Financial Report
2022-23

Contents

FROM THE

Executive Vice President & Chief Operating Officer

JENNIFER (J.J.) WAGNER DAVIS
Executive Vice President and Chief Operating Officer

Even as it embraces its rich history and time-honored traditions, the University of Virginia is an institution that is constantly evolving and moving forward. Some change reflects the emergence of technologies, new methods of instruction, patient care, and new elements of its physical presence. Other changes reflect larger evolutions, as new students arrive on our Grounds with their own, unique life stories, viewpoints, and experiences, with the goal of developing the next generation of citizen leaders.

This continued element of change is what makes the institution so dynamic and what makes the experience of our students like no other. It's a place where a student can live in a room on the Academical Village Lawn - a place at the heart of Thomas Jefferson's original plans from more than 200 years ago - and interact with fellow students, staff, and faculty who live nearby. That same student may also walk from our Lawn to a lab where treatments and potential cures for our most vexing global diseases are being explored. And very soon, that student may walk from the heart of our historic University to one of the nation's newest Schools of Data Science, located in the emerging Ivy Corridor, to learn but also contribute to society's ability to understand the compounding explosion of data that defines modern society. Or walk to an Institute of Democracy, which places the very future of our country's way of life at the heart of its mission.

We take great pride and professional satisfaction in providing responsible stewardship and visionary financial leadership to the institution that strengthens its foundation, enables the University to continually pursue the best version of itself, and maintains a long view in our planning and decision-making to allow UVA to thrive in the years ahead.

HONORING LIVES LOST

Fiscal Year 2023 saw many successes, but also brought tragedy and sadness, with the mid-November deaths of three of our student-athletes and injuries to two of their classmates in a shooting on our Grounds. The events put our work in perspective and demonstrated once again the character of the UVA community to unite during times of great difficulty. Months later, the University dedicated the planting of an oak tree near the location of the tragedy, accompanied by a commemorative marker to honor the lives of Devin Chandler, Lavel Davis Jr., and D'Sean Perry.

LEADERSHIP

Effective, experienced leaders with vision play a critical role in managing change and navigating challenges at an institution of our scope and complexity and in accomplishing strategic objectives. I was particularly pleased during Fiscal Year 2023 to welcome two very accomplished professionals to our UVA central operations team in positions that are essential to our continuity and success.

In March, following a national search, UVA announced the appointment of Augie Maurelli to serve as Vice President of Finance and Chief Financial Officer. He assumed the role with tremendous momentum and internal knowledge, having previously served as Associate Vice President for Financial Operations here since 2019, preceded by years in finance, operations and strategy in roles across higher education and in private enterprise.

Later in the Spring, I was thrilled to invite Kelly Doney to serve as our Vice President and Chief Information Officer. Like Augie, she immediately infused a blend of talent, experience, and vision to our ITS operations. Kelly previously served as Vice President and Chief Information Officer at Villanova University, and brings valuable perspective, having worked in various roles in IT management and consulting in both the private and public sectors.

Across Grounds, several new deans who joined the University during the last two fiscal years began to implement their visions at the school level while aligning with the institution's strategic priorities. Our highly accomplished and respected School of Law Dean Risa Goluboff announced plans to step down after eight years and an impressive record of faculty hiring, philanthropic success, and enhancements to the student experience. Fortunately, Risa will continue to teach at UVA after concluding her tenure as dean.

We also enter a new fiscal year with a national search for a new Vice President for Research. Following more than six years in the Vice President role at UVA - which included guiding our sponsored research to a record $532 million - Melur "Ram" Ramasubramanian departed to serve as Executive Vice Chancellor for Academic Affairs and Provost for the State University of New York. We also welcomed Kenyon Bonner, from the University of Pittsburgh, to serve as Vice President and Chief Student Affairs Officer, following the departure of Robyn Hadley.

From the Executive Vice President and Chief Operating Officer

OPERATING BUDGET

Our Board of Visitors in June approved a $5.4 billion consolidated annual operating budget, which invests in strategic priorities, strengthens employee compensation, and reflects an uncertain economic and operating environment under continued inflationary pressures. For the third consecutive year, the Academic Division budget includes a 5 percent base merit salary increase – which was supplemented in December 2023 with an additional mid-year 2 percent increase consistent with the Commonwealth of Virginia's approved budget amendments. The Division's $2.3 billion budget continues to robustly support student access through the AccessUVA financial aid program, which meets 100 percent of demonstrated financial need for all undergraduate students. More than a third of our undergraduates qualify for some amount of need-based aid.

The UVA Medical Center's $3 billion budget reflects continued growth in patient services across units operated by UVA Health, but also accounts for rising costs of wages, medical supplies, utilities, and some pharmaceuticals. The University's consolidated operating budget includes those divisions as well as the College at Wise, whose operating budget for the fiscal year totals $71.7 million.

TUITION

Since the 2017-18 fiscal year, the University has managed to maintain modest base in-state tuition increases, while upholding its commitments to strategic priorities and student support. The average increase during this period is less than 2.4 percent. And in-state base tuition was held flat for two years (2019-20 and 2021-22). Our Board now approves tuition for two academic years at a time to provide more certainty for families and continuity in budgeting. In June 2023, the Board reconsidered the previously approved tuition increase for the 2023 academic year and elected to roll back the planned 3.7 percent increase to 3 percent.

Our Board continues to support our commitment to meet 100 percent of demonstrated financial need, while limiting exposure to need-based loans for undergraduates. UVA maintains its position as the public university with the highest graduation rate. And for in-state students, no undergraduate degree among the Top 50 ranked national institutions by US News & World Report is more affordable than a degree from UVA.

Tuition, of course, plays an indispensable role in institutional finances. It provides revenue for strategic initiatives, faculty and staff salaries, and contributes to our commitment to meet student financial need. Philanthropy provides crucial support as well, and UVA has the enduring good fortune of a stable and growing endowment that provides financial stability during difficult economies and generates funding for our most ambitious institutional priorities articulated in the 2030 Great and Good strategic plan. Across each fiscal year, we also strive to identify efficiencies in our operations that both conserve resources and improve the effectiveness of our work.

PHILANTHROPIC SUCCESS

In 2019, UVA publicly launched the "Honor the Future" campaign to raise $5 billion over the next five years. The goal was ambitious for almost any institution of higher education – public or private. At the close of Fiscal Year 2023, that ambitious goal was well on the way to being achieved and surpassed. By October 1, the campaign had raised $4.7 billion from the generosity of more than 215,000 donors. Their support has created hundreds of student scholarships and endowed professorships, driven research, and advanced opportunity in athletics venues and on performance stages alike. Both distinctive experiences I mentioned earlier – our Karsh Institute of Democracy and the School of Data Science – were made possible by extraordinary gifts to the University. A philanthropic highlight during the fiscal year came in January, when UVA announced a $100 million gift from Paul and Diane Manning to launch the UVA Manning Institute of Biotechnology, which will place the University on the front edge of modern medical research and treatments in areas such as cellular and gene therapies.

CAPITAL PROJECTS

Some of the change that occurs in an academic environment might not be obvious to a casual observer. But it would be impossible not to notice the continued progress of our physical presence on and around Grounds. Once again, thoughtful planning for the future, appropriate institutional investments, transformative gifts, and support from state and other sources combine to bring strategic aspirations to life and create new experiences for students, faculty, staff, patients, and the greater community.

During the fiscal year, important projects moved forward with construction or design approvals, including the School of Data Science, the Karsh Institute of Democracy, and a hotel and conference center situated alongside them in the Ivy Corridor. Nearby, work continues on the Football Operations Center and the Contemplative Commons. The McIntire School's Shumway Hall and upper-class housing on Brandon Avenue are also scheduled for completion in the next fiscal year. In April, the Darden School of Business formally opened The Forum Hotel on North Grounds, featuring 198 guest rooms, two restaurants, and space for conference and classroom activity.

The announcement of the Manning Institute of Biotechnology energized momentum for the future of Fontaine Research Park. The 350,000-square-foot Institute will elevate UVA's ability to conduct cutting-edge research and treatments that benefit society, and will include laboratory space, expanded research facilities, and a collaborative area for researchers and partnering biotech companies.

Once again placing UVA on the forefront, the Fontaine Central Energy plant planned for the Research Park will use a variety of geothermal and other technologies to become the first "zero combustion" fossil-fuel-free central energy plant on Grounds.

DEBT, CREDIT, AND FINANCIAL TRANSFORMATION

Effective and efficient use of debt plays an instrumental role in many of our capital projects. And our status as one of only four public institutions with a Triple-A credit rating from all three agencies ensures that UVA receives the best possible terms and is protected from millions in higher borrowing costs.

Our Board continues to provide crucial leadership and partnership, approving in June the third significant debt shelf registration in recent years, providing important flexibility to issue long-term debt when market conditions are optimal. Authorizations in 2019 and 2020 enabled UVA to issue both tax exempt and taxable bonds that set records for low yield-to-maturity and low credit spread. The $500 million debt shelf registration authorized this fiscal year will provide another valuable tool in responsibly stewarding the continued dynamic change in our physical environment.

UVA also continued to modernize its comprehensive financial services and solutions across the University. We began FY23 in the final stages of a major Finance Strategic Transformation initiative that consolidated all financial management and reporting applications into a single system, Workday Financials. Our teams streamlined processes, improved controls and eliminated shadow systems – enhancements that have generated substantial, and sustainable savings.

ENDOWMENT AND INVESTMENTS

The University of Virginia Investment Management Company (UVIMCO) provides investment management services to the University of Virginia and University-associated organizations to serve the University's mission. UVIMCO's primary objective is to maximize the long-term, inflation-adjusted returns commensurate with the risk level of the University. As of June 30, 2023, UVIMCO's assets under management were $13.6 billion in the Long-Term Pool and $266.6 million in the Short Term Pool. The Long-Term Pool is comprised of the University of Virginia endowment, the Strategic Investment Fund, other University long-term assets, and assets held by University-associated organizations. Since 2019, UVIMCO's assets under management have grown from $9.6 billion to $13.6 billion and provide a steady source of income to support the University's mission in perpetuity.

FY23 was challenging for diversified institutional portfolios with significant allocations to private investments. UVIMCO's Long-Term Pool gained 2 percent but underperformed the 12.3 percent return generated by its policy portfolio. While short-term underperformance is challenging for UVIMCO and the University, bearing different market, manager, and liquidity risks than the policy benchmark helps UVIMCO earn exemplary investment results over time. Over the last ten and twenty years, the Long-Term Pool has generated annualized returns of 9.8 percent and 10 percent, exceeding the policy portfolio returns by 2.4 percent and 2.5 percent per year, respectively. The ten- and twenty-year annualized returns are well in excess of the 8 percent return required to preserve the purchasing power of the endowment. In addition to securing long-term returns above the policy benchmark and required return, UVIMCO consistently outperforms its institutional peers— with its twenty-year annualized return of 10 percent well exceeding the 7.5 percent garnered by median peers.

SUPPORTING OUR UVA TALENT

This year we honored nearly 150 employees who have been serving the University in careers that extend from 25 years to 45 years each. That level of commitment inspires us all and reminds us that people are the foundation of our success. But here again, change is the real constant. We continued in FY23 to confront a dynamic employment market still experiencing disruption from the Covid-19 pandemic and its aftermath.

Recruiting and retaining talent holds the key to thriving at an institution with more than 30,000 employees across its divisions and entities. Our HR staff approaches the task with creativity, energy, and tenacity. The team further developed Pipelines & Pathways this year, providing local residents from underserved communities access to jobs and careers at UVA through this unique initiative of the President's Council on UVA-Community Partnerships. More than 70 people were hired during the first year of the program.

The fiscal year also brought progress in staffing at UVA Health, which like its industry peers faced significant challenges due to a nationwide health care worker shortage. In response, our team nearly doubled the number of health system recruiters, restructured the recruiting process, streamlined application processes, and is implementing additional technology solutions to support recruitment. The results have been very positive, with new employees increasing from 1,659 in FY22 to more than 2,500 in FY23.

UVA HEALTH MOVING FORWARD

UVA Health earned well-deserved recognition for the quality and breadth of care in FY23. Newsweek designated UVA Health University Medical Center as the No. 1 hospital in Virginia in its 2023 Best Hospital rankings, and U.S. News & World Report named UVA Health Children's as the No. 1 children's hospital in Virginia. Developing treatments and technologies emerging from our medical experts also continue to improve lives around the world. Two examples that continued to show promise and results in FY23 were focused ultrasound – which uses scalpel-free application of sound waves to provide relief from problems associated with essential tremor, Parkinson's disease, and other conditions – and a UVA-developed artificial pancreas which helps people manage type 1 diabetes.

UVA Health this year also launched its first-ever 10-year strategic plan, offering a roadmap for it to pursue a vision to be the nation's "leading public academic health system and a best place to work while transforming patient care, research, education, and engagement with the diverse communities we serve."

ADVANCING OUR STRATEGIC PRIORITIES

Each year brings unexpected challenges but also new opportunities to improve the University of Virginia as a place to learn, work, conduct research, and care for patients. It is humbling and inspiring to participate in this institution's efforts to provide service that benefits our local community, the nation, and the world.

I'm also pleased that our work in FY23 so closely aligned with institutional priorities identified in the Great and Good strategic plan. From advancing capital projects to establishing career ladders for our employees and strengthening ties with the local community, we believe that responsible financial stewardship is essential to a solid foundation for the University and helps put our institution in better position to pursue its highest ambitions.

Very truly yours,

Jennifer (J.J.) Wagner Davis
Executive Vice President and Chief Operating Officer

Management Responsibility

December 12, 2023

To the President and Board of Visitors of the University of Virginia:

We are pleased to submit the annual Financial Report of the University of Virginia for the year ended June 30, 2023. Management is responsible for the objectivity and integrity of the accompanying financial statements, which have been prepared in conformance with the Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, and Statement No. 35, Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities. The financial statements, of necessity, included management's estimates and judgments relating to matters not concluded by year-end. The financial information contained elsewhere in the annual Financial Report is consistent with that included in the financial statements.

Management is responsible for maintaining the University's system of internal control, which includes careful selection and development of employees, proper division of duties, and written accounting and operating policies and procedures augmented by a continuing internal audit program. Although there are inherent limitations to the effectiveness of any system of accounting controls, management believes that the University's system provides reasonable, but not absolute, assurance that assets are safeguarded from unauthorized use or disposition and that the accounting records are sufficiently reliable to permit the preparation of financial statements that conform in all material respects with generally accepted accounting principles.

The Auditor of Public Accounts for the Commonwealth of Virginia, using the reports of independent certified public accountants for the component units, provides an independent opinion regarding the fair presentation of the financial statements of the University's financial position. Their examination was made in accordance with generally accepted government auditing standards and included a review of the system of internal accounting controls to the extent they considered necessary to determine the audit procedures required to support their opinion. The Audit, Compliance and Risk Committee of the Board of Visitors meets periodically and privately with the independent auditors, the internal auditors and the financial officers of the University to review matters relating to the quality of the University's financial reporting, the internal accounting controls, and the scope and results of audit examinations. The committee also reviews the scope and quality of the internal auditing program.

Respectfully submitted,

Augie L. Maurelli
Vice President for Finance
& Chief Financial Officer

Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

December 12, 2023

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Visitors
The University of Virginia

James E. Ryan, President
University of Virginia

Independent Auditor's Report

Report on Financial Statements

Opinions

We have audited the financial statements of the business-type activities, aggregate discretely presented component units, and remaining fund information of the University of Virginia, a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, aggregate discretely presented component units, and remaining fund information of the University of Virginia as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of UVA Community Health, Inc., a blended component unit of the University, or the aggregate discretely presented component units of the University, which are discussed in Notes 1, 8, and 9. UVA Community Health, Inc., accounts for 2.35 percent of total assets and deferred outflows; 0.73 percent of net position; and 9.99 percent of total operating and net nonoperating revenues of the business-type activities of the University as of June 30, 2023. The financial statements of UVA Community Health, Inc., and the discretely presented component units of the University were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for these component units, are based solely on the reports of the other auditors.

Basis for Opinions

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

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Emphasis of Matters

Change in Accounting Principle

As discussed in Note 1 of the accompanying financial statements, the University implemented Governmental Accounting Standards Board (GASB) Statement No. 94 Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to accounting and financial reporting for certain arrangements between a government and an operator to provide public services and GASB Statement No. 96, Subscription-Based Information Technology Arrangements, related to accounting and financial reporting for subscription liabilities and right-to-use subscription assets. Our opinions are not modified with respect to these matters.

Correction of 2022 Financial Statements

As discussed in Note 1 of the accompanying financial statements, the fiscal year 2022 financial statements have been restated to correct misstatements related to blended component units, accounting for benefit plans, and other corrections of errors. Our opinions are not modified with respect to this matter.

Other Matters

Report on Summarized Comparative Information

We have previously audited the University's 2022 financial statements, and we expressed an unmodified audit opinion on the respective financial statements in our report dated December 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived, except where revised due to the implementation of GASB Statements No. 94 and 96 and the correction of misstatements, as discussed in Note 1

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements: Management's Discussion and Analysis on pages 10 through 20; the Schedule of Employer's Share of Net Pension Liability, the Schedule of Employer Contributions, and the Notes to the Required Supplementary Information – Virginia Retirement System Pension Plans on pages 84 through 85; the Schedule of Employer's Share of Net OPEB Liability (Asset), the Schedule of Employer Contributions, and the Notes to the Required Supplementary Information – Virginia Retirement System OPEBS on pages 86 through 88; the Schedule of Changes in Total OPEB Liability and Related Ratios and the Notes to the Required Supplementary Information – UVA Administered OPEBS on page 89. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the letter from the Executive Vice President and Chief Operating Officer on pages 3 through 5 and the transmittal letter on page 6 but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 12, 2023 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the University's internal control over financial reporting and compliance.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

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Management's Discussion & Analysis

Management's Discussion & Analysis

This discussion and analysis provides an overview of the financial position and results of activities of the University of Virginia (the University) for the year ended June 30, 2023. Comparative information for the year ended June 30, 2022, has been provided where applicable. Management has prepared this discussion, which should be read in conjunction with the financial statements and the notes that follow this section.

Academic Division

The University, a public institution of higher learning, offers a diverse range of degree programs across 12 schools, from baccalaureate to postdoctoral levels, including doctorates in 55 programs. The University is recognized internationally for the quality of its faculty and its commitment to the primary academic missions of instruction, research, public service and medical care. The University consistently ranks among the nation's top public colleges and universities, both for its excellent academic programs as well as for its affordability and value. Its emphasis on the student experience is extraordinary among major public institutions, and its dedication to new advances in research permeates all of its schools and colleges.

Medical Center

The Medical Center is an integrated network of primary and specialty-care services ranging from wellness programs and routine checkups to the most technologically advanced care. The hub of the Medical Center is a licensed hospital with 696 beds in a state-designated Level 1 trauma center located in Charlottesville. In addition, primary and specialty care are provided at convenient clinic locations throughout Central Virginia communities. The University's Medical Center has a tradition of excellence in teaching, advancement of medical science and patient care, consistently ranking among the best health care systems in the nation. In addition to the Charlottesville area operations, the Medical Center acquired UVA Community Health on July 1, 2021. This is a three-hospital system in Northern Virginia with 260 total beds and a physicians group.

College at Wise

Located in southwestern Virginia, the College at Wise is a public liberal arts college that offers baccalaureate degrees in 33 majors and seven pre-professional programs, including dentistry, pharmacy, engineering, forestry, medicine, physical therapy and veterinary medicine.

Using the Financial Statements

The University's financial report includes seven financial statements and related notes:

1. The Statement of Net Position for the University of Virginia
2. The Combined Statement of Financial Position for the Component Units of the University of Virginia
3. The Statement of Fiduciary Net Position
4. The Statement of Revenues, Expenses and Changes in Net Position for the University of Virginia
5. The Combined Statement of Activities for the Component Units of the University of Virginia
6. The Statement of Changes in Fiduciary Net Position
7. The Statement of Cash Flows for the University of Virginia

These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities. These principles require that financial statements be presented on a consolidated basis to focus on the University as a whole, with resources classified for accounting and reporting purposes into four net position categories. Although some of the University-Associated Organizations are reported in the component unit financial statements, the Management's Discussion and Analysis excludes them except where specifically noted.

Statement of Net Position

The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the University. The net position is an indicator of the prudent utilization of financial resources and the overall health of the University, while the change in net position reflects the current year's activities. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost, less accumulated depreciation and amortization. Depreciation and amortization are methods of allocating the cost of a tangible or intangible asset, respectfully, over its useful life to indicate how much of an asset's value has been consumed.

The University's Statement of Net Position at June 30, 2023, and June 30, 2022, is summarized as follows:

SUMMARY OF THE STATEMENT OF NET POSITION *(in thousands)*	**2023**	**2022***	**INCREASE (DECREASE)**	
			AMOUNT	**PERCENT**
Current assets	$ 1,218,851	$ 1,154,012	$ 64,839	5.6%
Noncurrent assets				
Endowment investments	6,996,261	7,037,167	(40,906)	(0.6%)
Other long-term investments	3,666,827	3,658,788	8,039	0.2%
Capital assets, net	5,141,261	4,949,452	191,809	3.9%
Other	882,484	996,514	(114,030)	(11.4%)
Total assets	**17,905,684**	**17,795,933**	**109,751**	**0.6%**
Deferred outflows of resources	130,888	159,264	(28,376)	(17.8%)
Total assets and deferred outflows of resources	**18,036,572**	**17,955,197**	**81,375**	**0.5%**
Current liabilities	820,650	781,302	39,348	5.0%
Noncurrent liabilities	4,267,800	4,256,258	11,542	0.3%
Total liabilities	**5,088,450**	**5,037,560**	**50,890**	**1.0%**
Deferred inflows of resources	367,987	530,047	(162,060)	(30.6%)
Total liabilities and deferred inflows of resources	**5,456,437**	**5,567,607**	**(111,170)**	**(2.0%)**
TOTAL NET POSITION	**$ 12,580,135**	**$12,387,590**	**$ 192,545**	**1.6%**

**Amounts have been restated to comply with the Implementation of GASB 96 and error corrections.*

Current Assets and Liabilities

Current assets primarily consist of cash and cash equivalents, short-term investments, and accounts receivable. Current liabilities primarily consist of accounts payable, unearned revenue and the current portion of long-term liabilities.

Current assets cover current liabilities 1.5 times, an indicator of good liquidity and the ability to weather short-term demands on working capital. Current assets cover 3.2 months of total operating expenses, excluding depreciation and amortization. For 2022-23, one month of operating expenses equaled approximately $385.8 million.

Endowment and Other Investments

Performance. The major portion of the University's endowment and other investments continues to be maintained in a long-term investment pool managed by the University of Virginia Investment Management Company. The return for the long-term investment pool was a gain of 2.0 percent in fiscal year 2022-23. This performance figure includes realized and unrealized gains and losses, along with cash income. Total investment gain for all funds was $228.4 million for the fiscal year ended June 30, 2023.

Distribution. The University uses its endowment funds to support operations by distributing endowment earnings with the objective of balancing the annual funding needed to support the endowed programs against the preservation of future purchasing power. The endowment spending-rate policy is approved by the Board of Visitors and is based on total return, not just cash earnings. For the year ended June 30, 2023, the total distribution for the University's endowment was $271.2 million, excluding fiduciary funds, or 3.6 percent of the market value of the endowment as of June 30, 2022, the measurement date.

Other Investments. The total of other short-term and long-term investments as well as investment in affiliated companies is $3.8 billion which is unchanged over the prior year.

Endowment investments. The total of endowment investments is $7.0 billion which is unchanged over the prior year.

From a net position perspective, earnings from the endowment are expendable; however, about two-thirds of the earnings are restricted as to use by donors. A significant portion of the unrestricted earnings, the remaining one-third of the endowment, is internally designated by the University for scholarships, fellowships, professorships, and research activities.

Including endowment investments held by the nine related University-Associated Organizations reported as component units, the combined University system endowment was just under $9.4 billion as of June 30, 2023.

Capital and Debt Activities

A critical factor in sustaining the quality of the University's academic and research programs and residential life is the development and maintenance of its capital assets. The University continues to implement its long-range plan to modernize its older teaching and research facilities, construct new facilities, and fund major maintenance obligations.

Capital projects consist of replacement, renovation, and new construction of academic, research, and health care facilities, as well as significant investments in equipment and information systems.

Some of the largest new or ongoing projects during the year are listed as follows:

MAJOR CAPITAL PROJECTS DURING 2022-23 *(in thousands)*	**PROJECTED COST**	**FY2023 ACTUAL EXPENSES**
Alderman Library	$ 163,900	$ 35,555
UVA Hotel & Conference Center	167,900	23,265
McIntire New Academic Facility (Shumway Hall)	139,700	31,877
Brandon Avenue Upper Class Residence Hall Phase II	114,000	28,712
Contemplative Commons	72,600	29,582
Hospital HVAC Phase V	6,870	3,128
TOTAL	**$ 664,970**	**$ 152,119**

As infrastructure and building projects were completed or otherwise acquired during the year, the University's capital asset balances grew significantly. More than $85 million of completed projects were added to depreciable capital assets during the fiscal year. The largest infrastructure and building projects completed or acquired during the year are listed below:

MAJOR PROJECTS COMPLETED OR ACQUIRED DURING 2022-23 *(in thousands)*	**CAPITALIZED COST**
Lambeth Complex HVAC Improvements	$ 13,374
Gilmer Hall and Chemistry Building Renovations	9,499
Massie Road Utility Extension Infrastructure	8,418
West Grounds Chilled Water Capacity	6,235
TOTAL	**$ 37,526**

Financial stewardship requires the effective management of resources, including the prudent use of debt to finance capital projects. As evidence of the University's effective stewardship, the University has received the highest long-term and short-term debt ratings from all three major rating agencies, including Moody's Investors Service (Aaa/P-1), Standard & Poor's (AAA/A-1+) and Fitch Ratings, Inc. (AAA/F1+). The University of Virginia is one of only four public institutions to have achieved the highest long-term debt ratings from all three agencies. These ratings not only serve as an official recognition of the University's financial strength, but also enables the University to obtain future debt financing at optimum pricing. In addition to issuing its own bonds, the University utilizes its commercial paper program, backed by a general revenue pledge, to provide interim financing for its capital improvements and provide a source of short-term liquidity. Outstanding commercial paper is typically converted to long-term debt financing as appropriate, within the normal course of business.

The University's debt portfolio comprises a strategic mix of maturity structures and both variable- and fixed-rate obligations. This mix is achieved through issuing a combination of variable- and

fixed-rate debt, including commercial paper. The University also modifies its debt mix through the use of interest rate swaps in accordance with its Board-approved interest-rate risk-management policy. The University had just under $3.4 billion of debt outstanding as of June 30, 2023.

Net Position

The four net-position categories represent the residual interest in the University's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. The University's net position on June 30, 2023. and June 30, 2022, is summarized below:

NET POSITION *(in thousands)*	**2023**	**2022***	**INCREASE (DECREASE)**	
			AMOUNT	**PERCENT**
Net investment in capital assets	$ 2,301,709	$ 2,156,188	$ 145,521	6.7%
Restricted				
Nonexpendable	1,357,154	1,257,874	99,280	7.9%
Expendable	4,832,376	4,766,716	65,660	1.4%
Unrestricted	4,088,896	4,206,812	(117,916)	(2.8%)
TOTAL NET POSITION	**$ 12,580,135**	**$ 12,387,590**	**$ 192,545**	**1.6%**

**Amounts have been restated to comply with the implementation of GASB 96 and error corrections.*

Net investment in capital assets represents the University's capital assets net of accumulated depreciation and amortization and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Capitalized assets, net of accumulated depreciation and amortization, increased by $191.8 million and were offset by a $46.3 million increase in debt used to finance those capital assets, for a net change of $145.5 million.

Restricted nonexpendable net position represents the historical value (corpus) of the University's permanent endowments, which cannot be expended due to donor restrictions. The increase in nonexpendable net position included new gifts of $36.8 million as well as $62.5 million in related matches from the Strategic Investment Fund.

Restricted expendable net position includes spendable earnings on permanent and quasi-endowments, gifts, grants and contracts, and loan funds that are subject to externally imposed restrictions governing their use. As mentioned above, the increase is mainly a result of UVIMCO long-term pool's investment gain of 2.0 percent for the fiscal year.

