FINANCIAL REPORT

2021 - 22

CONTENTS

FROM THE

EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER

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

Fiscal Year 2022 brought the return of a sense of normalcy to the Grounds following more than a year of adaptation to the circumstances of the pandemic. Classes were held in-person, with very few exceptions. Many employees returned to their on-Grounds workplaces after an extended remote period, with some opting for new hybrid work arrangements. Faculty, staff, and students applied lessons of the pandemic to enhance their work, using technologies that were a necessity in 2020 and now presented opportunities for flexibility, inclusion, and broader engagement. Student and University activities resumed, and the UVA community experienced a renewed sense of appreciation for the ability to spend time together in person.

I was especially pleased to officially add a new member to my leadership team with the appointment of John Kosky as vice president and chief human resources officer in January 2022. John had very capably served in an interim capacity since June 2020, and a national search confirmed that he was the right person for the job. In other parts of the Grounds, we are incredibly fortunate to have Ian Baucom take on the role of executive vice president and provost after serving as dean of Arts & Sciences for eight years. Three new deans joined the Schools of Architecture (Malo Hutson), Engineering and Applied Science (Jennifer West), and Medicine (Melina Kibbe) in Fiscal Year 2022. Three more new deans began their tenure early in Fiscal Year 2023 in Nursing (Marianne Baernholdt), Arts & Sciences (Christa Acampora), and Continuing & Professional Studies (Melissa Lubin), with strong interim leaders bridging the gap before the arrival of the new deans.

During a time of significant transition across the Grounds, we continue to take the long view in our planning to safeguard the University's future financial strength and stability. Among the ways we do this are to continually analyze our revenue streams, invest in systems that can evolve with institutional needs, identify and realize cost efficiencies, support strategic plan initiatives, and respond to operational challenges.

Debt Strategy

The expertise of our Treasury Management team and external advisors, the University's AAA rating from all three major rating agencies, and the ongoing support of the Board of Visitors through its approval of the debt-shelf financing program have enabled UVA to borrow capital at exceptionally low rates several times since 2019. In late June and early July 2021, the three major rating agencies – Moody's, S&P, and Fitch – reaffirmed our triple-A bond ratings and Stable Outlook. This positioned the University to take advantage of favorable conditions and issue $100 million of tax-exempt 30-year bonds (Series 2021A) at a rate of 2.180% and $300 million of taxable 30-year bonds (Series 2021B) at a rate of 2.584%, setting two records in the process. The Series 2021A Bonds achieved the lowest yield-to-maturity (2.180%) of any 30-year tax-exempt bond ever. The Series 2021B Bonds achieved the lowest credit spread ever (0.58%) for a 30-year taxable bond issuance. The University's debt strategy supports the bold vision of the Great and Good strategic plan and the complementary UVA Health strategic plan.

Capital Projects

Major renovation and construction projects are among the important initiatives that are supported, in part, by the University's debt strategy. We currently have approximately $1.7 billion in construction and planning for the Academic Division, which includes $874.1 million in projects that will be completed by spring 2025 and $810.3 million in planning and design. We completed renovations in Gilmer Hall and the Chemistry Building for the start of the fall 2022 semester. Among the major projects underway are the Alderman Library Renewal, the School of Data Science Building in the Emmet-Ivy Corridor, and the Contemplative Sciences Building, along with several projects in Athletics. The Medical Center has an $8 million project nearing completion for the Cancer Center, and other projects in planning and design, including expanding Focused Ultrasound and renovating and expanding the UVA Encompass Health Rehabilitation Hospital.

In 2021, the University contracted with HKA Global, Inc. to engage in an independent review of our major capital program with three main objectives: evaluate total project costs of major capital projects at UVA, identify primary cost drivers and benchmark costs against peers, and develop recommendations to address factors that influence the cost of capital projects. HKA concluded that UVA's costs are in line with comparable higher education institutions and industry norms and recognized positive elements of UVA's governance model while also making recommendations for process improvements. A cross-functional team is now implementing these recommendations.

> **"The true value of our financial strength is the pursuit of excellence that it enables."**
> **JENNIFER (J.J.) WAGNER DAVIS**

Investments and Investor Responsibility

After achieving unprecedented investment gains in Fiscal Year 2021, anticipated market corrections came in Fiscal Year 2022. The University of Virginia Investment Management Company's (UVIMCO) diversified portfolio declined by 4.7% due to market volatility. Comparatively, the passive policy portfolio was down 13.2% for the same period. Negative returns generated by Public Equity, Long/Short Equity, and Fixed Income portfolios were partly offset by gains in Real Assets and Absolute Returns. UVIMCO continues to perform very well against the benchmark, with 10-year and 20-year annualized returns at 11% and 10.4% respectively, compared to the benchmark at 7.3% and 7.4% for the same periods.

In June 2021, UVIMCO formed an Advisory Committee on Investor Responsibility (ACIR) comprised of students, faculty, staff, and alumni to advise UVIMCO on incorporating environmental, social, and governance (ESG) factors into investment decisions. The group evaluated investment practices of peer investment companies and developed recommendations for ways UVIMCO could increase its focus on ESG issues while continuing to maximize returns for the University. In March 2022, UVIMCO announced its new Investor Responsibility Framework (IRF) and Fossil Fuel Investment Principles, which are now guiding UVIMCO's investor responsibility approach and align with UVA's broader sustainability and social responsibility objectives. A critical element of the new framework is UVIMCO's formal commitment to align its investment portfolio to net-zero greenhouse emissions by the year 2050, if not sooner. Details about the IRF are available at uvimco.org, and annual reports on progress will be posted there. This is a major step for UVIMCO and the University.

Operating Budget

As explained in greater detail in the Economic Outlook section of this report, Fiscal Year 2022 was a time of transition to a post-pandemic economic environment. In June 2021, the Board of Visitors approved a $3.99 billion consolidated annual operating budget. The budget reflected Board-approved tuition increases (in-state undergraduate tuition remained constant from the previous year), sponsored research activity, state appropriations, and philanthropic success. It included increases for research activity, salaries, financial aid, and general expenses. The approved Academic Division operating budget was $1.99 billion, a 5.8% increase from the previous year. The Medical Center's approved operating budget was $1.95 billion, a 6.7% increase from the prior year. UVA-Wise's approved budget was $56.3 million, a 15.1% increase from the previous year.

Tuition

Tuition is a major source of revenue in the Academic Division's operating budget. In summer 2021, the Finance Committee of the Board of Visitors convened a Subcommittee on Tuition. The group was charged with studying the University's undergraduate tuition policy, the tuition-setting process, the timing of setting tuition and for how long, the tuition and fee structure, and related information. They were also asked to make recommendations to the Board on actions to take to improve the transparency and predictability of tuition setting. Following an educational workshop and public comment session, the Board approved tuition and fees for the 2022-24 academic years at its December 2021 meeting with the idea of providing as much information as possible to families, including those with prospective students. The University's approach to tuition continues to reflect its longstanding commitment to access and affordability.

In the final weeks of the fiscal year, Governor Youngkin requested that all public universities in the Commonwealth hold in-state undergraduate tuition flat for academic year 2022-23. With the annual operating budget already set for Fiscal Year 2023, the Board reconvened the Subcommittee on Tuition during the summer to consider options. In September 2022, the Board approved a one-time $690 credit (equal to the 4.7% previously-approved tuition increase) to be applied to the accounts of all in-state undergraduate students. The decision to issue this credit reflected changing conditions that included additional state funding for higher education, cost efficiencies, and the Governor's recommendation.

Finance Strategic Transformation

Fiscal Year 2022 marked a pivotal time in our multi-year Finance Strategic Transformation (FST). Throughout the year, the FST team worked closely with partners across Grounds to prepare for the launch of Workday Financials in early July 2022 and Adaptive Planning 3.0 a few weeks later. We will be in the stabilization phase of the project through December 2022, and the team continues to provide robust training and support to end users across Grounds.

Along with implementing these new technologies and building a new Chart of Accounts, the FST and UVAFinance teams redesigned processes across the board to improve controls, streamline workflows, modernize planning and reporting tools, and eliminate shadow systems. Through this work, we have increased the use of preferential contracts and revenue-generating incentives to save more than $1 million annually, and consolidated buying power through the Virginia Higher Ed Procurement Consortium. Our three-year average savings through the consortium is $5 million per year.

Cost Efficiencies

Focusing on efficiency and effectiveness is a longstanding practice at UVA, and we approach this through a lens of supporting excellence in all that we do – teaching, research, public service, patient care, and throughout our operations and the myriad activities that support our mission. Our decentralized financial planning model provides ongoing incentives for improving efficiency, achieving better outcomes, and finding financial savings. In spring 2021, we provided information to the State Council of Higher Education for Virginia (SCHEV) identifying more than 40 initiatives in recent years that were expected to lead to productivity improvements, cost reductions, and improved student success rates. Within the EVP-COO portfolio, we have transformed significant parts of our operations (HR and Finance) and implemented new cloud-based systems that will enable us to provide best-in-class analysis, services, and support in a rapidly changing environment. Another significant transformation project is in early planning stages to replace the enterprise Student Information System.

From the Executive Vice President and Chief Operating Officer

Additional Operational Achievements

Across our operational units, Fiscal Year 2022 was a year of significant progress. Our ITS staff played a key role in the Finance Strategic Transformation, and they partnered with the provost's office on the selection of a new Learning Management System (LMS) for most courses at the University, UVACanvas. A pilot is underway this fall, and 40% of courses will transition to UVACanvas in the spring. All summer 2023 courses will be in the new system, and the remaining courses will transition next fall.

We continue to make progress toward the ambitious goals outlined in the University's 2020-2030 Sustainability Plan and have received recognition and numerous awards from external entities for the work we are doing. Among the achievements for Fiscal Year 2022 are reaching a 43% reduction in greenhouse gases (from a 2010 baseline), saving $21.6 million in three years through energy efficiency upgrades in existing buildings, and having 78 buildings on Grounds LEED-certified to date. In May, we announced that we have ordered four battery electric buses to begin to transition our transit fleet from diesel power to a more sustainable alternative. We expect delivery of the buses next summer or early fall.

Aligning with the Good Neighbor Program outlined in the University's Great and Good strategic plan, our teams are working on three initiatives related to the President's Council on University-Community Partnerships: Affordable Housing, Local Economy, and Pipelines & Pathways. In Fiscal Year 2022, we identified and announced three sites for potential affordable housing development in Charlottesville and Albemarle and we continued to engage the community through in-person and online channels. The team drafted Development Principles based on community input and, with the guidance of our consulting team, issued a Request for Qualifications (RFQ) in June 2022 to identify a short list of potential development partners for two of the three sites. The potential partners identified through the RFQ process will be invited to respond to a Request for Proposals. The Local Economy and Pipelines & Pathways working groups collaborated with staff in UVA HR and UVAFinance through Fiscal Year 2021 and delivered reports to the President's Council with their recommendations. The University has already begun to implement some of these recommendations.

Continuing a Strong Tradition of Philanthropy

Philanthropy represents a major source of support for initiatives in the University's strategic plan. At the close of Fiscal Year 2022, the Campaign total stood at $4.15 billion toward the $5 billion goal. Philanthropic cash flow for the year was $485 million, surpassing the Fiscal Year 2021 record by more than 13%, and new commitments for the year, including future support, totaled $588 million. The generous support of alumni, parents, and friends is a testament to their affinity for the University and their belief in the work that we do.

UVA Health's Expanding Reach Across the Commonwealth

While caring for patients infected with COVID and other illnesses, along with many patients who had postponed routine and preventive care during the height of the pandemic, UVA Health continued to expand access to health care across the Commonwealth. Five years after forming the Novant Health UVA Health System joint operating company, UVA Health fully acquired the organization at the start of the fiscal year on July 1, 2021. Supported by the bond issuances referenced earlier, this acquisition means that our integrated network of physician offices, outpatient facilities, and medical centers in Northern Virginia and Culpeper are now more closely aligned with the UVA Medical Center. UVA Health also has partnerships in other parts of Virginia, including the Tidewater region and the Lynchburg area, as well as telemedicine sites in all corners of the Commonwealth.

Workforce Challenges

While UVA is experiencing great success because of the hard work of people across Grounds, we are also facing challenges related to our workforce. The University is a people-driven enterprise, with a more than 30,000 employees across the Academic Division, Medical Center, University Physician's Group, UVA Community Health, and UVA-Wise. While we continue to strive to be both great and good, areas across the institution are seeing a war for talent, with increased competition both regionally and nationally. Vacancy rates for Academic Division staff and Medical Center team members have increased. In the Academic Division, this has created some vacancy savings, but the Medical Center must address staffing shortages with contract labor, with a financial impact. UVA HR is investing substantial resources in recruitment and retention, including career development programs, to address this challenge and sustain the University's ability to achieve excellence.

Driven by Talent and Unified by our Strategic Plan

As we begin year four of implementing the 2030 Plan, it is abundantly clear that the execution of bold ideas is dependent upon the University's financial strength and stability, and that the true value of our financial power is the pursuit of excellence that it enables. Our incredibly dedicated and talented faculty, staff, and clinicians carried us through the unprecedented challenges of the pandemic, and they will also help us to achieve the vision set forth in the Great and Good Plan by continually looking for opportunities to improve our systems and processes and to identify efficiencies while pursuing excellence in all that we do. I am deeply grateful to be a part of the UVA community and humbled to work beside this incredible team.

Very truly yours,

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

Management Responsibility

December 15, 2022

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, 2022. 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,

Melody S. Bianchetto
Vice President for Finance

Augie L. Maurelli
Associate Vice President
for Financial Operations

Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

December 15, 2022

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Visitors
The 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, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the 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, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the aggregate discretely presented component units of the University, which are discussed in Notes 1 and 9. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as it relates to the amounts included for the component units of the University, are based solely on the report of the other auditors.

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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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 of the accompanying financial statements, the University implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, related to accounting and financial reporting for lease liabilities and right-to-use lease assets. Our opinions are not modified with respect to this matter.

Other Matters

Report on Summarized Comparative Information

We have previously audited the University's 2021 financial statements, and we expressed an unmodified audit opinion on the respective financial statements in our report dated December 3, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, 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 Statement No. 87 Leases, 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements: Management's Discussion and Analysis on pages 11 through 19; 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 85 through 86; 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 87 through 89; the Schedule of Changes in Total OPEB Liability and Related Ratios and the Notes to the Required Supplementary Information – UVA Administered OPEBS on page 90. 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 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 15, 2022, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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

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, 2022. Comparative information for the year ended June 30, 2021, 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

As a public institution of higher learning with 23,721 on-Grounds students and 2,838 full-time instructional and research faculty members in 12 schools in 2021-22, the University offers a diverse range of degree programs, from baccalaureate to postdoctoral levels, including doctorates in 54 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. The Medical Center also has a transitional care hospital with 40 beds that is located west of the Charlottesville campus. 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 with 1,737 students and 102 full-time instructional and research faculty. It offers baccalaureate degrees in 33 majors and eight pre-professional programs, including dentistry, pharmacy, engineering, forestry, law, 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's foundations 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, 2022, and June 30, 2021, is summarized as follows:

SUMMARY OF THE STATEMENT OF NET POSITION *(in thousands)*	**2022**	**2021***	**INCREASE (DECREASE) AMOUNT**	**INCREASE (DECREASE) PERCENT**
Current assets	$ 1,165,993	$ 1,177,662	$ (11,669)	(1.0%)
Noncurrent assets				
Endowment investments	7,037,167	7,521,785	(484,618)	(6.4%)
Other long-term investments	3,658,985	3,932,557	(273,572)	(7.0%)
Capital assets, net	4,953,149	4,616,752	336,397	7.3%
Other	992,338	857,340	134,998	15.7%
Total assets	**17,807,632**	**18,106,096**	**(298,464)**	**(1.6%)**
Deferred outflows of resources	159,264	214,926	(55,662)	(25.9%)
Total assets and deferred outflows of resources	**17,966,896**	**18,321,022**	**(354,126)**	**(1.9%)**
Current liabilities	807,463	973,014	(165,551)	(17.0%)
Noncurrent liabilities	4,208,562	4,218,343	(9,781)	(0.2%)
Total liabilities	**5,016,025**	**5,191,357**	**(175,332)**	**(3.4%)**
Deferred inflows of resources	523,699	293,493	230,206	78.4%
Total liabilities and deferred inflows of resources	**5,539,724**	**5,484,850**	**54,874**	**1.0%**
TOTAL NET POSITION	**$ 12,427,172**	**$12,836,172**	**$ (409,000)**	**(3.2%)**

**Amounts have been restated to comply with the implementation of GASB 87.*

Current Assets and Liabilities

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

Current assets cover current liabilities 1.4 times, an indicator of good liquidity and the ability to weather short-term demands on working capital. Current assets cover 3.6 months of total operating expenses, excluding depreciation and amortization. For 2021-22, one month of operating expenses equaled approximately $323.7 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 loss of 4.7 percent in fiscal year 2021-22. This performance figure includes realized and unrealized gains and losses, along with cash income. Total investment loss for all funds was $515-million for the fiscal year ended June 30, 2022.

