ 3.67	$ 4.18	$ 4.78	$ 5.74
Weighted-average shares outstanding:				
Basic	25,099	25,225	24,935	23,552
Diluted	25,486	25,451	25,166	23,856

	Year Ended June 30, 2020			
	First	Second	Third	Fourth
Revenue	$ 1,363,392	$ 1,395,469	$ 1,465,600	$ 1,495,581
Income from operations	$ 100,157	$ 110,187	$ 113,676	$ 133,676
Net income	$ 67,977	$ 79,195	$ 80,577	$ 93,731
Basic earnings per share	$ 2.73	$ 3.16	$ 3.21	$ 3.74
Diluted earnings per share	$ 2.66	$ 3.11	$ 3.16	$ 3.68
Weighted-average shares outstanding:				
Basic	24,894	25,065	25,078	25,089
Diluted	25,532	25,435	25,478	25,496

NOTE 26. ACCELERATED SHARE REPURCHASE

On March 12, 2021, CACI entered into an accelerated share repurchase agreement (the "ASR Agreement") with JPMorgan Chase Bank, National Association (JPMorgan). Under the ASR Agreement, we paid $500.0 million to JPMorgan and received an initial delivery of approximately 1.7 million shares of our common stock, which shares were recorded as a $400.0 million increase to treasury stock. The final number of shares to be repurchased will be based on the volume-weighted average stock price of our common stock during the term of the agreement, less a discount. This is evaluated as an unsettled forward contract indexed to our own stock, with $100.0 million classified within stockholders' equity as additional paid-in-capital. The ASR Agreement is scheduled to settle prior to the end of the second quarter of FY2022. At final settlement, JPMorgan may be required to deliver additional shares of our common stock to us or, under certain circumstances, we may elect to make a cash payment or deliver shares of our common stock to JPMorgan.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized, on the 17th day of August 2021.

CACI International Inc
Registrant

Date: August 17, 2021

By: /s/ JOHN S. MENGUCCI
John S. Mengucci
President,
Chief Executive Officer and Director
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in capacities and on the dates indicated.

Signatures	Title	Date
/s/ JOHN S. MENGUCCI **John S. Mengucci**	President, Chief Executive Officer and Director (Principal Executive Officer)	August 17, 2021
/s/ THOMAS A. MUTRYN **Thomas A. Mutryn**	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	August 17, 2021
/s/ MICHAEL A. DANIELS **Michael A. Daniels**	Chairman of the Board of Directors	August 17, 2021
/s/ SUSAN M. GORDON **Susan M. Gordon**	Director	August 17, 2021
/s/ WILLIAM L. JEWS **William L. Jews**	Director	August 17, 2021
/s/ GREGORY G. JOHNSON **Adm Gregory G. Johnson, USN (Ret.)**	Director	August 17, 2021
/s/ JAMES L. PAVITT **James L. Pavitt**	Director	August 17, 2021
/s/ DR. WARREN R. PHILLIPS **Dr. Warren R. Phillips**	Director	August 17, 2021
/s/ DEBORA A. PLUNKETT **Debora A. Plunkett**	Director	August 17, 2021
/s/ CHARLES P. REVOILE **Charles P. Revoile**	Director	August 17, 2021
/s/ WILLIAM S. WALLACE **Gen William S. Wallace, USA (Ret.)**	Director	August 17, 2021

Subsidiaries of the Registrant

CACI, INC. – FEDERAL, a Delaware corporation

CACI, LLC – COMMERCIAL, a Delaware limited liability company

CACI NSS, LLC, a Delaware limited liability company

CACI N.V., a Netherlands corporation

CACI Limited, a United Kingdom private company limited by shares

CACI Technologies, LLC, a Virginia limited liability company (also does business as “CACI Productions Group”)