Unrestricted net position includes all other activities that are both spendable and not subject to externally imposed restrictions. The majority of the University's unrestricted net position has been internally designated for the core mission activities of instruction, research, health services programs and initiatives, and capital projects that align with the University's highest priorities. The decrease is largely a result of moving funds from unrestricted to restricted to invest in capital projects.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the University's results of activities for the year. Presented below is a summarized statement for the years ended June 30, 2023 and June 30, 2022:

SUMMARY OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION *(in thousands)*	2023	2022*	INCREASE (DECREASE)	
			AMOUNT	PERCENT
Operating revenues				
Student tuition and fees, net	$ 690,969	$ 668,557	$ 22,412	3.4%
Patient services, net	2,902,577	2,569,317	333,260	13.0%
Sponsored programs	452,569	443,675	8,894	2.0%
Other	283,524	271,352	12,172	4.5%
Total operating revenues	**4,329,639**	**3,952,901**	**376,738**	**9.5%**
Operating expenses	**4,991,196**	**4,464,639**	**526,557**	**11.8%**
Operating loss	**(661,557)**	**(511,738)**	**(149,819)**	**(29.3%)**
Nonoperating revenues (expenses)				
State appropriations	275,561	215,711	59,850	27.7%
Gifts	231,662	210,477	21,185	10.1%
Investment income	228,401	(506,527)	734,928	145.1%
Pell grants	16,715	15,262	1,453	9.5%
Nonoperating grant revenue	3,044	54,214	(51,170)	(94.4%)
Interest on capital asset-related debt	(127,083)	(129,183)	2,100	1.6%
Build America Bonds (BAB) rebate	9,193	8,097	1,096	13.5%
Other net nonoperating revenues (expenses)	(46,596)	(6,701)	(39,895)	(595.4%)
Net nonoperating revenues	**590,897**	**(138,650)**	**729,547**	**526.2%**
Income before other revenues, expenses, gains, or losses	**(70,660)**	**(650,388)**	**579,728**	**89.1%**
Capital appropriations, gifts, and grants	226,448	207,825	18,623	9.0%
Additions to permanent endowments	36,757	47,477	(10,720)	(22.6%)
Total other revenues	**263,205**	**255,302**	**7,903**	**3.1%**
INCREASE (DECREASE) IN NET POSITION	**192,545**	**(395,086)**	**587,631**	**148.7%**
NET POSITION - BEGINNING OF YEAR AS RESTATED	12,387,590	12,757,203	(369,613)	(2.9%)
Error corrections	-	25,473	(25,473)	(100.0%)
NET POSITION - BEGINNING OF YEAR AS RESTATED	**12,387,590**	**12,782,676**	**(395,086)**	**(3.1%)**
NET POSITION - END OF YEAR	**$12,580,135**	**$ 12,387,590**	**$ 192,545**	**1.6%**

**Amounts have been restated to comply with the implementation of GASB 96 and error corrections.*

GASB principles determine the categorization of revenues and expenses as either operating or nonoperating activities. Because GASB Statement No. 34 requires that revenues from state appropriations, Pell grants, and gifts be considered nonoperating while the expenses funded from these revenues are categorized as operating (with the exception of interest on capital debt, which remains nonoperating), the University will nearly always demonstrate an operating loss on its Statement of Revenues, Expenses and Changes in Net Position.

Revenues

The University maintains a diverse stream of revenues, which decreases its dependence on any single source and allows it to adapt during difficult economic times. The University's revenues, for the years ended June 30, 2023, and June 30, 2022, are summarized on the next page:

SUMMARY OF REVENUES *(in thousands)*	2023			2022*			TOTAL INSTITUTION INCREASE (DECREASE)	
	ACADEMIC DIVISION & WISE	MEDICAL CENTER	TOTAL INSTITUTION	ACADEMIC DIVISION & WISE	MEDICAL CENTER	TOTAL INSTITUTION	AMOUNT	PERCENT
Operating revenues								
Student tuition and fees, net	$ 690,969	$ -	$ 690,969	$ 668,557	$ -	$ 668,557	$ 22,412	3.4%
Patient services, net	-	2,902,577	2,902,577	-	2,569,317	2,569,317	333,260	13.0%
Federal, state, and local grants and contracts	390,774	-	390,774	370,422	-	370,422	20,352	5.5%
Nongovernmental grants and contracts	61,795	-	61,795	73,253	-	73,253	(11,458)	(15.6%)
Sales and services of educational departments	36,240	-	36,240	10,209	-	10,209	26,031	255.0%
Auxiliary enterprises revenue, net	157,383	-	157,383	158,263	-	158,263	(880)	(0.6%)
Other operating revenues	-	89,901	89,901	1	102,879	102,880	(12,979)	(12.6%)
Total operating revenues	**1,337,161**	**2,992,478**	**4,329,639**	**1,280,705**	**2,672,196**	**3,952,901**	**376,738**	**9.5%**
Nonoperating revenues								
State appropriations	275,561	-	275,561	215,711	-	215,711	59,850	27.7%
Private gifts	227,550	4,112	231,662	209,999	478	210,477	21,185	10.1%
Investment income	194,171	34,230	228,401	(437,995)	(68,532)	(506,527)	734,928	145.1%
Nonoperating grant revenues	3,044	-	3,044	19,367	34,847	54,214	(51,170)	(94.4%)
Other nonoperating revenues	241,350	-	241,350	260,137	-	260,137	(18,787)	(7.2%)
Total nonoperating revenues	**941,676**	**38,342**	**980,018**	**267,219**	**(33,207)**	**234,012**	**746,006**	**318.8%**
TOTAL REVENUES	**$ 2,278,837**	**$ 3,030,820**	**$ 5,309,657**	**$ 1,547,924**	**$ 2,638,989**	**$ 4,186,913**	**$ 1,122,744**	**26.8%**

**Amounts have been restated to comply with the implementation of GASB 96 and error corrections.*

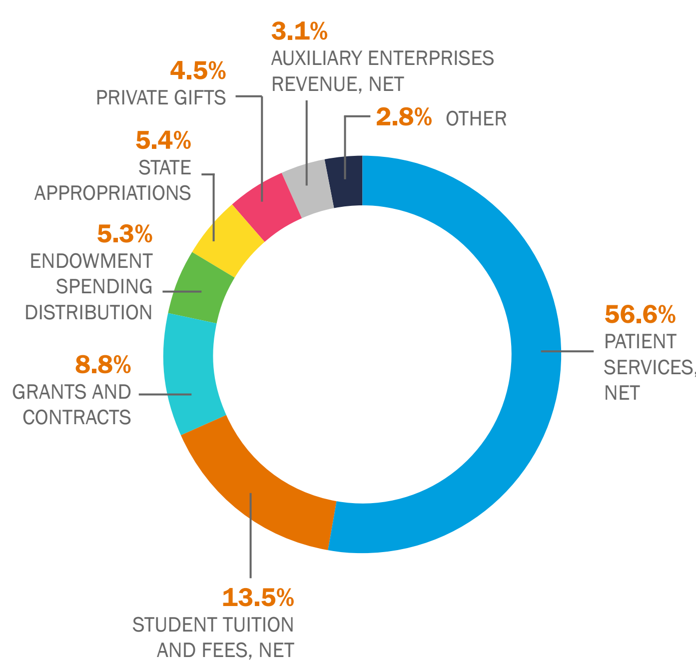
Net student tuition and fees revenue increased primarily due to changes in tuition and fee rates. Tuition and fees revenue is reported net of scholarships and allowances provided from University sources. Net patient services revenues increased primarily due to higher patient volumes and rates. The increase in nonoperating revenues is driven by an increase in investment income resulting from a gain on the University's long-term investments of 2.0 percent compared to an decrease of 4.7 percent in fiscal year 2022.

Revenues and Other Sources of Operational Funding

To the right is a chart of revenues by source (both operating and nonoperating). These revenues were used to fund the University's operating activities for the fiscal year ended June 30, 2023. As noted earlier, GASB requires state appropriations, current gifts and Pell grants to be treated as nonoperating revenues. Endowment spending is not current-year revenue but a distribution of previously recognized investment income. However, it is an important funding source for current operations and is included in the chart to the right to present a more accurate picture of the University's funding of current operations.

Patient services revenues are principally generated within the University's Medical Center under contractual arrangements with governmental payers and private insurers and accounted for over one-half of the University's revenues and operational funding sources. The Medical Center continues to negotiate annual payment increases with managed-care companies and receives annual payment updates from the Medicare program.

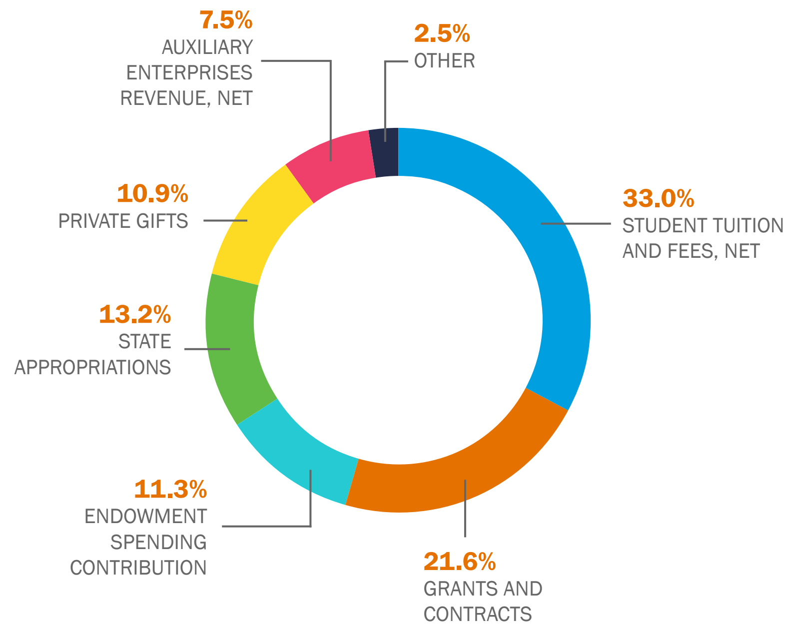
TOTAL UNIVERSITY REVENUES AND OTHER SOURCES OF OPERATIONAL FUNDING



Net student tuition and fees, and grants and contracts are the next largest revenue categories. Private support from endowment spending and gifts combined provides 9.8 percent of the University's funding. State appropriations account for just 5.4 percent of funding for operations. With ongoing economic pressures on state revenues and increasing consideration of affordability, funding from private sources continues to be vitally important to the University's operations.

The University measures its performance both for the University as a whole and for the University without its Medical Center and other clinical activities. A clearer picture of the academic and research mission revenue stream emerges when the Medical Center's data are excluded, as presented to the right. Net tuition and fees make up roughly one-third of the operating revenues for the Academic Division and Wise. Contributing a combined 22.2 percent, private support in the form of endowment spending distribution and gifts has been, and will continue to be, essential to maintaining the University's academic excellence. External research support from grants and contracts makes up another 21.6 percent of operational funding.

ACADEMIC AND WISE REVENUES AND OTHER SOURCES OF OPERATIONAL FUNDING



Expenses

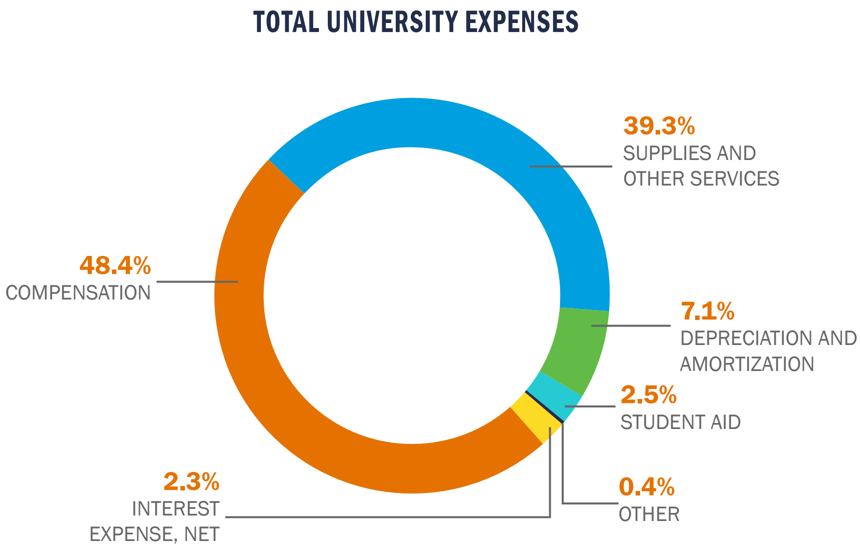
The University's expenses for the years ended June 30, 2023, and June 30, 2022, are summarized as follows:

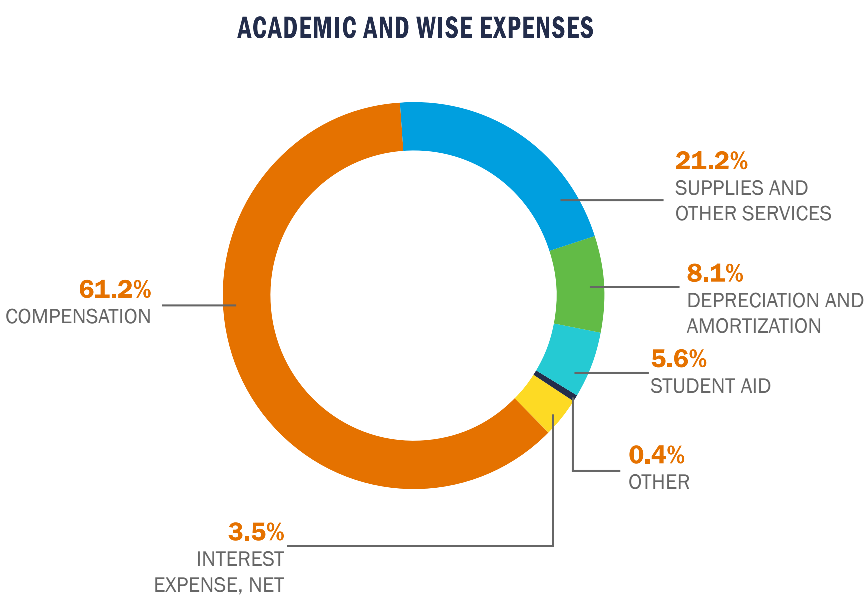
SUMMARY OF EXPENSES *(in thousands)*	**2023**			**2022***			**TOTAL INSTITUTION INCREASE (DECREASE)**	
	ACADEMIC DIVISION & WISE	**MEDICAL CENTER**	**TOTAL INSTITUTION**	**ACADEMIC DIVISION & WISE**	**MEDICAL CENTER**	**TOTAL INSTITUTION**	**AMOUNT**	**PERCENT**
Operating expenses								
Compensation	$ 1,383,621	$1,091,105	$ 2,474,726	$ 1,277,984	$ 1,001,105	$ 2,279,089	$ 195,637	8.6%
Supplies and other services	480,651	1,530,606	2,011,257	393,397	1,294,194	1,687,591	323,666	19.2%
Student aid	127,417	-	127,417	128,012	-	128,012	(595)	(0.5%)
Depreciation and amortization	182,494	179,491	361,985	176,098	183,652	359,750	2,235	0.6%
Other operating expenses	15,811	-	15,811	10,197	-	10,197	5,614	55.1%
Total operating expenses	**2,189,994**	**2,801,202**	**4,991,196**	**1,985,688**	**2,478,951**	**4,464,639**	**526,557**	**11.8%**
Nonoperating expenses and other								
Interest expense (net of BAB rebate)	80,196	37,694	117,890	88,253	32,833	121,086	(3,196)	(2.6%)
(Losses) gains on capital assets, net	1,909	(1,576)	333	2,652	(205)	2,447	(2,114)	(86.4%)
Other nonoperating expenses, net	(9,779)	17,472	7,693	(7,384)	1,211	(6,173)	13,866	224.6%
Total nonoperating expenses	**72,326**	**53,590**	**125,916**	**83,521**	**33,839**	**117,360**	**8,556**	**7.3%**
TOTAL EXPENSES	**$ 2,262,320**	**$ 2,854,792**	**$5,117,112**	**$2,069,209**	**$ 2,512,790**	**$ 4,581,999**	**$ 535,113**	**11.7%**

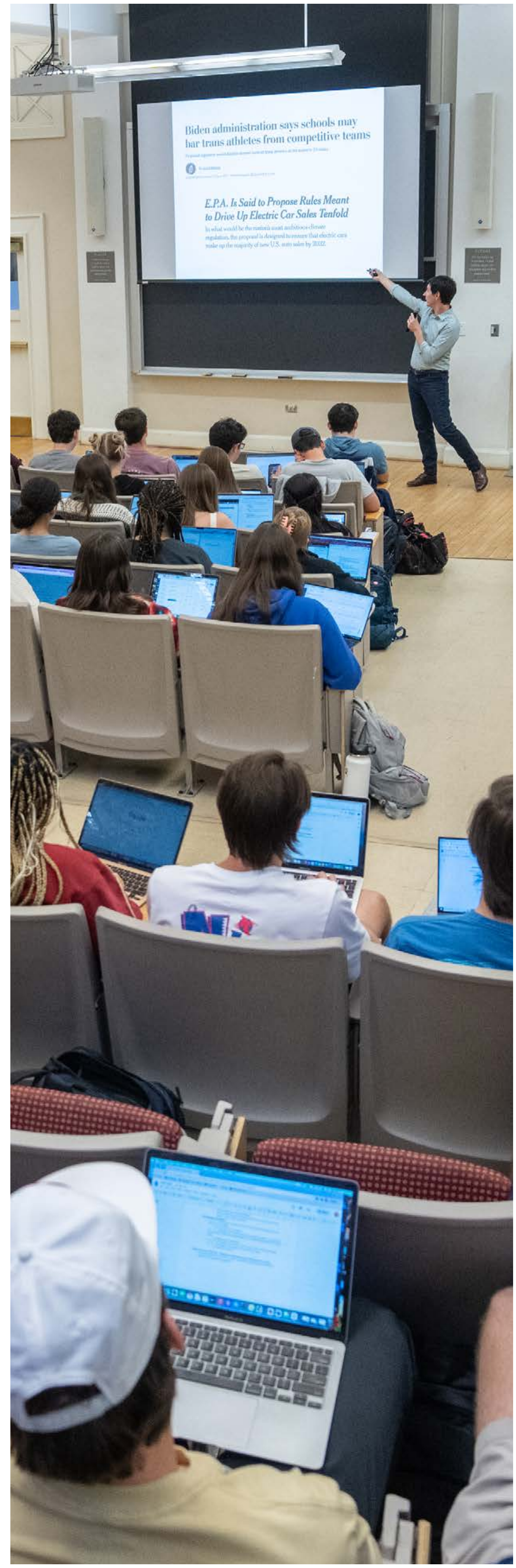
**Amounts have been restated to comply with the implementation of GASB 96 and error corrections.*

Increases in operating expenses are primarily driven by the increase in supplies and other services and compensation and benefits (including the Virginia Retirement System pension and OPEB accruals). The increase in supplies and services is driven by the higher patient volumes and cost inflation at the Medical Center. The increase in compensation is due to the rising cost of labor and the University and Medical Center offering a competitive compensation package to recruit and retain outstanding faculty and staff to successfully compete with peer institutions and nonacademic employers.

The following are graphic illustrations of expenses (both operating and nonoperating) for the fiscal year ended June 30, 2023.







The first chart presents information for the total University, including the Medical Center, while the second chart presents information for just the Academic and Wise divisions. In addition to their natural (object) classification, it is also informative to review operating expenses by function.

A complete matrix of expenses, natural versus functional, is contained in Note 10 of the Notes to the Financial Statements. Expenses for core mission functions of patient services, instruction and research account for 76.6 percent of total operating expenses. The remainder is for support costs of these core mission functions and includes academic support, libraries, student services, institutional support services, and operation and maintenance of facilities.

Economic Outlook

Through a combination of strategic planning, conservative capital deployment, and prudent management of major sector risks, the University effectively navigated economic uncertainties in fiscal year 2023 while continuing to show positive financial results in challenging conditions. With geopolitical uncertainty high combined with an ongoing inflationary environment, fiscal year 2024 will require similar strategic resource allocation and continued prudent fiscal management.

As we enter fiscal 2024, UVA faces potential headwinds from weakness in the overall economy and shifts in the labor market. Fortunately, the University's size conveys an advantage in managing these issues, and its stellar reputation allows it to sustain enrollment demand despite the national decline in the college-age population. This financial stability is also undergirded by strong philanthropic support, a growing research portfolio, and the size and performance of the endowment. Combined with prudent financial management, the University's numerous strengths provide a competitive advantage relative to its peers, and well position the institution to pursue President Jim Ryan's vision for education, patient care, research, and service, and achieve the objectives of UVA's 2030 "Great and Good" strategic plan.

Most economists now appear less pessimistic about the odds of a severe recession in the upcoming year than they were in 2022 forecasts. One reason is the perception that the Federal Reserve hiking cycle is close to concluding. This continuing higher rate environment appears to be having the intended effect of cooling inflation, albeit with a time lag, with the Consumer Price Index down to 3.7 percent in August of 2023 from 9.1 percent in June of the prior year. Economists surmise that less aggressive Federal Reserve action will be necessary given the rapid rise in Treasury bond interest rates and the cooling of what some considered to be an overheated labor market. This combination of factors, along with other inflationary pressures, underscores the importance of active fiscal management and sound deployment of resources.

Despite the environment, all three major credit rating agencies continue to assign the University of Virginia their highest rating (AAA/Stable), citing ongoing prudent fiscal management, strong governance, and effective enterprise risk management. Historically strong financial performance, ongoing increased philanthropy, exceptional financial resources, and impressive student demand anchor the institution's sound position and warrant the top credit rating. Revenue growth at the UVA Medical Center and UVA Community Health, powered by strategic acquisitions and a rebound in patient volumes, effectively counters current sector-wide trends and helps support the exceptional AAA credit rating.

Moody's and Standard & Poor's both cite the institution's strong financial resources, diverse revenue streams, and strong governance as critical contributors to the rating. All indications point to fiscal year 2024 being no different for UVA's financial performance, with strong enrollment demand in the Academic Division and continued growth at the Medical Center. UVA's record-setting Fall 2023 application statistics demonstrate continuing high demand for its unique student experience, even while other institutions were pressured by decreasing demand from the enrollment cliff. The University received a record 56,439 applications for the 2023 school year, offering admission to 9,190 applicants, for a record low rate of 16.2 percent.

The Academic Division's six-year financial plan, submitted to the Commonwealth in the summer of 2023, addressed inflationary impacts on the cost of labor, utilities, and operations and emphasized an increased focus on sponsored research activities. The University reduced costs and increased operational efficiency through the implementation of a new Workday financial ERP platform in July 2022.

The Medical Center's efforts to achieve back-office efficiency and workforce improvement have stabilized its cash flow. A strategic investment in Riverside Health in July 2023 added to synergies already being realized between the Medical Center and UVA Community Health. These financial strategies and operational decisions resulted in net positive positions for both the Academic Division and the Medical Center for fiscal year 2023.

In addition to strong enrollment statistics, the University's philanthropic efforts continued to exceed expectations and contribute to the positive balance sheet. The Honor the Future campaign accelerated, reflecting the remarkable generosity of alumni, parents, and other donors and showcasing their unwavering support and dedication to furthering UVA's strategic goals. Donor commitments for FY2023 reached an impressive $550 million, surpassing the annual fundraising target of $500 million. As of September 2023, the campaign has raised over $4.8 billion, reaching 96 percent of the $5 billion goal.

In sector-specific forecasts, Moody's currently maintains a negative outlook on the educational sector, citing muted revenue growth, rising expenses, and decreasing federal funding. Moody's slightly improved its FY2024 outlook for the nonprofit healthcare sector, pointing to increased patient volumes as its main driver. Most nonprofit healthcare providers, however, are still dealing with compressed cash flows and increased labor costs, which are offsetting any enhanced revenue from patient volume. In addition, the rising cost of capital has constrained borrowing ability and reduced overall liquidity, a problem acutely felt given the ongoing need for major physical plant improvements in both the higher education and healthcare sectors. In light of these stressors, many experts believe that a recession could accelerate consolidation in both the non-profit healthcare and higher education sectors. In fact, several small institutions were acquired in the first half of the fiscal year, demonstrating that higher education is not immune to the merger-and-acquisition activity traditionally seen only in for-profit industries.

Governmental funding risk can often be a fiscal headwind in public higher education, but the Commonwealth of Virginia is on solid fiscal footing and continues to be supportive of its public institutions. The Commonwealth ended FY2023 with tax revenues $3 billion above its official forecast, resulting in $5.1 billion surplus. This healthy fiscal positioning allowed the state to increase funding for UVA, including additional operating funds and incremental support for student aid, notwithstanding continuing expectations to strictly limit tuition increases.

The University did not participate in capital market transactions during FY2023 because the proceeds raised in early 2022 – $400 million of 30-year tax exempt bonds at 2.18 percent interest –sufficiently funded its billion-dollar capital improvement budget. In addition to bond issuance and state funding, many University capital projects have substantial philanthropic support, including the Ivy Corridor expansion, the Karsh Institute for Democracy, the McIntire School of Commerce Shumway Hall, the School of Data Science, and several athletic facility enhancements. Major gifts also support research initiatives. For instance, the Paul and Diane Manning Institute of Biotechnology project in Fontaine Research Park is anchored by $100 million in philanthropy supplemented by funding from the Commonwealth. Once completed, these research-oriented projects will drive innovation and serve as engines of economic growth at both the local and state levels.

The University of Virginia is positioned well to weather the economic uncertainties that lie ahead in fiscal year 2024 and beyond, leveraging its depth and breadth of resources, diverse revenue mix, strong governance, and prudent fiscal management.

UNIVERSITY OF VIRGINIA
STATEMENT OF NET POSITION *(in thousands)*

AS OF JUNE 30, 2023 (WITH COMPARATIVE INFORMATION AS OF JUNE 30, 2022)

	2023	2022 AS RESTATED
ASSETS		
Current assets		
Cash and cash equivalents (Note 2)	$ 184,917	$ 338,167
Short-term investments (Note 2)	168,014	131,949
Appropriations available	59,324	18,767
Accounts receivable, net (Note 3a)	530,542	470,730
Due from component units	119,780	57,183
Prepaid expenses	25,844	26,758
Inventories	69,484	56,996
Notes receivable, net (Note 3b)	4,027	4,595
Pledges and other receivable, net (Note 3c)	56,919	48,867
Total current assets	**1,218,851**	**1,154,012**
Noncurrent assets		
Cash and cash equivalents (Note 2)	525,215	688,035
Long-term investments (Note 2)	3,617,407	3,577,556
Endowment (Note 2)	6,996,261	7,037,167
Notes receivable, net (Note 3b)	26,710	26,606
Pledges and other receivables, net (Note 3c)	207,478	162,372
Capital assets - nondepreciable, net (Note 3d)	691,494	450,466
Capital assets - other, net (Note 3d)	4,449,767	4,498,986
Equity in affiliated companies (Note 7)	49,420	81,232
OPEB asset (Note 13)	21,740	26,074
Other (Note 3e)	101,341	93,427
Total noncurrent assets	**16,686,833**	**16,641,921**
DEFERRED OUTFLOWS OF RESOURCES (Note 3f)	**130,888**	**159,264**
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 18,036,572**	**$ 17,955,197**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 3g)	$ 485,490	$ 474,839
Due to component units	93,955	35,780
Unearned revenue (Note 3h)	66,502	84,874
Deposits held in custody for others	11,771	8,515
Long-term debt - current portion (Note 5a)	4,243	3,886
Long-term liabilities - current portion (Note 5b)	158,689	173,408
Total current liabilities	**820,650**	**781,302**
Noncurrent liabilities		
Long-term debt (Note 5a)	3,339,907	3,348,251
Notes payable due to component units	8,510	8,510
Derivative instrument liability (Note 6)	12,619	17,003
Net pension liability (Note 12)	385,339	318,126
OPEB liability (Note 13)	193,596	248,333
Other noncurrent liabilities (Note 5b)	327,829	316,035
Total noncurrent liabilities	**4,267,800**	**4,256,258**
DEFERRED INFLOWS OF RESOURCES (Note 3i)	**367,987**	**530,047**
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**$ 5,456,437**	**$ 5,567,607**
NET POSITION		
Net investment in capital assets	$ 2,301,709	$ 2,156,188
Restricted:		
Nonexpendable	1,357,154	1,257,874
Expendable	4,832,376	4,766,716
Unrestricted	4,088,896	4,206,812
TOTAL NET POSITION	**$ 12,580,135**	**$ 12,387,590**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	**$ 18,036,572**	**$ 17,955,197**

Certain 2022 amounts have been restated to conform to 2023 classifications and restated to comply with GASB 96 and correction of an error. See Note 1 for more information.

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

UNIVERSITY OF VIRGINIA
COMPONENT UNITS, COMBINED STATEMENT OF FINANCIAL POSITION *(in thousands)*

AS OF JUNE 30, 2023 (WITH COMPARATIVE INFORMATION AS OF JUNE 30, 2022)

	2023	2022 AS RESTATED
ASSETS		
Current assets		
Cash and cash equivalents	$ 261,216	$ 306,955
Accounts receivable, net	156,670	148,079
Due from University of Virginia	93,955	35,780
Short-term investments	598,470	558,565
Other current assets	9,232	12,204
Total current assets	1,119,543	1,061,583
Noncurrent assets		
Notes receivable from University of Virginia	$ 8,510	$ 8,510
Pledges receivable, net	121,967	127,575
Long-term investments	13,632,668	13,524,271
Capital assets, net of depreciation and amortization	609,389	561,066
Other noncurrent assets	186,477	108,115
Total noncurrent assets	14,559,011	14,329,537
TOTAL ASSETS	$ 15,678,554	$ 15,391,120
LIABILITIES AND NET ASSETS		
Current liabilities		
Due to University of Virginia	$ 119,780	$ 57,183
Assets held in trust for others	147,996	136,808
Other liabilities	353,576	212,765
Total current liabilities	621,352	406,756
Noncurrent liabilities		
Long-term debt, net of debt issuance cost and current portion of $8,050 and $4,628	317,907	259,397
Other noncurrent liabilities	11,410,952	11,431,973
Total noncurrent liabilities	11,728,859	11,691,370
TOTAL LIABILITIES	$ 12,350,211	$ 12,098,126
NET ASSETS		
Unrestricted	$ 756,587	$ 706,978
Temporarily restricted	1,334,509	1,421,751
Permanently restricted	1,237,247	1,164,265
TOTAL NET ASSETS	$ 3,328,343	$ 3,292,994
TOTAL LIABILITIES AND NET ASSETS	$ 15,678,554	$ 15,391,120

Certain 2022 amounts have been restated due to correction of an error. See Note 1 for more information.