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, 2022, the total distribution for the University's endowment was $257.4 million, excluding fiduciary funds, or 5.0 percent of the market value of the endowment as of June 30, 2020, 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, a $0.28-billion decrease over the prior year, which is primarily due to a loss in the long-term pool of 4.7 percent.

Endowment investments. The total of endowment investments is $7.0 billion, a $0.5-billion decrease over the prior year. The decrease is a result of a 4.7 percent loss in the long-term inverstment pool.

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 foundations reported as component units, the combined University system endowment was just under $9.5 billion as of June 30, 2022.

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 2021-22 *(in thousands)*	**PROJECTED COST**	**FY2022 ACTUAL EXPENSES**
Alderman Library	$ 163,900	$ 52,186
UVA Hotel & Conference Center	167,900	4,372
Brandon Avenue Upper Class Residence Hall Phase II	114,000	11,055
TOTAL	**$ 445,800**	**$ 67,613**

As infrastructure and building projects were completed or otherwise acquired during the year, the University's capital asset balances grew significantly. More than $404.8 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 2021-22 *(in thousands)*	**CAPITALIZED COST**
University Hospital Expansion-MRI/ED/OR/Bed Tower	$ 372,213
Ivy Musculoskeletal Center and Utility Plant	144,756
Hospital HVAC Phase IV	6,238
Student Health and Wellness Center	95,254
Gilmer Hall and Chemistry Building Renovations	54,584
Pinn Hall Exterior Envelope	19,442
North Grounds Mechanical Plant and Distribution	10,452
TOTAL	**$ 702,939**

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 with the highest long-term debt ratings from all three agencies. Besides being an official acknowledgment of the University's financial strength, these ratings enable 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 contains a strategic mix of maturity structures and both variable- and fixed-rate obligations. The University achieves this mix through issuing a combination of variable- and fixed-rate debt, including commercial paper. It also adjusts its debt mix through the use of interest rate swaps executed according to its Board-approved interest-rate risk-management policy. The University had just under $3.4 billion of debt outstanding as of June 30, 2022.

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, 2022 and June 30, 2021 is summarized below:

NET POSITION *(in thousands)*	2022	2021*	INCREASE (DECREASE) AMOUNT	INCREASE (DECREASE) PERCENT
Net investment in capital assets	$ 2,234,132	$ 2,138,264	$ 95,868	4.5%
Restricted				
Nonexpendable	1,257,874	1,129,588	128,286	11.4%
Expendable	4,766,716	4,880,507	(113,791)	(2.3%)
Unrestricted	4,168,450	4,687,813	(519,363)	(11.1%)
TOTAL NET POSITION	**$ 12,427,172**	**$ 12,836,172**	**$ (409,000)**	**(3.2%)**

**Amounts have been restated to comply with the implementation of GASB 87.*

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 $336.4 million and were offset by a $240.5-million increase in debt used to finance those capital assets, for a net change of $95.9 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 $47.5 million as well as $78.7 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 decrease is mainly a result of UVIMCO long-term pool's investment loss of 4.7 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 the long-term pool's investment loss of 4.7 percent.

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, 2022 and June 30, 2021:

SUMMARY OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION *(in thousands)*	2022	2021*	INCREASE (DECREASE) AMOUNT	INCREASE (DECREASE) PERCENT
Operating revenues				
Student tuition and fees, net	$ 668,557	$ 629,820	$ 38,737	6.2%
Patient services, net	2,323,698	1,806,678	517,020	28.6%
Sponsored programs	443,675	407,349	36,326	8.9%
Other	267,635	183,240	84,395	46.1%
Total operating revenues	**3,703,565**	**3,027,087**	**676,478**	**22.3%**
Operating expenses	**4,206,931**	**3,703,818**	**503,113**	**13.6%**
Operating loss	**(503,366)**	**(676,731)**	**173,365**	**25.6%**
Nonoperating revenues (expenses)				
State appropriations	215,711	195,571	20,140	10.3%
Gifts	211,384	196,687	14,697	7.5%
Investment income	(516,980)	3,770,894	(4,287,874)	(113.7%)
Pell grants	15,262	15,296	(34)	(0.2%)
Nonoperating grant revenue	40,891	88,064	(47,173)	(53.6%)
Interest on capital asset-related debt	(125,985)	(98,651)	(27,334)	(27.7%)
Build America Bonds (BAB) rebate	8,097	8,298	(201)	(2.4%)
Other net nonoperating expenses	(9,316)	(7,884)	(1,432)	(18.2%)
Net nonoperating revenues	**(160,936)**	**4,168,275**	**(4,329,211)**	**(103.9%)**
Income before other revenues, expenses, gains, or losses	**(664,302)**	**3,491,544**	**(4,155,846)**	**(119.0%)**
Capital appropriations, gifts, and grants	207,825	164,881	42,944	26.0%
Additions to permanent endowments	47,477	53,994	(6,517)	(12.1%)
Total other revenues	**255,302**	**218,875**	**36,427**	**16.6%**
INCREASE (DECREASE) IN NET POSITION	**(409,000)**	**3,710,419**	**(4,119,419)**	**(111.0%)**
NET POSITION - BEGINNING OF YEAR	12,836,172	9,125,753	3,710,419	40.7%
NET POSITION - END OF YEAR	**$ 12,427,172**	**$ 12,836,172**	**$ (409,000)**	**(3.2%)**

**Amounts have been restated to comply with the implementation of GASB 87.*

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, 2022, and June 30, 2021, are summarized below:

SUMMARY OF REVENUES *(in thousands)*	**2022**			**2021***			**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	$ 668,557	$ -	$ 668,557	$ 629,820	$ -	$ 629,820	$ 38,737	6.2%
Patient services, net	-	2,323,698	2,323,698	-	1,806,678	1,806,678	517,020	28.6%
Federal, state, and local grants and contracts	370,422	-	370,422	341,234	-	341,234	29,188	8.6%
Nongovernmental grants and contracts	73,253	-	73,253	66,115	-	66,115	7,138	10.8%
Sales and services of educational departments	10,209	-	10,209	20,186	-	20,186	(9,977)	(49.4%)
Auxiliary enterprises revenue, net	158,263	-	158,263	101,694	-	101,694	56,569	55.6%
Other operating revenues	1	99,162	99,163	63	61,297	61,360	37,803	61.6%
Total operating revenues	**1,280,705**	**2,422,860**	**3,703,565**	**1,159,112**	**1,867,975**	**3,027,087**	**676,478**	**22.3%**
Nonoperating revenues								
State appropriations	215,711	-	215,711	195,571	-	195,571	20,140	10.3%
Private gifts	209,998	1,386	211,384	194,935	1,752	196,687	14,697	7.5%
Investment income	(448,422)	(68,558)	(516,980)	3,232,775	538,119	3,770,894	(4,287,874)	(113.7%)
Nonoperating grant revenues	19,367	21,524	40,891	62,582	25,482	88,064	(47,173)	(53.6%)
Other nonoperating revenues	270,564	-	270,564	234,104	67	234,171	36,393	15.5%
Total nonoperating revenues	**267,218**	**(45,648)**	**221,570**	**3,919,967**	**565,420**	**4,485,387**	**(4,263,817)**	**(95.1%)**
TOTAL REVENUES	**$ 1,547,923**	**$ 2,377,214**	**$ 3,925,135**	**$ 5,079,079**	**$ 2,433,395**	**$ 7,512,474**	**$ (3,587,339)**	**(47.8%)**

**Amounts have been restated to comply with the implementation of GASB 87.*

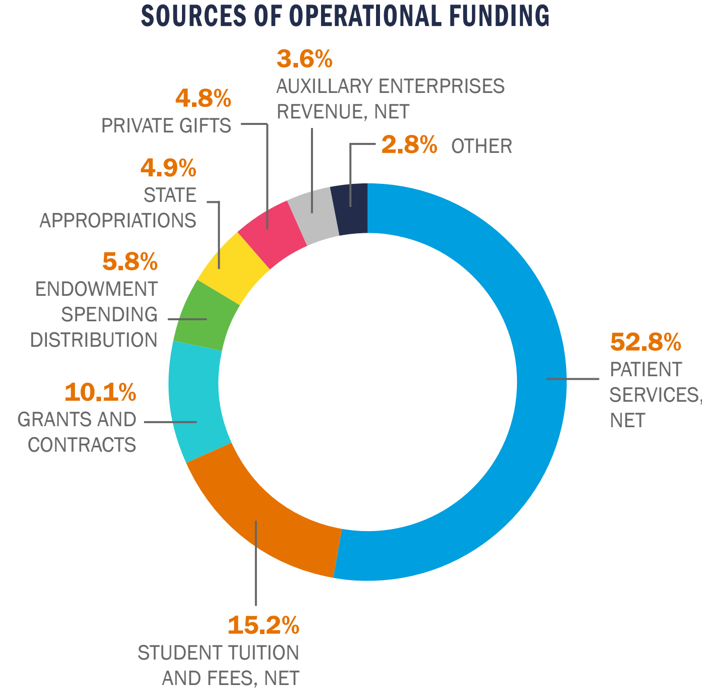
Net student tuition and fees revenue increased due to new programs, enrollment growth, and changes in tuition and fee rates. Tuition and fees revenue is reported net of scholarships and allowances provided from University sources. Net patient services revenues increased as a result of the Medical Center's acquisition of UVA Community Health. The decrease in nonoperating revenues is driven by a decrease in investment income resulting from a loss on the University's long-term investments of 4.7 percent compared to an increase of 49 percent in fiscal year 2021.

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, 2022. 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 nearly 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.

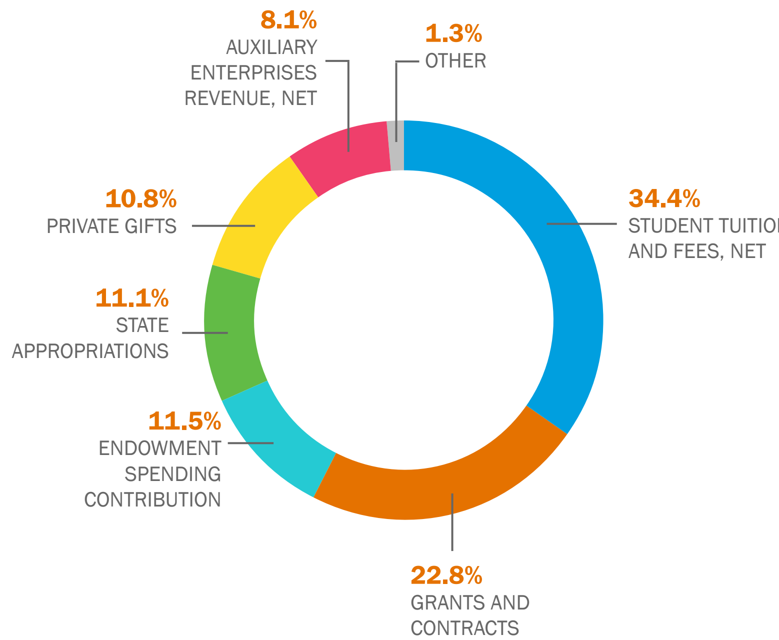
TOTAL UNIVERSITY REVENUES AND OTHER SOURCES OF OPERATIONAL FUNDING



Net student tuition and fees, and grants and contracts are the next largest revenue categories. Private support from endowment spending and gifts combined provides 10.6 percent of the University's funding. State appropriations account for just 4.9 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 below. Net tuition and fees make up more than one-third of the operating revenues for the Academic Division and Wise. Contributing a combined 22.3 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 22.8 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, 2022, and June 30, 2021, are summarized as follows:

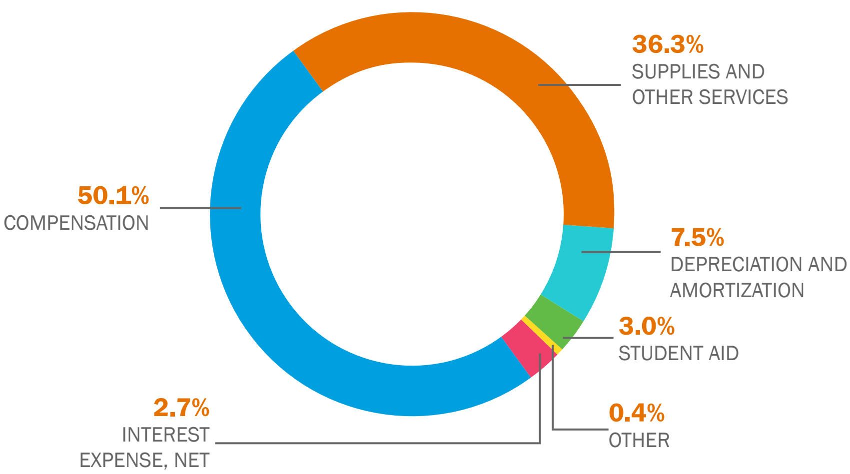
SUMMARY OF EXPENSES *(in thousands)*	2022			2021*			TOTAL INSTITUTION INCREASE (DECREASE)	
	ACADEMIC DIVISION & WISE	MEDICAL CENTER	TOTAL INSTITUTION	ACADEMIC DIVISION & WISE	MEDICAL CENTER	TOTAL INSTITUTION	AMOUNT	PERCENT
Operating expenses								
Compensation	$ 1,286,161	$ 887,015	$ 2,173,176	$ 1,291,356	$ 769,864	$ 2,061,220	$ 111,956	5.4%
Supplies and other services	392,468	1,180,033	1,572,501	327,830	868,927	1,196,757	375,744	31.5%
Student aid	128,012	-	128,012	126,948	-	126,948	1,064	0.8%
Depreciation and amortization	172,209	150,836	323,045	172,847	132,198	305,045	18,000	7.0%
Other operating expenses	10,197	-	10,197	13,848	-	13,848	(3,651)	(26.4%)
Total operating expenses	**1,989,047**	**2,217,884**	**4,206,931**	**1,932,829**	**1,770,989**	**3,703,818**	**503,113**	**13.7%**
Nonoperating expenses and other								
Interest expense (net of BAB rebate)	88,253	29,635	117,888	73,201	17,152	90,353	27,535	30.5%
Loss on capital assets, net	2,652	(205)	2,447	4,429	-	4,249	(1,802)	(42.4%)
Other nonoperating expenses, net	(7,866)	14,735	6,869	1,988	1,647	3,635	3,234	89.0%
Total nonoperating expenses	**83,039**	**44,165**	**127,204**	**79,438**	**18,799**	**98,237**	**28,967**	**29.5%**
TOTAL EXPENSES	**$ 2,072,086**	**$ 2,262,049**	**$ 4,334,135**	**$2,012,267**	**$1,789,788**	**$ 3,802,055**	**$ 532,080**	**14.0%**

**Amounts have been restated to comply with the implementation of GASB 87.*

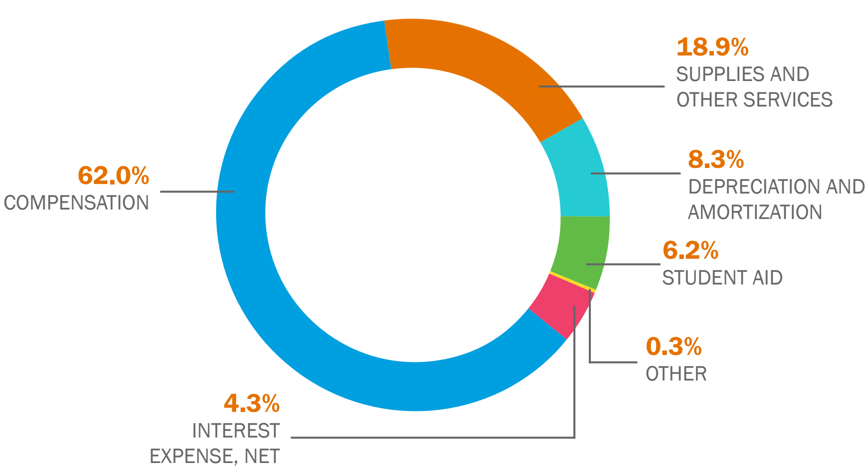
Increases in operating expenses are primarily driven by the increase in compensation and benefits (primarily due to the acquisition of Community Health) and supplies and other services. The University is committed to recruiting and retaining outstanding faculty and staff, and the compensation package is one way to successfully compete with peer institutions and nonacademic employers. The increase in supplies and services is driven by the Medical Center's acquisition of UVA Community Health.