CACI Dynamic Systems, LLC, a Virginia limited liability company

CACI Premier Technology, LLC, a Delaware limited liability company

CACI Enterprise Solutions, LLC, a Delaware limited liability company

CACI-ISS, LLC, a Delaware limited liability company

CACI Technology Insights, LLC, a Virginia limited liability company

CACI-CMS Information Systems, LLC, a Virginia limited liability company

CACI-WGI, LLC, a Delaware limited liability company (also does business as “The Wexford Group International”)

CACI-Athena, LLC, a Delaware limited liability company

CACI Products Company, a Delaware corporation

LGS Innovations LLC, a Delaware limited liability company

Six3 Systems, LLC, a Delaware limited liability company

Six3 Advanced Systems, Inc., a Virginia corporation

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

1) Registration Statement (Form S-8 No. 333-257432) pertaining to the 2002 Employee Stock Purchase Plan and the 2016 Amended and Restated Incentive Compensation Plan,
2) Registration Statement (Form S-8 No. 333-148032) pertaining to the 2016 Amended and Restated Incentive Compensation Plan,
3) Registration Statement (Form S-8 No. 333-146505) pertaining to the 2002 Employee Stock Purchase Plan,
4) Registration Statement (Form S-8 No. 333-146504) pertaining to the CACI $MART Plan,
5) Registration Statement (Form S-8 No. 333-104118) pertaining to the 2002 Employee, Management, and Director Stock Purchase Plans, as amended,
6) Registration Statement (Form S-8 No. 333-91676) pertaining to the CACI $MART Plan,
7) Registration Statement (Form S-8 No. 333-157093) pertaining to the 2016 Amended and Restated Incentive Compensation Plan,
8) Registration Statement (Form S-8 No. 333-164710) pertaining to the 2002 Employee Stock Purchase Plan, as amended,
9) Registration Statement (Form S-8 No. 333-179392) pertaining to the 2016 Amended and Restated Incentive Compensation Plan, and
10) Registration Statement (Form S-8 No. 333-193781) pertaining to the 2002 Employee Stock Purchase Plan, as amended;

of our reports dated August 17, 2021, with respect to the consolidated financial statements of CACI International Inc and the effectiveness of internal control over financial reporting of CACI International Inc included in this Annual Report (Form 10-K) of CACI International Inc for the year ended June 30, 2021.

/s/ Ernst & Young LLP

Tysons, Virginia
August 17, 2021

Exhibit 31.1

Section 302 Certification

I, John S. Mengucci certify that:

1. I have reviewed this Annual Report on Form 10-K, of CACI International Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financing reporting, to the Registrant's auditors and the audit committee of the Registrant's Board of Directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the designs or operation of internal control over financial reporting which are reasonably likely to affect the Registrant's ability to record, process, summarize, and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: August 17, 2021

/s/ JOHN S. MENGUCCI

John S. Mengucci
President,
Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 31.2

Section 302 Certification

I, Thomas A. Mutryn, certify that:

1. I have reviewed this Annual Report on Form 10-K, of CACI International Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financing reporting, to the Registrant's auditors and the audit committee of the Registrant's Board of Directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the designs or operation of internal control over financial reporting which are reasonably likely to affect the Registrant's ability to record, process, summarize, and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls over financial reporting.

Date: August 17, 2021

/s/ THOMAS A. MUTRYN

Thomas A. Mutryn
Executive Vice President, Chief Financial Officer
and Treasurer
(Principal Financial Officer)

Exhibit 32.1

Section 906 Certification

In connection with the Annual Report on Form 10-K of CACI International Inc (the "Company") for the fiscal year ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned President and Chief Executive Officer of the Company certifies, to the best of his knowledge and belief pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 17, 2021

/s/ John S. Mengucci

John S. Mengucci
President,
Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 32.2

Section 906 Certification

In connection with the Annual Report on Form 10-K of CACI International Inc (the "Company") for the fiscal year ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Executive Vice President, Chief Financial Officer and Treasurer of the Company certifies, to the best of his knowledge and belief pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 17, 2021

/s/ Thomas A. Mutryn

Thomas A. Mutryn
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)