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

UNIVERSITY OF VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION *(in thousands)*

AS OF JUNE 30, 2023 (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

	2023	2022
CUSTODIAL FUND ASSETS		
Noncurrent assets		
Long-term investments	$ 26,062	$ 25,950
Total noncurrent assets	**26,062**	**25,950**
TOTAL ASSETS	**$ 26,062**	**$ 25,950**
CUSTODIAL FUND LIABILITIES		
Current liabilities		
Distributions Payable	$ 1,080	$ 1,033
Total current liabilities	**1,080**	**1,033**
TOTAL LIABILITIES	**$ 1,080**	**$ 1,033**
CUSTODIAL FUND NET POSITION		
Restricted for outside organizations	$ 24,982	$ 24,917
TOTAL CUSTODIAL FUND NET POSITION	**$ 24,982**	**$ 24,917**
TOTAL CUSTODIAL FUND LIABILITIES AND NET POSITION	**$ 26,062**	**$ 25,950**

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

UNIVERSITY OF VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION *(in thousands)*

FOR THE YEAR ENDED JUNE 30, 2023 (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

	2023	2022 AS RESTATED
REVENUES		
Operating revenues		
Student tuition and fees, net of scholarship allowances of $188,401 and $175,769	$ 690,969	$ 668,557
Patient services, net of charity care and contractual adjustments of $6,531,888 and $5,719,874	2,902,577	2,569,317
Federal grants and contracts	380,315	359,764
State and local grants and contracts	10,459	10,658
Nongovernmental grants and contracts	61,795	73,253
Sales and services of educational departments	36,240	10,209
Auxiliary enterprises revenue, net of scholarship allowances of $24,953 and $21,560	157,383	158,263
Other operating revenues	89,901	102,880
TOTAL OPERATING REVENUES	**4,329,639**	**3,952,901**
EXPENSES		
Operating expenses (Note 10)		
Compensation and benefits	2,474,726	2,279,089
Supplies and other services	2,011,257	1,687,591
Student aid	127,417	128,012
Depreciation and amortization	361,985	359,750
Other	15,811	10,197
TOTAL OPERATING EXPENSES	**4,991,196**	**4,464,639**
OPERATING LOSS	**(661,557)**	**(511,738)**
NONOPERATING REVENUES (EXPENSES)		
State appropriations (Note 11)	275,561	215,711
Gifts	231,662	210,477
Investment income (loss)	228,401	(506,527)
Pell grants	16,715	15,262
Nonoperating grants	3,044	54,214
Interest on capital asset-related debt	(127,083)	(129,183)
Build America Bonds rebate	9,193	8,097
(Losses) gains on capital assets	(333)	(2,447)
(Losses) gains from affiliated companies	(38,570)	(10,427)
Other net nonoperating revenues (expenses)	(7,693)	6,173
NET NONOPERATING REVENUES (EXPENSES)	**590,897**	**(138,650)**
(LOSS) INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	**(70,660)**	**(650,388)**
Capital appropriations	105,528	97,353
Capital grants and gifts	120,920	110,472
Additions to permanent endowments	36,757	47,477
TOTAL OTHER REVENUES	**263,205**	**255,302**
INCREASE (DECREASE) IN NET POSITION	**192,545**	**(395,086)**
NET POSITION		
Net position - beginning of year as restated	12,387,590	12,757,203
Error corrections (Note 1)	-	25,473
NET POSITION - BEGINNING OF YEAR AS RESTATED	**12,387,590**	**12,782,676**
NET POSITION - END OF YEAR	**$ 12,580,135**	**$ 12,387,590**

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

Certain 2022 amounts have been restated to conform to 2023 classifications and restated to comply with GASB 96 and correction of an error. See Note 1 for more information.

UNIVERSITY OF VIRGINIA
COMPONENT UNITS, COMBINED STATEMENT OF ACTIVITIES *(in thousands)*

FOR THE YEAR ENDED JUNE 30, 2023 (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

	2023	2022 AS RESTATED
UNRESTRICTED REVENUES AND SUPPORT		
Contributions	$ 35,865	$ 37,420
Fees for services, rentals and sales	584,767	546,456
Investment income	64,429	7,151
Reclassification per donor stipulation	(204)	(1,046)
Net assets released from restriction	215,016	173,987
Other revenues	161,926	154,546
TOTAL UNRESTRICTED REVENUES AND SUPPORT	**1,061,799**	**918,514**
EXPENSES		
Program services, lectures and special events	687,518	645,129
Scholarships and financial aid	107,018	88,660
Management and general	57,257	45,923
Other expenses	160,225	117,545
TOTAL EXPENSES	**1,012,018**	**897,257**
EXCESS (DEFICIENCY) OF UNRESTRICTED REVENUES AND SUPPORT OVER EXPENSES	**49,781**	**21,257**
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	92,637	87,386
Investment and other income (loss)	34,999	(96,753)
Net assets released from restriction	(215,049)	(174,015)
Other	-	(4,143)
NET CHANGES IN TEMPORARILY RESTRICTED NET ASSETS	**(87,413)**	**(187,525)**
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS		
Contributions	71,281	89,706
Investment and other income (loss)	1,463	(17,665)
Reclassification per donor stipulation	204	1,046
Net assets released from restriction	33	28
Other	-	(1,827)
NET CHANGES IN PERMANENTLY RESTRICTED NET ASSETS	**72,981**	**71,288**
CHANGES IN NET ASSETS	**35,349**	**(94,980)**
Net assets - beginning of year	3,292,994	3,387,974
NET ASSETS - END OF YEAR	**$ 3,328,343**	**$ 3,292,994**

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

Certain 2022 amounts have been restated due to correction of an error. See Note 1 for more information.

UNIVERSITY OF VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION *(in thousands)*

FOR THE YEAR ENDED JUNE 30, 2023 (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

	2023	2022
ADDITIONS		
Investment income		
Net increase in fair value of investments	$ 558	$ (1,225)
Less: Investment fees	(62)	(60)
Net investment income	**496**	**(1,285)**
Participant contributions	649	277
TOTAL ADDITIONS	**1,145**	**(1,008)**
DEDUCTIONS		
Annual distribution to participants	1,080	1,033
TOTAL DEDUCTIONS	**1,080**	**1,033**
INCREASE (DECREASE) IN FIDUCIARY NET POSITION	**65**	**(2,041)**
NET POSITION		
NET POSITION - BEGINNING OF YEAR	**24,917**	**26,958**
NET POSITION - END OF YEAR	**$ 24,982**	**$ 24,917**

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

UNIVERSITY OF VIRGINIA
STATEMENT OF CASH FLOWS *(in thousands)*

FOR THE YEAR ENDED JUNE 30, 2023 (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

	2023	2022 AS RESTATED
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 686,278	$ 669,229
Grants and contracts	412,443	440,869
Patient services	2,817,758	2,263,856
Sales and services of educational activities	35,146	16,888
Sales and services of auxiliary enterprises	151,779	154,711
Payments to employees and fringe benefits	(2,639,237)	(2,390,196)
Payments to vendors and suppliers	(1,987,644)	(1,665,657)
Federal Direct Loan Program receipts	135,185	135,334
Federal Direct Loan Program payments	(135,185)	(135,334)
Payments for scholarships and fellowships	(127,417)	(128,012)
Perkins and other loans issued to students	(3,853)	(8,120)
Collection of Perkins and other loans to students	3,895	7,341
Other receipts	45,273	93,539
NET CASH USED BY OPERATING ACTIVITIES	**(605,579)**	**(545,552)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	235,012	215,568
Additions to permanent endowments	36,757	47,477
Pell grants	16,715	15,262
Nonoperating grants	10,585	47,984
Deposits held in custody for others	3,254	7,221
Noncapital gifts and grants and endowments received	258,512	207,587
Other net nonoperating revenues (expenses)	21,619	(31,619)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	**582,454**	**509,480**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital appropriations	105,528	97,603
Capital gifts and grants received	54,914	133,959
Proceeds from capital debt	-	408,510
Acquisition and construction of capital assets	(470,804)	(592,622)
Principal paid on capital debt and leases	(53,499)	(54,789)
Interest paid on capital debt and leases	(120,321)	(108,587)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	**(484,182)**	**(115,926)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	1,606,529	1,633,423
Interest on investments	14,553	4,932
Purchase of investments and related fees	(1,431,813)	(1,347,817)
Other investment activities	1,968	(441)
NET CASH PROVIDED BY INVESTING ACTIVITIES	**191,237**	**290,097**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(316,070)**	**138,099**
Cash and cash equivalents - beginning of year	1,026,202	888,103
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 710,132**	**$ 1,026,202**

Certain 2022 amounts have been restated to comply with GASB 96 and correction of an error. See Note 1 for more information.

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

UNIVERSITY OF VIRGINIA
STATEMENT OF CASH FLOWS, CONTINUED *(in thousands)*

FOR THE YEAR ENDED JUNE 30, 2023 (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

	2023	2022 AS RESTATED
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	$ (661,557)	$ (511,738)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization expense	361,985	359,750
Changes in assets, liabilities, deferred outflows and deferred inflows:		
Receivables, net	(147,246)	(84,125)
Inventories	(12,486)	(15,169)
OPEB asset	4,335	(8,962)
Prepaid expenses	914	(286)
Notes receivable, net	153	1,122
Investment in affiliated companies	-	(17,702)
Deferred outflows of resources	27,654	47,184
Accounts payable and accrued liabilities	26,400	(186,593)
Unearned revenue	(19,802)	7,388
Long-term liabilities	(29,127)	(31,775)
Net pension liability	67,213	(324,890)
OPEB liability	(60,149)	(10,765)
Deferred inflows of resources	(165,647)	230,498
Other assets and liabilities	1,781	511
TOTAL ADJUSTMENTS	**55,978**	**(33,814)**
NET CASH USED BY OPERATING ACTIVITIES	**$ (605,579)**	**$ 545,553**
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Assets acquired through assumption of a liability	$ 19,651	$ (2,538)
Long term leases used to finance capital assets	49,263	20,403
Long term subscriptions used to finance capital assets	41,016	-
Assets acquired through a gift	-	6
Change in fair value of investments	205,952	(501,825)
Increase in receivables related to nonoperating income	107,136	7,598
Gain (loss) on disposal of capital assets	3,485	(2,653)
Net loss in affiliated companies	(31,798)	(1,647)
Accrued interest added to principal	3,333	15,469
VRS and VaLORS Special Revenue Allocation	18,268	-
Noncash portion of acquisition	-	109,973
Amortization of bond premium	2,549	(1,710)
Change in payables related to other nonoperating revenues	(8,753)	-
Reduction in financed purchases	2,790	-

Certain 2022 amounts have been restated to comply with GASB 96 and correction of an error. See Note 1 for more information.

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

Notes *to* Financial Statements

Note 1

ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PURPOSE

The University of Virginia (the University) is an agency of the Commonwealth of Virginia (the Commonwealth) and is governed by the University's Board of Visitors (the Board). A separate report is prepared for the Commonwealth that includes all agencies, boards, commissions and authorities over which the Commonwealth exercises or can exercise oversight authority. The University is a discretely presented component unit of the Commonwealth and is included in its basic financial statements. The University consists of three divisions. The Academic Division and the University of Virginia's College at Wise (the College at Wise) generate and disseminate knowledge in the humanities, arts, and scientific and professional disciplines through instruction, research, and public service. The Medical Center Division (the Medical Center), along with its three blended component units — Community Medicine, LLC, Monticello Community Surgery Center, LLC, and University of Virginia Community Health — provides routine and ancillary patient services through a full-service hospital and clinics.

INCOME TAX STATUS

The University is an agency of the Commonwealth and is exempt from federal income tax under Section 115(a) of the Internal Revenue Code. The University's related organizations are 501(c)(3) organizations and are exempt from federal income tax under the Internal Revenue Code. Certain activities may be subject to taxation as unrelated business income per Internal Revenue Code requirements.

FINANCIAL REPORTING ENTITY

As required by generally accepted accounting principles in the United States of America (U.S. GAAP), the financial reporting entity includes both the University and all of its component units. The University's component units are either blended or discretely presented in the University's financial statements. The blended component units, although legally separate, are, in substance, part of the University's operations and, therefore, are reported as if they were part of the University. Discretely presented component units' financial data are reported in separate financial statements because of their use of different GAAP reporting models and to emphasize their separate legal status.

BLENDED COMPONENT UNITS

UVA Global, LLC, a 100 percent controlled subsidiary of the University, was organized to serve as the parent company to a wholly foreign-owned enterprise (the WFOE) in Shanghai, China. The purpose of UVA Global, LLC and its subsidiary, the WFOE, is to help promote and orchestrate the University's academic activities and operations in China in compliance with the legal structures permitted by the host country. Subsequently, an authorized representative has been appointed to act on behalf of the parent company and the University.

Community Medicine, LLC, was established as a limited liability corporation (LLC) under the laws of the Commonwealth to house physician practices. This model gives physicians an organizational structure that allows these physicians the opportunity to practice independently in a virtual private practice environment with all the risks and gains associated with an independent model. As an LLC, which is a wholly owned subsidiary of the Medical Center Division, Community Medicine is considered a disregarded entity for tax purposes and its financial activity is blended with the activity of the University.

Monticello Community Surgery Center, LLC, is an ambulatory surgery center where UVA and community physicians perform ambulatory surgical services. The Medical Center acquired 100 percent interest in Monticello Community Surgery Center on April 17, 2021 and is blended with the activity of the University.

University of Virginia Community Health was formed on July 1, 2021, when the University of Virginia Medical Center acquired the remaining 60 percent ownership of Novant Health University of Virginia Health System for $262 million; and renamed the health system University of Virginia Community Health. The health system consists of three community hospitals (Prince William, Haymarket, and Culpeper), a Medical Group, surgery centers, and ambulatory clinics. The Medical Center uses the consolidation method of accounting for Community Health. The Medical Center owns 100 percent of Community Health, and its financial activity is blended with the Medical Center.

DISCRETELY PRESENTED COMPONENT UNITS

The University has 23 legally separate, tax-exempt University-Associated Organizations (UAOs) operating in support of the interests of the University. These UAOs are not-for-profit corporations controlled by separate boards of directors. The University determined that the following nine UAOs qualify as component units of the University because of the nature and significance of their relationship with the University, including their ongoing financial support of its schools. As such, they are presented discretely in the financial statements as of and for the year ended June 30, 2023.

- University of Virginia Law School Foundation
- The College Foundation of the University of Virginia
- University of Virginia Darden School Foundation
- Alumni Association of the University of Virginia
- Jefferson Scholars Foundation
- Virginia Athletics Foundation
- University of Virginia Foundation
- University of Virginia Physicians Group
- University of Virginia Investment Management Company

The University also discretely presents University of Virginia Imaging, LLC, which was formed as an agreement between the Medical Center and Outpatient Imaging Affiliates of Virginia, LLC.

The component units' combined financial information is included in the accompanying financial statements. Condensed financial statements for each component unit are disclosed in Note 8. Information on the organization and nature of activities for each component unit follows.

The **University of Virginia Law School Foundation (Law School Foundation)** was established to foster the study and teaching of law at the University and to receive and administer funds for that purpose. It expends funds to support professorships, faculty benefits, financial aid, student activities and other academic programs within the University's Law School. For additional information, contact the Law School Foundation Treasurer's Office at Slaughter Hall, 580 Massie Road, Charlottesville, VA 22903.

The **College Foundation of the University of Virginia (College Foundation)** was formed to further the purposes and aspirations of the College and Graduate School of Arts and Sciences (the College) of the University. It accomplishes its purposes through fundraising and funds management efforts to benefit the College, its programs and other areas of the University. For additional information, contact the College Foundation at P.O. Box 400801, Charlottesville, VA 22904.

The **University of Virginia Darden School Foundation (Darden School Foundation)** was established to promote the advancement and further the aims and purposes of the Darden School of Business of the University and to provide education for business executives. For additional information, contact the Darden School Foundation at P.O. Box 6550, Charlottesville, VA 22906.

The **Alumni Association of the University of Virginia (Alumni Association)** was established to provide services to all alumni of the University, thereby assisting the University and all its students, faculty and administration in attaining the University's highest priority of achieving eminence as a center of higher learning. For additional information, contact the Alumni Foundation's Finance and Administration Office at P.O. Box 400314, Charlottesville, VA 22904.

The **Jefferson Scholars Foundation (JSF)** was established to develop and administer a merit-based scholarship, fellowship and professorship program. The mission of the JSF is to serve the University by identifying, attracting and nurturing individuals of extraordinary intellectual range and depth, who possess the highest concomitant qualities of leadership, scholarship and citizenship. For additional information, contact the JSF Finance Team at 112 Clarke Court, Charlottesville, VA 22903.

The **Virginia Student Aid Foundation, Inc., T/A Virginia Athletics Foundation (VAF)**, was established to support intercollegiate athletic programs at the University by providing student-athletes the opportunity to achieve academic and athletic excellence. It provides funding for student-athlete scholarships, funding for student-athlete academic advising programs, operational support for various sports, informational services to its members and the general public, and ancillary support to the athletic programs. VAF has adopted December 31 as its year end. All amounts reflected are as of December 31, 2022. For additional information, contact the VAF Gift Accounting Office at P.O. Box 400833, Charlottesville, VA 22904.

The **University of Virginia Foundation (UVAF)**, including the University of Virginia Real Estate Foundation, was established to provide administrative services to the University and supporting organizations; engage in any and all matters pertaining to real property for the benefit of the University; and use and administer gifts, grants and bequests, and devises for the benefit of the University. For additional information, contact the UVAF Financial Services Office at P.O. Box 400218, Charlottesville, VA 22904.

The **University of Virginia Physicians Group (UPG)** was established as a nonprofit group practice health care provider organization designed to assist medical education through teaching and research within the academic environment of the Health System of the University. It also strives to coordinate and develop superior patient care in the Health System. UPG entered into an affiliation agreement with the University for UPG, through its member clinical departments, to provide patient care at the Health System. UPG provides patient care services to Health System patients, and in conjunction with the care of patients, provides teaching services. The University provides space and certain administrative services to UPG, which reimburses the University for the salaries and fringe benefits of classified and hourly employees of the clinical departments paid by the University and not funded by the Commonwealth or by gifts, grants and contracts. For additional information, contact the UPG Finance Office at 100 Avon Street, Charlottesville, VA 22911.

The **University of Virginia Investment Management Company (UVIMCO)** was established to provide investment management services to the University and the UAOs. UVIMCO strives to generate exemplary investment returns to further the University's mission in perpetuity by providing support to current and future generations of students, faculty, staff, and patients. For additional information, contact UVIMCO at 701 East Water Street, 4th Floor, Charlottesville, VA 22902.

University of Virginia Imaging, LLC (UVI) was formed to operate an outpatient diagnostic imaging center to help respond to the need for radiology services in the Charlottesville area. The Medical Center currently operates an outpatient imaging department offering MRI, plain film radiography, fluoroscopy, and ultrasound in office space at the Fontaine Research Park, and the Zions Crossroads facility. UVI provides services to outpatients from the Medical Center's primary and secondary service areas. Since the Medical Center owns 80 percent of UVI and it does not meet the definition of an investment under GASB 72, UVI is considered a component unit.

REPORTING BASIS AND MEASUREMENT FOCUS

The University prepares its financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP). As a public institution, the University adheres to standards promulgated by the Governmental Accounting Standards Board (GASB). In accordance with GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, the University has elected to report as an entity engaged in business-type activities. Entities engaged in business-type activities are financed in whole, or in part, by fees charged to external parties for goods and services. Statement No. 34 establishes standards for external financial reporting for public colleges and universities.

The University also follows GASB Statement No. 84, *Fiduciary Activities* for activities that meet the fiduciary activity criteria defined by GASB. Fiduciary activities are those activities that state and local governments carry out for the benefit of individuals or other agencies outside the government. The University's fiduciary activities are presented in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.

The accompanying financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues, including all exchange and nonexchange transactions, are recorded when earned, and expenses are recorded when incurred and measurable, regardless of when the related cash flows take place. In accordance with GASB requirements, revenues from nonexchange transactions are recognized in the fiscal year in which all eligibility requirements (resource provider conditions) have been satisfied, if measurable and probable of collection.

The component units included herein follow the pronouncements of the Financial Accounting Standards Board (FASB). Their separately published financial statements are presented in accordance with those standards and use the full accrual basis of accounting.

FAIR VALUE MEASUREMENTS

The University follows the guidance in GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value and establishes guidelines and a framework for measuring fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The University categorizes its fair value measurements within the fair value hierarchy established by Statement No. 72. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 – Inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets as of the reporting date.

Level 2 – Inputs are observable, for example, for quoted prices for similar assets or liabilities in active markets or for identical assets or liabilities in inactive markets.

Level 3 – Inputs are unobservable, reflecting the assumptions of management and are significant to the fair value measurement.

The University establishes the fair value of its investments in investment funds that do not have a readily determinable fair value by using net asset value (NAV) per share (or its equivalent) as reported by the external fund manager when NAV per share is calculated as of the measurement date in a manner consistent with the FASB's measurement principles for investment companies. These investments are not reported in the fair value hierarchy.

CASH AND CASH EQUIVALENTS

In addition to cash on deposit in commercial bank accounts, petty cash and undeposited receipts, cash and cash equivalents include cash on deposit with fiscal agents and investments with original maturities of ninety days or less. Substantially all cash is concentrated in accounts in which balances exceed Federal Deposit Insurance Corporation (FDIC) insurance limits. Money market instruments are valued at amortized costs.

INVESTMENTS

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as modified by GASB Statement No. 59, *Financial Instruments Omnibus*, and GASB Statement No. 72, *Fair Value Measurement and Application* require that purchased investments, interest-bearing temporary investments classified with cash, and investments received as gifts be recorded at fair value (See Note 2). Changes in unrealized gains and losses on the carrying value of the investments are reported as part of investment income on the Statement of Revenues, Expenses, and Changes in Net Position.

PLEDGES RECEIVABLE

The University receives pledges and bequests of financial support from corporations, foundations, and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements, including time requirements, have been met. In the absence of such a promise, revenue is recognized when the gift is received. Endowment pledges do not meet eligibility requirements, as defined by GASB standards, and are not recorded as assets until the related gift is received.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the years in which the promises are made, commensurate with expected future payments. An allowance for uncollectible pledges receivable is determined based on management's judgment of potentially uncollectible amounts. The determination includes such factors as prior collection history and the type of gift.

LEASES RECEIVABLE

As of June 30, 2023, the University has entered into various contracts as the lessor for land, building, and residential space. The initial duration of the agreements range between two and sixty years. The University's lease receivable is measured at the present value of lease payments expected to be received during the lease term.

For the year ended June 30, 2023 the University recognized $5.3 million in current and noncurrent receivables related to these agreements. Total revenue recognized in fiscal year 2023 was equal to $150,022.

PREPAID EXPENSES

Prepaid expenses are items paid for in the current year, but for which the underlying asset will not be entirely consumed until a future period. The University's prepaid expenses for fiscal year ended June 30, 2023, included prepaid insurance premiums, various prepayments to vendors, and prepaid rent.

INVENTORIES

Inventories, consisting primarily of supplies and merchandise for resale, are valued at the lower of cost (generally determined on the weighted average method) or market value.

CAPITAL ASSETS AND DEPRECIATION

Capital assets are recorded at cost on the date of acquisition or, if donated, at the acquisition value on the date of donation. Capital assets are depreciated or amortized on a straight-line basis over their estimated useful lives unless they are inexhaustible or are intangible assets with indefinite useful lives. The University capitalizes construction costs that have a value or cost in excess of $250,000 on the date of acquisition. Renovations in excess of $250,000 are capitalized if they significantly extend the useful life of the existing asset. The Academic Division and the College at Wise capitalize moveable equipment at a value or cost of $5,000 and an expected useful life of greater than one year.

The Medical Center capitalizes moveable equipment at a value or cost of $2,000 and an expected useful life of two or more years. Maintenance or renovation expenditures of $250,000 or more are capitalized only to the extent that such expenditures prolong the life of the asset or otherwise enhance its capacity to render service.

Expenditures related to construction are capitalized as they are incurred. Projects that have not been completed as of the date of the Statement of Net Position are classified as Construction in Progress.

Capital assets, such as roads, parking lots, sidewalks, and other nonbuilding structures and improvements, are capitalized as infrastructure and depreciated accordingly.

In accordance with GASB standards, the University capitalizes intangible assets such as computer software developed or obtained for internal use, easements, patents, and trademarks. Capitalization begins when the asset is considered identifiable. For computer software, this is often at the application development stage, which consists of the design, coding, installation, and testing of the software and interfaces.

The estimated useful lives of capital assets are as follows:

ASSETS	YEARS
Buildings, improvements other than buildings and infrastructure	10-50
Equipment	3-20
Intangible assets	5-20
Library books	10

RIGHT-TO-USE ASSETS, LIABILITIES, AND AMORTIZATION

The University has recorded right to use lease assets for land, building space, and equipment. The right to use assets are initially measured at an amount equal to the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease. The University capitalizes leases that have a value or cost in excess of $50,000.

Additionally, the University has recorded subscription-based information technology arrangement assets for contracts that convey control of the right to use a third party's information technology software. These assets are initially measured at an amount equal to the related liability plus any payments made at or prior to the subscription term and capitalizable implementation costs, less vendor incentives. The subscription assets are amortized on a straight-line basis over the life of the subscription term. The University capitalizes subscription-based information technology arrangements that have a value or cost in excess of $50,000.

PUBLIC-PRIVATE AND PUBLIC-PUBLIC PARTNERSHIPS

The University is a party to a limited number of public-private partnerships (PPP). A PPP is an arrangement in which the University contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as a building or other capital asset, for a period of time. Variable payments and other inflows of resources under PPP arrangements are not included in the measurement of the related assets and deferred inflows of resources. Variable inflows amount to $7.7 million for the period ended June 30, 2023.

COLLECTIONS

The University does not capitalize works of art or historical treasures that are held for exhibition, education, research and public service. These collections are protected and preserved, neither disposed of for financial gain, nor encumbered by any means. Accordingly, such collections are not recognized as assets for financial statement purposes.

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources are a consumption of net assets that are applicable to a future reporting period and increase net position similar to assets.

DEPOSITS

Deposits held in custody for others represent cash and invested funds held by the University on behalf of various groups and organizations.

UNEARNED REVENUE

Unearned revenue consists primarily of cash received from grant and contract sponsors that has not been earned under the terms of the agreement, and amounts received in advance of an event, such as student tuition and fees as well as fees for housing and dining services.

COMPENSATED ABSENCES

The amount of leave earned but not taken by nonfaculty salaried employees is recorded as a liability on the Statement of Net Position. The amount reflects, as of June 30, 2023, all unused vacation leave, and the amount payable upon termination under the Commonwealth's sick leave payout policy. The applicable share of employer-related taxes payable on the eventual termination payments is also included.

LONG-TERM DEBT AND DEBT ISSUANCE COSTS

Long-term debt on the Statement of Net Position is reported net of related discounts and premiums, which are amortized over the life of the debt. Debt issuance costs, except portions related to prepaid insurance, are expensed as nonoperating expenses.

PENSIONS

The Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' System (VaLORS) Retirement Plan are single employer pension plans that are treated like cost-sharing plans for financial reporting purposes. For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the VRS State Employee Retirement Plan and the VaLORS Retirement Plan, and the additions to/deductions from the VRS State Employee Retirement Plan's and the VaLORS Retirement Plan's net fiduciary position, have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments held by VRS are reported at fair value.

Full-time faculty and certain administrative staff may participate in defined contribution Optional Retirement Plans established by the University. University of Virginia employees must elect to be in the Optional Retirement Plan (ORP) within sixty days of becoming eligible. Medical Center employees are automatically placed in the Medical Center Retirement Program (MCRP), but may elect to continue in the VRS if they were already a participant prior to becoming eligible for the MCRP. Distributions from both the ORP and MCRP are made in accordance with Code Section 401(a)(9). Transactions and account balances are based on fair market value determined by Fidelity or TIAA-CREF.

OTHER POSTEMPLOYMENT BENEFITS

The University participates in other postemployment benefit (OPEB) programs that are sponsored by the Commonwealth and administered by the VRS. These programs include the Group Life Insurance Program, Virginia Sickness and Disability Plan, Retiree Health Insurance Credit Program, and Line of Duty Act Program.

Group Life Insurance
The VRS Group Life Insurance (GLI) program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI program was was established pursuant to §51.1-500 et seq. of the *Code of Virginia*,

as amended, which provides the authority under which benefit terms are established or may be amended. The GLI program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI Program OPEB, and GLI program OPEB expense, information about the fiduciary net position of the VRS GLI program OPEB and the additions to/deductions from the VRS GLI program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

State Employee Health Insurance Credit Program

The VRS State Employee Health Insurance Credit (HIC) program is a single employer plan that is presented as a multiple-employer, cost-sharing plan. The HIC program was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, which provides the authority under which benefit terms are established or may be amended. The HIC program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired state employees. For purposes of measuring the net HIC program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the HIC program OPEB, and the HIC program OPEB expense, information about the fiduciary net position of the VRS HIC program; and the additions to/ deductions from the VRS HIC program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Line of Duty Act Program

The VRS Line of Duty Act (LODA) program is a multiple-employer, cost-sharing plan. The LODA program was established pursuant to §9.1-400 et seq. of the *Code of Virginia*, as amended, which provides the authority under which benefit terms are established or may be amended. The LODA program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. For purposes of measuring the net LODA program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the LODA program OPEB, and LODA program OPEB expense, information about the fiduciary net position of the VRS LODA program OPEB plan and the additions to/ deductions from the VRS LODA program OPEB plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

VRS Disability Insurance Program

The VRS Virginia Sickness and Disability Program (VSDP) is a single employer plan that is presented as a multiple-employer, cost-sharing plan. The VSDP was established pursuant to §51.1-1100 et seq. of the *Code of Virginia*, as amended, which provides the authority under which benefit terms are established or may be amended. The VSDP is a managed care program that provides sick, family and personal leave and short-term and long-term disability benefits for state police officers, state employees, and VaLORS employees. For purposes of measuring the net VSDP OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to the VSDP OPEB, and VSDP OPEB expense, information about the fiduciary net position of the VRS VSDP OPEB plan and the additions to/deductions from the VRS Disability Insurance Program OPEB plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

University OPEB Plans

The University provides Optional Retirement Retiree Life Insurance OPEB that is not part of the Commonwealth-provided OPEB plans. This is a defined benefit plan not administered through a trust as defined in GASB Statement No. 75. The University's total OPEB liability, deferred outflows of resources related to OPEB, deferred inflows of resources related to OPEB, and OPEB expense are recognized and measured in accordance with the parameters of GASB Statement No.75. There are currently no assets accumulated in a trust for the University administered OPEB.