The following are graphic illustrations of expenses (both operating and nonoperating) for the fiscal year ended June 30, 2022.

TOTAL UNIVERSITY EXPENSES



ACADEMIC AND WISE EXPENSES



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 75.2 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

Fiscal Year 2022 provided a clearer look at the post-Covid economic and higher education landscape. While social and professional engagement slowly shaped into a "new normal," there was still plenty of fiscal, political, and social activity to create an interesting backdrop for a Fiscal Year 2023 that is both exciting and uncertain.

Initially, inflation was dubbed "transitory," however, major economic indicators confirm that we will experience ongoing inflation. The U.S. Bureau of Labor Statistics reports that the Consumer Price Index and associated inflation rate is at 7.7 percent. Certain components of the CPI, such as commodity prices and energy, have experienced double digit growth. To combat this, a hawkish Federal Reserve Bank appears to be set on higher interest rates for as long as it takes to correct inflation and reduce terminal values. While the Federal Reserve's single lever resides within its monetary policy rate hikes, opposing forces continue to dampen its effect.

The labor market continues to show resilience with unemployment rates less than 4 percent. Additionally, the global market is experiencing commodity volatility and ongoing supply chain issues due to the Russo-Ukrainian War. Both factors have contributed to demand-side inflationary pressures. This uncertain economic landscape has resulted in Moody's revising its Higher Education outlook for 2023 to negative as revenue rebounds stall and expenses surge, while Standard and Poor's revised its outlook for the non-profit acute health care sector in 2023 to negative, citing persistent operating pressures coupled with investment market volatility as drivers. The economic landscape may continue to send mixed messages with economic slowdown improving some aspects, such as labor pressures, but bringing forward other risks that could have negative impacts on revenue sources, all of which will require close attention.

UVA is well-positioned to whether an expected recession with diverse revenue streams, strong balance sheet, stable enrollment, expanding healthcare footprint, and a clear strategic vision. While, rising interest rates have been less accommodating from a debt perspective recently, UVA proactively went to market to secure $400 million in July of 2021, prior to upward shifts in the yield curve, and is expanding its access to short-term commercial paper to provide options. Remote/hybrid work is favorable to both sides of the labor market as it increases the range and depth of candidate pools while also providing pressure to retain faculty, staff, physicians, and allied health professionals. The Department of Labor reports that the overall labor supply has contracted by 2.9 million jobs since the start of the pandemic, with many economic and Wall Street experts openly using the term "recession" when contemplating 2023 and beyond.

To finance and advance portions of the 2030 Great and Good Plan, UVA acted early in the fiscal year and issued another $400 million in debt, 25 percent of which was tax-exempt. The debt actions set records at the time for the lowest yield-to-maturity for any 30-year tax exempt issuance at 2.18 percent, as well as the lowest credit spread ever (58 bps) for the taxable portion at 2.584 percent. This strategic financing will be used for approximately $269 million of capital projects that are part of the multi-year strategic plan. Another strategic component to this financing includes UVA's acquisition of remaining memberships with Novant Health in Northern Virginia, allowing UVA full control of three hospitals in Culpeper, Haymarket, and Prince William County, respectively. A small portion, $31 million, was used for refinancing the 2015B series bonds to more favorable terms due to market conditions at the time of issuance.

Credit rating agencies continue to cite UVA's strong enrollment, robust balance sheet, diverse revenue mix, and strong leadership and management team as critical components of its AAA rating. Fall 2022 enrollment statistics support those factors, with UVA receiving 50,962 applicants and granting admission to 9,522, for an acceptance rate of 19 percent, making it the most competitive class in history. Philanthropic efforts continue to provide meaningful opportunities for enrichment across Grounds. As part of the 2030 plan, UVA has implemented the Good Neighbor Program, which strengthens community relations by prioritizing sustainability, offering living wages, and making UVA health resources more accessible.

The University's endowment, managed by UVIMCO, experienced a loss of 4.7 percent in Fiscal Year 2022. While not ideal, strong management through the current economic climate helped preserve the University's endowment through a wide diversification of assets. To preserve the health of the endowment, the Board of Visitors lowered the spending range to 3-5 percent.

Expanding the breadth of our medical services, clinical research, and academic instruction are only part of the strategic efforts being implemented for 2023. Programmatic and capital expansion are both on the horizon with a new conference center being completed on the Emmet/Ivy Corridor as well as approval for Biotech Infrastructure, Medical, and Digital Technology facilities, as well as athletics improvements. Other strategic investments include increased efforts toward our Bicentennial Scholars and Cavalier Opportunity initiatives. Reducing our carbon footprint is critical for our overall sustainability and maintaining strong community relations. UVA is assessing new energy sources for grounds as well as purchasing several electric buses. The infrastructure investments combined with investments in student advising, teaching, and research round out a holistic pathway for sustained excellence.

New leadership and initiatives at the state level have supported the mission of higher education and created opportunities to improve efficiencies and effectiveness across state agencies. State support of over $180 million to UVA combined with state employee bonus and increased annual merit compensation further solidifies the Commonwealth's long-term commitment to its overall success. UVA's pursuit of continuous improvement aligns with this proactive and strategic mindset. This year, UVA completed a multi-year Finance Strategic Transformation project that implemented a new enterprise-wide financial system, a new budgeting system, overhauled the chart of accounts, and improved many financial processes. Both UVA and the Virginia Association of State College and University Purchasing Professionals (VASCUPP) have partnered with the Commonwealth to further explore and leverage the size and scale of our state agencies, while staying true to our commitment of small, women and minority-owned business within the state and our local economies. Similar efforts are creating opportunities for additional engagement in areas such as construction, procurement, and management. The Commonwealth of Virginia ended the Fiscal Year 2022 with $1.94 billion in general fund revenue surplus. This surplus will be used to advance some of their priorities, with education being among those at the top of the list.

As the University of Virginia continues its path of excellence, Fiscal Year 2023 and beyond will present new challenges and with it, opportunities. A strategic mindset, strong leadership, and flexible management criteria, appropriately consider and balance critical aspects of our 2030 Great and Good Plan with the inherent risks of our current economic conditions. Prudent deployment of capital, focused investments in programs and research, and alignment with operational excellence and efficiency efforts are all being assessed and deployed in the transition to a post-pandemic economy. UVA is poised to continue providing excellence in educational delivery, leadership in the world of research and development, and delivering the best health care in Virginia and beyond.

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

AS OF JUNE 30, 2022 (WITH COMPARATIVE INFORMATION AS OF JUNE 30, 2021)

	2022	2021 AS RESTATED
ASSETS		
Current assets		
Cash and cash equivalents (Note 2)	$ 340,101	$ 344,356
Short-term investments (Note 2)	131,949	149,076
Appropriations available	18,767	15,123
Accounts receivable, net (Note 3a)	540,580	552,774
Prepaid expenses	27,435	24,362
Inventories	53,699	41,425
Notes receivable, net (Note 3b)	4,595	5,974
Pledges receivable, net (Note 3c)	48,867	44,572
Total current assets	**1,165,993**	**1,177,662**
Noncurrent assets		
Cash and cash equivalents (Note 2)	688,035	543,747
Long-term investments (Note 2)	3,577,556	3,809,351
Endowment (Note 2)	7,037,167	7,521,785
Notes receivable, net (Note 3b)	26,606	23,531
Pledges and other receivables, net (Note 3c)	158,196	182,830
Capital assets - nondepreciable, net (Note 3d)	460,018	538,650
Capital assets - other, net (Note 3d)	4,493,131	4,078,102
Investment in affiliated companies (Note 7)	81,429	123,206
OPEB asset (Note 13)	26,074	17,113
Other (Note 3e)	93,427	90,119
Total noncurrent assets	**16,641,639**	**16,928,434**
DEFERRED OUTFLOWS OF RESOURCES (Note 3f)	**159,264**	**214,926**
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 17,966,896**	**$ 18,321,022**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 3g)	$ 559,762	$ 686,050
Unearned revenue (Note 3h)	84,869	75,567
Deposits held in custody for others	8,516	1,352
Long-term debt - current portion (Note 5a)	3,886	38,324
Long-term liabilities - current portion (Note 5b)	150,430	171,721
Total current liabilities	**807,463**	**973,014**
Noncurrent liabilities		
Long-term debt (Note 5a)	3,356,761	2,952,696
Derivative instrument liability (Note 6)	17,003	39,061
Net pension liability (Note 12)	318,126	643,035
OPEB liability (Note 13)	248,333	259,099
Other noncurrent liabilities (Note 5b)	268,339	324,452
Total noncurrent liabilities	**4,208,562**	**4,218,343**
DEFERRED INFLOWS OF RESOURCES (Note 3i)	**523,699**	**293,493**
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**$ 5,539,724**	**$ 5,484,850**
NET POSITION		
Net investment in capital assets	$ 2,234,132	$ 2,138,264
Restricted:		
Nonexpendable	1,257,874	1,129,588
Expendable	4,766,716	4,880,507
Unrestricted	4,168,450	4,687,813
TOTAL NET POSITION	**$ 12,427,172**	**$ 12,836,172**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	**$ 17,966,896**	**$ 18,321,022**

Certain 2021 amounts have been restated to conform to 2022 classifications and restated to comply with GASB 87. 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, 2022 (WITH COMPARATIVE INFORMATION AS OF JUNE 30, 2021)

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 306,955	$ 466,527
Receivables	183,859	198,487
Short-term investments	558,565	493,798
Other current assets	12,204	7,554
Total current assets	1,061,583	1,166,366
Noncurrent assets		
Pledges receivable, net	127,575	151,503
Long-term investments	13,524,271	14,355,158
Capital assets, net of depreciation and amortization	561,066	483,353
Other noncurrent assets	102,102	91,362
Total noncurrent assets	14,315,014	15,081,376
TOTAL ASSETS	$ 15,376,597	$ 16,247,742
LIABILITIES AND NET ASSETS		
Current liabilities		
Assets held in trust for others	$ 155,645	$ 155,012
Other liabilities	251,111	372,435
Total current liabilities	406,756	527,447
Noncurrent liabilities		
Long-term debt, net of debt issuance cost and current portion of $5,590 and $9,852	259,397	174,235
Other noncurrent liabilities	11,431,973	12,158,086
Total noncurrent liabilities	11,691,370	12,332,321
TOTAL LIABILITIES	$ 12,098,126	$ 12,859,768
NET ASSETS		
Unrestricted	$ 692,455	$ 680,337
Temporarily restricted	1,421,751	1,611,265
Permanently restricted	1,164,265	1,096,372
TOTAL NET ASSETS	$ 3,278,471	$ 3,387,974
TOTAL LIABILITIES AND NET ASSETS	$ 15,376,597	$ 16,247,742

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, 2022 (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	2022	2021
CUSTODIAL FUND ASSETS		
Noncurrent assets		
Long-term investments	$ 25,950	$ 27,950
Total noncurrent assets	**25,950**	**27,950**
TOTAL ASSETS	**$ 25,950**	**$ 27,950**
CUSTODIAL FUND LIABILITIES		
Current liabilities		
Distributions Payable	$ 1,033	$ 992
Total current liabilities	**1,033**	**992**
TOTAL LIABILITIES	**$ 1,033**	**$ 992**
CUSTODIAL FUND NET POSITION		
Restricted for outside organizations	$ 24,917	$ 26,958
TOTAL CUSTODIAL FUND NET POSITION	**$ 24,917**	**$ 26,958**
TOTAL CUSTODIAL FUND LIABILITIES AND NET POSITION	**$ 25,950**	**$ 27,950**

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, 2022 (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2021, AS RESTATED)

	2022	2021 AS RESTATED
REVENUES		
Operating revenues		
Student tuition and fees, net of scholarship allowances of $175,769 and $168,945	$ 668,557	$ 629,820
Patient services, net of charity care and contractual adjustments of $5,401,659 and $4,596,850	2,323,698	1,806,678
Federal grants and contracts	359,764	332,928
State and local grants and contracts	10,658	8,306
Nongovernmental grants and contracts	73,253	66,115
Sales and services of educational departments	10,209	20,186
Auxiliary enterprises revenue, net of scholarship allowances of $21,560 and $17,371	158,263	101,694
Other operating revenues	99,163	61,360
TOTAL OPERATING REVENUES	**3,703,565**	**3,027,087**
EXPENSES		
Operating expenses (Note 10)		
Compensation and benefits	2,173,176	2,061,220
Supplies and other services	1,572,501	1,196,757
Student aid	128,012	126,948
Depreciation and amortization	323,045	305,045
Other	10,197	13,848
TOTAL OPERATING EXPENSES	**4,206,931**	**3,703,818**
OPERATING LOSS	**(503,366)**	**(676,731)**
NONOPERATING REVENUES (EXPENSES)		
State appropriations (Note 11)	215,711	195,571
Gifts	211,384	196,687
Investment income (loss)	(516,980)	3,770,894
Pell grants	15,262	15,296
Nonoperating grants (Note 16)	40,891	88,064
Interest on capital asset-related debt	(125,985)	(98,651)
Build America Bonds rebate	8,097	8,298
(Losses) gains on capital assets	(2,447)	(4,249)
Other net nonoperating expenses	(6,869)	(3,635)
NET NONOPERATING REVENUES	**(160,936)**	**4,168,275**
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	**(664,302)**	**3,491,544**
Capital appropriations	97,353	88,956
Capital grants and gifts	110,472	75,925
Additions to permanent endowments	47,477	53,994
TOTAL OTHER REVENUES	**255,302**	**218,875**
INCREASE IN NET POSITION	**(409,000)**	**3,710,419**
NET POSITION		
Net position - beginning of year	12,836,172	9,125,753
NET POSITION - END OF YEAR	**$ 12,427,172**	**$ 12,836,172**

Certain 2021 amounts have been restated to conform to 2022 classifications and restated to comply with GASB 87. 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 ACTIVITIES *(in thousands)*

FOR THE YEAR ENDED JUNE 30, 2022 (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	2022	2021
UNRESTRICTED REVENUES AND SUPPORT		
Contributions	$ 37,420	$ 35,578
Fees for services, rentals and sales	546,456	497,587
Investment income	(7,372)	209,717
Reclassification per donor stipulation	(1,046)	(551)
Net assets released from restriction	173,987	196,028
Other revenues	154,546	149,205
TOTAL UNRESTRICTED REVENUES AND SUPPORT	**903,991**	**1,087,564**
EXPENSES		
Program services, lectures and special events	645,129	610,810
Scholarships and financial aid	88,660	128,575
Management and general	45,923	41,412
Other expenses	117,545	97,998
TOTAL EXPENSES	**897,257**	**878,795**
EXCESS (DEFICIENCY) OF UNRESTRICTED REVENUES AND SUPPORT OVER EXPENSES	**6,734**	**208,769**
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	87,386	72,699
Investment and other income (loss)	(96,753)	761,870
Net assets released from restriction	(174,015)	(190,843)
Other	(4,143)	-
NET CHANGES IN TEMPORARILY RESTRICTED NET ASSETS	**(187,525)**	**643,726**
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS		
Contributions	89,706	85,131
Investment and other income (loss)	(17,665)	23,460
Reclassification per donor stipulation	1,046	551
Net assets released from restriction	28	(5,186)
Other	(1,827)	-
NET CHANGES IN PERMANENTLY RESTRICTED NET ASSETS	**71,288**	**103,956**
CHANGES IN NET ASSETS	**(109,503)**	**956,451**
Net assets - beginning of year	3,387,974	2,431,523
NET ASSETS - END OF YEAR	**$ 3,278,471**	**$ 3,387,974**