Until January 1, 2022, the University also provided a Retiree Health Plan OPEB. Retirees now enroll in their health coverage through a private exchange instead of through the UVA Health Plan. The University now pays nothing towards the retirees' premiums and any claims are by paid by the private insurance. Accordingly, this change in the plan terms is reflected as a $47 million reduction to the OPEB liability of the University as of June 30, 2023.

IRREVOCABLE SPLIT-INTEREST AGREEMENTS

The University serves as the trustee for gift assets where there is a requirement that an annual distribution is made to specified beneficiaries. The fair value of trust assets, the liability for the obligation to the beneficiaries, and deferred inflows to the University are recorded in accordance with GASB Statement No. 81, *Irrevocable Split Interest Agreements*.

Additionally, the University shares beneficial interests with at least one other beneficiary in various trusts managed by third parties. The University recognizes an asset and a deferred inflow of resources when the University becomes aware of the agreement, has sufficient information to measure the beneficial interest, and the asset meets the specified criteria in GASB Statement No. 81. The assets are measured at fair value and remeasured at each financial reporting date, with the change being reflected in the related deferred inflow of resources.

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources are an acquisition of net assets that are applicable to a future reporting period and decrease net position similar to liabilities.

NET POSITION

The University's net position is required to be classified for accounting and reporting purposes into the following categories:

Net Investment in Capital Assets. This category represents all of the University's capital assets, net of accumulated depreciation and amortization, reduced by outstanding debt attributable to the acquisition, construction or improvement of those assets.

Restricted. The University classifies the net position resulting from transactions with purpose restrictions as restricted net position until the specific resources are used for the required purpose, or for as long as the provider requires the resources to remain intact.

> ***Nonexpendable.*** The net position subject to externally imposed restrictions, which must be retained in perpetuity by the University, is classified as nonexpendable net position. This includes the corpus portion (historical value) of gifts to the University's permanent endowment funds and certain investment earnings stipulated by the donor to be reinvested.

Expendable. The University's net position subject to externally imposed restrictions that can be fulfilled by actions of the University pursuant to those restrictions or that expire by the passage of time is classified as expendable net position. This includes net appreciation of the University's permanent endowment funds that has not been stipulated by the donor to be reinvested permanently.

Unrestricted. The net position that is neither restricted nor invested in capital assets, net of related debt, is classified as unrestricted net position. The University's unrestricted net position may be designated for specific purposes by the Board. Substantially all of the University's unrestricted net position is allocated for academic and research initiatives or programs, for capital programs, or for other purposes.

Expenses are charged to either restricted or unrestricted net position based on a variety of factors, including consideration of prior and future revenue sources, the type of expenditure incurred, the University's budgetary policies surrounding the various revenue sources, and whether the expense is a recurring cost.

FIDUCIARY NET POSITION

The University's fiduciary net position is required to be classified for accounting and reporting purposes into pension and other employee benefit trust funds, investment trust funds, private-purpose trust funds, or custodial funds. All of the fiduciary funds of the University are classified as custodial funds and include investments on behalf of other entities in UVIMCO and all related activity. These investments are not held in a trust that meets the criteria in paragraph 11c(1) in GASB Statement No. 84, *Fiduciary Activities*, and therefore represent external investment pool funds within the custodial fund classification.

The provisions of GASB Statement No. 84 were not applied to items that were considered by the University to be immaterial.

STUDENT TUITION AND FEES

Student tuition and fees are presented net of scholarships, discounts and fellowships applied to student accounts. Scholarship discount and allowance is the difference between the stated charge for goods and services provided by the University and the amount paid by students and/or third parties making payments on the students' behalf.

MEDICAL CENTER SALES AND SERVICE

A significant portion of the Medical Center services is rendered to patients covered by Medicare, Medicaid or other third-party payors. The Medical Center has entered into contractual agreements with these third parties to accept payment for services in amounts less than scheduled charges.

Certain annual settlements of amounts due for Medical Center services covered by third parties are determined through cost reports that are subject to audit and retroactive adjustment by the third parties. Provisions for possible adjustments of cost reports have been estimated and reflected in the accompanying financial statements. Since the determination of cost reimbursement settlements of amounts earned in prior years has been based on reasonable estimation, the difference in any year between the originally estimated amount and the final determination is reported in the year of determination.

REVENUE AND EXPENSE CLASSIFICATIONS

The University's policy for defining operating activities as reported on the Statement of Revenues, Expenses and Changes in Net Position are those that generally result from activities having the characteristics of exchange transactions, meaning revenues are received in exchange for goods and services. Operating revenues include student tuition and fees, net of scholarship discounts and allowances; sales and services from Medical Center, net of charity care allowances; educational activities and auxiliary enterprises, net of scholarship discounts and allowances; and federal, state, local and nongovernmental grants and contracts. With the exception of interest expense and losses on the disposal of capital assets, all expense transactions are classified as operating expenses.

Certain significant revenues relied on and budgeted for fundamental operational support of the core institutional mission of the University are mandated by GASB requirements to be recorded as nonoperating revenues. Nonoperating revenues and expenses include state educational appropriations, state financing appropriations, federal Pell grants, nonexchange federal grants, private gifts for other than capital purposes, investment income, net unrealized appreciation or depreciation in the fair value of investments, interest expense, and gain or loss on the disposal of assets.

ELIMINATIONS

Certain auxiliary operations provide goods and services to internal customers. These auxiliary operations include activities such as central stores, the print shop, and other auxiliaries with interdepartmental activities. The net effect of these internal transactions has been eliminated in the Statement of Revenues, Expenses and Changes in Net Position to avoid inflating revenues and expenses.

COMPARATIVE DATA

The University presents its financial information on a comparative basis. The basic financial statements include certain prior-year summarized comparative information in total, but not at the level of detail required for a presentation in conformity with U.S. GAAP. Accordingly, the prior-year information should be read in conjunction with the University's financial statements as of and for the year ended June 30, 2022, from which the summarized information was derived. Certain amounts from the prior fiscal year have been reclassified to conform to current-year presentation and restated due to the implementation of GASB 96.

RESTATEMENT OF PRIOR PERIOD

The June 30, 2022, total net position on the Statement of Net Position has been restated for a correction of an error in accounting for benefit plans administered by the University. The University had previously reported a liability for funds set aside for future benefits under these plans.

The Medical Center had changes and error corrections resulting in the restatement of the fiscal year 2022 financial statements due to implementing GASB 96, restatement of Monticello Surgery Center results, addition of six months of activity for realignment of UVA Community Health's fiscal years, and other corrections of errors.

The restatement of the June 30, 2022 amounts related to the items above is summarized below (in thousands):

NET POSITION AS OF JUNE 30, 2022 AS PREVIOUSLY REPORTED	**12,427,172**
Cash and cash equivalents	(1,934)
Accounts receivable, net	(12,667)
Prepaid expenses	(677)
Inventories	3,297
Pledges and other receivables, net	4,176
Capital assets - other	5,855
Capital assets - nondepreciable	(9,552)
Investment in affiliated companies	(197)
Accounts payable and accrued liabilities	49,143
Unearned revenue	(5)
Long-term liabilities - current portion	(22,978)
Other noncurrent liabilities	(47,695)
Deferred inflows of resources	(6,348)
NET POSITION AS OF JUNE 30, 2022 AS RESTATED	**12,387,590**

Further, the June 30, 2022, total net assets on the Combined Statement of Financial Position has been restated by $14.5 million for an error that resulted in the fair value of certain interest rate swaps being incorrectly excluded from the financial statements.

CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

For the fiscal year ended June 30, 2023, the University implemented the following pronouncements issued by the GASB.

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The University does not have any conduit debt obligations.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, provides guidance for accounting and financial reporting for public-private and public-public partnership arrangements (PPPs). PPPs are arrangements in which a government (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Statement No. 94 includes service concession arrangements (SCAs) and availability payment arrangements (APAs), both are considered types of PPPs and could require different approaches than other PPPs. PPPs that meet the definition of a lease should apply the guidance of Statement No. 87. Information about the University's SCAs and other PPPs can be found in Note 1 and Note 3.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, fundamentally changes subscription-based information technology arrangements (SBITA) recognition, measurement, and related disclosures. A SBITA is defined as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. Under Statement No. 96, a government generally should recognize a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. The University identified in-scope activities and applied the new model. The activities are reported on the Statement of Net Position, Statement of Revenue, Expenses, and Changes in Net Position, and Statement of Cash Flows as part of the basic financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, has two parts which focus on governmental retirement plan accounting. This allows defined contribution pension plans, defined contribution OPEB plans, and certain Section 457 plans who do not have a board to be excluded from consideration as a component unit. Additionally, the standard clarifies that Section 457 plans that meet the definition of a pension plan all accounting and financial reporting requirements that are relevant to pension plans should be applied. UVA Community Health sponsors a Section 457 plan for certain employees. However, this standard does not change the current accounting for this plan.

GASB Statement No. 99, *Omnibus 2022*, enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 were effective upon issuance in April 2022. The University updated terminology in 2022 and the remaining provisions that were effective for the current reporting period were either not applicable or were immaterial.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Accounting changes are changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. Error corrections consist of mathematical mistakes, mistakes in the application of accounting principles, or oversight or misuse of facts that existed at the time the financial statements were issued. This statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods as well as disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Note 2

CASH, CASH EQUIVALENTS, INVESTMENTS AND ENDOWMENT

CASH

The University deposits cash in commercial banking accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et seq., *Code of Virginia*. The Virginia Security for Public Deposits Act significantly diminishes any custodial risk on the University's banking deposits. This Act includes a cross guarantee among approved financial institutions eligible to hold public funds. In the event of a default of one of the approved financial institutions, an assessment is levied against all participating institutions to cover the uncollateralized public deposits of the defaulting entity. This cross guarantee significantly diminishes custodial credit risk. Amounts on deposit covered by the Virginia Security of Public Deposits Act totaled $142.9 million on June 30, 2023.

CASH EQUIVALENTS

The University maintains an investment policy approved by the Board that governs its short-term investments. As part of this policy, the University complies with the provisions set forth in the Investment of Public Funds Act (the Act), Sections 2.2-4500 through 2.2-4518 of the *Code of Virginia*. It is the policy of the University to comply with the Act when investing tuition and educational fees that are used or required for day-to-day operations, as permitted under the *Code of Virginia* Section 23-76.1. Authorized investments under the Act include U.S. Treasury and agency securities, corporate debt securities of domestic corporations, asset-backed securities, mortgage-backed securities, AAA-rated obligations of foreign governments, bankers' acceptances and bank notes, negotiable certificates of deposit, repurchase agreements, and money market funds. The University considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents include short-term money market investments in mutual funds, overnight collective funds or other short-term, highly liquid investments registered as securities held by the University. The short-term investments of the University are valued daily by the custodian banks. Deposits and withdrawals may be processed daily.

Restricted cash and cash equivalents totaled $17.5 million and $14.2 million on June 30, 2023 and June 30, 2022, respectively, which is restricted in accordance with applicable debt or other contractual requirements.

RISK

Risks disclosed below are direct risks to the University. The risk disclosure does not include indirect risks incurred by investing in the UVIMCO LTP.

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution or financial counterparty, the agency will not be able to recover the value of its deposits or investments or recover collateral securities that are in the possession of an outside third party. The University had no custodial credit risk related to investments as of June 30, 2023.

Interest-rate risk results if changes in interest rates adversely affect the fair market value of an investment. The longer the duration of an investment, the greater the interest-rate risks. Investments subject to interest-rate risk at June 30, 2023, are outlined in the accompanying chart.

Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of the contract. State law limits the investment of certain non-endowed assets to short-term commercial paper, certificates of deposit, asset-backed securities and debt obligations to the top rating issued by nationally recognized statistical rating organizations (NRSROs) and requires the investment be rated by at least two NRSROs. For longer-term certificates of deposit and corporate notes, the rating must be one of the top two ratings issued by two NRSROs. Investments subject to credit risk at June 30, 2023 are outlined in the accompanying chart.

Concentration of credit risk is the risk of a large loss attributed to the magnitude of investment in a single issuer of fixed-income securities. The University minimizes this risk by diversifying its investments. As of June 30, 2023, the University does not have investments in any one issuer (excluding investments issued or explicitly guaranteed by the U.S. government and mutual fund or pool investments) representing 5 percent or more of its total investments.

Foreign currency risk is the risk that investments denominated in foreign currencies may lose value due to adverse fluctuations in the value of the U.S. dollar relative to foreign currencies. The University has no foreign investments or deposits as of June 30, 2023.

Details of the University's investment risks as of June 30, 2023 are outlined below:

CREDIT QUALITY AND INTEREST RATE RISK *(in thousands)*	BALANCE AT JUNE 30, 2023	CREDIT RATING (S&P/ MOODY'S)	INVESTMENT MATURITIES (IN YEARS)			
			LESS THAN 1 YEAR	1 - 5 YEARS	6 - 10 YEARS	GREATER THAN 10 YEARS
CASH AND CASH EQUIVALENTS						
Cash on hand	$ 612	Not Applicable	N/A	N/A	N/A	N/A
Cash deposits	175,098	Not Applicable	N/A	N/A	N/A	N/A
Money market	507,762	AAA/Aaa	$ 507,762	$ -	$ -	$ -
Repurchase agreements*	10,698	P-1/A-1	10,698	-	-	-
Treasury bills*	5,981	AAA/Aaa	5,981			
Agency notes*	9,981	A-1+/P-1	9,981	-	-	-
TOTAL CASH AND CASH EQUIVALENTS	**$ 710,132**		**$ 534,422**	**$ -**	**$ -**	**$ -**
SHORT-TERM INVESTMENTS						
UVIMCO STP	$ 150,043	Not Rated	N/A	N/A	N/A	N/A
Agency notes	17,897	A-1/P-1	$ 17,897	$ -	$ -	$ -
Other investments not subject to credit or interest-rate risk	74	Not Applicable	74	-	-	-
TOTAL SHORT-TERM INVESTMENTS	**$ 168,014**		**$ 17,971**	**$ -**	**$ -**	**$ -**
LONG-TERM INVESTMENTS						
UVIMCO LTP	$ 3,612,700	Not Rated	N/A	N/A	N/A	N/A
Other investments not subject to credit or interest-rate risk	4,707	Not Applicable	N/A	N/A	N/A	N/A
TOTAL LONG-TERM INVESTMENTS	**$ 3,617,407**		**$ -**	**$ -**	**$ -**	**$ -**
ENDOWMENT						
Cash and cash equivalents	$ 3,519	Not Applicable	$ 3,519	$ -	$ -	$ -
UVIMCO LTP	6,971,664	Not Rated	N/A	N/A	N/A	N/A
Other investments not subject to credit or interest-rate risk	21,078	Not Applicable	N/A	N/A	N/A	N/A
TOTAL ENDOWMENT	**$ 6,996,261**		**$ 3,519**	**$ -**	**$ -**	**$ -**

** These securities have original maturities of less than 90 days. In accordance with UVA policy, they are reported as cash and cash equivalents.*

INVESTMENTS

UVIMCO administers and manages most of the University's investments in its unitized investment pools. From time to time, the University also invests its operating funds with several other asset managers. At June 30, 2023, the University's investment in the UVIMCO LTP and STP was $10.7 billion representing 93.2 percent of the University's invested assets. These pools are not rated by NRSROs.

UVIMCO's primary investment objective for the LTP is to maximize long-term real return commensurate with the risk tolerance of the University. To obtain this objective, UVIMCO actively manages the LTP to achieve returns that consistently exceed the returns on a passively investable benchmark with similar asset allocation and risk.

UVIMCO is governed by a board of directors, three of whom are appointed by the Board and one of whom is appointed by the University's president. The University receives and monitors periodic reports on the long-term investment policy as executed by UVIMCO.

UVIMCO invests primarily in investment funds that allow the LTP to gain exposure to a broad array of financial instruments and markets. UVIMCO classifies LTP investments as public equity, long/short equity, private equity, real assets, marketable alternatives, credit, fixed income, and cash according to the investment strategy of the underlying manager.

These investments are subject to a variety of risks, including market risk, manager risk and liquidity risk. UVIMCO closely manages and monitors the LTP's exposure to these risks. The risks may be influenced by several factors, including the size, composition and diversification of positions held, fund manager actions, and market volatility.

In the normal course of business, UVIMCO's external investment fund managers trade various financial instruments and enter into investment activities subject to various market risks. Market risk is the risk that the value of assets such as common stocks may fall. Fixed-income investments are subject to other market risks, including interest-rate and credit risk. Foreign investments are subject to currency exchange rates (foreign exchange risk), political and economic developments, limited legal recourse, and market risks. The prices of derivative positions such as futures, options, warrants, and swap contracts may move in unexpected ways due to the use of leverage or other factors, especially in unusual market conditions, and may result in increased volatility.

Manager risk includes tracking error or active positions away from the benchmark, operational or business risks, a lack of transparency, and leverage. UVIMCO mitigates manager risk through extensive due diligence, diversification, by declining certain partnership structures, and by avoiding certain investment strategies (e.g., highly leveraged hedge funds). UVIMCO's investment fund managers often limit the liquidity of their funds, resulting in liquidity risk for the LTP. UVIMCO manages liquidity risk by maintaining a portfolio of Treasury bills and bonds, maintaining sufficient liquidity with public equity funds and hedge funds, and managing the pace of commitments to private investments.

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The University had the following recurring fair value measurements as of June 30, 2023:

INVESTMENTS AND DERIVATIVE INSTRUMENTS MEASURED AT FAIR VALUE *(in thousands)*	BALANCE AT JUNE 30, 2023	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	INVESTMENTS MEASURED AT NAV*	AMOUNTS NOT MEASURED AT FAIR VALUE
CASH AND CASH EQUIVALENTS						
Cash on hand	$ 612	$ -	$ -	$ -	$ -	$ 612
Cash deposits	175,098	-	-	-	-	175,098
Money market**	507,762	-	-	-	-	507,762
Repurchase agreements**	10,698	-	10,698	-	-	-
Treasury bills**	5,981	5,981	-	-	-	-
Agency notes**	9,981	-	9,981	-	-	-
TOTAL CASH AND CASH EQUIVALENTS	**$ 710,132**	**$ 5,981**	**$ 20,679**	**$ -**	**$ -**	**$ 683,472**
SHORT-TERM INVESTMENTS						
UVIMCO STP	150,043	-	-	-	150,043	-
Agency notes	17,897	-	17,897	-	-	-
Equity securities	74	74	-	-	-	-
TOTAL SHORT-TERM INVESTMENTS	**$ 168,014**	**$ 74**	**$ 17,897**	**$ -**	**$ 150,043**	**$ -**
LONG-TERM INVESTMENTS						
Life insurance contracts***	$ 4,701	$ -	$ -	$ -	$ -	$ 4,701
Equity securities	6	-	-	6	-	-
UVIMCO LTP	3,612,700	-	-	-	3,612,700	-
TOTAL LONG-TERM INVESTMENTS	**$ 3,617,407**	**$ -**	**$ -**	**$ 6**	**$ 3,612,700**	**$ 4,701**
ENDOWMENT						
Cash and cash equivalents	$ 3,519	$ -	$ 3,519	$ -	$ -	$ -
Equity securities	799	687	-	112	-	-
UVIMCO LTP	6,971,664	-	-	-	6,971,664	-
Exchange traded funds	20,279	20,279	-	-	-	-
TOTAL ENDOWMENT	**$ 6,996,261**	**$ 20,966**	**$ 3,519**	**$ 112**	**$ 6,971,664**	**$ -**
INVESTMENT DERIVATIVE INSTRUMENTS****						
Fixed-payer interest rate swaps	$ (12,619)	-	$ (12,619)	-	-	-
TOTAL INVESTMENT DERIVATIVE INSTRUMENTS	**$ (12,619)**	**$ -**	**$ (12,619)**	**$ -**	**$ -**	**$ -**

** Certain investments that are measured at fair value using the NAV per share (or its equivalent) have not been categorized in the fair value hierarchy. The amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statement of Net Position.*
*** These securities have original maturities of less than 90 days. In accordance with UVA policy, they are reported as cash and cash equivalents.*
**** Investments in life insurance contracts are measured at cash surrender value.*
***** Derivative instruments classified in Level 2 of the fair value hierarchy are valued using a market approach that considers benchmark interest rates.*

The valuation method for investments measured at NAV per share or its equivalent is presented on the following table:

INVESTMENTS MEASURED AT NET ASSET VALUE (NAV) *(in thousands)*	BALANCE AT JUNE 30, 2023	UNFUNDED COMMITMENTS	REDEMPTION FREQUENCY (IF CURRENTLY ELIGIBLE)	REDEMPTION NOTICE PERIOD
UVIMCO STP	$ 150,043	$ -	Weekly	2 days
UVIMCO LTP	10,584,364	-	Monthly	(a)
TOTAL INVESTMENTS MEASURED AT NAV	**$ 10,734,407**	**$ -**		

(a) Subject to the notification requirements and caps set forth in the deposit and management agreement between the University and UVIMCO.

ENDOWMENT

Endowments are invested in accordance with Virginia Uniform Prudent Management Institutional Funds Act (UPMIFA), Chapter 11 of Title 64.2 of the *Code of Virginia*, as amended; and paragraph 23-50.10:01 of the *Code of Virginia*. The market value of the endowment on June 30, 2023, was $7.0 billion, excluding the market value of fiduciary fund endowments reported on the Statement of Fiduciary Net Position. Three annual distributions are made from the University's endowment to departments holding endowment accounts. The University's endowment spending policy ties annual increases to inflation as defined by the Higher Education Price Index (HEPI). The current inflation factor in use by the University is 2.6 percent, based on a five-year rolling average of the HEPI. If the increase causes the endowment distribution to fall outside a range defined as 3.0 percent to 5.0 percent of the market value of the endowment, then the Finance Committee of the Board may recommend increasing or decreasing the spending rate. For fiscal year 2023, the endowment spending distribution of $271.2 million, excluding fiduciary funds, equaled 3.6 percent of the fiscal year 2021 ending market value. Since the results fell within the range, no further action by the board was needed.

Restricted expendable net position includes $2.2 billion of appreciation on donor-restricted endowments.

Note 3

STATEMENT OF NET POSITION DETAILS

a. Accounts receivable: The composition of accounts receivable at June 30, 2023, is summarized as follows:

ACCOUNTS RECEIVABLE *(in thousands)*	
Patient care	$ 1,329,072
Grants and contracts	96,114
Deposits receivable	32,625
Student payments	15,756
Leases	3,162
Build America Bonds rebate	727
Auxiliary	683
Institutional loans	267
Other	31,894
Less: Allowance for doubtful accounts	(979,758)
TOTAL ACCOUNTS RECEIVABLE	**$ 530,542**

b. Notes receivable: The principal repayment and interest-rate terms of federal and University loans vary considerably. The allowance for doubtful accounts only applies to University-funded notes and the University portion of federal student loans, as the University is not obligated to fund the federal portion of uncollected student loans. Federal loan programs are funded principally with federal advances to the University under the Perkins and various other loan programs. The composition of notes receivable at June 30, 2023, is summarized as follows:

NOTES RECEIVABLE *(in thousands)*	
Institutional	$ 23,057
Perkins	5,319
Component units	2,509
Nursing	1,558
Fraternity loan	500
Less: Allowance for doubtful accounts	(2,206)
Total notes receivable, net	**30,737**
Less: Current portion, net of allowance	(4,027)
TOTAL NONCURRENT NOTES RECEIVABLE	**$ 26,710**

c. Pledges and other receivables: As discussed in Note 1, permanent endowment pledges do not meet eligibility requirements, as defined by GASB, until the related gift is received. Accordingly, permanent endowment pledges totaling $23.4 million and $38.4 million at June 30, 2023 and June 30, 2022, respectively, are not recognized as assets in the accompanying financial statements. In addition, bequest intentions and other conditional promises are not recognized as assets until the specified conditions are met because of uncertainties with regard to their realizability and valuation. The composition of pledges and other receivables at June 30, 2023, is summarized as follows:

PLEDGES AND OTHER RECEIVABLES *(in thousands)*	
PLEDGES AND OTHER RECEIVABLES OUTSTANDING	
Gift pledges - operations	$ 22,563
Gift pledges - capital	156,104
Service concession arrangements	146,749
Leases and other long-term receivables	22,716
Total pledges and other receivables outstanding	**348,132**
Less:	
Allowance for uncollectible accounts	(11,068)
Discount to present value	(72,667)
Total pledges and other receivables, net	**264,397**
Less: Current portion, net of allowance	(56,919)
TOTAL NONCURRENT PLEDGES AND OTHER RECEIVABLES	**$ 207,478**

d. Capital assets: The capital assets activity for the year ended June 30, 2023, is summarized as follows:

CAPITAL ASSETS *(in thousands)*	**BEGINNING BALANCE JULY 1, 2022***	**INCREASES**	**DECREASES**	**ENDING BALANCE JUNE 30, 2023**
NONDEPRECIABLE CAPITAL ASSETS				
Land	$ 133,646	$ 188	$ -	$ 133,834
Construction in progress	297,471	357,678	(97,489)	557,660
Software in development	19,349	-	(19,349)	-
TOTAL NONDEPRECIABLE CAPITAL ASSETS	**$ 450,466**	**$ 357,866**	**$ (116,838)**	**$ 691,494**
OTHER CAPITAL ASSETS				
Buildings	$ 5,603,043	$ 72,918	$ (2,538)	$ 5,673,423
Equipment	1,253,224	118,320	(27,567)	1,343,977
Infrastructure	637,950	21,472	-	659,422
Improvements other than buildings	245,152	219	-	245,371
Capitalized software	274,453	21,199	(5,971)	289,681
Library books	126,390	410	-	126,800
Right-to-use intangible assets:				
Land	952	-	-	952
Buildings	151,742	47,012	(5,682)	193,072
Equipment	3,038	2,251	(131)	5,158
Software	89,418	41,016	(219)	130,215
Total other capital assets	**8,385,362**	**324,817**	**(42,108)**	**8,668,071**
Less: Accumulated depreciation for:				
Buildings	(2,125,350)	(167,457)	951	(2,291,856)
Equipment	(868,538)	(93,288)	22,939	(938,887)
Infrastructure	(307,619)	(18,046)	-	(325,665)
Improvements other than buildings	(164,681)	(5,734)	-	(170,415)
Capitalized software	(235,908)	(26,066)	7,127	(254,847)
Library books	(122,776)	(1,050)	-	(123,826)
Total accumulated depreciation	**(3,824,872)**	**(311,641)**	**31,017**	**(4,105,496)**
Less: Accumulated amortization on right-to-use for:				
Buildings	(37,371)	(20,199)	468	(57,102)
Equipment	(1,316)	(1,192)	-	(2,508)
Software	(22,817)	(30,455)	74	(53,198)
Total accumulated amortization	**(61,504)**	**(51,846)**	**542**	**(112,808)**
TOTAL OTHER CAPITAL ASSETS, NET	**4,498,986**	**(38,670)**	**(10,549)**	**4,449,767**
TOTAL CAPITAL ASSETS, NET	**4,949,452**	**319,196**	**(127,387)**	**5,141,261**

**The balances as of July 1, 2022 have been adjusted to comply with implementation of GASB 96 and corrections of prior year errors. See Note 1 for more information.*

e. Other assets: The composition of other assets on June 30, 2023, is summarized as follows:

OTHER ASSETS *(in thousands)*	
Funds held at component unit	$ 76,606
UVA LVG seed funds	12,193
Limited use	6,291
Trustee held split-interest agreement assets	4,353
Deferred pension costs	1,898
TOTAL OTHER ASSETS	**$ 101,341**

f. Deferred outflows of resources: The composition of deferred outflows of resources on June 30, 2023, is summarized as follows:

DEFERRED OUTFLOWS OF RESOURCES *(in thousands)*	
Pension	$ 77,086
OPEB	42,527
Deferred loss on early retirement of debt	11,275
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**$ 130,888**

g. Accounts payable and accrued liabilities: The composition of accounts payable on June 30, 2023, is summarized as follows:

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES *(in thousands)*	
Accounts payable	$ 246,566
Accrued salaries and wages payable	112,757
Due to third party payors	39,352
Accrued payroll taxes and other withholdings	27,348
Refunds payable	19,433
Other	40,034
TOTAL ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	**$ 485,490**

h. Unearned revenue: The composition of unearned revenue on June 30, 2023, is summarized as follows:

UNEARNED REVENUE *(in thousands)*	
Grants and contracts	$ 35,337
Student payments	16,775
Medical Center unearned revenues	3,152
Other	11,238
TOTAL UNEARNED REVENUE	**$ 66,502**

i. Deferred inflows of resources: The composition of deferred inflows on June 30, 2023, is summarized as follows:

DEFERRED INFLOWS OF RESOURCES *(in thousands)*	
Service concession arrangements	$ 154,339
Pension	98,574
OPEB	69,002
Leases	25,214
Split-Interest agreements	20,858
TOTAL DEFERRED INFLOWS OF RESOURCES	**$ 367,987**

During the year ended June 30, 2015, the University entered into an agreement with Aramark Educational Services, LLC (Aramark) for Aramark to provide dining services to the University. In return for use of University facilities, Aramark is required to make certain payments to the University and the University is required to provide certain repair and maintenance services related to the facilities during the term of the agreement. The University also receives a yearly minimum guarantee on dining and vending commissions and has a minimum guaranteed profit split on residential and athletics services regardless of gross sales. In accordance with GASB requirements, as of June 30, 2023, the University has accrued $99.7 million in current and noncurrent pledges receivable and a $154.3 million deferred inflow of resources related to the service concession arrangement.

Note 4

SHORT-TERM DEBT

The University has a $500 million combined taxable and tax-exempt commercial paper program that is primarily used to bridge finance capital projects and, from time to time, fund operations. In fiscal year 2023, the University issued $1 million taxable commercial paper. There are no outstanding commercial paper balances as of June 30, 2023.

The University has four revolving credit agreements from four different banks in an aggregate amount of $500 million to provide liquidity for its operating expenses and variable-rate debt obligations. In the event of default under the agreements, any outstanding advances, interest, and the value of the promissory note would be due and payable to the various banking institutions. As of June 30, 2023, there were no advances outstanding, collateral pledged, or subjective acceleration clauses.

Note 5

LONG-TERM OBLIGATIONS

a. Long-term debt: The composition of long-term debt at June 30, 2023, is summarized as follows:

LONG-TERM DEBT *(in thousands)*	INTEREST RATES AT ISSUANCE	FINAL MATURITY FISCAL YEAR	BEGINNING BALANCE JULY 1, 2022	ADDITIONS	REDUCTIONS	ENDING BALANCE JUNE 30, 2023	CURRENT PORTION
BONDS AND NOTES PAYABLE							
Revenue bonds:							
University of Virginia Series 2009 (9d)	4.15%*	2040	$ 250,000	$ -	$ -	$ 250,000	$ -
University of Virginia Series 2010 (9d)	3.35%**	2041	190,000	-	-	190,000	-
University of Virginia Series 2013A (9d)	2.0% to 5.0%	2023	2,935	-	2,935	-	-
University of Virginia Series 2015A-1 (9d)	4.0%	2045	86,995	-	-	86,995	-
University of Virginia Series 2015A-2 (9d)	3.57% to 5.0%	2045	97,735	-	-	97,735	-
University of Virginia Series 2017A (9d)	4.0% to 5.0%	2047	231,780	-	-	231,780	-
University of Virginia Series 2017B (9d)	4.0% to 5.0%	2046	123,440	-	-	123,440	-
University of Virginia Series 2017C (9d)	4.2%	2118	300,000	-	-	300,000	-
University of Virginia Series 2018A (9d)	4.0%	2049	64,080	-	-	64,080	-
University of Virginia Series 2018B (9d)	4.0%	2049	135,920	-	-	135,920	-
University of Virginia Series 2019A (9d)	3.2%	2120	350,000	-	-	350,000	-
University of Virginia Series 2019B (9d)	3.0% to 5.0%	2055	150,000	-	-	150,000	-
University of Virginia Series 2019C-1 (9d)	3.0%	2050	200,140	-	-	200,140	-
University of Virginia Series 2019C-2 (9d)	3.0%	2050	87,270	-	-	87,270	-
University of Virginia Series 2020 (9d)	2.3%	2051	600,000	-	-	600,000	-
University of Virginia Series 2021A (9d)	2.2%	2052	100,000	-	-	100,000	-
University of Virginia Series 2021B (9d)	2.6%	2052	300,000	-	-	300,000	-
Other***	various	various	6,125	428	2,208	4,345	4,243
Total bonds and notes payable			**3,276,420**	**428**	**5,143**	**3,271,705**	**4,243**
Less: Current portion of debt			(3,886)	(357)	-	(4,243)	
Bond premium			75,717	-	3,272	72,445	
NET LONG-TERM DEBT			**$ 3,348,251**	**$ 785**	**$ 8,415**	**$ 3,339,907**	

** The University of Virginia Series 2009 (9d) revenue bonds are Build America Bonds, issued at 6.2 percent. The University receives an interest credit from the United States Treasury for a portion of the interest it pays on the bonds. On issuance of the bonds, the University received an interest credit of 35 percent. This amount has been reduced as noted in the footnote on the next page. With the current credit, the effective interest rate on the bonds is reduced to 4.15 percent.*

*** The University of Virginia Series 2010 (9d) revenue bonds are Build America Bonds, issued at five percent. The University receives an interest credit from the United States Treasury for a portion of the interest it pays on the bonds. On issuance of the bonds, the University received an interest credit of 35 percent. This amount has been reduced as noted in the footnote on the next page. With the current credit, the effective interest rate on the bonds is reduced to 3.35 percent.*

**** Balance as of July 1, 2022 has been restated to conform with 2023 classifications.*

At its June 2, 2023 meeting, the University's Board of Visitors approved additional financing of up to $500 million of taxable or tax-exempt bonds under the multiple-year capital project financing program that was approved by the Board of Visitors on September 15, 2017 and the Master Bond Resolution dated September 28, 2017. The maximum yield on fixed rate bonds, or the initial yield on variable bonds, is authorized up to 6 percent per year. Any bonds issued under this resolution shall be issued on or before June 30, 2027.

Maturities and interest on notes and bonds payable for the next five years and in subsequent five-year periods are as follows:

FISCAL YEAR MATURITIES *(in thousands)*	PRINCIPAL	INTEREST	BUILD AMERICA BONDS INTEREST REBATE	NET INTEREST EXPENSE
2024*	$ 4,243	$ 119,619	$ (8,251)	$ 111,368
2025	102	119,610	(8,251)	111,359
2026	-	119,609	(8,251)	111,358
2027	-	119,609	(8,251)	111,358
2028	-	119,609	(8,251)	111,358
2029-2033	-	598,047	(41,256)	556,791
2034-2038	68,390	598,041	(41,256)	556,785
2039-2043	586,585	485,281	(15,512)	469,769
2044-2048	424,975	378,468	-	378,468
2049-2053	1,437,410	221,331	-	221,331
2054-2058	100,000	123,658	-	123,658
2059-2063	-	119,158	-	119,158
2064-2068	-	119,158	-	119,158
2069-2073	-	119,158	-	119,158
2074-2078	-	119,158	-	119,158
2079-2083	-	119,158	-	119,158
2084-2088	-	119,158	-	119,158
2089-2093	-	119,158	-	119,158
2094-2098	-	119,158	-	119,158
2099-2103	-	119,158	-	119,158
2104-2108	-	119,158	-	119,158
2109-2113	-	119,158	-	119,158
2114-2118	300,000	112,889	-	112,889
2119-2123	350,000	16,942	-	16,942
TOTAL	**$ 3,271,705**	**$ 4,443,451**	**$ (139,279)**	**$ 4,304,172**

* *Fiscal year 2024 represents a 5.7 percent reduction in the credit interest payment for September 1 and March 1 payments. The 5.7 percent sequestration reduction rate will be applied to all future years unless and until a law is enacted that cancels or otherwise impacts the sequester, at which time the sequestration reduction rate is subject to change.*

b. Long-term liabilities: The composition of long-term liabilities at June 30, 2023, is summarized as follows:

LONG-TERM LIABILITIES *(in thousands)*	BEGINNING BALANCE JULY 1, 2022*	ADDITIONS	REDUCTIONS	ENDING BALANCE JUNE 30, 2023	CURRENT PORTION
Investments held for related entities	$ 2,501	$ 2	$ 650	$ 1,853	$ -
Lease liabilities	137,798	44,987	21,326	161,459	14,887
Subscription based information technology agreements	53,736	21,605	21,797	53,544	22,340
Accrual for compensated absences	105,319	160,847	145,479	120,687	114,307
Perkins loan program	1,036	-	111	925	-
Deferred FICA taxes	28,983	-	28,983	-	-
Obligation to Culpeper Regional Hospital Foundation	24,676	-	-	24,676	-
Irrevocable split-interest agreements	111,793	5,824	8,237	109,380	-
Other	23,601	221	9,828	13,994	7,155
Total long-term liabilities	**489,443**	**233,486**	**236,411**	**486,518**	**158,689**
Less: Current portion of long-term liabilities	(173,408)	14,719	-	(158,689)	
NET LONG-TERM LIABILITIES	**$ 316,035**	**$ 248,205**	**$ 236,411**	**$ 327,829**	

* *The balances as of July 1, 2022 have been adjusted to comply with implementation of GASB 96 and corrections of prior year errors. See Note 1 for more information.*

Maturities and interest on lease liabilities for the next five years and in subsequent five-year periods are as follows:

MATURITIES *(in thousands)*	PRINCIPAL	INTEREST
2024	$ 14,887	$ 7,204
2025	13,908	6,620
2026	12,594	6,074
2027	12,250	5,555
2028	8,792	5,090
2029-2033	30,098	20,909
2034-2038	24,406	14,787
2039-2043	18,999	8,702
2044-2048	23,138	4,118
2049-2053	1,727	186
2054-2058	155	134
2059-2063	215	93
2064-2068	290	36
TOTAL	**$ 161,459**	**$ 79,508**

Maturities and interest on subscription based information technology agreement liabilities for the next five years and in subsequent five-year periods are as follows:

MATURITIES *(in thousands)*	PRINCIPAL	INTEREST
2024	$ 22,340	$ 1,384
2025	14,248	1,235
2026	10,359	585
2027	3,822	284
2028	1,409	133
2029-2033	1,366	79
TOTAL	**$ 53,544**	**$ 3,700**

Note 6

DERIVATIVES

The University recognizes all derivative instruments as either assets or liabilities on the Statement of Net Position at their respective fair values. Changes in fair values of hedging derivative instruments are reported as either deferred inflows or deferred outflows in the Statement of Net Position. Changes in fair values of investment derivative instruments, including derivative instruments that are determined to be ineffective, are reported as investment income or loss on the Statement of Revenues, Expenses and Changes in Net Position. On June 30, 2023, the University held the following derivative instruments:

INVESTMENT DERIVATIVE INSTRUMENTS *(in thousands)*	EFFECTIVE DATE	MATURITY DATE	RATE PAID	RATE RECEIVED	NOTIONAL AMOUNT	FAIR VALUE ASSET (LIABILITY)	CHANGE IN FAIR VALUE
INVESTMENT DERIVATIVE INSTRUMENT LIABILITY							
Fixed-payer interest rate swaps	6/1/2008	6/1/2038	4.07-4.15%	SIFMA*	$ 100,000	$ (12,619)	$ 4,384
TOTAL INVESTMENT DERIVATIVE INSTRUMENT LIABILITIES					**$ 100,000**	**$ (12,619)**	**$ 4,384**

* Securities Industry and Financial Markets Municipal Swap Index

The fair value of the interest-rate swaps was determined by using the quoted Securities Industry and Financial Markets Association (SIFMA) index curve at the time of market valuation. The fixed-payer swaps were established as cash flow hedges to provide a hedge against changes in interest rates on a similar amount of the University's debt. During the year ended June 30, 2015, the University refunded the associated variable-rate debt for the fixed-payer swaps. As such, the fixed-payer interest rate swaps are no longer effective hedges. In accordance with GASB standards, the University terminated hedge accounting for both the fixed-receiver and fixed-payer swaps. Subsequent changes in fair value are reported as investment income or loss in the Statement of Revenues, Expenses and Changes in Net Position.

RISK

The use of derivatives may introduce certain risks for the University, including the following:

Credit risk is the risk that a counterparty will not settle an obligation in full, either when due or at any time thereafter. The University would be exposed to the credit risk of its swap counterparties any time the swaps had a positive market value. As of June 30, 2023, the University's swap counterparties were rated at least BBB+ from Standard & Poor's or A2 by Moody's Investors Service. To mitigate credit risk, the University limits market value exposure and requires the posting of collateral based on the credit rating of the counterparty. As of June 30, 2023, no collateral was required to be posted by the counterparties.

Interest-rate risk is the risk that an investment's value will change due to a change of interest rates. The University is exposed to interest-rate risk on its interest-rate swap, as the fair value of this instrument is highly sensitive to interest-rate changes. See Note 2 for additional interest rate risk disclosures.

Termination risk arises when the unscheduled termination of a derivative could have an adverse effect on the University's strategy or could lead to potentially significant unscheduled payments. The University's derivative contracts use the International Swap Dealers Association Master Agreement (the Master Agreement), which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an additional termination event. That is, the swap may be terminated by either party if the counterparty's credit rating falls below BBB/Baa2 in the case of Standard & Poor's and Moody's Investors Service, respectively. The University or the counterparty may also terminate the swap if the other party fails to perform under the terms of the contract. If at the time of termination the swap has a negative market value, the University would be liable to the counterparty for a payment equal to the swaps' market value.

Foreign currency risk is the risk of a swap's value changing due to changes in currency exchange rates. The University's derivatives have no foreign currency risk.

Note 7

AFFILIATED COMPANIES

UNIVERSITY OF VIRGINIA / ENCOMPASS HEALTH

The Medical Center entered into a joint venture with ENCOMPASS Health, previously HEALTHSOUTH, LLC, to establish an acute rehabilitation facility, located at the Fontaine Research Park in Charlottesville, Virginia, to provide patient services to the region. The Medical Center made a capital contribution of $2.2 million to the joint venture in May 1996, which represents a 50 percent interest. Complete financial statements can be obtained from the managing member: ENCOMPASS HEALTH, 9001 Liberty Parkway, Birmingham, AL 35242.

GLOBAL GENOMICS AND BIOINFORMATICS RESEARCH INSTITUTE

In December 2016, the University, Inova Health System Foundation, and George Mason University established the Global Genomics and Bioinformatics Research Institute (GGBRI) as a joint venture governed by a five-member board of directors. GGBRI's mission is to improve the quality of the human condition and its environment through research focused on generating fundamental knowledge to further the understanding of genetics and functional genomics, disseminating discoveries to the public, and enabling scientific collaborations that have potential to culminate in commercialization.

The GGBRI will be located at the campus of the Inova Center for Personalized Health in Falls Church, Virginia. In June 2018, the University agreed to contribute $53.5 million to retrofit Building C into laboratory and ancillary research space and $4 million for the recruitment of high performing researchers. The University was also appropriated and allotted $20 million in VCBA funds in August 2017 in accordance with Item C-52.10 and Item 478.20 of Chapter 780 of the 2016 Acts of Assembly, as amended by Chapter 836 of the 2017 Acts of Assembly. The Commonwealth will also contribute $8 million to UVA for immediate transfer to the GGBRI for recruitment of high performing researchers.

During fiscal year 2023 there was a change in strategic direction for the University and Inova for the GGBRI joint venture. Due to various factors, all parties determined the joint venture was no longer the best path forward and it was agreed to dissolve the joint venture following completion of the retrofit of the building into academic and research space. The parties agreed to terminate the joint venture and in a separate agreement the University and Inova entered into a commercial lease for space at the campus in Falls Church. While terminating the joint venture into genomics, the University will use this space to expand its offerings in the Northern Virginia area as part of the UVA | Northern Virginia initiative. There was a charge of $42.8 million in losses from investments in affiliated companies within non-operating expenses to reflect the termination and write-off of the investment in GGBRI.

Details of the University's net investment in affiliated companies, accounted for using the equity method of accounting as of June 30, 2023, is summarized below:

EQUITY IN AFFILIATED COMPANIES *(in thousands)*	**CAPITAL CONTRIBUTIONS**	**SHARE OF ACCUMULATED INCOME**	**NET INVESTMENT**
Encompass Health	-	26,597	26,597
UVA Imaging, LLC	4,277	14,289	18,566
Other investments	2,066	2,191	4,257
TOTAL INVESTMENT IN AFFILIATED COMPANIES	**$ 6,343**	**$ 43,077**	**$ 49,420**

Note 8

BLENDED COMPONENT UNITS

Condensed combining information for the University's blended component units for the year ended June 30, 2023 is presented as follows:

CONDENSED STATEMENT OF NET POSITION *(in thousands)* *as of June 30, 2023*	**UNIVERSITY OF VIRGINIA**	**UNIVERISTY COMMUNITY HEALTH**	**MONTICELLO SURGERY CENTER**	**COMMUNITY MEDICINE**	**UVA GLOBAL, LLC**	**ELIMINATIONS**	**TOTAL**
ASSETS							
Total current assets	$ 1,217,892	$ 156,836	$ 10,875	$ 5,361	$ 695	$ (172,808)	$ 1,218,851
Capital assets, net	4,874,988	264,882	1,379	5	7	-	5,141,261
Other noncurrent assets	11,543,903	2,188	-	-	501	(1,020)	11,545,572
Total assets	**$ 17,636,783**	**$ 423,906**	**$ 12,254**	**$ 5,366**	**$ 1,203**	**$ (173,828)**	**$ 17,905,684**
Deferred outflows of resources	130,888	-	-	-	-	-	130,888
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 17,767,671**	**$ 423,906**	**$ 12,254**	**$ 5,366**	**$ 1,203**	**$ (173,828)**	**$ 18,036,572**
LIABILITIES							
Total current liabilities	$ 658,548	$ 137,088	$ 15,075	$ 10,511	$ 137	$ (709)	$ 820,650
Long-term debt	3,345,290	174,969	-	-	-	(171,842)	3,348,417
Other noncurrent liabilities	902,542	15,683	1,133	25	-	-	919,383
Total liabilities	**$ 4,906,380**	**$ 327,740**	**$ 16,208**	**$ 10,536**	**$ 137**	**$ (172,551)**	**$ 5,088,450**
Deferred inflows of resources	363,738	4,249	-	-	-	-	367,987
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**$ 5,270,118**	**$ 331,989**	**$ 16,208**	**$ 10,536**	**$ 137**	**$ (172,551)**	**$ 5,456,437**
NET POSITION							
Net investment in capital assets	$ 2,236,819	$ 63,499	$ 1,379	$ 5	$ 7	$ -	$ 2,301,709
Restricted:							
Nonexpendable	1,357,154	-	-	-	-	-	1,357,154
Expendable	4,832,376	-	-	-	-	-	4,832,376
Unrestricted	4,071,204	28,418	(5,333)	$ (5,175)	1,059	(1,277)	4,088,896
TOTAL NET POSITION	**$ 12,497,553**	**$ 91,917**	**$ (3,954)**	**$ (5,170)**	**$ 1,066**	**$ (1,277)**	**$ 12,580,135**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$ 17,767,671**	**$ 423,906**	**$ 12,254**	**$ 5,366**	**$ 1,203**	**$ (173,828)**	**$ 18,036,572**

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION *(in thousands)* *for the period ended June 30, 2023*	UNIVERSITY OF VIRGINIA	UNIVERSITY OF VIRGINIA COMMUNITY HEALTH	MONTICELLO SURGERY CENTER	COMMUNITY MEDICINE	UVA GLOBAL, LLC	ELIMINATIONS	TOTAL
REVENUES							
Operating revenues							
Student tuition and fees, net	$ 690,969	$ -	$ -	$ -	$ -	$ -	$ 690,969
Patient services, net	2,380,290	507,425	10,212	4,650	-	-	2,902,577
Grants and contracts	452,569	-	-	-	-	-	452,569
Other operating revenues	279,784	3,074	701	(35)	792	(792)	283,524
TOTAL OPERATING REVENUES	**$ 3,803,612**	**$ 510,499**	**$ 10,913**	**$ 4,615**	**$ 792**	**$ (792)**	**$ 4,329,639**
EXPENSES							
Operating expenses							
Operating expenses	$ 4,085,038	$ 524,841	$ 14,340	$ 4,930	$ 597	$ (535)	$ 4,629,211
Depreciation and amortization	330,131	31,452	385	17	-	-	361,985
TOTAL OPERATING EXPENSES	**$ 4,415,169**	**$ 556,293**	**$ 14,725**	**$ 4,947**	**$ 597**	**$ (535)**	**$ 4,991,196**
OPERATING LOSS	**$ (611,557)**	**$ (45,794)**	**$ (3,812)**	**$ (332)**	**$ 195**	**$ (257)**	**$ (661,557)**
NONOPERATING REVENUES (EXPENSES)							
Investment income	$ 188,824	$ 994	$ 13	$ -	$ -	$ -	$ 189,831
Other nonoperating revenues (expenses)	394,982	6,367	(235)	-	(48)	-	401,066
NET NONOPERATING REVENUES	**$ 583,806**	**$ 7,361**	**$ (222)**	**$ -**	**$ (48)**	**$ -**	**$ 590,897**
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	**$ (27,751)**	**$ (38,433)**	**$ (4,034)**	**$ (332)**	**$ 147**	**$ (257)**	**$ (70,660)**
Capital appropriations	$ 105,528	$ -	$ -	$ -	$ -	$ -	$ 105,528
Capital grants and gifts	120,920	-	-	-	-	-	120,920
Additions to permanent endowments	36,757	-	-	-	-	-	36,757
TOTAL OTHER REVENUES	**$ 263,205**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 263,205**
INCREASE (DECREASE) IN NET POSITION	**$ 235,454**	**$ (38,433)**	**$ (4,034)**	**$ (332)**	**$ 147**	**$ (257)**	**$ 192,545**
NET POSITION -- BEGINNING OF YEAR, AS RESTATED*	**$ 12,262,099**	**$ 130,350**	**$ 80**	**$ (4,838)**	**$ 919**	**$ (1,020)**	**$ 12,387,590**
NET POSITION -- END OF YEAR	**$ 12,497,553**	**$ 91,917**	**$ (3,954)**	**$ (5,170)**	**$ 1,066**	**$ (1,277)**	**$ 12,580,135**

** Beginning balances have been restated to reflect GASB 96 and adjustments to the Community Health acquisition. See Note 1 for more information.*

CONDENSED STATEMENT OF CASH FLOWS *(in thousands)* *for the year ended June 30, 2023*	UNIVERSITY OF VIRGINIA	UNIVERSITY OF VIRGINIA COMMUNITY HEALTH	MONTICELLO SURGERY CENTER	COMMUNITY MEDICINE	UVA GLOBAL, LLC	TOTAL
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (579,861)	$ (36,538)	$ 9,155	$ 1,759	$ (94)	$ (605,579)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	508,153	74,301	-	-	-	582,454
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(420,914)	(61,913)	(1,326)	(29)	-	(484,182)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	185,997	5,842	(602)	-	-	191,237
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(306,625)**	**(18,308)**	**7,227**	**1,730**	**(94)**	**(316,070)**
Cash and cash equivalents - beginning of year	942,700	80,041	642	2,430	389	1,026,202
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 636,075**	**$ 61,733**	**$ 7,869**	**$ 4,160**	**$ 295**	**$ 710,132**

Note 9

COMPONENT UNITS

Summary financial statements and additional disclosures for the University's discretely presented component units are presented below:

STATEMENT OF FINANCIAL POSITION *(in thousands)* as of June 30, 2023	UNIVERSITY OF VIRGINIA LAW SCHOOL FOUNDATION	THE COLLEGE FOUNDATION OF THE UNIVERSITY OF VIRGINIA	UNIVERSITY OF VIRGINIA DARDEN SCHOOL FOUNDATION	ALUMNI ASSOCIATION OF THE UNIVERSITY OF VIRGINIA	JEFFERSON SCHOLARS FOUNDATION	VIRGINIA ATHLETICS FOUNDATION*
ASSETS						
Current assets						
Cash and cash equivalents	$ 2	$ 12,603	$ 17,538	$ 19,578	$ 14,214	$ 17,094
Accounts receivable, net	1,827	14,284	28,528	2,262	7,745	16,113
Due from University of Virginia	-	-	266	-	-	-
Short-term investments	111,192	170	50,342	38,291	10,900	-
Other current assets	96	194	1,870	164	211	-
Total current assets	**113,117**	**27,251**	**98,544**	**60,295**	**33,070**	**33,207**
Noncurrent assets						
Notes receivable from University of Virginia	-	-	-	-	-	-
Long-term investments	581,954	198,029	433,963	497,279	596,100	89,782
Capital assets, net and other assets	45,071	22,966	244,851	10,028	135,520	31,984
Total noncurrent assets	**627,025**	**220,995**	**678,814**	**507,307**	**731,620**	**121,766**
TOTAL ASSETS	**$ 740,142**	**$ 248,246**	**$ 777,358**	**$ 567,602**	**$ 764,690**	**$ 154,973**
LIABILITIES AND NET ASSETS						
Current liabilities						
Due to University of Virginia	$ -	$ -	$ 684	$ 18,719	$ 7,699	$ -
Assets held in trust for others	-	-	-	147,996	-	-
Other liabilities	447	1,226	14,121	768	11,706	2,771
Total current liabilities	**447**	**1,226**	**14,805**	**167,483**	**19,405**	**2,771**
Noncurrent liabilities						
Long-term debt, net of debt issuance cost and current portion	-	-	104,353	-	32,261	-
Other noncurrent liabilities	-	3,871	20,567	4,782	32,116	-
Total noncurrent liabilities	**-**	**3,871**	**124,920**	**4,782**	**64,377**	**-**
TOTAL LIABILITIES	**$ 447**	**$ 5,097**	**$ 139,725**	**$ 172,265**	**$ 83,782**	**$ 2,771**
NET ASSETS						
Unrestricted	$ 98,368	$ 7,778	$ 136,643	$ 102,191	$ 21,638	$ 18,849
Temporarily restricted	409,840	101,108	257,301	151,625	238,900	82,213
Permanently restricted	231,487	134,263	243,689	141,521	420,370	51,140
TOTAL NET ASSETS	**$ 739,695**	**$ 243,149**	**$ 637,633**	**$ 395,337**	**$ 680,908**	**$ 152,202**
TOTAL LIABILITIES AND NET ASSETS	**$ 740,142**	**$ 248,246**	**$ 777,358**	**$ 567,602**	**$ 764,690**	**$ 154,973**

* *December 31, 2022, year-end*

STATEMENT OF FINANCIAL POSITION (CONTINUED) *(in thousands)* **as of June 30, 2023**	**UNIVERSITY OF VIRGINIA IMAGING, LLC***	**UNIVERSITY OF VIRGINIA FOUNDATION**	**UNIVERSITY OF VIRGINIA PHYSICIANS GROUP**	**UNIVERSITY OF VIRGINIA INVESTMENT MANAGEMENT COMPANY**	**SUBTOTAL**	**ELIMINATIONS**	**TOTAL**
ASSETS							
Current assets							
Cash and cash equivalents	$ 9,808	$ 294	$ 40,465	$ 129,620	$ 261,216	$ -	$ 261,216
Accounts receivable, net	11,622	4,617	60,239	9,433	156,670	-	156,670
Due from University of Virginia	-	390	90,099	3,200	93,955	-	93,955
Short-term investments	-	4,775	94,072	288,728	598,470	-	598,470
Other current assets	3,203	1,470	1,390	634	9,232	-	9,232
Total current assets	**24,633**	**11,546**	**286,265**	**431,615**	**1,119,543**	**-**	**1,119,543**
Noncurrent assets							
Notes receivable from University of Virginia		8,510			8,510		8,510
Long-term investments	-	163,497	275,970	13,443,384	16,279,958	(2,647,290)	13,632,668
Capital assets, net and other assets	23,697	357,647	50,006	5,769	927,539	(9,706)	917,833
Total noncurrent assets	**23,697**	**529,654**	**325,976**	**13,449,153**	**17,216,007**	**(2,656,996)**	**14,559,011**
TOTAL ASSETS	**$ 48,330**	**$ 541,200**	**$ 612,241**	**$ 13,880,768**	**$ 18,335,550**	**$ (2,656,996)**	**$ 15,678,554**
LIABILITIES AND NET ASSETS							
Current liabilites							
Due to University of Virginia	$ -	$ 4,940	$ 87,569	$ 169	$ 119,780	$ -	$ 119,780
Assets held in trust for others	-	-	-	-	147,996	-	147,996
Other liabilities	7,334	65,740	95,662	153,801	353,576	-	353,576
Total current liabilities	**7,334**	**70,680**	**183,231**	**153,970**	**621,352**	**-**	**$ 621,352**
Noncurrent liabilities							
Long-term debt, net of debt issuance cost and current portion	17,708	163,585	-	-	317,907	-	317,907
Other noncurrent liabilities	-	128,290	170,934	13,707,388	14,067,948	(2,656,996)	11,410,952
Total noncurrent liabilities	**17,708**	**291,875**	**170,934**	**13,707,388**	**14,385,855**	**(2,656,996)**	**11,728,859**
TOTAL LIABILITIES	**$ 25,042**	**$ 362,555**	**$ 354,165**	**$ 13,861,358**	**$ 15,007,207**	**$ (2,656,996)**	**$ 12,350,211**
NET ASSETS							
Unrestricted	$ 23,288	$ 70,346	$ 258,076	$ 19,410	$ 756,587	$ -	$ 756,587
Temporarily restricted	-	93,522	-	-	1,334,509	-	1,334,509
Permanently restricted	-	14,777	-	-	1,237,247	-	1,237,247
TOTAL NET ASSETS	**$ 23,288**	**$ 178,645**	**$ 258,076**	**$ 19,410**	**$ 3,328,343**	**$ -**	**$ 3,328,343**
TOTAL LIABILITIES AND NET ASSETS	**$ 48,330**	**$ 541,200**	**$ 612,241**	**$ 13,880,768**	**$ 18,335,550**	**$ (2,656,996)**	**$ 15,678,554**