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

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

FOR THE YEAR ENDED JUNE 30, 2022 (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	2022	2021
ADDITIONS		
Investment income		
Net increase in fair value of investments	$ (1,225)	$ 9,354
Less: Investment fees	(60)	(42)
Net investment income	**(1,285)**	**9,312**
Participant contributions	277	661
TOTAL ADDITIONS	**(1,008)**	**9,973**
DEDUCTIONS		
Annual distribution to participants	1,033	992
Additional shares redeemed	-	250
TOTAL DEDUCTIONS	**1,033**	**1,242**
INCREASE IN FIDUCIARY NET POSITION	**(2,041)**	**8,731**
NET POSITION		
NET POSITION - BEGINNING OF YEAR	**26,958**	**18,227**
NET POSITION - END OF YEAR	**$ 24,917**	**$ 26,958**

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, 2022 (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	2022	2021 AS RESTATED
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 669,229	$ 629,575
Grants and contracts	440,869	401,358
Patient services	2,049,880	1,785,763
Sales and services of educational activities	16,888	30,026
Sales and services of auxiliary enterprises	154,711	99,416
Payments to employees and fringe benefits	(2,276,106)	(1,922,211)
Payments to vendors and suppliers	(1,568,722)	(1,228,655)
Payments for scholarships and fellowships	(128,012)	(126,948)
Perkins and other loans issued to students	(8,120)	(9,293)
Collection of Perkins and other loans to students	7,341	8,558
Other receipts	98,339	(51,035)
NET CASH USED BY OPERATING ACTIVITIES	**(543,703)**	**(383,446)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	215,568	190,570
Additions to permanent endowments	47,477	53,994
Federal Direct Loan Program receipts	135,334	134,429
Federal Direct Loan Program payments	(135,334)	(134,429)
Pell grants	15,262	15,296
Nonoperating grants	47,984	69,642
Deposits held in custody for others	7,221	(16,678)
Noncapital gifts and grants and endowments received	207,754	189,390
Other net nonoperating revenues (expenses)	(31,701)	65,585
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	**509,565**	**567,799**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital appropriations	97,603	102,713
Capital gifts and grants received	133,959	59,924
Proceeds from capital debt	408,510	600,000
Proceeds from sale of capital assets	1	163
Acquisition and construction of capital assets	(592,622)	(417,980)
Principal paid on capital debt and leases	(54,790)	(85,300)
Interest paid on capital debt and leases	(108,587)	(107,253)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	**(115,926)**	**152,267**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	1,633,423	1,152,041
Interest on investments	4,932	(63,687)
Purchase of investments and related fees	(1,347,817)	(940,220)
Other investment activities	(441)	(1,017)
NET CASH PROVIDED BY INVESTING ACTIVITIES	**290,097**	**147,117**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**140,033**	**483,737**
Cash and cash equivalents - beginning of year	888,103	404,366
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 1,028,136**	**$ 888,103**

Certain 2021 amounts have been restated to conform to 2022 classifications and restated to comply with GASB 87. See Note 1 for more information.

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

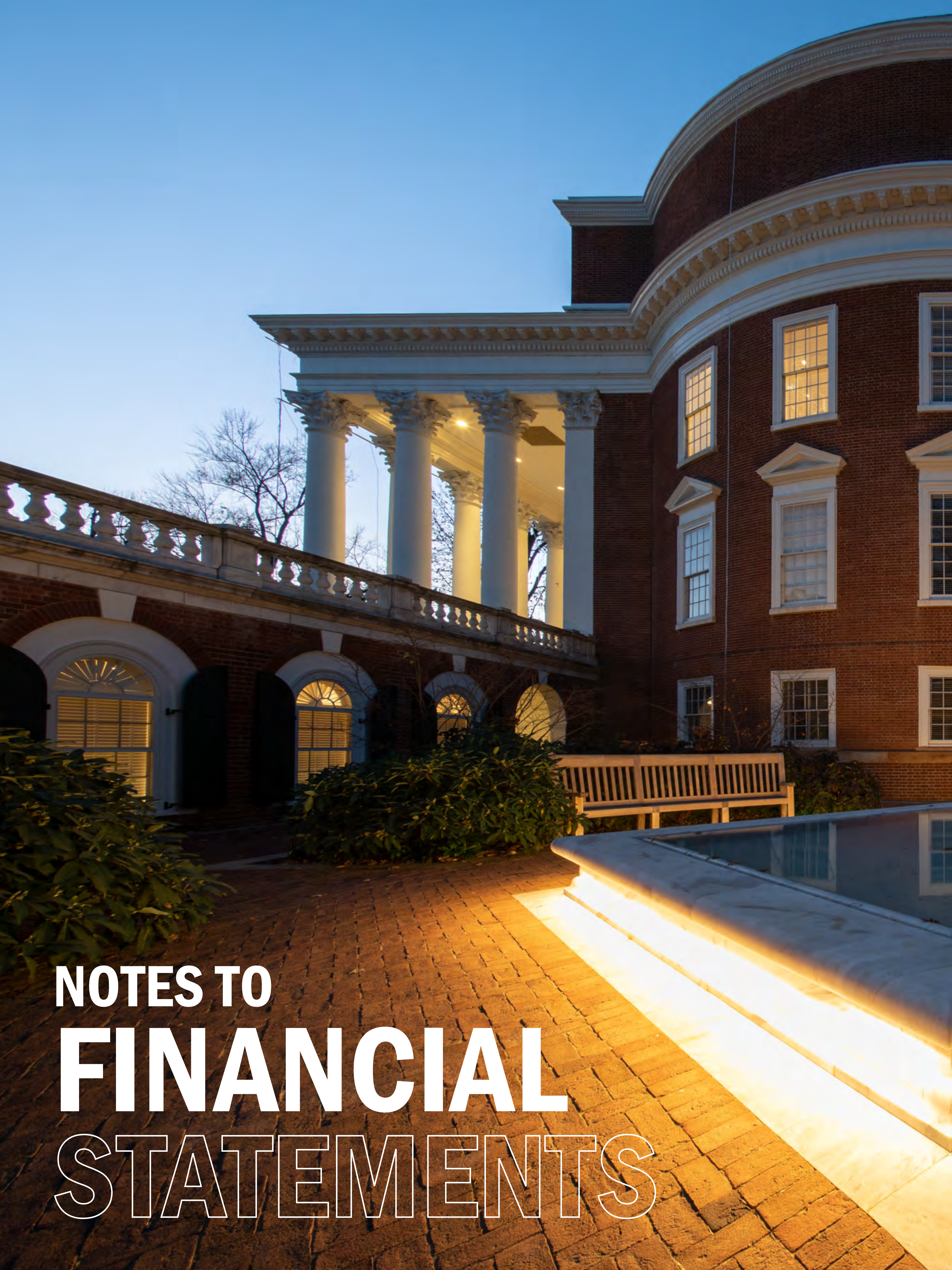
UNIVERSITY OF VIRGINIA
STATEMENT OF CASH FLOWS, CONTINUED *(in thousands)*

FOR THE YEAR ENDED JUNE 30, 2022 (WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

		2022		2021 AS RESTATED
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES				
Operating loss	$	(503,366)	$	(676,731)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation and amortization expense		323,045		305,045
Changes in assets, liabilities, deferred outflows and deferred inflows:				
Receivables, net		(93,524)		(125,160)
Inventories		(15,817)		(3,633)
OPEB asset		(8,962)		817
Prepaid expenses		(286)		(4,767)
Notes receivable, net		1,122		10,438
Investment in affiliated companies		(17,702)		(3,453)
Capital assets, net		511		3,015
Deferred outflows of resources		47,183		(19,246)
Accounts payable and accrued liabilities		(146,363)		27,142
Unearned revenue		7,388		(1,909)
Long-term liabilities		(31,775)		54,150
Net pension liability		(324,890)		73,933
OPEB liability		(10,765)		(6,712)
Deferred inflows of resources		230,498		(16,375)
TOTAL ADJUSTMENTS		**(40,337)**		**293,285**
NET CASH USED BY OPERATING ACTIVITIES	**$**	**(543,703)**	**$**	**(383,446)**
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Assets acquired through assumption of a liability	$	(2,538)	$	14,921
Long term leases used to finance capital assets		20,403		-
Assets acquired through a gift		6		-
Change in fair value of investments		(501,825)		2,768,259
Increase (decrease) in receivables related to nonoperating income		7,598		35,538
(Loss) gain on disposal of capital assets		(2,653)		(4,315)
Net gain (loss) on investments in affiliated companies		(1,647)		1,456
Amortization of bond premium and deferral		(1,710)		11,792
Accrued interest added to principal		11,365		-
Noncash portion of acquisition		74,337		-

Certain 2021 amounts have been restated to conform to 2022 classifications and restated to comply with GASB 87. 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 UVA 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 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 with the University.

UVA 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.

However, for FY22, due to the different reporting periods, calendar year versus fiscal year, and different accounting guidance, FASB versus GASB, only six months of 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, 2022.

- 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, 2021. 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 4105 Lewis & Clark Drive, 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, Transitional Care Hospital, 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, 2022, the University has entered into various contracts as the lessor for land, building, and residental space. The 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, 2022, the University recognized $5.3 million in current and noncurrent receivables related to these agreements. Total revenue recognized in fiscal year 2022 was equal to $86,908.97.

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, 2022 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

In accordance with GASB 87, the University has recorded right to use lease assets for land, building space, and equipment. The right to use assets are intially 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 duration of these agreements range between two and forty-eight years. 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.

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, 2022, 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 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 also provides Optional Retirement Retiree Life Insurance and Retiree Health Plan OPEBs that are not part of the Commonwealth-provided OPEB plans. These are defined benefit plans not administered through a trust as defined in GASB Statement No. 75. The University's total OPEB liability, deferred outflows of resources related to OPEBs, deferred inflows of resources related to OPEBs, 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 OPEBs.

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, 2021, 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 to due to the implemenation of GASB 87.

CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

For the fiscal year ended June 30, 2022, the University implemented the following pronouncements issued by the GASB.

GASB Statement No. 87, *Leases*, fundamentally changes lease recognition, measurement, and related disclosures for both government lessees and lessors. Statement No. 87 sorts lease agreements into three categories: short-term leases, contracts that transfer ownership, and all other leases. Any agreement that does not qualify as a short-term lease or ownership transfer contract is treated with a new single-model approach that provides more transparency on future obligations. Lessees will record a right-to-use lease asset and a lease liability for future obligations on the Statement of Net Position. Lessors will record a lease receivable and a deferred inflow of resources. The University identified in-scope activites and applied the new model. The activites are reported on the Statement of Net Position, State of Revenue, Expenses, and Changes in Net Position, and Statement of Cash Flows as part of the basic financial statements.

The restatement of the June 30, 2021 net position related to GASB 87 is summarized below (in thousands):

NET POSITION AS OF JUNE 30, 2021, pre-GASB 87	**12,841,502**
Capital assets - other, net	$ 125,903
Long term liabilities - current portion	(14,166)
Other noncurrent liabilities	(116,510)
Accounts payable and accrued liabilites	(296)
Accounts receivable, net	2,064
Prepaid expenses	(275)
Pledges and other receivables, net	11,911
Deferred inflows of resources	(13,961)
Net position as of June 30, 2021, post-GASB 87	**$ 12,836,172**

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of capital assets reported in the University financial statements.

GASB Statement No. 92, Omnibus 2020, enhance 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. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not with the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployement benefit arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

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 $374.6 million on June 30, 2022.

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 a 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 $14.2 million and $16.8 million on June 30, 2022 and June 30, 2021, 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, 2022.

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, 2022, 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, 2022 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, 2022, 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, 2022.

Details of the University's investment risks as of June 30, 2022 are outlined below:

CREDIT QUALITY AND INTEREST RATE RISK *(in thousands)*	BALANCE AT JUNE 30, 2022	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	$ 549	Not Applicable	N/A	N/A	N/A	N/A
Cash deposits	330,831	Not Applicable	N/A	N/A	N/A	N/A
Money market	673,817	AAA/Aaa	$ 673,817	$ -	$ -	$ -
Repurchase agreements	104	P-1/A-1	104	-	-	-
Agency notes*	22,835	P-1/A-1+	22,835	-	-	-
TOTAL CASH AND CASH EQUIVALENTS	**$ 1,028,136**		**$ 696,756**	**$ -**	**$ -**	**$ -**
SHORT-TERM INVESTMENTS						
UVIMCO STP	91,827	Not Rated	N/A	N/A	N/A	N/A
Agency notes	19,942	P-1/A-1+	$ 19,942	$ -	$ -	$ -
US Treasury bills	19,971	Aaa/A-1+	19,971	-	-	-
Other investments not subject to credit or interest-rate risk	209	Not Applicable	209	-	-	-
TOTAL SHORT-TERM INVESTMENTS	**$ 131,949**		**$ 40,122**	**$ -**	**$ -**	**$ -**
LONG-TERM INVESTMENTS						
UVIMCO LTP	$ 3,573,021	Not Rated	N/A	N/A	N/A	N/A
Other investments not subject to credit or interest-rate risk	4,535	Not Applicable	N/A	N/A	N/A	N/A
TOTAL LONG-TERM INVESTMENTS	**$ 3,577,556**		**$ -**	**$ -**	**$ -**	**$ -**
ENDOWMENT						
Cash and cash equivalents	$ 3,268	Not Applicable	$ 3,268	$ -	$ -	$ -
UVIMCO LTP	7,014,584	Not Rated	N/A	N/A	N/A	N/A
Other investments not subject to credit or interest-rate risk	19,315	Not Applicable	N/A	N/A	N/A	N/A
TOTAL ENDOWMENT	**$ 7,037,167**		**$ 3,268**	**$ -**	**$ -**	**$ -**
INVESTMENT IN AFFILIATED COMPANIES						
Other investments not subject to credit or interest-rate risk	$ 81,429	Not Applicable	N/A	N/A	N/A	N/A
TOTAL INVESTMENT IN AFFILIATED COMPANIES	**$ 81,429**		**$ -**	**$ -**	**$ -**	**$ -**

** 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, 2022, the University's investment in the UVIMCO LTP and STP was $10.7 billion representing 89.74 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, 2022:

INVESTMENTS AND DERIVATIVE INSTRUMENTS MEASURED AT FAIR VALUE *(in thousands)*	BALANCE AT JUNE 30, 2022	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	$ 549	$ -	$ -	$ -	$ -	$ 549
Cash deposits	330,831	-	-	-	-	330,831
Money market**	673,817	-	-	-	-	673,817
Repurchase agreements**	104	-	104	-	-	-
Agency notes**	22,835	-	22,835	-	-	-
TOTAL CASH AND CASH EQUIVALENTS	**$ 1,028,136**	**$ -**	**$ 22,939**	**$ -**	**$ -**	**$ 1,005,197**
SHORT-TERM INVESTMENTS						
UVIMCO STP	91,827	-	-	-	91,827	-
Agency notes	19,942	-	19,942	-	-	-
US Treasury bills	19,971	19,971	-	-	-	-
Equity securities	209	209	-	-	-	-
TOTAL SHORT-TERM INVESTMENTS	**$ 131,949**	**$ 20,180**	**$ 19,942**	**$ -**	**$ 91,827**	**$ -**
LONG-TERM INVESTMENTS						
Life insurance contracts***	$ 4,529	$ -	$ -	$ -	$ -	$ 4,529
Equity securities	6	-	-	6	-	-
UVIMCO LTP	3,573,021	-	-	-	3,573,021	-
TOTAL LONG-TERM INVESTMENTS	**$ 3,577,556**	**$ -**	**$ -**	**$ 6**	**$ 3,573,021**	**$ 4,529**
ENDOWMENT						
Cash and cash equivalents	$ 3,268	$ -	$ 3,268	$ -	$ -	$ -
Equity securities	661	548	-	113	-	-
UVIMCO LTP	7,014,584	-	-	-	7,014,584	-
Exchange traded funds	18,654	18,654	-	-	-	-
TOTAL ENDOWMENT	**$ 7,037,167**	**$ 19,202**	**$ 3,268**	**$ 113**	**$ 7,014,584**	**$ -**
INVESTMENT IN AFFILIATED COMPANIES						
Investment in affiliates	$ 81,429	$ -	$ -	$ -	$ -	$ 81,429
TOTAL INVESTMENT IN AFFILIATED COMPANIES	**$ 81,429**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 81,429**
INVESTMENT DERIVATIVE INSTRUMENTS****						
Fixed-payer interest rate swaps	(17,003)	-	(17,003)	-	-	-
TOTAL INVESTMENT DERIVATIVE INSTRUMENTS	**$ (17,003)**	**$ -**	**$ (17,003)**	**$ -**	**$ -**	**$ -**

** 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, 2022**	**UNFUNDED COMMITMENTS**	**REDEMPTION FREQUENCY (IF CURRENTLY ELIGIBLE)**	**REDEMPTION NOTICE PERIOD**
UVIMCO STP	$ 91,827	$ -	Weekly	2 days
UVIMCO LTP	10,587,605	-	Monthly	(a)
TOTAL INVESTMENTS MEASURED AT NAV	**$ 10,679,432**	**$ -**		

(a) Subject to the notification requirements and caps set forth in the deposit and management agreement between the University and UVIMCO as discussed in Note 1.

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, 2022, 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 2.4 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 4.0 percent to 6.0 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 2022, the endowment spending distribution of $257.4 million, excluding fiduciary funds, equaled 5.0 percent of the fiscal year 2020 ending market value. Since the results fell within the range, no further action by the board was needed.

Restricted expendable net assets includes $2.3 billion of appreciation on donor-restricted endowments.

For the year ended June 30, 2022, the University had the following endowment-related activities:

SUMMARY OF ENDOWMENT ACTIVITY* *(in thousands)*	**TYPE OF ENDOWMENT FUND**				**TOTAL**
	DONOR-RESTRICTED	**QUASI**	**TRUSTS**	**OTHER**	
Investment earnings	$ (182,424)	$ (171,787)	$ (8,823)	$ (116)	$ (363,150)
Contributions to permanent endowments	47,477	-	-	-	47,477
Other gifts	-	-	14,941	-	14,941
Spending distribution	(129,266)	(128,168)	-	-	(257,434)
Endowment administrative fee**	(20,278)	(20,904)	-	-	(41,182)
Transfers in (out)***	106,092	18,609	(11,035)	(740)	112,926
TOTAL CHANGE IN ENDOWMENT FUNDS	**$ (178,399)**	**$ (302,250)**	**$ (4,917)**	**$ (856)**	**$ (486,422)**

** Excludes fiduciary endowment activity reported on the Statement of Changes in Fiduciary Net Position*
*** The University has implemented an administrative fee on the endowment of up to 100 basis points.*
**** Transfers into donor-restricted endowments include donor-directed income capitalizations, and transfers out of trusts include payments to income beneficiaries.*

NOTE 3

STATEMENT OF NET POSITION DETAILS

a. Accounts receivable: The composition of accounts receivable at June 30, 2022, is summarized as follows:

ACCOUNTS RECEIVABLE *(in thousands)*	
Patient care	$ 1,266,244
Grants and contracts	53,791
Student payments	15,285
Institutional loans	1,229
Bond requisition receivables	8
Build America Bonds rebate	727
Auxiliary	1,651
Related foundation	57,183
Higher Education Relief funds	8,360
Other	46,737
Less: Allowance for doubtful accounts	(910,635)
TOTAL ACCOUNTS RECEIVABLE	**$ 540,580**

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, 2022, is summarized as follows:

NOTES RECEIVABLE *(in thousands)*	
Perkins	$ 6,329
Nursing	1,574
Institutional	21,979
Fraternity loan	525
Due from related foundations	3,437
Less: Allowance for doubtful accounts	(2,643)
Total notes receivable, net	**31,201**
Less: Current portion, net of allowance	(4,595)
TOTAL NONCURRENT NOTES RECEIVABLE	**$ 26,606**

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 $38.4 million and $64.8 million at June 30, 2022 and June 30, 2021, 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, 2022, is summarized as follows:

PLEDGES AND OTHER RECEIVABLES *(in thousands)*	
PLEDGES AND OTHER RECEIVABLES OUTSTANDING	
Gift pledges - operations	$ 20,329
Gift pledges - capital	68,705
Service concession arrangements	167,639
Leases and other long-term receivables	12,857
Total pledges and other receivables outstanding	**269,530**
Less:	
Allowance for uncollectible accounts	(5,599)
Discount to present value	(56,868)
Total pledges and other receivables, net	**207,063**
Less: Current portion, net of allowance	(48,867)
TOTAL NONCURRENT PLEDGES AND OTHER RECEIVABLES	**$ 158,196**

d. Capital assets: The capital assets activity for the year ended June 30, 2022, is summarized as follows:

CAPITAL ASSETS *(in thousands)*	BEGINNING BALANCE JULY 1, 2021*	INCREASES	DECREASES	ENDING BALANCE JUNE 30, 2022
NONDEPRECIABLE CAPITAL ASSETS				
Land	$ 97,057	$ 46,777	$ (1,084)	$ 142,750
Construction in progress	432,184	270,581	(404,846)	297,919
Software in development	9,409	9,940	-	19,349
TOTAL NONDEPRECIABLE CAPITAL ASSETS	**$ 538,650**	**$ 327,298**	**$ (405,930)**	**$ 460,018**
OTHER CAPITAL ASSETS				
Buildings	$ 5,104,904	$ 542,069	$ -	$ 5,646,973
Equipment	1,130,655	141,983	(25,719)	1,246,919
Infrastructure	610,718	27,232	-	637,950
Improvements other than buildings	238,763	6,583	-	245,346
Capitalized software	287,152	352	(786)	286,718
Library books	125,955	435		126,390
Right-to-use intangible assets:				
Land	952	-	-	952
Buildings	140,953	19,116	-	160,069
Equipment	1,753	1,285	-	3,038
Total other capital assets	**7,641,805**	**738,999**	**(26,449)**	**8,354,355**
Less: Accumulated depreciation for:				
Buildings	(1,966,317)	(159,158)	119	(2,125,356)
Equipment	(792,077)	(100,999)	24,539	(868,537)
Infrastructure	(289,397)	(18,222)	-	(307,619)
Improvements other than buildings	(158,999)	(5,681)	-	(164,680)
Capitalized software	(217,884)	(18,810)	786	(235,908)
Library books	(121,278)	(1,498)	-	(122,776)
Total accumulated depreciation	**(3,545,952)**	**(304,368)**	**25,444**	**(3,824,876)**
Less: Accumulated amortization for:				
Buildings	(17,440)	(17,592)	-	(35,032)
Equipment	(311)	(1,005)	-	(1,316)
Total accumulated amortization	**(17,751)**	**(18,597)**	**-**	**(36,348)**
TOTAL OTHER CAPITAL ASSETS, NET	**4,078,102**	**416,034**	**(1,005)**	**4,493,131**
TOTAL CAPITAL ASSETS, NET	**4,616,752**	**743,332**	**(406,935)**	**4,953,149**

**The balances as of July 1, 2021 have been adjusted to comply with implementation of GASB 87. See Note 1 for more information.*

e. Other assets: The composition of other assets on June 30, 2022, is summarized as follows:

OTHER ASSETS *(in thousands)*	
Funds held at foundation	$ 76,606
UVA LVG seed funds	12,105
Trustee held split-interest agreement assets	1,918
Deferred pension costs	1,898
Limited use	898
UVA Global LLC	2
TOTAL OTHER ASSETS	**$ 93,427**

f. Deferred outflows of resources: The composition of deferred outflows of resources on June 30, 2022, is summarized as follows:

DEFERRED OUTFLOWS OF RESOURCES *(in thousands)*	
Deferred loss on early retirement of debt	$ 11,998
OPEB	47,830
Pension	99,436
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**$ 159,264**

g. Accounts payable and accrued liabilities: The composition of accounts payable on June 30, 2022, is summarized as follows:

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES *(in thousands)*	
Accounts payable	$ 189,992
Accrued salaries and wages payable	148,010
Due to related foundations	35,780
Due to third party payors	149,199
Other	36,781
TOTAL ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	**$ 559,762**

h. Unearned revenue: The composition of unearned revenue on June 30, 2022, is summarized as follows:

UNEARNED REVENUE *(in thousands)*	
Grants and contracts	$ 35,385
Student payments	21,046
Medical Center unearned revenues	3,652
Other	24,785
TOTAL UNEARNED REVENUE	**$ 84,869**

i. Deferred inflows of resources: The composition of deferred inflows on June 30, 2022, is summarized as follows:

DEFERRED INFLOWS OF RESOURCES *(in thousands)*	
Service concession arrangements	$ 168,414
Leases	14,527
Split-Interest agreements	17,445
Pension	247,172
OPEB	76,141
TOTAL DEFERRED INFLOWS OF RESOURCES	**$ 523,699**

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, 2022, the University has accrued $118.8 million in current and noncurrent pledges receivable and a $168.4 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. The University did not issue new commercial paper in fiscal year 2022.

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, 2022, 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, 2022, is summarized as follows:

LONG-TERM DEBT *(in thousands)*	INTEREST RATES AT ISSUANCE	FINAL MATURITY FISCAL YEAR	BEGINNING BALANCE JULY 1, 2021	ADDITIONS	REDUCTIONS	ENDING BALANCE JUNE 30, 2022	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 2011 (9d)	4.0% to 5.0%	2022	3,390	-	3,390	-	-
University of Virginia Series 2013A (9d)	2.0% to 5.0%	2023	5,735	-	2,800	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 2015B (9d)	2.0% to 5.0%	2022	31,275	-	31,275	-	-
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	3,783	11,710	858	14,635	951
Total bonds and notes payable			**2,911,543**	**411,710**	**38,323**	**3,284,930**	**3,886**
Less: Current portion of debt			(38,324)	-	(34,438)	(3,886)	
Bond premium			79,477	-	3,760	75,717	
NET LONG-TERM DEBT			**$ 2,952,696**	**$ 411,710**	**$ 7,645**	**$ 3,356,761**	

** 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.*

At its June 4, 2021 meeting, the University's Board of Visitors approved an extension to its shelf registration program for issuing up to $400 million in fixed or variable rate bonds. The maximum yield on fixed rate bonds, or the initial maximum yield on variable bonds, is authorized up to 6 percent per year.

On July 21, 2021, the University issued $100 million tax-exempt General Revenue Pledge Bonds, Series 2021A. The bonds are callable no earlier than November 1, 2031, upon payment of a redemption price equal to 100 percent of the principal amount, plus accrued interest to the redemption date. The bonds were issued with a coupon rate of 2.180 percent. The proceeds of the bond were used to finance the UVA Medical Center's 100 percent acquisition of the Novant joint operating company.

On July 21, 2021, the University issued $300 million federally taxable General Revenue Pledge and Refunding Bonds, Series 2021B. The bonds are callable on May 1, 2051, for 100 percent of the principal amount to be redeemed and accrued interest. The bonds are also callable prior to May 1, 2051, for 100 percent of the principal amount to be redeemed, the sum of the present values of the remaining scheduled payments of principal and interest to the par call date, and accrued interest on the redemption date. The bonds were issued with a coupon rate of 2.584 percent. The proceeds were primarily used to finance or refinance costs of capital projects at the University's academic facilities, working capital and general operating purposes, and refund the outstanding principal balance of the University's Series 2015B bonds originally issued to finance or refinance costs of capital projects at the University's academic facilities. The refunding resulted in an economic loss of $192,368, with no accounting loss, and a negative cash flow savings of $24.8 million, which is calculated as the difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete the refunding.

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
2023*	$ 3,886	$ 119,825	$ (8,251)	$ 111,574
2024	3,957	122,642	(8,251)	114,391
2025	394	119,640	(8,251)	111,389
2026	227	119,632	(8,251)	111,381
2027	8,743	119,625	(8,251)	111,374
2028-2032	363	598,058	(41,256)	556,802
2033-2037	150	598,047	(41,257)	556,790
2038-2042	654,825	520,692	(23,764)	496,928
2043-2047	324,975	395,314	-	395,314
2048-2052	1,537,410	261,846	-	261,846
2053-2057	100,000	126,657	-	126,657
2058-2062	-	119,157	-	119,157
2063-2067	-	119,157	-	119,157
2068-2072	-	119,157	-	119,157
2073-2077	-	119,157	-	119,157
2078-2082	-	119,157	-	119,157
2083-2087	-	119,157	-	119,157
2088-2092	-	119,158	-	119,158
2093-2097	-	119,158	-	119,158
2098-2102	-	119,158	-	119,158
2103-2107	-	119,158	-	119,158
2108-2112	-	119,158	-	119,158
2113-2117	-	119,158	-	119,158
2118-2122	650,000	34,505	-	34,505
TOTAL	**$ 3,284,930**	**$ 4,566,373**	**$ (147,532)**	**$ 4,418,841**

* *Fiscal year 2023 represents a 5.7 percent reduction in the credit interest payment for September 1, 2022, and a 5.7 percent reduction in the credit interest payment for March 1, 2023. 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.*

Prior Year Refundings: As of June 30, 2022, the outstanding balance on prior years' in-substance defeased bonds and notes was $206.8 million.

b. Long-term liabilities: The composition of long-term liabilities at June 30, 2022, is summarized as follows:

LONG-TERM LIABILITIES *(in thousands)*	BEGINNING BALANCE JULY 1, 2021	ADDITIONS	REDUCTIONS	ENDING BALANCE JUNE 30, 2022
Investments held for related entities	$ 3,378	$ 381	$ 1,259	$ 2,500
Lease liabilities	135,728	-	10,073	125,655
Accrual for compensated absences	115,983	106,490	117,153	105,320
Perkins loan program	2,911	-	1,875	1,036
Deferred FICA taxes	90,240	-	61,257	28,983
Obligation to Culpeper Regional Hospital Foundation	25,608	-	932	24,676
Irrevocable split-interest agreements	116,528	10,457	15,192	111,793
Other*	5,797	14,010	1,001	18,806
Total long-term liabilities	**496,173**	**131,338**	**208,742**	**418,769**
Less: Current portion of long-term liabilities*	(171,721)	(1,621)	(22,912)	(150,430)
NET LONG-TERM LIABILITIES	**$ 324,452**	**$ 129,717**	**$ 185,830**	**$ 268,339**

* *The balances as of July 1, 2021 have been adjusted to comply with implementation of GASB 87. 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**
2023	$ 15,293	$ 4,937
2024	11,934	4,504
2025	11,585	4,084
2026	10,728	3,680
2027	10,324	3,294
2028-2032	28,521	12,211
2033-2037	20,256	7,311
2038-2042	14,295	3,549
2043-2047	839	3,034
2048-2052	1,154	5,836
2053-2057	145	141
2058-2062	202	102
2063-2067	273	49
2068-2072	106	2
TOTAL	**$ 125,655**	**$ 52,734**

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, 2022, 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 LIABILITY							
Fixed-payer interest rate swaps	6/1/2008	6/1/2038	4.07-4.15%	SIFMA*	$ 100,000	$ (17,003)	$ 22,058
TOTAL INVESTMENT DERIVATIVE LIABILITIES					**$ 100,000**	**$ (17,003)**	**$ 22,058**

* *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, 2022, 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, 2022, 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.

VALIANCE HEALTH, LLC

In November 1997, the Medical Center became a participant with Rockingham Memorial Hospital and Augusta Health Care, Inc., in Valiance Health, LLC (Valiance), a joint venture integrating and coordinating the delivery of health care services in central and western Virginia. The Medical Center contributed $100,000 in initial capital, which entitles it to a pro rata distribution of any profits and losses of Valiance. In October 2003, the Medical Center contributed an additional $400,000 in capital to Valiance, bringing the Medical Center's total investment to $500,000.

VALLEY REGIONAL HEALTH AND UNIVERSITY OF VIRGINIA RADIOSURGERY CENTER, LLC

The Medical Center entered into a 10 percent minority interest partnership with Winchester Medical Center in fiscal year 2014. Winchester Medical Center expanded its cancer program with the addition of stereotactic radiosurgery (SRS) and stereotactic body radiotherapy (SBRT), offered in partnership with the Medical Center. By collaborating with nationally recognized leaders in stereotactic radiosurgery, this advanced non-surgical technology is available to patients in the Winchester and surrounding areas, who would have otherwise had to travel to receive care.

FORTIFY CHILDREN'S HEALTH, LLC

On July 1, 2018 the University of Virginia Medical Center entered into a 50/50 partnership with Children's Quality Care, LLC, a wholly owned subsidiary of Children's Health System. Fortify is a pediatric clinically integrated network (CIN) focused on "improving the health of children throughout the Commonwealth by providing access to the highest quality health care." Fortify is to serve as a model for quality, safety, access, coordination, effectiveness and efficiency of pediatric care, the promotion of pediatric health, and the advancement of state-of-the-art pediatric clinical services, education and research through innovative and collaborative initiatives. The Medical Center uses the equity method of accounting to record the financial activity of Fortify.