* *December 31, 2022, year-end*

STATEMENT OF ACTIVITIES *(in thousands)* for the year ended June 30, 2023	UNIVERSITY OF VIRGINIA LAW SCHOOL FOUNDATION	THE COLLEGE FOUNDATION OF THE UNIVERSITY OF VIRGINIA	UNIVERSITY OF VIRGINIA DARDEN SCHOOL FOUNDATION	ALUMNI ASSOCIATION OF THE UNIVERSITY OF VIRGINIA	JEFFERSON SCHOLARS FOUNDATION	VIRGINIA ATHLETICS FOUNDATION*	UNIVERSITY OF VIRGINIA IMAGING, LLC*	UNIVERSITY OF VIRGINIA FOUNDATION	UNIVERSITY OF VIRGINIA PHYSICIANS GROUP	UNIVERSITY OF VIRGINIA INVESTMENT MANAGEMENT COMPANY	TOTAL
UNRESTRICTED REVENUES AND SUPPORT											
Contributions	$ 4,242	$ 7,568	$ 5,971	$ 999	$ 254	$ 16,831	$ -	$ -	$ -	$ -	$ 35,865
Fees for services, rentals, and sales	-	-	21,343	4,756	-	1,412	48,457	66,942	441,857	-	584,767
Other revenues	33,750	12,245	71,997	55,718	32,179	22,147	(1)	7,813	171,393	33,926	441,167
TOTAL UNRESTRICTED REVENUES AND SUPPORT	**37,992**	**19,813**	**99,311**	**61,473**	**32,433**	**40,390**	**48,456**	**74,755**	**613,250**	**33,926**	**1,061,799**
EXPENSES											
Program services, lectures, and special events	29,878	14,303	55,844	59,306	27,745	41,537	20,757	41,454	477,105	26,607	794,536
Other expenses	6,044	6,079	10,575	3,468	4,792	3,882	24,175	35,342	117,513	5,612	217,482
TOTAL EXPENSES	**35,922**	**20,382**	**66,419**	**62,774**	**32,537**	**45,419**	**44,932**	**76,796**	**594,618**	**32,219**	**1,012,018**
EXCESS (DEFICIENCY) OF UNRESTRICTED REVENUES AND SUPPORT OVER EXPENSES	**2,070**	**(569)**	**32,892**	**(1,301)**	**(104)**	**(5,029)**	**3,524**	**(2,041)**	**18,632**	**1,707**	**49,781**
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS											
Contributions	4,129	3,545	23,835	31,281	2,693	26,409	-	745	-	-	92,637
Other	(14,171)	(11,037)	(54,658)	(44,013)	(20,966)	(32,471)	-	(2,734)	-	-	(180,050)
NET CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	**(10,042)**	**(7,492)**	**(30,823)**	**(12,732)**	**(18,273)**	**(6,062)**	**-**	**(1,989)**	**-**	**-**	**(87,413)**
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS											
Contributions	16,380	(1,581)	10,846	15,138	29,980	518	-	-	-	-	71,281
Other	549	1,713	-	28	(54)	(536)	-	-	-	-	1,700
NET CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	**16,929**	**132**	**10,846**	**15,166**	**29,926**	**(18)**	**-**	**-**	**-**	**-**	**72,981**
CHANGE IN NET ASSETS	**8,957**	**(7,929)**	**12,915**	**1,133**	**11,549**	**(11,109)**	**3,524**	**(4,030)**	**18,632**	**1,707**	**35,349**
Net assets - beginning of year as restated**	730,738	251,078	624,718	394,204	669,359	163,311	19,764	182,675	239,444	17,703	3,292,994
NET ASSETS - END OF YEAR	**$ 739,695**	**$ 243,149**	**$ 637,633**	**$ 395,337**	**$ 680,908**	**$ 152,202**	**$ 23,288**	**$ 178,645**	**$ 258,076**	**$ 19,410**	**$3,328,343**

** December 31, 2022, year-end*
*** Beginning balances have been restated for the correction of an error. See Note 1 for more information.*

PLEDGES RECEIVABLE

Unconditional promises to give (pledges) are recorded as receivables and revenues and are assigned to net asset categories based on the presence or absence of donor-imposed restrictions. Pledges expected to be collected within one year are recorded at net realizable value. Pledges that are expected to be collected in future years are recorded at the net present value of their estimated future cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the years in which the promise was received and then remain consistent throughout the pledge's life. The component units record an allowance against pledges receivable for estimated uncollectible amounts. UPG does not accept gifts. Unconditional promises to give at June 30, 2023, are as follows:

PLEDGES RECEIVABLE *(in thousands)*	UNIVERSITY OF VIRGINIA LAW SCHOOL FOUNDATION	THE COLLEGE FOUNDATION OF THE UNIVERSITY OF VIRGINIA	UNIVERSITY OF VIRGINIA DARDEN SCHOOL FOUNDATION	ALUMNI ASSOCIATION OF THE UNIVERSITY OF VIRGINIA	JEFFERSON SCHOLARS FOUNDATION	VIRGINIA ATHLETICS FOUNDATION*	TOTAL
Total pledges receivable	**$ 9,596**	**$ 28,754**	**$ 53,787**	**$ 2,302**	**$ 71,816**	**$ 43,188**	**$ 209,443**
Less:							
Allowance for uncollectible accounts	(480)	(2,650)	(2,292)	(173)	(4,100)	(1,750)	(11,445)
Unamortized discount to present value	(1,635)	(5,181)	(4,117)	(131)	(7,107)	(2,221)	(20,392)
Total pledges receivable, net	**7,481**	**20,923**	**47,378**	**1,998**	**60,609**	**39,217**	**177,606**
Less: Current portion, net of allowance	(1,815)	(9,035)	(22,667)	(1,193)	(7,745)	(13,184)	(55,639)
TOTAL NONCURRENT PLEDGES RECEIVABLE	**$ 5,666**	**$ 11,888**	**$ 24,711**	**$ 805**	**$ 52,864**	**$ 26,033**	**$ 121,967**

* *December 31, 2022, year-end*

INVESTMENTS

Investments are recorded at fair value, which is determined by readily available quotes on the stock exchange or using the net asset value per share (or its practical expedient). Realized gains (losses) from the sale of securities and unrealized gains (losses) from the appreciation (depreciation) of the value of securities held are recognized in the year incurred. The fair values of investments by investment class on June 30, 2023, for the component units are as follows:

SUMMARY SCHEDULE OF INVESTMENTS *(in thousands)*	UNIVERSITY OF VIRGINIA LAW SCHOOL FOUNDATION	THE COLLEGE FOUNDATION OF THE UNIVERSITY OF VIRGINIA	UNIVERSITY OF VIRGINIA DARDEN SCHOOL FOUNDATION	ALUMNI ASSOCIATION OF THE UNIVERSITY OF VIRGINIA	JEFFERSON SCHOLARS FOUNDATION	VIRGINIA ATHLETICS FOUNDATION*	UNIVERSITY OF VIRGINIA FOUNDATION	UNIVERSITY OF VIRGINIA PHYSICIANS GROUP	UNIVERSITY OF VIRGINIA INVESTMENT MANAGEMENT COMPANY	ELIMINATIONS	TOTAL
Common stocks, corporate notes, bonds, limited partnerships, and agency securities	$ 69,918	$ -	$ 36,966	$ 32,214	$ 493	$ -	$ -	$ 159,126	$ 1,921,899	$ -	$ 2,220,616
University of Virginia Investment Management Company	545,941	198,029	396,997	493,656	566,687	89,507	150,706	205,767	-	(2,647,290)	-
Mutual and money market funds	22,001	170	50,342	2,098	-	275	2,552	3,844	150,679	-	231,961
Other	55,286	-	-	7,602	39,820	-	15,014	1,305	11,659,534	-	11,778,561
Total investments	**693,146**	**198,199**	**484,305**	**535,570**	**607,000**	**89,782**	**168,272**	**370,042**	**13,732,112**	**(2,647,290)**	**14,231,138**
Less: Short-term investments	(111,192)	(170)	(50,342)	(38,291)	(10,900)	-	(4,775)	(94,072)	(288,728)	-	(598,470)
LONG-TERM INVESTMENTS	**$ 581,954**	**$ 198,029**	**$ 433,963**	**$ 497,279**	**$ 596,100**	**$ 89,782**	**$ 163,497**	**$ 275,970**	**$ 13,443,384**	**$(2,647,290)**	**$ 13,632,668**

* *December 31, 2022, year-end*

UVIMCO has investments in investment funds, limited partnerships, and similar private investment vehicles. These investments do not actively trade through established exchange mechanisms and are valued at NAV, based on UVIMCO's interest in the investee as determined and reported by the external manager of the investment. Such investments represent $12.7 billion on June 30, 2023. Because of the inherent uncertainty of such valuations, these estimated values may differ from the values that would have been used had a ready market for the investments existed, and such differences could be material.

CAPITAL ASSETS

Capital assets are recorded at cost, except donated property, which is recorded at fair market value at the date of the gift. Depreciation and amortization is taken over the estimated useful lives of the assets using the straight-line method. As of June 30, 2023, capital assets consisted of the following:

CAPITAL ASSETS *(in thousands)*	UNIVERSITY OF VIRGINIA LAW SCHOOL FOUNDATION	THE COLLEGE FOUNDATION OF THE UNIVERSITY OF VIRGINIA	UNIVERSITY OF VIRGINIA DARDEN SCHOOL FOUNDATION	ALUMNI ASSOCIATION OF THE UNIVERSITY OF VIRGINIA	JEFFERSON SCHOLARS FOUNDATION	VIRGINIA ATHLETICS FOUNDATION*	UNIVERSITY OF VIRGINIA IMAGING, LLC*	UNIVERSITY OF VIRGINIA FOUNDATION	UNIVERSITY OF VIRGINIA PHYSICIANS GROUP	UNIVERSITY OF VIRGINIA INVESTMENT MANAGEMENT COMPANY	TOTAL
Land	$ 152	$ -	$ 5,420	$ 633	$ 4,787	$ -	$ -	$ 94,525	$ 3,229	$ -	$ 108,746
Buildings and improvements	914	-	182,787	8,201	23,776	-	-	389,448	47,857	4,627	657,610
Furnishings and equipment	361	447	15,376	2,401	2,111	60	27,114	34,470	24,688	1,305	108,333
Collections and other	-	20	-	-	100	-	-	106	-	-	226
Construction in progress	-	-	-	961	25	-	-	5,222	606	-	6,814
Total	**1,427**	**467**	**203,583**	**12,196**	**30,799**	**60**	**27,114**	**523,771**	**76,380**	**5,932**	**881,729**
Less: Accumulated depreciation and amortization	(644)	(267)	(29,750)	(7,942)	(10,952)	(44)	(3,417)	(173,751)	(42,442)	(3,131)	(272,340)
NET CAPITAL ASSETS	**$ 783**	**$ 200**	**$ 173,833**	**$ 4,254**	**$ 19,847**	**$ 16**	**$ 23,697**	**$ 350,020**	**$ 33,938**	**$ 2,801**	**$ 609,389**

* *December 31, 2022, year-end*

SHORT-TERM AND LONG-TERM DEBT

The foundations listed below had the following lines of credit available and outstanding as of June 30, 2023:

LINES OF CREDIT *(in thousands)*	AVAILABLE	CURRENT OUTSTANDING BALANCE	NONCURRENT OUTSTANDING BALANCE
University of Virginia Foundation	$ 229,000	$ 49,516	$ 119,000
University of Virginia Investment Management Company	725,000	141,221	-
Jefferson Scholars Foundation	10,000	-	-
Alumni Association of the University of Virginia	750	-	-
University of Virginia Darden School Foundation	3,000	-	-
University of Virginia Physicians Group	10,000	-	-
TOTAL	**$ 977,750**	**$ 190,737**	**$ 119,000**

The composition of the long-term debt of the component units on June 30, 2023, is summarized as follows:

LONG-TERM DEBT *(in thousands)*	UNIVERSITY OF VIRGINIA DARDEN SCHOOL FOUNDATION	JEFFERSON SCHOLARS FOUNDATION	UNIVERSITY OF VIRGINIA IMAGING, LLC*	UNIVERSITY OF VIRGINIA FOUNDATION	TOTAL
Notes payable	$ 106,905	$ 9,919	$ 20,496	$ 41,925	$ 179,245
Recovery Zone Facility Bond	-	-	-	5,212	5,212
2017 Variable rate bank bonds	-	22,500	-	-	22,500
Total long-term debt	**106,905**	**32,419**	**20,496**	**47,137**	**206,957**
Less: Current portion	(2,552)	(158)	(2,788)	(2,510)	(8,008)
Less: Unamortized issuance costs	-	-	-	(42)	(42)
NET LONG-TERM DEBT	**$ 104,353**	**$ 32,261**	**$ 17,708**	**$ 44,585**	**$ 198,907**

* *December 31, 2022, year-end*

Principal maturities of long-term debt obligations on June 30, 2023, are as follows:

MATURITIES *(in thousands)*	UNIVERSITY OF VIRGINIA DARDEN SCHOOL FOUNDATION	JEFFERSON SCHOLARS FOUNDATION	UNIVERSITY OF VIRGINIA IMAGING, LLC*	UNIVERSITY OF VIRGINIA FOUNDATION	TOTAL
2024	$ 2,552	$ 158	$ 2,788	$ 2,510	$ 8,008
2025	2,627	166	17,708	22,379	42,880
2026	2,704	175	-	2,848	5,727
2027	2,784	184	-	2,058	5,026
2028	6,771	22,693	-	1,194	30,658
Thereafter	89,467	9,043	-	16,148	114,658
TOTAL	**$ 106,905**	**$ 32,419**	**$ 20,496**	**$ 47,137**	**$ 206,957**

* *December 31, 2022, year-end*

LEASES

Future minimum payments required under the lessee agreements as of June 30, 2023 are as follows:

FISCAL YEAR	OPERATING LEASES *(in thousands)*	FINANCE LEASES *(in thousands)*
2024	$ 8,418	$ 608
2025	8,173	303
2026	7,624	203
2027	6,441	43
2028	5,639	-
Thereafter	20,005	-
TOTAL MINIMUM PAYMENTS	**56,300**	**1,157**
Less: Amount representing interest	(5,882)	(43)
Present Value of minimum lease payments	50,418	1,114
Less: Current portion	(7,945)	(589)
Non-current portion	**$ 42,473**	**$ 525**

Future minimum rents receivable required under the lessor agreements as of June 30, 2023 are as follows:

FISCAL YEAR	LEASE RECEIVABLE *(in thousands)*
2024	$ 15,600
2025	12,543
2026	11,702
2027	9,646
2028	6,947
Thereafter	14,580
TOTAL	**$ 71,018**

SIGNIFICANT TRANSACTIONS WITH THE UNIVERSITY

The University provides certain services for the Darden School Foundation that are reimbursed by the Darden School Foundation monthly.

The University has entered into agreements with the Darden School Foundation in which the University has committed to reimburse the Darden School Foundation for any defaults the Darden School Foundation is required to pay under its student loan guarantee programs with three banks. As of June 30, 2023, there were outstanding student loan balances under the program of approximately $20.5 million. At the inception of the agreements with the banks, origination fees were used to fund reserve accounts that are to be used to cover subsequent student loan defaults. As of June 30, 2023, the reserve account balances totaled $146,212. No payments have been made to the Darden School Foundation related to student loan guarantee program defaults.

UPG has contracted with the University to provide certain professional and technical services. Payments received for these services were approximately $111.8 million for the year ended June 30, 2023. Approximately $49.1 million of the fiscal year payments were provided through the Medical Center for the purpose of treating indigent and Medicaid patients. UPG contributed approximately $52.3 million to the University in support of various academic programs, equipment, teaching and research for the year ended June 30, 2023.

During fiscal year 2018, UVAF entered into an Investment Management Agreement with the University. Under the agreement, the University will, from time to time, deposit funds to be held in the custody and control of the Foundation, with the University retaining beneficial ownership of the funds. The funds will be invested and reinvested by the Foundation to the extent permitted by the agreement and provide other related services for or on behalf of the University, all for the benefit of the University. The total aggregate amount held by the Foundation shall not exceed $100 million. Furthermore, funds from the agreement were used to pay off the affiliated notes payable agreements. At June 30, 2023, the outstanding balance due to UVA was $76.6 million.

The University has leased various building spaces and equipment from the UAOs. In aggregate, the University's lease liability to the UAOs as of June 30, 2023 is $57.8 million.

Note 10

EXPENSE CLASSIFICATION MATRIX

The composition of the University's operating expenses by functional classification for the year ended June 30, 2023, is as follows:

OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION *(in thousands)*	**COMPENSATION AND BENEFITS**	**SUPPLIES, UTILITIES, AND OTHER SERVICES**	**STUDENT AID**	**DEPRECIATION AND AMORTIZATION**	**OTHER**	**TOTAL**
Instruction	$ 463,657	$ 63,460	$ 19,852	$ -	$ 1,723	$ 548,692
Research	305,199	144,491	19,861	-	1,300	470,851
Public service	21,063	26,575	188	-	981	48,807
Academic support	170,512	72,354	2,297	-	2,805	247,968
Student services	51,215	17,142	24	-	99	68,480
Institutional support	146,421	58,920	-	-	(1,750)	203,591
Operation of plant	130,047	6,210	-	-	1,845	138,102
Student aid	-	1,542	85,195	-	-	86,737
Auxiliary	95,507	120,215	-	-	8,638	224,360
Depreciation and amortization	-	-	-	182,494	-	182,494
Patient services	1,091,105	1,530,606	-	179,491	-	2,801,202
Other	-	2,125	-	-	170	2,295
Central services recoveries	-	(32,383)	-	-	-	(32,383)
TOTAL OPERATING EXPENSES	**$ 2,474,726**	**$ 2,011,257**	**$ 127,417**	**$ 361,985**	**$ 15,811**	**$ 4,991,196**

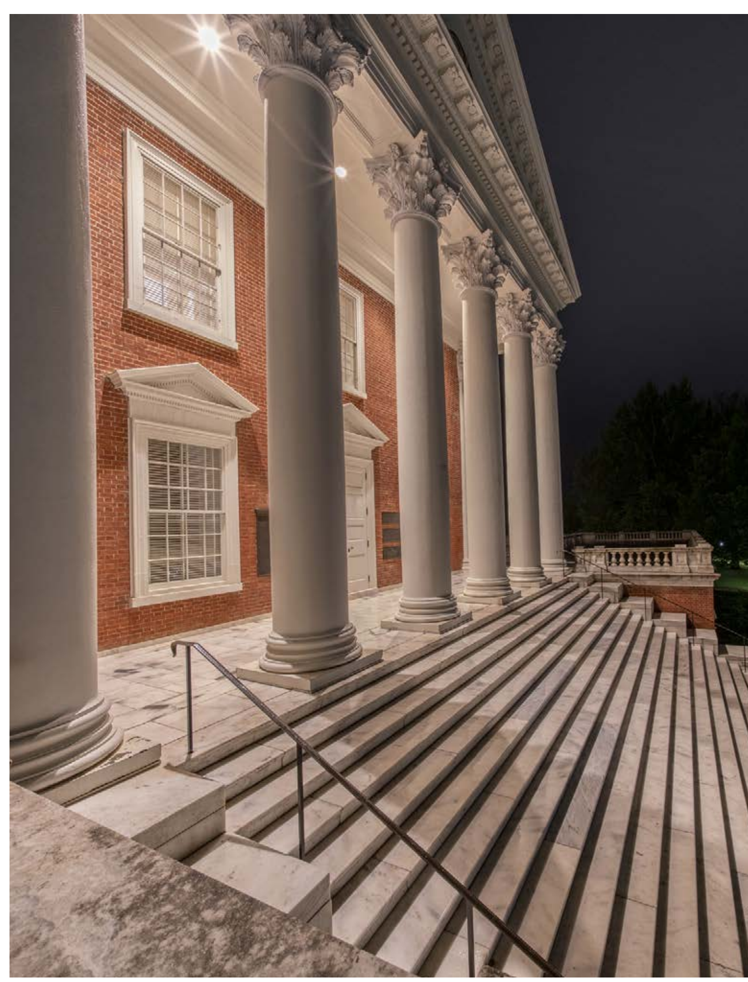
Note 11

APPROPRIATIONS

The University receives state appropriations from the General Fund of the Commonwealth. The Appropriation Act specifies that such unexpended appropriations shall revert, as specifically provided by the General Assembly, at the end of the biennium. For years ending at the middle of a biennium, unexpended appropriations that have not been approved for reappropriation in the next year by the governor become part of the General Fund of the Commonwealth and are, therefore, no longer available to the University for disbursements.

A summary of state appropriations received by the University and the University's College at Wise, including all supplemental appropriations and reversions for the year ended June 30, 2023, is provided in the following chart:

APPROPRIATIONS *(in thousands)*	
Original legislative appropriation per Chapter 769	$ 208,044
Adjustments:	
Financial aid - General Fund	18,040
Financial assistance for educational and general	49,477
TOTAL	**$ 275,561**



Note 12

RETIREMENT PLANS

VIRGINIA RETIREMENT SYSTEM

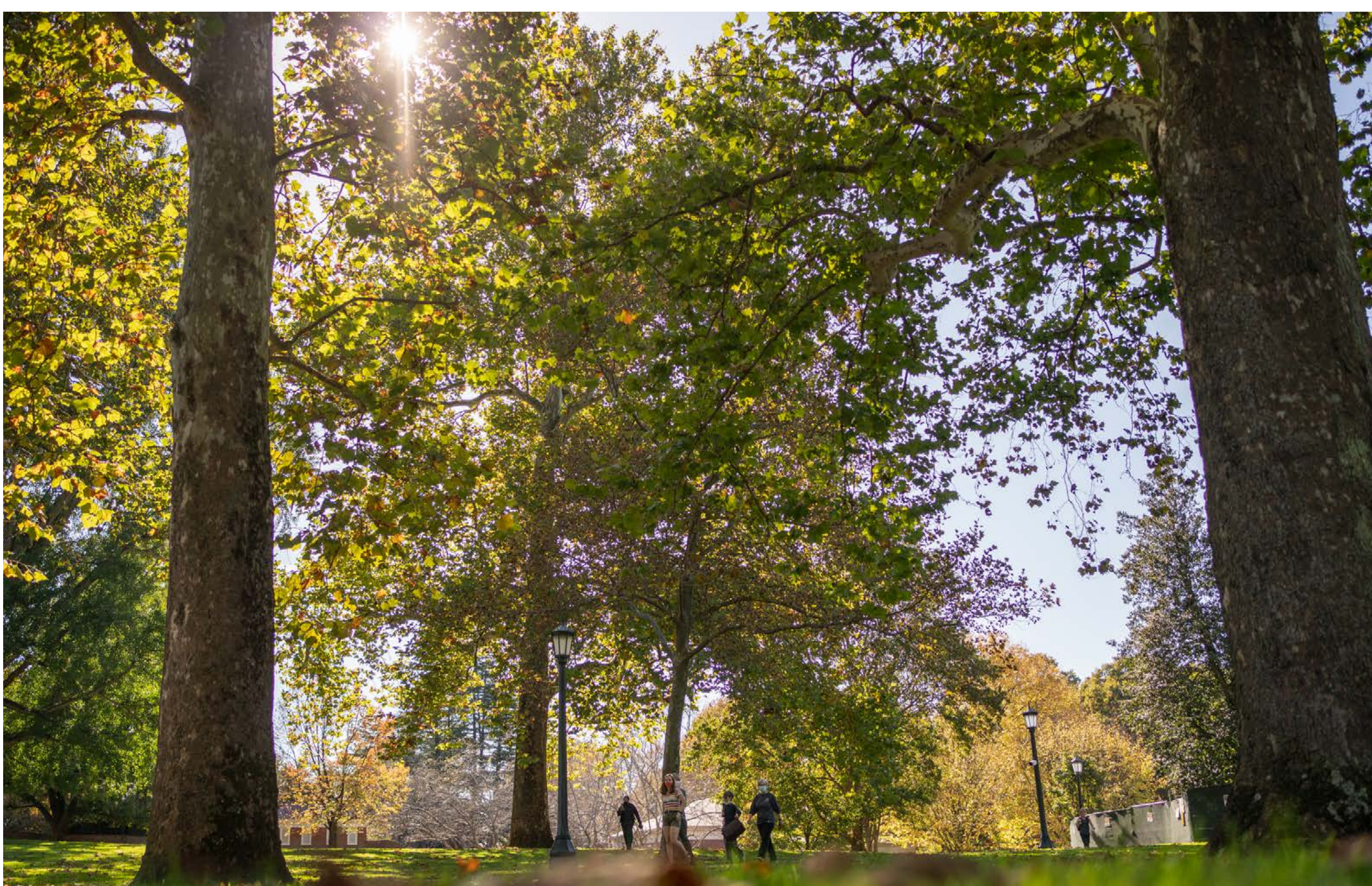
All full-time, salaried, permanent employees of state agencies and higher education institutions are automatically covered by the VRS State Employee Retirement Plan or the VaLORS Retirement Plan upon employment. These plans are administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees in the VRS State Employee Retirement Plan: Plan 1, Plan 2 and Hybrid; and two different benefit structures for covered employees in the VaLORS Retirement Plan: Plan 1 and Plan 2. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	**About Plan 2** Same as Plan 1.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund. **Hybrid Opt-In Election** VRS Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** Employees are in Plan 2 if their membership date is from July 1, 2010, to December 31, 2013, and they have not taken a refund, or their membership date is prior to July 1, 2010, and they were not vested as of January 1, 2013. **Hybrid Opt-In Election** Same as Plan 1.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Full-time permanent, salaried state employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 - April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. ***Non-Eligible Members** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Members of the Virginia Law Officers' Retirement System (VaLORS) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Retirement Contributions State employees, excluding state elected officials and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payments.	**Retirement Contributions** Same as Plan 1.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Service Credit Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	**Service Credit** Same as Plan 1.	**Service Credit** **Defined Benefit Component:** Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. **Defined Contributions Component:** Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.

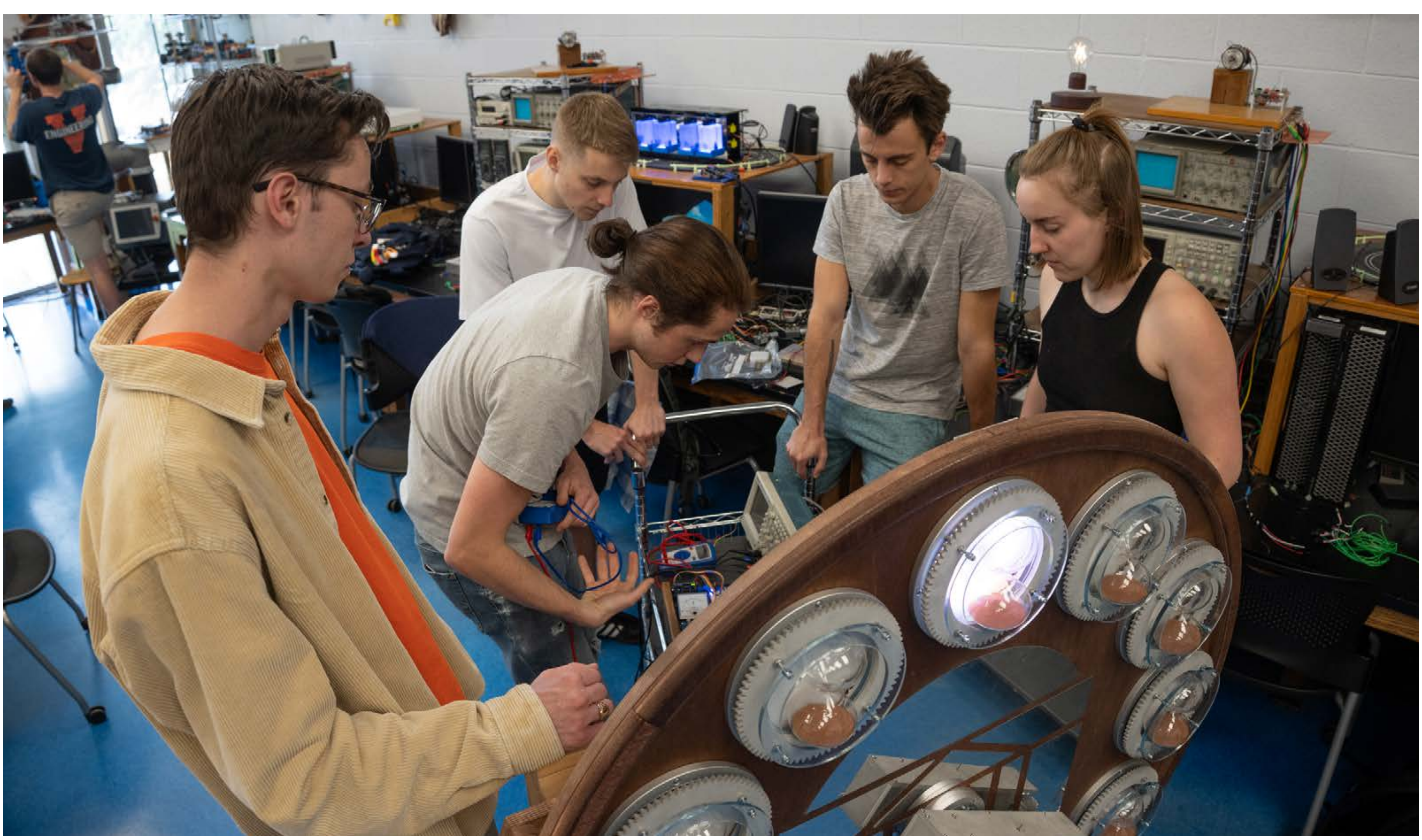


RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	**Vesting** Same as Plan 1.	**Vesting** **Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. **Defined Contribution Component:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distributions not required, except as governed by law.
Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **Defined Benefit Component:** See definition under Plan 1. **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier **VRS:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. **VaLORS:** The retirement multiplier for VaLORS employees is 1.7% or 2%.	**Service Retirement Multiplier** **VRS:** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013. **VaLORS:** The retirement multiplier for VaLORS employees is 2% applied to hazardous duty service and 1.7% applied to non-hazardous duty service and no supplement.	**Service Retirement Multiplier** **Defined Benefit Component:** **VRS:** The retirement multiplier for the defined benefit component is 1%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. **VaLORS:** Not applicable. **Defined Contribution Component:** Not applicable.
Normal Retirement Age **VRS:** Age 65. **VaLORS:** Age 60.	**Normal Retirement Age** **VRS:** Normal Social Security retirement age. **VaLORS:** Same as Plan 1.	**Normal Retirement Age** **Defined Benefit Component:** **VRS:** Same as Plan 2. **VaLORS:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility **VRS:** Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit. **VaLORS:** Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.	**Earliest Unreduced Retirement Eligibility** **VRS:** Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90. **VaLORS:** Same as Plan 1.	**Earliest Unreduced Retirement Eligibility** **Defined Benefit Component:** **VRS:** Same as Plan 2. **VaLORS:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility **VRS:** Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit. **VaLORS:** Age 50 with at least five years of service credit.	**Earliest Reduced Retirement Eligibility** **VRS:** Age 60 with at least five years (60 months) of service credit. **VaLORS:** Same as Plan 1.	**Earliest Reduced Retirement Eligibility** **Defined Benefit Component:** **VRS:** Same as Plan 2. **VaLORS:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Cost-of-Living Adjustment (COLA) In Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. **Eligibility:** For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date. **Exceptions to COLA Effective Dates:** The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	**Cost-of-Living Adjustment (COLA) In Retirement** The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. **Eligibility:** Same as Plan 1. **Exceptions to COLA Effective Dates:** Same as Plan 1.	**Cost-of-Living Adjustment (COLA) In Retirement** **Defined Benefit Component:** Same as Plan 2. **Defined Contribution Component:** Not applicable. **Eligibility:** Same as Plan 1 and Plan 2. **Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2.