UNIVERSITY OF VIRGINIA COMMUNITY HEALTH-AFFILIATES

University of Virginia Community Health has a 49 percent ownership in a legal entity that owns two ambulatory surgical centers. The investment is accounted for using the equity method.

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.

As of June 30, 2022, the University has made $46 million in contributions to the GGBRI.

Details of the University's net investment in affiliated companies, accounted for using the equity method of accounting as of June 30, 2022, is summarized below:

INVESTMENT IN AFFILIATED COMPANIES *(in thousands)*	**CAPITAL CONTRIBUTIONS**	**SHARE OF ACCUMULATED INCOME (LOSS)**	**NET INVESTMENT**
Fortify Children's Health, LLC	$ 4,500	$ (3,025)	$ 1,475
Valley Regional Health, LLC	5	-	5
Valiance, LLC	249	-	249
HEALTHSOUTH, LLC	-	24,567	24,567
UVA Community Health affiliates	2,535	758	3,293
UVA Imaging, LLC	5,651	10,160	15,811
Global Genomics and Bioinformatics Research Institute	45,984	(9,955)	36,029
TOTAL INVESTMENT IN AFFILIATED COMPANIES	**$ 58,924**	**$ 22,505**	**$ 81,429**

NOTE 8

BLENDED COMPONENT UNITS

Condensed combining information for the University's blended component units for the year ended June 30, 2022 is presented as follows:

CONDENSED STATEMENT OF NET POSITION *(in thousands)* *as of June 30, 2022*	UNIVERSITY OF VIRGINIA	UNIVERISTY OF VIRGINIA COMMUNITY HEALTH*	MONTICELLO SURGERY CENTER	COMMUNITY MEDICINE	UVA GLOBAL, LLC	ELIMINATIONS	TOTAL
ASSETS							
Total current assets	$ 1,139,785	$ 186,089	$ 3,665	$ 3,499	$ 535	$ (167,579)	$ 1,165,994
Capital assets, net	4,683,608	269,326	206	-	9	-	4,953,149
Other noncurrent assets	11,683,401	5,613	1,063	4,831	502	(6,921)	11,688,489
Total assets	**$ 17,506,794**	**$ 461,028**	**$ 4,934**	**$ 8,330**	**$ 1,046**	**$ (174,500)**	**$ 17,807,632**
Deferred outflows of resources	159,264	-	-	-	-	-	159,264
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 17,666,058**	**$ 461,028**	**$ 4,934**	**$ 8,330**	**$ 1,046**	**$ (174,500)**	**$ 17,996,896**
LIABILITIES							
Total current liabilities	$ 709,173	$ 94,013	$ 2,399	$ 8,340	$ 127	$ (6,589)	$ 807,463
Long-term debt	3,353,632	168,369	-	-	-	(165,240)	3,356,761
Other noncurrent liabilities	830,037	20,374	1,400	(10)	-	-	851,801
Total liabilities	**$ 4,892,842**	**$ 282,756**	**$ 3,799**	**$ 8,330**	**$ 127**	**$ (171,829)**	**$ 5,016,025**
Deferred inflows of resources	523,699	-	-	-	-	-	523,699
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**$ 5,416,541**	**$ 282,756**	**$ 3,799**	**$ 8,330**	**$ 127**	**$ (171,829)**	**$ 5,539,724**
NET POSITION							
Net investment in capital assets	$ 2,153,333	$ 80,584	$ 206	$ -	$ 9	$ -	$ 2,234,132
Restricted:							
Nonexpendable	1,257,874	-	-	-	-	-	1,257,874
Expendable	4,766,716	-	-	-	-	-	4,766,716
Unrestricted	4,071,594	97,688	929	-	910	(2,671)	4,168,450
TOTAL NET POSITION	**$ 12,249,517**	**$ 178,272**	**$ 1,135**	**$ -**	**$ 919**	**$ (2,671)**	**$ 12,427,172**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$ 17,666,058**	**$ 461,028**	**$ 4,934**	**$ 8,330**	**$ 1,046**	**$ (174,500)**	**$ 17,966,896**

* *University of Virginia Community Health is presented as of December 31, 2021.*

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION *(in thousands)* *for the period ended June 30, 2022*	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	$ 668,557	$ -	$ -	$ -	$ -	$ -	$ 668,557
Patient services, net	2,077,428	231,550	10,647	4,073	-	-	2,323,698
Grants and contracts	443,675	-	-	-	-	-	443,675
Other operating revenues	254,499	13,113	3	20	884	(884)	267,635
TOTAL OPERATING REVENUES	**$ 3,444,159**	**$ 244,663**	**$ 10,650**	**$ 4,093**	**$ 884**	**$ (884)**	**$ 3,703,565**
EXPENSES							
Operating expenses							
Operating expenses	$ 3,646,905	$ 221,161	$ 11,666	$ 4,234	$ 804	$ (884)	$ 3,883,886
Depreciation and amortization	309,585	13,071	370	19	-	-	323,045
TOTAL OPERATING EXPENSES	**$ 3,956,490**	**$ 234,232**	**$ 12,036**	**$ 4,253**	**$ 804**	**$ (884)**	**$ 4,206,931**
OPERATING LOSS	**$ (512,331)**	**$ 10,431**	**$ (1,386)**	**$ (160)**	**$ 80**	**$ -**	**$ (503,366)**
NONOPERATING REVENUES (EXPENSES)							
Investment income	$ (517,215)	$ 365	$ 1,386	$ 160	$ -	$ (1,676)	$ (516,980)
Other nonoperating revenues (expenses)	364,236	(8,174)	-	-	(18)	-	356,044
NET NONOPERATING REVENUES	**$ (152,979)**	**$ (7,809)**	**$ 1,386**	**$ -**	**$ (18)**	**$ (1,676)**	**$ (160,936)**
(LOSS) INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	**$ (665,310)**	**$ 2,622**	**$ -**	**$ -**	**$ 62**	**$ (1,676)**	**$ (664,302)**
Capital appropriations	$ 97,353	$ -	$ -	$ -	$ -	$ -	$ 97,353
Capital grants and gifts	110,472	-	-	-	-	-	110,472
Additions to permanent endowments	47,477	-	-	-	-	-	47,477
TOTAL OTHER REVENUES	**$ 255,302**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 255,302**
INCREASE (INCREASE) IN NET POSITION	**$ (410,008)**	**$ 2,622**	**$ -**	**$ -**	**$ 62**	**$ (1,676)**	**$ (409,000)**
NET POSITION -- BEGINNING OF YEAR, AS RESTATED	**$ 12,659,525**	**$ 175,650**	**$ 1,135**	**$ -**	**$ 857**	**$ (995)**	**$ 12,836,172**
NET POSITION -- END OF YEAR	**$ 12,249,517**	**$ 178,272**	**$ 1,135**	**$ -**	**$ 919**	**$ (2,671)**	**$ 12,427,172**

* *University of Virginia Community Health is presented as of December 31, 2021.*

CONDENSED STATEMENT OF CASH FLOWS *(in thousands)* *for the year ended June 30, 2022*	UNIVERSITY OF VIRGINIA	UNIVERSITY OF VIRGINIA COMMUNITY HEALTH*	MONTICELLO SURGERY CENTER	COMMUNITY MEDICINE	UVA GLOBAL, LLC	TOTAL
NET CASH USED BY OPERATING ACTIVITIES	$ (565,086)	$ 20,843	$ 412	$ 94	$ 34	$ (543,703)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	508,565	-	1,000	-	-	509,565
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(107,680)	(8,232)	92	(106)	-	(115,926)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	291,367	217	(1,327)	(160)	-	290,097
NET INCREASE IN CASH AND CASH EQUIVALENTS	**127,166**	**12,828**	**177**	**(172)**	**34**	**140,033**
Cash and cash equivalents - beginning of year	884,681	-	465	2,602	355	888,103
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 1,011,847**	**$ 12,828**	**$ 642**	**$ 2,430**	**$ 389**	**$ 1,028,136**

* *University of Virginia Community Health is presented as of December 31, 2021.*

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, 2022**	**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	$ 9	$ 8,474	$ 40,200	$ 30,393	$ 16,776	$ 17,257
Receivables	5,843	20,385	26,416	2,746	7,087	14,434
Short-term investments	113,753	214	28,757	27,451	7,008	-
Other current assets	155	233	1,970	75	228	-
Total current assets	**119,760**	**29,306**	**97,343**	**60,665**	**31,099**	**31,691**
Noncurrent assets						
Long-term investments	578,668	193,303	436,616	485,766	588,544	104,862
Capital assets, net and other assets	33,109	29,753	157,242	10,188	116,399	28,978
Total noncurrent assets	**611,777**	**223,056**	**593,858**	**495,954**	**704,943**	**133,840**
TOTAL ASSETS	**$ 731,537**	**$ 252,362**	**$ 691,201**	**$ 556,619**	**$ 736,042**	**$ 165,531**
LIABILITIES AND NET ASSETS						
Current liabilites						
Assets held in trust for others	$ -	$ -	$ -	$ 155,645	$ -	$ -
Other liabilities	799	1,284	21,199	1,024	16,042	2,220
Total current liabilities	**799**	**1,284**	**21,199**	**156,669**	**16,042**	**1,614**
Noncurrent liabilities						
Long-term debt, net of debt issuance cost and current portion	-	-	59,807	-	22,500	-
Other noncurrent liabilities	-	-	-	5,746	28,141	-
Total noncurrent liabilities	**-**	**-**	**59,807**	**5,746**	**50,641**	**-**
TOTAL LIABILITIES	**$ 799**	**$ 1,284**	**$ 81,006**	**$ 162,415**	**$ 66,683**	**$ 2,220**
NET ASSETS						
Unrestricted	$ 96,470	$ 8,347	$ 89,230	$ 103,492	$ 21,741	$ 23,878
Temporarily restricted	419,710	108,600	288,122	164,357	257,173	88,277
Permanently restricted	214,558	134,131	232,843	126,355	390,445	51,156
TOTAL NET ASSETS	**$ 730,738**	**$ 251,078**	**$ 610,195**	**$ 394,204**	**$ 669,359**	**$ 163,311**
TOTAL LIABILITIES AND NET ASSETS	**$ 731,537**	**$ 252,362**	**$ 691,201**	**$ 556,619**	**$ 736,042**	**$ 165,531**

* *December 31, 2021, year-end*

STATEMENT OF FINANCIAL POSITION (CONTINUED) *(in thousands)* as of June 30, 2022	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	$ 7,627	$ 189	$ 71,243	$ 114,787	$ 306,955	$ -	$ 306,955
Receivables	8,655	6,811	70,603	20,879	183,859	-	183,859
Short-term investments	-	5,458	66,529	309,395	558,565	-	558,565
Other current assets	5,733	1,135	1,984	691	12,204	-	12,204
Total current assets	**22,015**	**13,593**	**2010,359**	**445,752**	**1,061,583**	**-**	**1,061,583**
Noncurrent assets							
Long-term investments	-	153,851	282,968	13,350,730	16,175,308	(2,651,037)	13,524,271
Capital assets, net and other assets	12,996	369,359	38,379	3,358	799,761	(9,018)	790,743
Total noncurrent assets	**12,996**	**523,210**	**321,347**	**13,354,088**	**16,975,069**	**(2,660,055)**	**14,315,014**
TOTAL ASSETS	**$ 35,011**	**$ 536,803**	**$ 531,706**	**$ 13,799,840**	**$ 18,036,652**	**$ (2,660,055)**	**$ 15,376,597**
LIABILITIES AND NET ASSETS							
Current liabilites							
Assets held in trust for others	$ -	$ -	$ -	$ -	$ 155,645	$ -	$ 155,645
Other liabilities	4,996	69,127	119,882	14,538	251,111	-	251,111
Total current liabilities	**4,996**	**69,127**	**119,882**	**14,538**	**406,756**	**-**	**$ 406,756**
Noncurrent liabilities							
Long-term debt, net of debt issuance cost and current portion	10,251	166,839	-	-	259,397	-	259,397
Other noncurrent liabilities	-	118,162	172,380	13,767,599	14,092,028	(2,660,055)	11,431,973
Total noncurrent liabilities	**10,251**	**285,001**	**172,380**	**13,767,599**	**14,351,425**	**(2,660,055)**	**11,691,370**
TOTAL LIABILITIES	**$ 15,247**	**$ 354,128**	**$ 292,262**	**$ 13,782,137**	**$ 14,758,181**	**$ (2,660,055)**	**$ 12,098,126**
NET ASSETS							
Unrestricted	$ 19,764	$ 72,386	$ 239,444	$ 17,703	$ 692,455	$ -	$ 692,455
Temporarily restricted	-	95,512	-	-	1,421,751	-	1,421,751
Permanently restricted	-	14,777	-	-	1,164,265	-	1,164,265
TOTAL NET ASSETS	**$ 19,764**	**$ 182,675**	**$ 239,444**	**$ 17,703**	**$ 3,278,471**	**$ -**	**$ 3,278,471**
TOTAL LIABILITIES AND NET ASSETS	**$ 35,011**	**$ 536,803**	**$ 531,706**	**$ 13,799,840**	**$ 18,036,652**	**$ (2,660,055)**	**$ 15,376,597**

* *December 31, 2021 year-end*

STATEMENT OF ACTIVITIES *(in thousands)* for the year ended June 30, 2022	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	$ 3,757	$ 7,643	$ 6,506	$ 1,212	$ 1,683	$ 16,619	$ -	$ -	$ -	$ -	$ 37,420
Fees for services, rentals, and sales	-	-	22,685	4,767	-	1,931	43,338	63,454	410,281	-	546,456
Other revenues	17,833	12,841	49,516	37,901	25,120	27,906	-	3,670	115,193	30,135	320,115
TOTAL UNRESTRICTED REVENUES AND SUPPORT	**21,590**	**20,484**	**78,707**	**43,880**	**26,803**	**46,456**	**43,338**	**67,124**	**525,474**	**30,135**	**903,991**
EXPENSES											
Program services, lectures, and special events	21,609	14,550	47,251	49,838	20,217	36,720	18,154	37,286	462,293	25,871	733,789
Other expenses	5,254	6,449	8,341	4,065	4,064	13,265	22,158	30,678	64,897	4,297	163,468
TOTAL EXPENSES	**26,863**	**20,999**	**55,592**	**53,903**	**24,281**	**49,985**	**40,312**	**67,964**	**527,190**	**30,168**	**897,257**
EXCESS (DEFICIENCY) OF UNRESTRICTED REVENUES AND SUPPORT OVER EXPENSES	**(5,273)**	**(515)**	**23,115**	**(10,023)**	**2,522**	**(3,529)**	**3,026**	**(840)**	**(1,716)**	**(33)**	**6,734**
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS											
Contributions	3,587	5,703	17,790	29,669	3,481	26,457	-	699	-	-	87,386
Other	(59,639)	(12,058)	(76,945)	(62,631)	(52,869)	(6,335)	-	(4,434)	-	-	(274,911)
NET CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	**(56,052)**	**(6,355)**	**(59,155)**	**(32,962)**	**(49,388)**	**20,122**	**-**	**(3,735)**	**-**	**-**	**(187,525)**
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS											
Contributions	5,985	33,183	7,283	17,193	25,065	996	-	1	-	-	89,706
Other	(3,058)	(12,161)	-	(664)	(2,859)	324	-	-	-	-	(18,418)
NET CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	**2,927**	**21,022**	**7,283**	**16,529**	**22,206**	**1,320**	**-**	**1**	**-**	**-**	**71,288**
CHANGE IN NET ASSETS	**(58,398)**	**14,152**	**(28,757)**	**(26,456)**	**(24,660)**	**17,913**	**3,026**	**(4,574)**	**(1,716)**	**(33)**	**(109,503)**
Net assets - beginning of year	789,136	236,926	638,952	420,660	694,019	145,398	16,738	187,249	241,160	17,736	3,387,974
NET ASSETS - END OF YEAR	**$ 730,738**	**$ 251,078**	**$ 610,195**	**$ 394,204**	**$ 669,359**	**$ 163,311**	**$ 19,764**	**$ 182,675**	**$ 239,444**	**$ 17,703**	**$3,278,471**

* *December 31, 2021, year-end*

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, 2022, 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	**$ 15,876**	**$ 47,021**	**$ 43,807**	**$ 2,960**	**$ 75,154**	**$ 36,105**	**$ 220,923**
Less:							
Allowance for uncollectible accounts	(1,615)	(5,175)	(2,508)	(294)	(4,274)	(1,514)	(15,380)
Unamortized discount to present value	(804)	(4,917)	(1,189)	(43)	(8,212)	(501)	(15,666)
Total pledges receivable, net	**13,457**	**36,929**	**40,110**	**2,623**	**62,668**	**34,090**	**189,877**
Less: Current portion, net of allowance	(5,830)	(14,464)	(21,090)	(1,218)	(7,088)	(12,612)	(62,302)
TOTAL NONCURRENT PLEDGES RECEIVABLE	**$ 7,627**	**$ 22,465**	**$ 19,020**	**$ 1,405**	**$ 55,580**	**$ 21,478**	**$ 127,575**

* *December 31, 2021, year-end*

INVESTMENTS

Investments are recorded at fair value, which is determined by readily available quotes on the stock exchange or as quoted by UVIMCO. 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, 2022, 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	$ 81,559	$ -	$ 24,023	$ 24,173	$ 881	$ -	$ -	$ 156,253	$ 4,164,750	$ -	$ 4,451,639
University of Virginia Investment Management Company	548,415	193,303	412,593	479,725	571,031	104,638	154,032	187,300	-	(2,651,037)	-
Mutual and money market funds	23,396	214	28,757	3,019	-	224	2,115	4,140	49,195	-	111,060
Other	39,051	-	-	6,300	23,640	-	3,162	1,804	9,446,180	-	9,520,137
Total investments	**692,421**	**193,517**	**465,373**	**513,217**	**595,552**	**104,862**	**159,309**	**349,497**	**13,660,125**	**(2,651,037)**	**14,082,836**
Less: Short-term investments	(113,753)	(214)	(28,757)	(27,451)	(7,008)	-	(5,458)	(66,529)	(309,395)	-	(558,565)
LONG-TERM INVESTMENTS	**$ 578,668**	**$ 193,303**	**$ 436,616**	**$ 485,766**	**$ 588,544**	**$ 104,862**	**$ 153,851**	**$ 282,968**	**$ 13,350,730**	**$(2,651,037)**	**$13,524,271**

* *December 31, 2021, 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 $12.5 billion on June 30, 2022. 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, 2022, 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	$ -	$ -	$ 633	$ 4,779	$ -	$ -	$ 92,315	$ 3,229	$ -	$ 101,108
Buildings and improvements	914	-	53,514	8,201	23,765	-	-	385,107	46,995	4,627	523,123
Furnishings and equipment	377	447	2,891	2,351	2,051	55	16,126	33,152	27,164	1,318	85,932
Collections and other	-	-	-	-	96	-	-	106	-	-	202
Construction in progress	-	-	98,867	-	23	-	-	3,368	5,953	-	108,211
Total	**1,443**	**447**	**155,272**	**11,185**	**30,714**	**55**	**16,126**	**514,048**	**83,341**	**5,945**	**818,576**
Less: Accumulated depreciation and amortization	(601)	(196)	(26,562)	(7,644)	(10,017)	(47)	(3,130)	(160,355)	(46,371)	(2,587)	(257,510)
NET CAPITAL ASSETS	**$ 842**	**$ 251**	**$ 128,710**	**$ 3,541**	**$ 20,697**	**$ 8**	**$ 12,996**	**$ 353,693**	**$ 36,970**	**$ 3,358**	**$ 561,066**

* *December 31, 2021, 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, 2022:

LINES OF CREDIT *(in thousands)*	AVAILABLE	CURRENT OUTSTANDING BALANCE	NONCURRENT OUTSTANDING BALANCE
University of Virginia Foundation			
Wells Fargo Bank, N.A.	$ 34,000	$ -	$ 34,000
Bank of America, N.A.	47,011	47,011	-
U.S. Bank, N.A.	25,000	-	25,000
Truist Bank	60,000	-	60,000
University of Virginia Investment Management Company			
Bank of America, N.A.	200,000	-	-
Truist Bank	200,000	-	-
U.S. Bank, N.A.	50,000	-	-
Jefferson Scholars Foundation			
Truist Bank	10,000	-	-
Alumni Association of the University of Virginia			
Truist Bank	750	-	-
University of Virginia Darden School Foundation			
Truist Bank	3,000	3,000	-
University of Virginia Law School Foundation			
JP Morgan Chase	15,000	-	-
TOTAL	**$ 644,761**	**$ 50,011**	**$ 119,000**

The composition of the long-term debt of the component units on June 30, 2022, 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	$ 59,807	$ -	$ 12,446	$ 44,477	$ 116,730
Recovery Zone Facility Bond	-	-	-	5,795	5,795
2017 Variable rate bank bonds	-	22,500	-	-	22,500
Total long-term debt	**59,807**	**22,500**	**12,446**	**50,272**	**145,025**
Less: Current portion	-	-	(2,195)	(2,381)	(4,576)
Less: Unamortized issuance costs	-	-	-	(52)	(52)
NET LONG-TERM DEBT	**$ 59,807**	**$ 22,500**	**$ 10,251**	**$ 47,839**	**$ 140,397**

* *December 31, 2021, year-end*

Principal maturities of long-term debt obligations on June 30, 2022, 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
2023	$ -	$ -	$ 2,195	$ 2,381	$ 4,576
2024	1,806	-	10,251	3,264	15,321
2025	1,806	-	-	22,379	24,185
2026	1,806	-	-	2,848	4,654
2027	1,806	22,500	-	2,043	26,349
Thereafter	52,583	-	-	17,357	69,940
TOTAL	**$ 59,807**	**$ 22,500**	**$ 12,446**	**$ 50,272**	**$ 145,025**

* *December 31, 2021, year-end*

LEASES

The University UAOs have several operating leases for buildings, equipment, and other property. 2016-02, Leases (Topic 842) was early implemented by the University of Virginia Foundation. All other component units will implement in FY23.

The following schedule of future minimum payments required under the lessee agreements of the University of Virginia Foundation, together with their total present value as of June 30, 2022:

FISCAL YEAR	OPERATING LEASES (in thousands)	FINANCE LEASES (in thousands)
2023	$ 616	$ 616
2024	631	515
2025	226	211
2026	224	110
2027	227	-
Thereafter	3,100	-
TOTAL MINIMUM PAYMENTS	**5,024**	**1,452**
Less: Amount representing interest	(441)	(31)
Present Value of minimum lease payments	4,583	1,421
Less: Current portion	(625)	(597)
Non-current portion	**$ 3,958**	**$ 824**

The following schedule of future minimum rents receivable required under the lessor agreements of the University of Virginia Foundation, together with their total present value as of June 30, 2022:

FISCAL YEAR	LEASE RECEIVABLE (in thousands)
2023	$ 14,837
2024	9,665
2025	8,669
2026	7,445
2027	5,437
Thereafter	14,434
TOTAL	**$ 60,487**

Other future minimum rental payments under operating lease agreements of component units that have not implemented 2016-02, Leases (Topic 842) are as follows:

LEASES *(in thousands)*	THE COLLEGE FOUNDATION OF THE UNIVERSITY OF VIRGINIA	UNIVERSITY OF VIRGINIA DARDEN SCHOOL FOUNDATION	UNIVERSITY OF VIRGINIA PHYSICIANS GROUP	TOTAL
2023	$ 420	$ 2,964	$ 5,282	$ 8,666
2024	435	3,040	5,653	9,128
2025	451	3,117	5,785	9,353
2026	468	3,194	5,893	9,555
2027	486	3,274	5,015	8,775
Thereafter	4,262	17,594	1,146	23,002
TOTAL	**$ 6,522**	**$ 33,183**	**$ 28,774**	**$ 68,479**

For fiscal year 2022, rental expense for all UAOs was $8.5 million.

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, 2022, there were outstanding student loan balances under the program of approximately $19.8 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, 2022, the reserve account balances totaled $305,152. No payments have been made to the Darden School Foundation related to student loan guarantee program defaults.

The Darden School Foundation has also subleased building space in Arlington, Virginia to the University to provide classroom facilities for the University EMBA and GMBA accredited MBA degree programs. The initial lease asset was measured at $17.1 million and accumulated amortization as of June 30, 2022 is $4.7 million. The remaining lease liability of the University is $13.1 million and will terminate in FY28.

UPG has contracted with the University to provide certain professional and technical services. Payments received for these services were approximately $123.8 million for the year ended June 30, 2022. Approximately $60.1 million of the fiscal year payments were provided through the Medical Center for the purpose of treating indigent and Medicaid patients. UPG contributed approximately $35.7 million to the University in support of various academic programs, equipment, teaching and research for the year ended June 30, 2022.

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, 2022, the outstanding balance due to UVA was $76.6 million.

UVAF has also leased building space at 994 Research Park Boulevard, Charlottesville VA for general office and laboratory space. The initial lease asset was measured at $41.4 million and accumulated amortization as of June 30, 2022 is $4.2 million. The remaining lease liability of the University is $40.1 million and will terminate in FY41. UVAF has also leased other building space and an aircraft to the University. In aggregate, the initial lease asset from these agreements was measured at $14.1 million and has accumulated amortization of $5.3 million as of June 30, 2022. The remaining lease liability of the University from these agreements is $9.2 million.

NOTE 10

EXPENSE CLASSIFICATION MATRIX

The composition of the University's operating expenses by functional classification for the year ended June 30, 2022, 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	$ 423,427	$ 52,081	$ 6,398	$ -	$ 1,693	$ 483,599
Research	287,079	143,374	23,815	-	1,089	455,357
Public service	23,565	18,938	(195)	-	503	42,811
Academic support	147,412	45,780	443	-	3,192	196,827
Student services	39,806	14,804	642	-	337	55,589
Institutional support	173,921	61,941	76	-	1,070	237,008
Operation of plant	96,426	5,434	9	-	229	102,098
Student aid	8,428	4,391	95,532	-	215	108,566
Auxiliary	85,516	88,061	1,279	-	1,865	176,721
Depreciation and amortization	-	-	-	172,209	-	172,209
Patient services	887,015	1,180,033	-	150,836	-	2,217,884
Other	581	(4,696)	13	-	4	(4,098)
Central services recoveries	-	(37,640)	-	-	-	(37,640)
TOTAL OPERATING EXPENSES	**$ 2,173,176**	**$ 1,572,501**	**$ 128,012**	**$ 323,045**	**$ 10,197**	**$ 4,206,931**

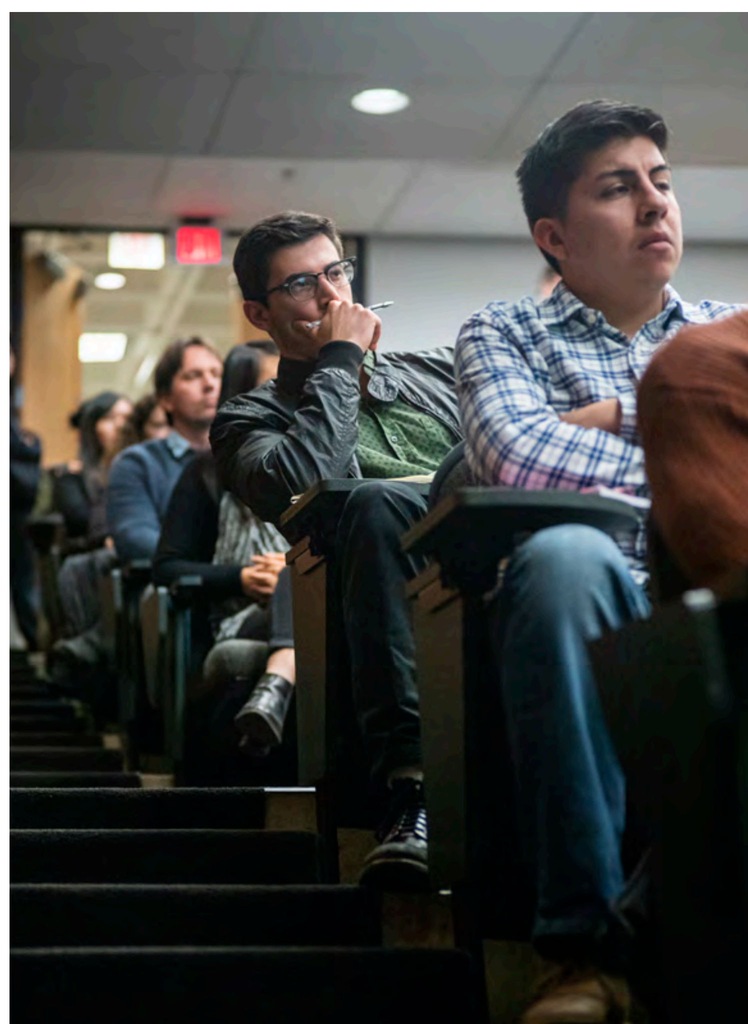
NOTE 11

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, 2022, is provided in the following chart:

APPROPRIATIONS *(in thousands)*	
Original legislative appropriation per Chapter 1289	$ 181,601
Adjustments:	
Financial aid - General Fund	16,646
Financial assistance for educational and general	16,227
Miscellaneous educational and general	1,238
TOTAL	**$ 215,711**



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.

<table>
<tr><th colspan="3">RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE</th></tr>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID RETIREMENT PLAN</th></tr>
<tr>
<td>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.</td>
<td>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.</td>
<td>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, salaired 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.</td>
</tr>
<tr>
<td>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.</td>
<td>Retirement Contributions

Same as Plan 1.</td>
<td>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.</td>
</tr>
</table>

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%.	**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.

<table>
<tr><th colspan="3">RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE</th></tr>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID RETIREMENT PLAN</th></tr>
<tr>
<td>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.</td>
<td>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.</td>
<td>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.</td>
</tr>
</table>

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, 2022, 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 21.90 percent of covered employee compensation. These rates were based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits 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 $55.2 million and $53.8 million for the years ended June 30, 2022, and June 30, 2021, respectively. Contributions from the University to the VaLORS Retirement Plan were $908,563 and $869,803 for the years ended June 30, 2022, and June 30, 2021, respectively.

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

At June 30, 2022, the University reported a liability of $312.1 million for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability (NPL) and a liability of $6.0 million for its proportionate share of the VaLORS Retirement Plan NPL. The NPL was measured as of June 30, 2021, and the total pension liability used to calculate the NPL was determined by an actuarial valuation as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The University's proportion of the NPL was based on the University's actuarially determined employer contributions to the pension plan for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the University's proportion of the VRS State Employee Retirement Plan was 8.61 percent as compared to 8.77 percent at June 30, 2020. At June 30, 2021, the University's proportion of the VaLORS Retirement Plan was 1.15 percent as compared to 0.98 percent at June 30, 2020.

For the year ended June 30, 2022, the University recognized pension expense of $10.0 million for the VRS State Employee Retirement Plan and $1,528,103 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2020, and June 30, 2021, a portion of the pension expense was related to deferred amounts from changes in proportion and differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

YEAR ENDING JUNE 30 *(in thousands)*	**DEFERRED OUTFLOWS OF RESOURCES**	**DEFERRED INFLOWS OF RESOURCES**
Differences between expected and actual experience	$ 2,874	$ 18,087
Change in assumptions	36,313	-
Net difference between projected and actual earnings on pension plan investments	-	217,179
Changes in proportion and differences between Employer contributions and proportionate share of contributions	4,138	11,905
Employer contributions subsequent to the measurement date	56,112	-
TOTAL	**$ 99,437**	**$ 247,171**

Deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date of $56.1 million will be recognized as a reduction of the NPL in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

YEAR ENDING JUNE 30 *(in thousands)*	
2023	$ (36,513)
2024	(50,575)
2025	(50,449)
2026	(66,311)
TOTAL	**$ (203,848)**

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, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.5 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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Actuarial Assumptions: VaLORS Retirement Plan

The total pension liability for the VaLORS Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.5 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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality rates (Pre-retirement, post-retirement healthy, and disabled)	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, 2021, 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	$ 26,739,647	$ 2,390,609
Less: Plan fiduciary net position	(23,112,417)	(1,868,924)
EMPLOYERS' NET PENSION LIABILITY	**$ 3,627,230**	**$ 521,685**
Plan fiduciary net position as a percentage of the total pension liability	86.44%	78.18%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The 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%	5.00%	1.70%
Fixed income	15%	0.57%	0.09%
Credit strategies	14%	4.49%	0.63%
Real assets	14%	4.76%	0.67%
Private equity	14%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6%	3.29%	0.20%
PIP - Private Investment Partnership	3%	6.84%	0.21%
TOTAL	**100%**		**4.89%**
Inflation			2.50%
Expected arithmetic nominal return*			7.39%

** The above allocation provides a one-year return of 7.39 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 6.94 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, 2021, the rate contributed by the University for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100 percent of the actuarially determined contribution rate. From July 1, 2021 on, all agencies are assumed to continute 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	$ 584,647	$ 312,123	$ 83,762
The University's proportionate share of the VaLORS Retirement Plan net pension liability	9,665	6,003	3,002
TOTAL NET PENSION LIABILITY	**$ 594,312**	**$ 318,126**	**$ 86,764**

Pension Plan Fiduciary Net Position

Detailed information about the VRS State Employee Retirement Plan's Fiduciary Net Position or the VaLORS Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at **http://www.varetire.org/pdf/publications/2021-annual-report.pdf**, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

The amount of payables outstanding to the VRS State Employee Retirement Plan and the VaLORS Retirement Plan at June 30, 2022, was approximately $2.5 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 1, 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 1, 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 $74.5 million and were calculated using base salaries of $1.0 billion, for the year ended June 30, 2022. The contribution percentage amounted to 7.3 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, 2022.