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



Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute five percent of their compensation toward their retirement. Each state agency's contractually required contribution rate for the fiscal year ended June 30, 2023, was 14.46 percent of covered employee compensation for employees in the VRS State Employee Retirement Plan. For employees in the VaLORS Retirement Plan, the contribution rate was 24.60 percent of covered employee compensation. These rates were the final approved General Assembly rates which were based on an actuarially determined rate(s) from an actuarial valuation as of June 30, 2021. The actuarially determined rates, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the University to the VRS State Employee Retirement Plan were $60.2 million and $55.2 million for the years ended June 30, 2023, and June 30, 2022, respectively. Contributions from the University to the VaLORS Retirement Plan were $1.2 million and $908,563 for the years ended June 30, 2023, and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately $219.1 million to the VRS State plan and $19.9 million to VaLORS. These special payments were authorized by Chapter 1 of the 2022 appropriation Act and are classified as special employer contributions in Other net nonoperating revenues (expenses) on the Statement of Revenues, Expenses, and Changes in Net Position.

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

At June 30, 2023, the University reported a liability of $377.7 million for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability (NPL) and a liability of $7.6 million for its proportionate share of the VaLORS Retirement Plan NPL. The NPL was measured as of June 30, 2022, and the total pension liability used to calculate the NPL was determined by an actuarial valuation as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The University's proportion of the NPL was based on the University's actuarially determined employer contributions to the pension plans for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the University's proportion of the VRS State Employee Retirement Plan was 8.32 percent as compared to 8.61 percent at June 30, 2021. At June 30, 2022, the University's proportion of the VaLORS Retirement Plan was 1.21 percent as compared to 1.15 percent at June 30, 2021.

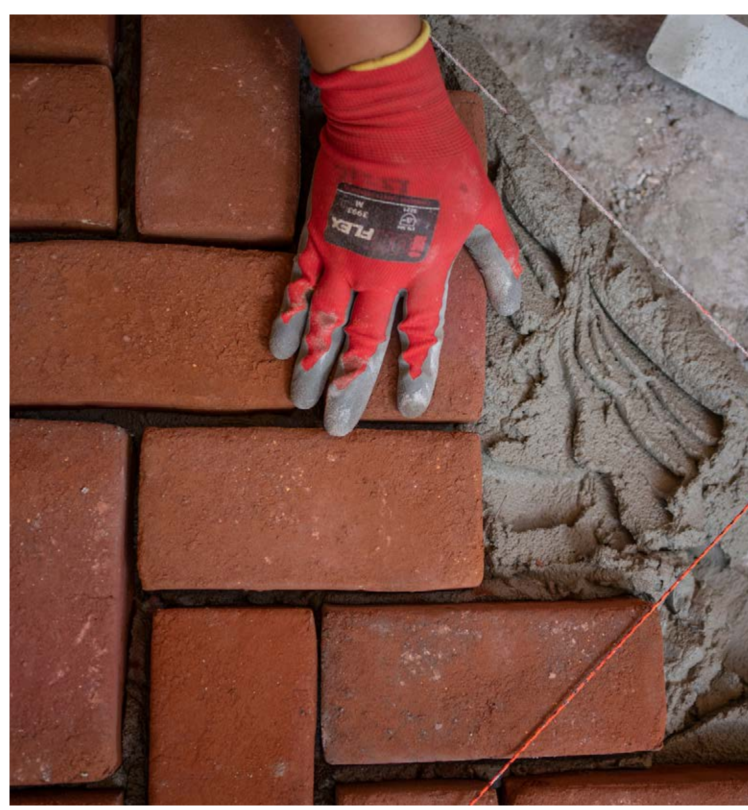
For the year ended June 30, 2023, the University recognized pension expense of $16.3 million for the VRS State Employee Retirement Plan and $1.8 million for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2021, and June 30, 2022, a portion of the pension expense was related to deferred amounts from changes in proportion and differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2023, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

YEAR ENDING JUNE 30 *(in thousands)*	**DEFERRED OUTFLOWS OF RESOURCES**	**DEFERRED INFLOWS OF RESOURCES**
Differences between expected and actual experience	$ 87	$ 25,022
Change in assumptions	15,258	-
Net difference between projected and actual earnings on pension plan investments	-	55,677
Changes in proportion and differences between Employer contributions and proportionate share of contributions	343	17,875
Employer contributions subsequent to the measurement date	61,398	-
TOTAL	**$ 77,086**	**$ 98,574**

Deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date of $61.4 million will be recognized as a reduction of the NPL in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

YEAR ENDING JUNE 30 *(in thousands)*	
2024	$ (33,601)
2025	(33,670)
2026	(41,961)
2027	26,345
TOTAL	**$ (82,887)**



Actuarial Assumptions: VRS State Employee Retirement Plan

The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 5.35 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation

Mortality rates:

Pre-Retirement:	Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years.
Post-Retirement:	Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females.
Post-Disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.
Mortality Improvement:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Actuarial Assumptions: VaLORS Retirement Plan

The total pension liability for the VaLORS Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 4.75 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation

Mortality rates:

Pre-Retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-Retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-Disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans*, less that system's fiduciary net position. As of June 30, 2022, NPL amounts for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan are as follows:

NET PENSION LIABILITY *(in thousands)*	STATE EMPLOYEE RETIREMENT PLAN	VaLORS RETIREMENT PLAN
Total pension liability	$ 27,117,746	$ 2,474,069
Less: Plan fiduciary net position	(22,579,326)	(1,841,041)
EMPLOYERS' NET PENSION LIABILITY	**$ 4,538,420**	**$ 663,028**
Plan fiduciary net position as a percentage of the total pension liability	83.26%	74.41%

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

Long-Term Expected Rate of Return

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

ASSET CLASS (STRATEGY)	TARGET ALLOCATION	ARITHMETIC LONG-TERM EXPECTED RATE OF RETURN PLAN	WEIGHTED AVERAGE LONG-TERM EXPECTED RATE OF RETURN
Public equity	34%	5.71%	1.94%
Fixed income	15%	2.04%	0.31%
Credit strategies	14%	4.78%	0.67%
Real assets	14%	4.47%	0.63%
Private equity	14%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6%	3.73%	0.22%
PIP - Private Investment Partnership	3%	6.55%	0.20%
TOTAL	**100%**		**5.33%**
Inflation			2.50%
Expected arithmetic nominal return*			7.83%

** The above allocation provides a one-year return of 7.83 percent. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72 percent, including expected inflation of 2.5 percent. On October 10, 2019, the VRS Board elected a long-term rate of 6.75 percent which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11 percent, including expected inflation of 2.5 percent.*

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, the rate contributed by the University for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100 percent of the actuarially determined contribution rate. From July 1, 2022, on, all agencies are assumed to continue to contribute 100 percent of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

SENSITIVITY OF NET PENSION LIABILITY *(in thousands)*	**1% DECREASE (5.75%)**	**CURRENT DISCOUNT RATE (6.75%)**	**1% INCREASE (7.75%)**
The University's proportionate share of the VRS State Employee Retirement Plan net pension liability	$ 645,513	$ 377,708	$ 155,744
The University's proportionate share of the VaLORS Retirement Plan net pension liability	11,611	7,631	4,386
TOTAL NET PENSION LIABILITY	**$ 657,124**	**$ 385,339**	**$ 160,130**

Pension Plan Fiduciary Net Position

Detailed information about the VRS State Employee Retirement Plan's Fiduciary Net Position or the VaLORS Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at **http://www.varetire.org/pdf/publications/2022-annual-report.pdf**, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

The amount of payables outstanding to the VRS State Employee Retirement Plan and the VaLORS Retirement Plan at June 30, 2023, was approximately $2.8 million for legally required contributions into the plans.

OPTIONAL RETIREMENT PLANS

Full-time faculty and certain administrative staff may participate in Optional Retirement Plans, as authorized by the *Code of Virginia*, rather than the VRS retirement plans. The Optional Retirement Plans are defined contribution plans to which the University contributes an amount established by statute.

There are two defined contribution plans for eligible academic employees. Plan 1 is for employees hired prior to July 1, 2010, and retirement benefits received are based on the employer's 10.4 percent contributions, plus interest and dividends. Plan 2 is for employees hired on or after July 1, 2010, and retirement benefits received are based on the employer's 8.9 percent contributions and the employee's five percent contributions, plus interest and dividends. For employees hired before July 1st, 2014, individual contracts issued under these plans provide for full and immediate vesting of both the University's and the employees' contributions. Employees hired after July 1st, 2014 are fully vested in the University's contributions after two years of continuous employment.

Medical Center employees hired after July 1, 1999, cannot participate in Plan 1 or Plan 2 noted above but have the option of participating in the Medical Center's Optional Retirement Plan. This is a defined contribution plan where the retirement benefits received are based on the employer and employee contributions, all of which are paid by the Medical Center, plus interest and dividends. Medical Center employees are fully vested after one or two years of employment, depending on their date of hire.

Total pension costs under the Optional Retirement Plans were approximately $80.2 million and were calculated using base salaries of $1.1 billion, for the year ended June 30, 2023. The contribution percentage amounted to 7.2 percent.

DEFERRED COMPENSATION PLANS

State employees may elect to participate in the Commonwealth's Deferred Compensation 457 Plan and/or the University's 403(b) Plan. Participating employees can contribute to either plan each pay period, with the Commonwealth matching at 50 percent up to $20 per pay period. This dollar amount match can change depending on the funding available in the Commonwealth's budget. The Employer Matching Plan falls under Section 401(a) of the Internal Revenue Code. Employer contributions for University employees to the 401(a) plan were approximately $2.8 million for the year ended June 30, 2023.

The Deferred Compensation Plan for the University Medical Center employees hired on or after September 30, 2002, allows employee contributions up to four percent of their salary and an employer match of 50 percent of the employee's four percent deferral amount, not to exceed two percent of the employee's salary. Employer contributions under this plan were approximately $7.1 million for the year ended June 30, 2023.

The University of Virginia provides executive deferred compensation retirement benefits for certain officers and executives of the University and University Medical Center. The University makes contributions on behalf of each participant as determined by the Board of Visitors. For the year ended June 30, 2023, the University contributed $2.2 million to these accounts.

Note 13

POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

VIRGINIA RETIREMENT SYSTEM OTHER POSTEMPLOYMENT (OPEB) PLANS

As described in Note 1, the University employees participating in the VRS retirement plans are eligible for the VRS Group Life Insurance (GLI) program, State Employee Health Insurance Credit (HIC) program, Line of Duty Act (LODA) program, and Virginia Sickness and Disability Program (VSDP). The specific information for each of the plans, including eligibility, coverage and benefits is set out in the table below:

VIRGINIA RETIREMENT SYSTEM OPEB PLAN PROVISIONS			
GLI	**HIC**	**LODA**	**VSDP**
Plan Description All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS GLI program upon employment. This plan is administered by the System, along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.	**Plan Description** All full-time, salaried permanent employees of state agencies are automatically covered by the HIC program. This plan is administered by the System, along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.	**Plan Description** All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the System, the State Police Officers' Retirement System (SPORS), or the VaLORS are automatically covered by the LODA. As required by statute, the System is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.	**Plan Description** All full-time and part-time permanent salaried state employees who are covered under the System, SPORS, or the VaLORS hired on or after January 1, 1999, are automatically covered by the VSDP upon employment. The Disability Insurance Program also covers state employees hired before January 1, 1999, who elected to transfer to VSDP rather than retain their eligibility to be considered for disability retirement. This plan is administered by the System, along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Employees on work-related short-term disability receiving only a workers' compensation payment may be eligible to purchase service credit for this period if retirement contributions are not being withheld from the workers' compensation payment. The rate will be based on 5% of the employee's compensation.

VIRGINIA RETIREMENT SYSTEM OPEB PLAN PROVISIONS			
GLI	**HIC**	**LODA**	**VSDP**
Eligible Employees The GLI program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City School Board Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.	**Eligible Employees** The HIC program was established January 1, 1990, for retired state employees covered under VRS, SPORS, VaLORS and JRS who retire with at least 15 years of service credit. Employees who retire after being on long-term disability under VSDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree. Eligible employees are enrolled automatically upon employment. They include: • Full-time and part-time permanent salaried state employees covered under VRS, SPORS, VaLORS and JRS.	**Eligible Employees** The eligible employees of the LODA program include paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under VRS, the SPORS, or the VaLORS.	**Eligible Employees** The VSDP, also known as the Disability Insurance Trust Fund, was established January 1, 1999, to provide short-term and long-term disability benefits for non-work-related and work-related disabilities. Eligible employees are enrolled automatically upon employment. They include: • Full-time and part-time permanent salaried state employees covered under VRS, SPORS and VaLORS (members new to VaLORS following its creation on October 1, 1999, have been enrolled since the inception of VSDP). • State employees hired before January 1, 1999, who elected to transfer to VSDP rather than retain their eligibility to be considered for VRS disability retirement. • Public college and university faculty members who elect the VRS defined benefit plan. They may participate in the VSDP or their institution’s disability program, if offered. If the institution does not offer the program or the faculty member does not make an election, he or she is enrolled in VSDP. Employees hired or rehired on or after July 1, 2009, must satisfy eligibility periods before becoming eligible for non-work-related short-term disability benefits and certain income-replacement levels. A state employee who is approved for VSDP benefits on or after the date that is five years prior to his or her normal retirement date is eligible for up to five years of VSDP benefits.

VIRGINIA RETIREMENT SYSTEM OPEB PLAN PROVISIONS			
GLI	HIC	LODA	VSDP
Benefit Amounts The benefits payable under the GLI program have several components: • **Natural Death Benefit –** The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • **Accidental Death Benefit –** The accidental death benefit is double the natural death benefit. • **Other Benefit Provisions –** In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option.	**Benefit Amounts** The HIC program provides the following benefits for eligible employees: • **At Retirement –** For State employees who retire, the monthly benefit is $4 per year of service per month with no cap on the benefit amount. • **Disability Retirement –** For State employees, other than state police officers, who retire on disability or go on long-term disability under the VSDP program, the monthly benefit is $120 or $4 per year of service, whichever is higher. For State police officer employees with a non-work-related disability who retire on disability or go on long-term disability under the VSDP, the monthly benefit is $120 or $4 per year of service, whichever is higher. For State police officers with a work-related disability, there is no benefit provided under the HIC program if the premiums are being paid under the LODA program. However, they may receive the credit for premiums paid for other qualified health plans. The monthly benefit cannot exceed the individual's premium amount.	**Benefit Amounts** The LODA program provides death and health insurance benefits for eligible individuals: • **Death –** The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: • $100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after. • $25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date. • An additional $20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001. • **Health Insurance –** The LODA program provides health insurance benefits. The health insurance benefits are managed through the Virginia Department of Human Resource management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans are provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.	**Benefit Amounts** The VSDP provides the following benefits for eligible employees: • **Leave –** Sick, family and personal leave. Eligible leave benefits are paid by the employer. • **Short-Term Disability –** The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. The benefit provides income replacement beginning at 100% of the employee's pre-disability income, reducing to 80% and then 60% based on the period of the disability and the length of service of the employee. Short-term disability benefits are paid by the employer. • **Long-Term Disability –** The program provides a long-term disability benefit beginning after 125 workdays of short-term disability and continuing until the employee reaches his or her normal retirement age. The benefit provides income replacement of 60% of the employee's pre-disability income. If an employee becomes disabled within five years of his or her normal retirement age, the employee will receive up to five years of VSDP benefits, provided he or she remains medically eligible. Long-term disability benefits are paid for by the VSDP OPEB Plan. • **Income Replacement Adjustment –** The program provides for an income replacement adjustment to 80% for catastrophic conditions. • **VSDP Long-Term Care Plan–** The program also includes a self-funded long-term care plan that assists with the cost of covered long-term care services.

VIRGINIA RETIREMENT SYSTEM OPEB PLAN PROVISIONS			
GLI	**HIC**	**LODA**	**VSDP**
Reduction in Benefit Amounts The benefit amounts provided to members covered under the GLI program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.	**Reduction in Benefit Amounts** Not applicable	**Reduction in Benefit Amounts** Not applicable	**Reduction in Benefit Amounts** Not applicable
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of service credit, there is a minimum benefit payable under the GLI program. The minimum benefit was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $8,984 as of June 30, 2023.	**Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)** Not applicable	**Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)** Not applicable	**Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)** During periods an employee receives long-term disability benefits, the long-term disability benefit may be increased annually by an amount recommended by the actuary and approved by the Board. • Plan 1 employees vested as of January 1, 2013 – 100% of the VRS Plan 1 COLA (The first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%). • Plan 1 employee non-vested as of January 1, 2013, Plan 2 and Hybrid Plan employees – 100% of the VRS Plan 2 and Hybrid COLA (The first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%). For participating full-time employees taking service retirement, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement. • 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4% For participating full-time employees receiving supplemental (work-related) disability benefits, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement. • 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4%.

CONTRIBUTIONS

The contribution requirements for the GLI program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI program was 1.34 percent of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80 percent (1.34 percent x 60 percent) and the employer component was 0.54 percent (1.34 percent x 40 percent). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023, was 0.54 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI program from the University were $2.3 million and $2.0 million for the years ended June 30, 2023, and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately $30.4 million to the GLI plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

The contribution requirement for the HIC program for active employees is governed by §51.1-1400(D) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each state agency's contractually required employer contribution rate for the year ended June 30, 2023, was 1.12 percent of covered employee compensation for employees in the HIC program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the University to the HIC program were $17.1 million and $15.7 million for the years ended June 30, 2023, and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately $8.5 million which was applied to the HIC Plan for state employees. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act.

The contribution requirements for the LODA program are governed by §9.1-400.1 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA program for the year ended June 30, 2023, was $681.84 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021, and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA program from the University were $42,956 and $46,625 for the years ended June 30, 2023, and June 30, 2022, respectively.

The contribution requirements for the VSDP are governed by §51.1-1140 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the VSDP for the year ended June 30, 2023, was 0.61 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits payable during the year, with an adjustment to amortize the accrued OPEB assets. Contributions to the VSDP from the University were $2.3 million and $2.1 million for the years ended June 30, 2023, and June 30, 2022, respectively.

OPEB LIABILITIES (ASSETS), OPEB EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO VRS OPEB PLANS

At June 30, 2023, the University reported a liability of $173.9 million for its proportionate share of the Net OPEB Liability (NOL) for GLI, HIC, and LODA Programs. At June 30, 2023, the University reported an asset of $21.7 million for its proportionate share of the Net VSDP OPEB Asset (NOA). The NOL/(NOA) was measured as of June 30, 2022, and the total OPEB liability used to calculate the NOL/(NOA) was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022.

The University's proportion of the NOL/(NOA) for GLI, HIC, and VSDP was based on the University's actuarially determined employer contributions to those programs for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. The University's proportion of the LODA NOL was based on the University's actuarially determined pay-as-you-go employer contributions to the LODA plan for the year ended June 30, 2022, relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. The schedule below presents the University's proportion at June 30, 2022, and June 30, 2021.

University's proportion of contributions, as of June 30, 2022

DIVISION	GLI	HIC	LODA	VSDP
Academic - State Employees	1.5720%	11.9143%	N/A	(7.1225%)
Academic - Law Officers	0.0174%	0.0492%	0.2990%	(0.0683%)
Medical Center	0.1370%	6.2799%	N/A	N/A
College at Wise - State Employees	0.0382%	0.2316%	N/A	(0.1669%)
College at Wise - Law Officers	0.0017%	0.0048%	0.0420%	(0.0079%)

University's proportion of contributions, as of June 30, 2021

DIVISION	GLI	HIC	LODA	VSDP
Academic - State Employees	1.6204%	12.0553%	N/A	(7.3083%)
Academic - Law Officers	0.0175%	0.0503%	0.2605%	(0.0699%)
Medical Center	0.1506%	6.5670%	N/A	N/A
College at Wise - State Employees	0.0439%	0.2466%	N/A	(0.1779%)
College at Wise - Law Officers	0.0019%	0.0054%	0.0469%	(0.0078%)

For the year ended June 30, 2023, the University recognized OPEB expense of $16.1 million. Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the University reported deferred outflows of resources and deferred inflows of resources related to the VRS administered OPEBs from the following sources:

YEAR ENDING JUNE 30 *(in thousands)*	**DEFERRED OUTFLOWS OF RESOURCES**	**DEFERRED INFLOWS OF RESOURCES**
Differences between expected and actual experience	$ 3,999	$ 13,481
Net difference between projected and actual earnings on OPEB plan investments	-	2,617
Change in assumptions	6,343	2,893
Changes in proportion	9,425	8,573
Employer contributions subsequent to the measurement date	21,657	-
TOTAL	**$ 41,424**	**$ 27,564**

$21.7 million reported as deferred outflows of resources related to the VRS administered OPEB resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the NOL in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEBs will be recognized in OPEB expense in future reporting periods as follows:

YEAR ENDING JUNE 30 *(in thousands)*	
2024	$ (1,257)
2025	(2,215)
2026	(3,633)
2027	364
2028	(1,428)
Thereafter	371
TOTAL	**$ (7,798)**

ACTUARIAL ASSUMPTIONS

The total OPEB liability for all VRS Programs was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation 2.5 percent

Salary increases, including inflation per plan:

Employee Type	GLI	HIC	LODA	VSDP
General State	3.5 - 5.35%	3.5 - 5.35%	N/A	3.5 - 5.35%
Teachers	3.5 - 5.95%	N/A	N/A	N/A
SPORS	3.5 – 4.75 %	3.5 – 4.75 %	N/A	3.5 – 4.75 %
VaLORS	3.5 – 4.75 %	3.5 – 4.75 %	N/A	3.5 – 4.75 %
JRS	4.0%	4.0%	N/A	N/A
Locality - General	3.5 – 5.35%	N/A	N/A	N/A
Locality - Hazardous Duty	3.5 – 4.75%	N/A	N/A	N/A

LODA Medical cost trend rates assumption:

Under age 65	7.00 percent – 4.75 percent
Ages 65 and older	5.25 percent – 4.75 percent

LODA Year of Ultimate Trend Rate:

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

Investment rate of return 6.75 percent (3.69 percent for LODA), net of investment expenses, including inflation*

** Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.69 percent was used since it approximates the risk-free rate of return.*

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

Pre-Retirement:	Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years.
Post-Retirement:	Pub-2010 Amount Weighted General Healthy Retiree Rates projected genera tionally; 110% of rates for females.
Post-Disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.
Mortality Improvement Scale:	Rates projected generationally with with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – Teachers* (GLI)

Pre-Retirement:	Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.
Post-Retirement:	Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.
Post-Disablement:	Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.
Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 Rates

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-Retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected gener ationally; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-Disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector morality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020. LODA & VSDP - increased disability life expectancy.
Retirement rates	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service changed final retirement age from 65 to 70
Withdrawal rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability rates	No change
Salary scale	No change
Line of duty disability	No change
Discount rate	No change

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

Pre-Retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-Retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-Disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – JRS Employees* (GLI, HIC)

Pre-Retirement:	Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years.
Post-Retirement:	Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males and females set back 2 years.
Post-Disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.
Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – Locality Employers - General Employees* (GLI)

Pre-Retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.
Post-Retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected gener tionally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.
Post-Disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.
Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – Locality Employers - Hazardous Duty Employees* (GLI, LODA)

Pre-Retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-Retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected gener ationally; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-Disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set forward 3 years.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

** UVA has no employees currently in these plans. Since the OPEB plans are treated as cost sharing plans and these assumptions affect the liability calculation for the University, the information is presented for informational purposes.*

Net OPEB Liability (Asset)

The net OPEB liability (NOL) or net OPEB asset (NOA) for the VRS administered OPEB plans represent the programs' total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL/(NOA) amounts for these programs are as follows:

NET OPEB LIABILITY (ASSET) *(in thousands)*	**GLI**	**HIC**	**LODA**	**VSDP**
Total OPEB liability	$ 3,672,085	$ 1,043,748	$ 385,669	$ 307,764
Less: Plan fiduciary net position	(2,467,989)	(224,575)	(7,214)	(602,916)
EMPLOYER'S NET OPEB LIABILITY (ASSET)	**$ 1,204,096**	**$ 819,173**	**$ 378,455**	**$ (295,152)**
Plan fiduciary net position as a percentage of the total OPEB liability	67.21%	21.52%	1.87%	195.90%

The total OPEB liability (asset) is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The NOL/(NOA) is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Discount Rate

The discount rate used to measure the total GLI, HIC, and VSDP OPEB liability was 6.75 percent and 3.69 percent for the LODA OPEB liability. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, the rate contributed by the University for the OPEBs will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100 percent of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100 percent of the actuarially determined contribution rates. Based on those assumptions, the OPEBs' fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

ASSET CLASS (STRATEGY)	TARGET ALLOCATION	ARITHMETIC LONG-TERM EXPECTED RATE OF RETURN PLAN	WEIGHTED AVERAGE LONG-TERM EXPECTED RATE OF RETURN
Public equity	34%	5.71%	1.94%
Fixed income	15%	2.04%	0.31%
Credit strategies	14%	4.78%	0.67%
Real assets	14%	4.47%	0.63%
Private equity	14%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6%	3.73%	0.22%
PIP - Private Investment Partnership	3%	6.55%	0.20%
TOTAL	**100%**		**5.33%**
Inflation			2.50%
Expected arithmetic nominal return*			**7.83%**

** The above allocation provides a one-year return of 7.83 percent. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72 percent, including expected inflation of 2.5 percent. On October 10, 2019, the VRS Board elected a long-term rate of 6.75 percent, which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11 percent, including expected inflation of 2.50 percent asset allocation.*

Long-Term Expected Rate of Return - LODA

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.69 percent for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments' 6.75 percent assumption. Instead, the assumed annual rate of return of 3.69 percent was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Fidelity Fixed Income General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2022.

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

The following presents the University's proportionate share of the NOL/(NOA) using the discount rate of 6.75 percent (3.69 percent for LODA), as well as what the University's proportionate share of the NOL/(NOA) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

SENSITIVITY OF NET OPEB LIABILITY (ASSET) *(in thousands)*	1% Decrease	Current Discount Rate	1% Increase
Employer's proportionate share of the VRS administered net OPEB liability	$ 201,806	$ 173,940	$ 149,993
Employer's proportionate share of the VRS administered net OPEB asset	(20,009)	(21,740)	(23,260)

Sensitivity of the University's Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the LODA program contains provisions for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the University's proportionate share of the LODA NOL using a health care trend rate of 7 percent decreasing to 4.75 percent, as well as what the University's proportionate share of the LODA NOL would be if it were calculated using a health care trend rate that is one percentage point lower or one percentage point higher than the current rate:

SENSITIVITY OF LODA NET OPEB LIABILITY *(in thousands)*	1% Decrease (6.00% decreasing to 3.75%)	Health Care Trend Rates (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
Covered employer's proportionate share of the total LODA net OPEB liability	$ 1,088	$ 1,291	$ 1,545

VRS Administered OPEB Programs' Fiduciary Net Position

Detailed information about the VRS administered OPEBs' Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

UNIVERSITY OF VIRGINIA OTHER POSTEMPLOYMENT (OPEB PLANS)

As described in Note 1, the University employees participating in the University's Optional Retirement Plan are eligible for Retiree Life Insurance OPEB administered by the University. The specific information, including eligibility, coverage and benefits is set out below.

Optional Retirement Retiree Life Insurance Plans
University faculty and Medical Center employees who participate in the Optional Retirement Plans receive $10,000 in retiree life insurance. The University pays the total cost of the insurance. Benefit provisions for these plans are established and maintained by the University under the authority of the Board. The University does not issue stand-alone financial statements for the plans.

Covered Employees
The benefit terms of the Retiree Life Insurance Plan covered the following employees:

COVERED EMPLOYEE CATEGORY	COVERED EMPLOYEES
Inactive employees	922
Active employees	11,358
TOTAL COVERED EMPLOYEES	**12,280**

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to UVA OPEB Plans

The University's total OPEB liability (TOL) for University administered programs of $13.6 million for the fiscal year ending June 30, 2023, was determined by an actuarial valuation as of July 1, 2022.

For the year ended June 30, 2023, the University recognized a negative OPEB expense of $51.3 million. The University also reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

YEAR ENDING JUNE 30 *(in thousands)*	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual experience	$ -	$ 26,911
Changes in assumptions or other inputs	2,533	14,527
Transactions subsequent to the measurement date	33	-
TOTAL	**$ 2,566**	**$ 41,438**

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

YEAR ENDING JUNE 30 *(in thousands)*	
2024	$ (10,373)
2025	(7,336)
2026	(6,905)
2027	(5,601)
2028	(4,707)
Thereafter	(3,984)
TOTAL	**$ (38,906)**

Actuarial Assumptions

The liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5 percent
Salary increases	4 percent
Discount rate	3.54 percent, based on the Bond Buyer GO 20-Bond Municipal Bond Index.
Mortality rates	For healthy annuitants: Pub TH-2010 employees and healthy annuitants mortality table projected generationally using Scale MP-2021 for faculty and Pub GH-2010 employees and healthy annuitants mortality table projected generationally using Scale MP-2020 for non-faculty. For disabled annuitants: Pub TH-2010 disabled mortality table projected generationally using Scale MP-2020 for faculty and Pub GH-2010 disabled mortality table projected generationally using Scale MP-2020 for non-faculty.

Total OPEB Liability

TOTAL OPEB LIABILITY *(in thousands)*	
BEGINNING BALANCE AS OF JUNE 30, 2022	**$ 65,085**
Changes for the year:	
Service cost	5,587
Interest	1,514
Changes in terms *	(47,354)
Expected vs actual experience	(5,290)
Changes in assumptions **	(4,870)
Benefit payments	(1,112)
ENDING BALANCE AS OF JUNE 30, 2023	**$ 13,560**

** Changes in terms reflect Retiree Health Plan changes discusses in Note 1.*
*** Changes of assumptions reflect the following:*
- *A change in the discount rate from 2.16 percent in 2022 to 3.54 percent in 2023.*

Sensitivity of the University's Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the University, as well as what the University's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54 percent) or one percentage point higher (4.54 percent) than the current discount rate:

SENSITIVITY OF TOTAL OPEB LIABILITY TO CHANGES IN DISCOUNT RATE *(in thousands)*	1% DECREASE (2.54%)	DISCOUNT RATE (3.54%)	1% INCREASE (4.54%)
TOTAL OPEB LIABILITY	$ 16,879	$ 13,560	$ 11,033

Note 14
SELF-INSURANCE

All University employees have the option to participate in the University's self-funded, comprehensive medical care benefits program. The cost of medical care is paid out of employee and employer contributions. The market value of investments on June 30, 2023, was $72.1 million. Claims and expenses are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Those losses include an estimate of claims that have been incurred but not reported and the future costs of handling claims. The estimated liability for outstanding claims on June 30, 2023, was $10.4 million. The University has contracted with several third-party claims administrators: Aetna for its medical and pharmacy claims and United Concordia for its dental claims.

University employees are covered by a self-insured workers' compensation benefits program administered by the Commonwealth's Department of Human Resource Management. Information relating to this plan is available at the statewide level only in the Commonwealth's Annual Comprehensive Financial Report.

The University's Office of Property and Liability Risk Management manages all property and casualty insurance programs for the University, including the Medical Center and the College at Wise. At present, most insurance coverages are obtained through participation in the state risk management self-insurance plans administered by the Virginia Department of the Treasury, Division of Risk Management. The Division of Risk Management program includes property, mechanical breakdown, crime, employee bond (employee dishonesty), general (tort) liability, professional liability (includes medical malpractice), aviation, network security and privacy insurance (response and regulatory), automobile liability and auto physical damage for vehicles valued in excess of $25,000. The University is self-insured for the first $100,000 ($5,000 for the College at Wise) of each property and mechanical breakdown loss and for physical damage to all vehicles valued up to $25,000. The University also maintains excess crime and employee dishonesty insurance and a special contingency risk insurance policy. Separate insurance coverage is maintained as appropriate for individual departments and component units of the University and the Medical Center, such as Community Medicine, LLC and UVA Global, LLC.

Note 15
COMMITMENTS AND CONTINGENCIES

COMMITMENTS

Authorized expenditures for construction and other projects unexpended as of June 30, 2023, were approximately $473.0 million.

LITIGATION

The University is a defendant in a class action lawsuit pending in federal court in Charlottesville arising from the University Medical Center's procedure for reviewing employee religious exemption requests to its previous COVID vaccine requirement. The University's motion to dismiss the lawsuit is pending with the court, however, University legal counsel estimates that a loss to the University of $8 million is probable. Accordingly, a liability for $8 million has been accrued in the June 30, 2023 financial statements.

Notwithstanding the matter above, the University is a party to various legal actions and other claims in the normal course of business. While the outcome cannot be determined at this time, management is of the opinion that the liability, if any, for these legal actions will not have a material effect on the University's financial position.

Note 16

SUBSEQUENT EVENTS

In July 2023, to make it easier for residents of eastern Virginia to access innovative care for complex medical conditions as well as the latest clinical trials, Riverside Health System and UVA Health have announced a strategic alliance to expand patient access to innovative care for complex medical conditions, transplantation, and the latest clinical trials. Under the agreement, Riverside and UVA Health will collaborate in multiple areas including clinical program development, research, and medical education. To ensure a long-term, mutually beneficial alliance, the agreement provides UVA Health with 5 percent ownership in Riverside, and in turn, UVA Health has committed to financial and clinical resources to assist in growing local services in Eastern Virginia. UVA Health and Riverside will each retain their existing governance and administrative structures. In exchange for the 5 percent minority ownership, UVA Health made an investment totaling $55 million, which consisted of a $33 million cash investment at the time of closing and will make $22 million of strategic investments linked to performance deliverables, and staffing recruitment. The investment will be accounted for using the equity method of accounting.

In September 2023, University of Virginia Community Health sold an assisted living facility, Caton Merchant House, for $4.3 million.

Required Supplementary Information

(UNAUDITED)

VIRGINIA RETIREMENT SYSTEM PENSION PLANS

SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY*
(in thousands)

	VRS STATE EMPLOYEE RETIREMENT PLAN								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	8.32%	8.61%	8.77%	8.91%	8.66%	8.59%	8.28%	8.19%	8.12%
Employer's proportionate share of the net pension liability	$ 377,709	$ 312,123	$ 635,343	$ 562,966	$ 468,658	$ 500,697	$ 545,568	$ 501,446	$ 454,655
Covered payroll	$ 383,397	$ 374,318	$ 387,464	$ 393,943	$ 371,724	$ 352,738	$ 332,184	$ 318,920	$ 314,268
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	98.52%	83.38%	163.97%	142.91%	126.08%	141.95%	164.24%	157.23%	144.67%
Plan fiduciary net position as a percentage of the total pension liability	83.26%	86.44%	72.15%	75.13%	77.39%	75.33%	71.29%	72.81%	74.28%

** The amounts presented have a measurement date of the previous fiscal year end. Schedule is intended to show information for 10 years. Since 2023 is the ninth year for this presentation, only nine years of data are presented. However, additional years will be included as they become available.*

SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY (CONTINUED)*
(in thousands)

	VaLORS RETIREMENT PLAN								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	1.21%	1.15%	0.98%	0.88%	0.89%	0.87%	0.80%	0.86%	0.79%
Employer's proportionate share of the net pension liability	$ 7,631	$ 6,003	$ 7,692	$ 6,137	$ 5,548	$ 5,689	$ 6,218	$ 6,144	$ 5,294
Covered payroll	$ 4,084	$ 4,012	$ 3,640	$ 4,011	$ 3,367	$ 3,255	$ 3,085	$ 3,036	$ 3,088
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	186.85%	149.63%	211.32%	153.00%	164.78%	174.78%	201.56%	202.37%	171.44%
Plan fiduciary net position as a percentage of the total pension liability	74.41%	78.18%	65.74%	68.31%	69.56%	67.22%	61.01%	62.64%	63.05%

** The amounts presented have a measurement date of the previous fiscal year end. Schedule is intended to show information for 10 years. Since 2023 is the ninth year for this presentation, only nine years of data are presented. However, additional years will be included as they become available.*

SCHEDULE OF EMPLOYER CONTRIBUTIONS* (in thousands) PLAN		CONTRACTUALLY REQUIRED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO CONTRACTUALLY REQUIRED CONTRIBUTION	CONTRIBUTION DEFICIENCY	EMPLOYER'S COVERED PAYROLL	CONTRIBUTIONS AS A % OF EMPLOYER'S COVERED PAYROLL
VRS State Employee Retirement Plan	2023	$ 60,223	$ 60,223	$ -	$ 415,913	14.48%
	2022	55,203	55,203	-	383,397	14.40%
	2021	53,771	53,771	-	374,318	14.37%
	2020	51,315	51,315	-	387,464	13.24%
	2019	50,862	50,862	-	393,943	12.91%
	2018	47,979	47,979	-	371,724	12.91%
	2017	46,238	46,238	-	352,738	13.11%
	2016	44,925	44,925	-	332,184	13.52%
	2015	37,781	37,781	-	318,920	11.85%
VaLORS Retirement Plan	2023	$ 1,175	$ 1,175	$ -	$ 4,712	24.94%
	2022	909	909	-	4,084	22.25%
	2021	870	870	-	4,012	21.68%
	2020	763	763	-	3,640	20.96%
	2019	719	719	-	4,011	17.93%
	2018	649	649	-	3,367	19.28%
	2017	643	643	-	3,255	19.75%
	2016	570	570	-	3,085	18.48%
	2015	498	498	-	3,036	16.40%

** Schedule is intended to show information for 10 years. Since 2023 is the nineth year for this presentation, only nine years of data are presented. However, additional years will be included as they become available.*

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - VIRGINIA RETIREMENT SYSTEM PENSION PLANS

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions for the VRS State Employee Retirement Plan as a result of the experience study and VRS Board action are as follows:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service

The actuarial assumptions used in the June 30, 2021, valuation for the VaLORS Retirement Plan were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

- Update mortality table to PUB2010 public sector morality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Increased retirement rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service

POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS - VIRGINIA RETIREMENT SYSTEM OPEBS

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY (ASSET)* **(in thousands)**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
EMPLOYER'S PROPORTION OF THE NET OPEB LIABILITY (ASSET) BY PLAN AND EMPLOYEE TYPE						
GLI OPEB Liability (Asset)						
University Employees - VRS	1.572%	1.620%	1.672%	1.664%	1.619%	1.586%
University Employees - VaLORS	0.017%	0.018%	0.016%	0.014%	0.014%	0.014%
Medical Center Employees - VRS	0.137%	0.151%	0.157%	0.171%	0.184%	0.186%
College at Wise Employees - VRS	0.038%	0.044%	0.045%	0.044%	0.046%	0.047%
College at Wise Employees - VaLORS	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%
HIC OPEB Liability (Asset)						
University Employees - VRS	11.914%	12.055%	12.087%	12.154%	11.596%	11.325%
University Employees - VaLORS	0.049%	0.050%	0.045%	0.040%	0.040%	0.040%
Medical Center Employees - VRS	6.280%	6.567%	5.762%	5.893%	6.533%	6.386%
College at Wise Employees - VRS	0.232%	0.247%	0.249%	0.256%	0.249%	0.255%
College at Wise Employees - VaLORS	0.005%	0.005%	0.005%	0.005%	0.006%	0.006%
LODA OPEB Liability (Asset)						
University Employees - VRS	N/A	N/A	N/A	N/A	N/A	N/A
University Employees - VaLORS	0.299%	0.261%	0.265%	0.242%	0.272%	0.268%
Medical Center Employees - VRS	N/A	N/A	N/A	N/A	N/A	N/A
College at Wise Employees - VRS	N/A	N/A	N/A	N/A	N/A	N/A
College at Wise Employees - VaLORS	0.042%	0.047%	0.047%	0.047%	0.048%	0.047%
VSDP OPEB Liability (Asset)						
University Employees - VRS	(7.122%)	(7.308%)	(7.507%)	(7.563%)	(7.309%)	(7.259%)
University Employees - VaLORS	(0.068%)	(0.070%)	(0.060%)	(0.051%)	(0.051%)	(0.052%)
Medical Center Employees - VRS	N/A	N/A	N/A	N/A	N/A	N/A
College at Wise Employees - VRS	(0.167%)	(0.178%)	(0.180%)	(0.187%)	(0.197%)	(0.203%)
College at Wise Employees - VaLORS	(0.008%)	(0.008%)	(0.008%)	(0.007%)	(0.008%)	(0.008%)
EMPLOYER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) BY PLAN AND EMPLOYEE TYPE						
GLI OPEB Liability (Asset)						
University Employees - VRS	$ 18,929	$ 18,866	$ 27,900	$ 27,086	$ 24,583	$ 23,866
University Employees - VaLORS	210	204	263	228	216	216
Medical Center Employees - VRS	1,649	1,754	2,616	2,785	2,793	2,794
College at Wise Employees - VRS	460	511	745	713	704	713
College at Wise Employees - VaLORS	20	22	32	28	30	31
HIC OPEB Liability (Asset)						
University Employees - VRS	$ 97,599	$ 101,812	$ 110,958	$ 112,193	$ 105,773	$ 103,119
University Employees - VaLORS	403	425	414	373	366	368
Medical Center Employees - VRS	51,443	55,461	52,897	54,400	59,595	58,152
College at Wise Employees - VRS	1,897	2,082	2,282	2,362	2,268	2,324
College at Wise Employees - VaLORS	39	46	50	46	51	52
LODA OPEB Liability (Asset)						
University Employees - VRS	N/A	N/A	N/A	N/A	N/A	N/A
University Employees - VaLORS	$ 1,132	$ 1,149	$ 1,109	$ 868	$ 852	$ 705
Medical Center Employees - VRS	N/A	N/A	N/A	N/A	N/A	N/A
College at Wise Employees - VRS	N/A	N/A	N/A	N/A	N/A	N/A
College at Wise Employees - VaLORS	159	207	196	170	150	124
VSDP OPEB Liability (Asset)						
University Employees - VRS	$ (21,022)	$ (25,193)	$ (16,567)	$ (14,838)	$ (16,471)	$ (14,896)
University Employees - VaLORS	(202)	(241)	(132)	(101)	(116)	(107)
Medical Center Employees - VRS	N/A	N/A	N/A	N/A	N/A	N/A
College at Wise Employees - VRS	(493)	(613)	(397)	(368)	(443)	(417)
College at Wise Employees - VaLORS	(23)	(27)	(17)	(14)	(18)	(17)

** The amounts presented have a measurement date of the previous fiscal year end. Schedule is intended to show information for 10 years. Since 2023 is the sixth year for this presentation, only six years of data is available. However, additional years will be included as they become available.*

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY (ASSET) (CONTINUED)* (in thousands)	2023	2022	2021	2020	2019	2018
EMPLOYER'S COVERED PAYROLL						
GLI OPEB Liability (Asset)						
University Employees - VRS	$ 341,953	$ 334,547	$ 344,069	$ 326,293	$ 307,783	$ 292,551
University Employees - VaLORS	3,784	3,622	3,247	2,753	2,704	2,772
Medical Center Employees - VRS	29,792	31,100	32,261	33,547	34,969	40,629
College at Wise Employees - VRS	8,315	9,054	9,188	8,595	8,812	8,532
College at Wise Employees - VaLORS	365	389	393	342	376	375
HIC OPEB Liability (Asset)						
University Employees - VRS	$ 902,765	$ 868,729	$ 870,811	$ 828,243	$ 780,764	$ 739,172
University Employees - VaLORS	3,727	3,622	3,248	2,753	2,700	2,761
Medical Center Employees - VRS	475,833	473,235	415,138	401,596	439,856	423,097
College at Wise Employees - VRS	17,549	17,769	17,909	17,438	16,734	15,960
College at Wise Employees - VaLORS	365	389	392	342	376	378
LODA OPEB Liability (Asset)**						
University Employees - VRS	N/A	N/A	N/A	N/A	N/A	N/A
University Employees - VaLORS	$ 3,719	$ 3,622	$ 3,248	$ 3,624	$ 3,019	$ 3,254
Medical Center Employees - VRS	N/A	N/A	N/A	N/A	N/A	N/A
College at Wise Employees - VRS	N/A	N/A	N/A	N/A	N/A	N/A
College at Wise Employees - VaLORS	365	390	392	387	348	375
VSDP OPEB Liability (Asset)						
University Employees - VRS	$ 327,835	$ 315,874	$ 325,292	$ 306,127	$ 288,230	$ 291,594
University Employees - VaLORS	3,145	3,020	2,599	2,080	2,030	2,237
Medical Center Employees - VRS	N/A	N/A	N/A	N/A	N/A	N/A
College at Wise Employees - VRS	7,681	7,690	7,791	7,587	7,762	7,993
College at Wise Employees - VaLORS	365	337	330	281	315	336
EMPLOYER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) AS A PERCENTAGE OF ITS COVERED PAYROLL						
GLI OPEB Liability (Asset)						
University Employees - VRS	5.535%	5.639%	8.109%	8.301%	7.987%	8.158%
University Employees - VaLORS	5.537%	5.638%	8.110%	8.299%	7.988%	7.792%
Medical Center Employees - VRS	5.535%	5.639%	8.109%	8.301%	7.987%	6.877%
College at Wise Employees - VRS	5.536%	5.639%	8.108%	8.300%	7.989%	8.357%
College at Wise Employees - VaLORS	5.542%	5.657%	8.111%	8.279%	7.979%	8.267%
HIC OPEB Liability (Asset)						
University Employees - VRS	10.811%	11.720%	12.742%	13.546%	13.547%	13.951%
University Employees - VaLORS	10.814%	11.721%	12.741%	13.546%	13.556%	13.329%
Medical Center Employees - VRS	10.811%	11.720%	12.742%	13.546%	13.549%	13.744%
College at Wise Employees - VRS	10.811%	11.720%	12.742%	13.546%	13.553%	14.561%
College at Wise Employees - VaLORS	10.795%	11.724%	12.740%	13.549%	13.564%	13.757%
LODA OPEB Liability (Asset)**						
University Employees - VRS	N/A	N/A	N/A	N/A	N/A	N/A
University Employees - VaLORS	30.431%	31.717%	34.153%	23.949%	28.221%	21.666%
Medical Center Employees - VRS	N/A	N/A	N/A	N/A	N/A	N/A
College at Wise Employees - VRS	N/A	N/A	N/A	N/A	N/A	N/A
College at Wise Employees - VaLORS	43.517%	53.021%	49.938%	43.880%	43.103%	33.067%
VSDP OPEB Liability (Asset)						
University Employees - VRS	(6.412%)	(7.976%)	(5.093%)	(4.847%)	(5.715%)	(5.108%)
University Employees - VaLORS	(6.414%)	(7.975%)	(5.092%)	(4.846%)	(5.714%)	(4.783%)
Medical Center Employees - VRS	N/A	N/A	N/A	N/A	N/A	N/A
College at Wise Employees - VRS	(6.412%)	(7.976%)	(5.093%)	(4.847%)	(5.707%)	(5.217%)
College at Wise Employees - VaLORS	(6.404%)	(7.989%)	(5.089%)	(4.853%)	(5.714%)	(5.060%)
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL OPEB LIABILITY						
GLI OPEB Liabiliity	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%
HIC OPEB Liability	21.52%	19.75%	12.02%	10.56%	9.51%	8.03%
LODA OPEB Liability	1.87%	1.68%	1.02%	0.79%	0.60%	1.30%
VSDP OPEB Liability	195.90%	229.01%	181.88%	167.18%	194.74%	186.63%

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*** The contributions for the Line of Duty Act Program are based on the number of participants in the program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan.*

SCHEDULE OF EMPLOYER CONTRIBUTIONS* *(in thousands)*		CONTRACTUALLY REQUIRED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO CONTRACTUALLY REQUIRED CONTRIBUTION	CONTRIBUTION DEFICIENCY	EMPLOYER'S COVERED PAYROLL	CONTRIBUTIONS AS A % OF EMPLOYER'S COVERED PAYROLL
GLI	2023	$ 2,256	$ 2,256	$ -	$ 417,823	0.54%
	2022	2,012	2,012	-	384,209	0.52%
	2021	2,009	2,009	-	378,712	0.53%
	2020	2,013	2,013	-	389,158	0.52%
	2019	1,932	1,932	-	371,530	0.52%
	2018	2,069	2,069	-	354,644	0.58%
HIC	2023	$ 17,089	$ 17,089	$ -	$ 1,518,312	1.13%
	2022	15,710	15,710	-	1,400,239	1.12%
	2021	15,275	15,275	-	1,363,744	1.12%
	2020	15,383	15,383	-	1,307,498	1.18%
	2019	14,907	14,907	-	1,250,372	1.19%
	2018	14,721	14,721	-	1,240,430	1.19%
LODA**	2023	$ 43	$ 43	$ -	$ 4,712	0.91%
	2022	47	47	-	4,084	1.14%
	2021	42	42	-	4,012	1.05%
	2020	42	42	-	3,640	1.16%
	2019	39	39	-	4,011	0.97%
	2018	35	35	-	3,367	1.04%
VSDP	2023	$ 2,270	$ 2,270	$ -	$ 372,281	0.61%
	2022	2,055	2,055	-	339,026	0.61%
	2021	1,957	1,957	-	326,921	0.60%
	2020	2,086	2,086	-	336,012	0.62%
	2019	1,962	1,962	-	316,075	0.62%
	2018	1,970	1,970	-	298,337	0.66%

** Schedule is intended to show information for 10 years. Since 2023 is the sixth year for this presentation, only six years of data is available. However, additional years will be included as they become available.*
*** The contributions for the Line of Duty Act Program are based on the number of participants in the program using a per capita based contribution versus a payroll based contribution. Therefore, covered-employee payroll is the more relevant measure, which is the total payroll of employees in the OPEB plan.*

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - VIRGINIA RETIREMENT SYSTEM OPEBS

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

Additional details regarding the changes of assumptions can be found in Note 13 to the financial statements.

POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS - UVA ADMINISTERED OPEBS

CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS* *(in thousands)*	2023	2022	2021	2020	2019	2018
RETIREE HEALTH PLAN						
Service cost	$ 4,023	$ 3,533	$ 4,392	$ 3,954	$ 6,567	$ 6,725
Interest	1,017	951	2,151	2,165	3,249	2,405
Changes in terms	(47,354)	-	-	-	-	-
Expected vs actual experience	333	(1,043)	(17,036)	(3,854)	(23,155)	1,439
Changes in assumptions	-	253	1,750	1,730	(19,294)	(5,903)
Benefit payments	(1,105)	(217)	(288)	(8)	(946)	(2,727)
CHANGE IN RETIREE HEALTH PLAN LIABILITY	**(43,086)**	**3,477**	**(9,031)**	**3,987**	**(33,579)**	**1,939**
Retiree Health Plan liability, beginning	43,086	39,609	48,640	44,652	78,230	76,291
RETIREE HEALTH PLAN LIABILITY, ENDING	**-**	**43,086**	**39,609**	**48,639**	**44,651**	**78,230**
OPTIONAL RETIREMENT RETIREE LIFE INSURANCE						
Service cost	1,564	1,793	583	483	1,283	1,475
Interest	497	482	285	264	634	527
Expected vs actual experience	(5,623)	(354)	2,606	983	(5,514)	3,297
Changes in assumptions	(4,870)	132	643	544	(5,570)	(1,498)
Benefit payments	(7)	(109)	(6)	(6)	(6)	(1,355)
CHANGE IN OPTIONAL RETIREMENT RETIREE LIFE INSURANCE LIABILITY	**(8,439)**	**1,944**	**4,111**	**2,268**	**(9,173)**	**2,446**
Optional retirement retiree life insurance, beginning	21,999	20,055	15,944	13,677	22,851	20,405
OPTIONAL RETIREMENT RETIREE LIFE INSURANCE LIABILITY, ENDING	**13,560**	**21,999**	**20,055**	**15,944**	**13,678**	**22,851**
NET CHANGE IN TOTAL OPEB LIABILITY	**(51,525)**	**5,421**	**(4,920)**	**6,255**	**(42,752)**	**4,385**
Total OPEB liability, beginning	65,085	59,664	64,584	58,329	101,081	96,696
TOTAL OPEB LIABILITY, ENDING	**$ 13,560**	**$ 65,085**	**$ 59,664**	**$ 64,584**	**$ 58,329**	**$ 101,081**
COVERED-EMPLOYEE PAYROLL						
Retiree Health Plan	$ -	$ 587,028	$ 564,450	$ 543,660	$ 522,750	$ 482,636
Optional Retirement Retiree Life Insurance	610,507	368,004	353,850	347,724	334,350	481,884
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL						
Retiree Health Plan	N/A	7.34%	7.02%	8.95%	8.54%	16.21%
Optional Retirement Retiree Life Insurance	2.22%	5.98%	5.67%	4.59%	4.09%	4.74%

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - UVA ADMINISTERED OPEBS

Changes of benefit terms - Details regarding changes of benefit terms can be found in Note 1 to the financial statements.

Changes of assumptions - Details regarding changes in assumptions can be found in Note 13 to the financial statements.

Financial Report
2022-23

PREPARED BY UVAFINANCE

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An online version of this report is available at fro.vpfinance.virginia.edu

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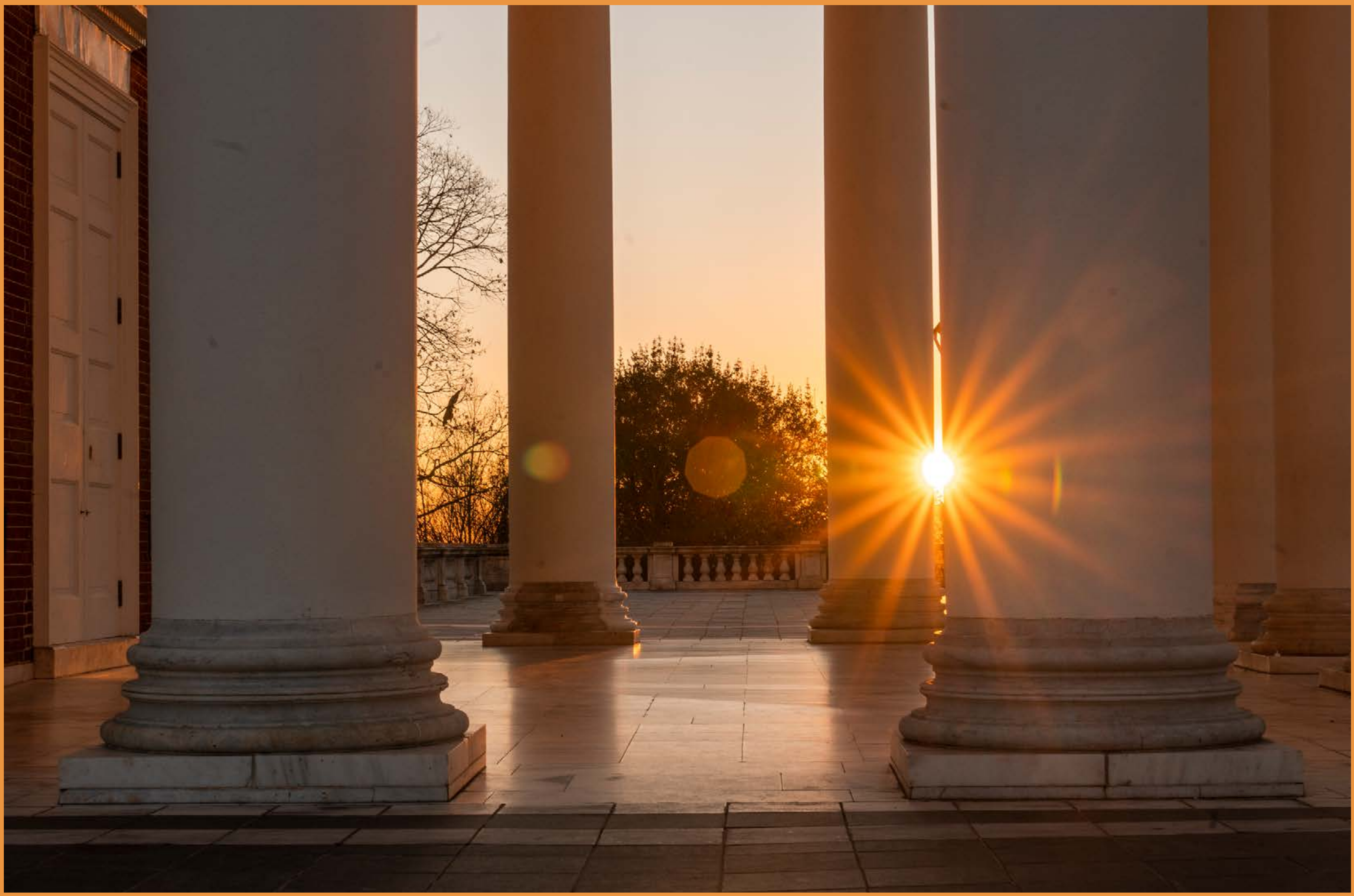
Individuals, including UVA students and employees, and participants in UVA's programs or activities, may be entitled to reasonable accommodations or modifications for a disability. The following person has been designated to handle inquiries regarding the American with Disabilities Act, Rehabilitation Act, and related statutes and regulations: ADA Coordinator, Office for Equal Opportunity and Civil Rights, (434) 924-3200, ADACoordinator@virginia.edu. A Deputy ADA Coordinator has also been designated to assist the ADA Coordinator: (434) 924-3200, ADACoordinator@virginia.edu

The following person has been designated to handle inquiries regarding the non-discrimination policies: Associate Vice President, Office for Equal Opportunity and Civil Rights, (434) 924-3200, UVAEOCR@virginia.edu.

The following person has been designated to serve as the overall coordinator for purposes of Title IX compliance: Title IX Coordinator, (434) 297-7988, titleixcoordinator@virginia.edu. A Deputy Title IX Coordinator has also been designated to assist the Title IX Coordinator: (434) 297-7988, titleixcoordinator@virginia.edu.



University of Virginia