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 $6.1 million for the year ended June 30, 2022.

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, 2022, the University contributed $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 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 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 also 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 program, 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 and 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.

<table>
<tr><th colspan="4">VIRGINIA RETIREMENT SYSTEM OPEB PLAN PROVISIONS</th></tr>
<tr><th>GLI</th><th>HIC</th><th>LODA</th><th>VSDP</th></tr>
<tr><td>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.</td><td>Reduction in Benefit Amounts

Not applicable</td><td>Reduction in Benefit Amounts

Not applicable</td><td>Reduction in Benefit Amounts

Not applicable</td></tr>
<tr><td>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 $8,722 as of June 30, 2022.</td><td>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

Not applicable</td><td>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

Not applicable</td><td>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 Plan1 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%.</td></tr>
</table>

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, 2022 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, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI program from the University were $2 million for the years ended June 30, 2022 and June 30, 2021.

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, 2022 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, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the University to the HIC program were $15.7 million and $15.3 million for the years ended June 30, 2022 and June 30, 2021, respectively.

The contribution requirements for the LODA program are governed by §9.1-400.1 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA program for the year ended June 30, 2022 was $722.55 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA program from the University were $46,625 and $42,321 for the years ended June 30, 2022 and June 30, 2021, 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, 2022 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, 2019. The actuarially determined rate was expected to finance the costs of benefits payable during the year, with an adjustment to amortize the accrued OPEB assets. Contributions to the VSDP from the University were $2.1 million and $2 million for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the University reported a liability of $182.5 million for its proportionate share of the Net OPEB Liability (NOL) for GLI, HIC, and LODA Programs. At June 30, 2022, the University reported an asset of $26.1 million for its proportionate share of the Net VSDP OPEB Asset (NOA). The NOL/(NOA) was measured as of June 30, 2021 and the total OPEB liability used to calculate the NOL/(NOA) was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021.

The University's proportion of the 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, 2021 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, 2021 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, 2021 and June 30, 2020.

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%)

University's proportion of contributions, as of June 30, 2020

DIVISION	GLI	HIC	LODA	VSDP
Academic - State Employees	1.6718%	12.0868%	N/A	(7.5068%)
Academic - Law Officers	0.0158%	0.0451%	0.2649%	(0.0600%)
Medical Center	0.1568%	5.7621%	N/A	N/A
College at Wise - State Employees	0.0446%	0.2486%	N/A	(0.1798%)
College at Wise - Law Officers	0.0019%	0.0054%	0.0467%	(0.0076%)

For the year ended June 30, 2022, the University recognized OPEB expense of $17.6 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, 2022, 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	$ 3,838	$ 9,801
Net difference between projected and actual earnings on OPEB plan investments	-	13,020
Change in assumptions	5,867	4,052
Changes in proportion	13,900	6,185
Employer contributions subsequent to the measurement date	19,824	-
TOTAL	**$ 43,429**	**$ 33,058**

$19.8 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, 2023. 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)*	
2023	$ (772)
2024	(1,740)
2025	(2,698)
2026	(4,161)
2027	(55)
Thereafter	(27)
TOTAL	**$ (9,453)**

ACTUARIAL ASSUMPTIONS

The total OPEB liability for all VRS Programs was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation 2.5 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	4.5%	4.5%	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 5.375 percent – 4.75 percent

LODA Year of Ultimate Trend Rate:

Under age 65 Fiscal year ended 2029
Age 65 and older Fiscal year ended 2024

Investment rate of return 6.75 percent (2.16 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 2.16 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 generationally; 110% of rates for females.
Post-Disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.
Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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

Mortality rates (Pre-retirement, post-retirement healthy, and disabled)	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/Hyrbrid; changed final retirement age from 75 to 80 for all
Withdrawal rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability rates	No change
Salary scale	No change
Line of duty disability	No change
Discount rate	No change

Mortality rates – Teachers* (GLI)

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in 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 generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-Disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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

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

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

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

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

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

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

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in 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

Mortality rates – JRS Employees* (GLI, HIC)

Pre-Retirement: Pub-2010 Amount Weighted General Employee Rates projected generationally; males set foward 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 Imrpovement Scale that is 75% of the MP-2020 rates.

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

Mortality rates (Pre-retirement, post-retirement healthy, and disabled)	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 generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 100% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

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

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in 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 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 forward 3 years.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 100% of rates for males and females set forward 2 years.
Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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

Mortality rates (Pre-retirement, post-retirement healthy, and disabled)	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, 2021, NOL/(NOA) amounts for these programs are as follows:

NET OPEB LIABILITY (ASSET)
(in thousands)

	GLI	HIC	LODA	VSDP
Total OPEB liability	$ 3,577,346	$ 1,052,400	$ 448,542	$ 267,198
Less: Plan fiduciary net position	(2,413,074)	(207,860)	(7,553)	(611,919)
EMPLOYER'S NET OPEB LIABILITY (ASSET)	**$ 1,164,272**	**$ 844,540**	**$ 440,989**	**$ (344,721)**
Plan fiduciary net position as a percentage of the total OPEB liability	67.45%	19.75%	1.68%	229.01%

The total OPEB liability (asset) is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The 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 2.16 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, 2021, 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, 2021 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%	5.00%	1.70%
Fixed income	15%	0.57%	0.09%
Credit strategies	14%	4.49%	0.63%
Real assets	14%	4.76%	0.67%
Private equity	14%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6%	3.29%	0.20%
PIP - Private Investment Partnership	3%	6.84%	0.21%
TOTAL	**100%**		**4.89%**
Inflation			2.50%
Expected arithmetic nominal return*			**7.39%**

** The above allocation provides a one-year return of 7.39 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 6.94 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 2.16 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 2.16 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 Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2021.

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 (2.16 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	$ 212,054	$ 182,537	$ 157,746
Employer's proportionate share of the VRS administered net OPEB asset	(24,634)	(26,074)	(27,341)

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	$ 1,112	$ 1,356	$ 1,668

VRS Administered OPEB Programs' Fiduciary Net Position

Detailed information about the VRS administered OPEBs' Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

UNIVERSITY OF VIRGINIA OTHER POSTEMPLOYMENT (OPEB PLANS)

As described in Note 1, the University employees participating in the University's Optional Retirement Plan or the UVA Health Plan are eligible for various OPEBs administered by the University. The specific information for each of the plans, 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.

Retiree Health Plan. University employees who retire before becoming eligible for Medicare participate in the Retiree Health Plan, a single-employer defined benefit plan administered by the University, until they are eligible for Medicare. At that time, University retirees can participate in the Commonwealth's Medicare Supplement Plan. The Retiree Health Plan mirrors the University's Health Plan for medical and pharmacy benefits provided to active employees. Benefits provided include preventative care, family planning and maternity, hospital care, surgery, behavioral health care, and other medical services. The amount of coverage ranges depending on the Health Plan option chosen by the employee and type of care. Benefit provisions for the Retiree Health Plan are established and maintained by the University under the authority of the Board. The University does not issue stand-alone financial statements for this plan.

The University also provides dental benefits through the UVA Dental Plan for retirees enrolled in the UVA Health Plan that elected dental coverage. Enrollment in the UVA Dental Plan must be completed at initial enrollment in the health benefits program. Dental enrollment can also be added or dropped during the open enrollment period each year. If dropped by the employee, the employee and/or their covered family members will not be able to re-enroll in the dental plan. As of June 30, 2022, the premiums paid by retirees exceed dental claims, as such, there is no liability associated with this plan.

The contribution requirements of plan members and the University are based on projected pay-as-you-go financing requirements. For fiscal year 2022, the University and Medical Center contributed $1,104,626 to the plan for retiree costs. Retirees receiving benefits contributed $1.6 million, or approximately 59 percent of the total costs, through their required contributions, ranging from $757 to $3,895 per month.

The benefit terms of the Retiree Life Insurance and the Retiree Health Plan covered the following employees:

COVERED EMPLOYEE CATEGORY	LIFE INSURANCE	RETIREE HEALTH PLAN
Inactive employees	1,036	284
Active employees	11,795	18,815
TOTAL COVERED EMPLOYEES	**12,831**	**19,099**

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 $65.1 million for the fiscal year ending June 30, 2022 was determined by an actuarial valuation as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021.

For the year ended June 30, 2022, the University recognized a negative OPEB expense of $2,755,167. 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	$ -	$ (28,504)
Changes in assumptions or other inputs	3,291	(14,579)
Transactions subsequent to the measurement date	1,110	-
TOTAL	**$ 4,401**	**$ (43,083)**

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)*	
2023	$ (9,513)
2024	(8,839)
2025	(5,802)
2026	(5,370)
2027	(4,067)
Thereafter	(6,201)
TOTAL	**$ (39,792)**

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	2.16 percent, based on the Bond Buyer GO 20-Bond Municipal Bond Index.
Healthcare cost trend rates	6.75 percent for June 30, 2022, decreasing 0.25 percent per year to an ultimate rate of 5 percent for fiscal year 2029 and thereafter.
Retirees' share of benefit-related costs	Equal to applicable percentage of projected average claims based on all relevant assumptions described in this section, including health care trend rates, health care cost aging, and various demographic assumptions.
Mortality rates	For healthy annuitants: Pub TH-2010 employees and healthy annuitants mortality table projected generationally using Scale MP-2020 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, 2021	**$ 59,664**
Changes for the year:	
Service cost	5,325
Interest	1,433
Expected vs actual experience	(1,397)
Changes in assumptions *	385
Benefit payments	(326)
ENDING BALANCE AS OF JUNE 30, 2022	**$ 65,084**

** Changes of assumptions reflect the following:*
- *A change in the discount rate from 2.21 percent in 2021 to 2.16 percent in 2022.*

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 (1.16 percent) or one percentage point higher (3.16 percent) than the current discount rate:

SENSITIVITY OF TOTAL OPEB LIABILITY TO CHANGES IN DISCOUNT RATE *(in thousands)*	1% DECREASE (1.16%)	DISCOUNT RATE (2.16%)	1% INCREASE (3.16%)
TOTAL OPEB LIABILITY	$ 73,630	$ 65,084	$ 58,035

Sensitivity of the University's Total OPEB Liability to Changes in the Health Care Trend Rate

The following presents the total OPEB liability of the University administered programs, as well as what the University's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.75 percent decreasing to 3.75 percent) or one percentage point higher (7.75 percent decreasing to 5.75 percent) than the current healthcare cost trend rates:

SENSITIVITY OF TOTAL OPEB LIABILITY TO HEALTHCARE TREND RATE *(in thousands)*	1% DECREASE (5.75% DECREASING TO 3.75%)	HEALTHCARE TREND RATES (6.75% DECREASING TO 5%)	1% INCREASE (7.75% DECREASING TO 5.75%)
TOTAL OPEB LIABILITY	$ 59,976	$ 65,084	$ 71,173

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, 2022, was $70.9 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, 2022, was $11.1 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 subsidiary organizations owned by 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, 2022, were approximately $376.2 million.

LITIGATION

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

NONEXCHANGE FEDERAL GRANTS

PANDEMIC RELIEF

During the fiscal year, the Academic Division received no additional funding. The College at Wise was awarded a combined $2.9 million in HEERF and GEER funds during the fiscal year.

During the fiscal year, the Medical Center was awarded $21.5 million in Phase 4 Provider Relief Funding to help offset lost revenues during the Coronavirus pandemic.

As of June 30, 2022, the University has spent $26.6 million on emergency aid to students. The University's total refunds for housing and dining charges remain greater than the awarded HEERF amount.

Total nonexchange federal grants recognized as non-operating revenue during FY22 at the University and Medical Center are presented in the table below.

Nonexchange Federal Grants *(in thousands)*	ACADEMIC DIVISION AND COLLEGE AT WISE	UVA MEDICAL CENTER	TOTAL INSTITUTION
Higher Education Emergency Relief Funding	$ 3,609	$ -	$ 3,609
Coronavirus Relief Funding	14,053		14,053
Provider Relief Funding	-	21,524	21,524
Other	1,705	-	1,705
TOTAL NONEXCHANGE FEDERAL GRANTS	**$ 19,367**	**$ 21,524**	**$ 40,891**

NOTE 17

SUBSEQUENT EVENTS

As of January 1, 2022, retirees began enrolling in their health coverage through a private exchange and are no longer enrolled on the UVA Health Plan. The University now pays nothing towards the retirees' premiums and any claims are by paid by the private insurance. Because the University uses a one-year lookback in its plan measurement, this change will not be reflected in the OPEB liability of the University until the financial statements for the year ended June 30, 2023. If the plan changes were effective for the June 30, 2022 financial statements, the UVA OPEB liability would be reduced by $41.6 million.

In *Milton S. Hershey Medical Center v. Becerra*, a group of teaching hospitals challenged a formula that CMS used for many years when the total number of residents and fellows, before applying weighting factors, exceeds the hospital's GME cap. This was essentially a math error made by CMS dating back to 2001 that reduced the reimbursement to teaching hospitals and has become known as the "Fellow Penalty". The court ruled in favor of the hospitals and on October 27, 2022, UVAMC received the revised Notice of Program Reimbursement (NPR) for FY10, FY11 and FY12 related to the "Fellows Penalty" in the amount of just under $8.5 million. CMS will only apply this policy for cost report periods that are open or re-openable (and for future cost report periods). For UVAMC this correction will apply to FY10 and forward. The estimate total for FY10-FY22 is $39.4 million which was posted in FY22.

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							
	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	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	$ 312,123	$ 635,343	$ 562,966	$ 468,658	$ 500,697	$ 545,568	$ 501,446	$ 454,655
Covered payroll	$ 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	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	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 2022 is the eighth year for this presentation, only eight 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							
	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	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	$ 6,003	$ 7,692	$ 6,137	$ 5,548	$ 5,689	$ 6,218	$ 6,144	$ 5,294
Covered payroll	$ 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	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	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 2022 is the eighth year for this presentation, only eight 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	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	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 2022 is the eighth year for this presentation, only eight 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, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions for the VRS State Employee Retirement Plan as a result of the experience study and VRS Board action are as follows:

- 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 following changes in actuarial assumptions were made for the VRS State VaLORS Retirement Plan effective June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

- 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)*	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	1.620%	1.672%	1.664%	1.619%	1.586%
University Employees - VaLORS	0.018%	0.016%	0.014%	0.014%	0.014%
Medical Center Employees - VRS	0.151%	0.157%	0.171%	0.184%	0.186%
College at Wise Employees - VRS	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%
HIC OPEB Liability (Asset)					
University Employees - VRS	12.055%	12.087%	12.154%	11.596%	11.325%
University Employees - VaLORS	0.050%	0.045%	0.040%	0.040%	0.040%
Medical Center Employees - VRS	6.567%	5.762%	5.893%	6.533%	6.386%
College at Wise Employees - VRS	0.247%	0.249%	0.256%	0.249%	0.255%
College at Wise Employees - VaLORS	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
University Employees - VaLORS	0.261%	0.265%	0.242%	0.272%	0.268%
Medical Center Employees - VRS	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
College at Wise Employees - VaLORS	0.047%	0.047%	0.047%	0.048%	0.047%
VSDP OPEB Liability (Asset)					
University Employees - VRS	(7.308%)	(7.507%)	(7.563%)	(7.309%)	(7.259%)
University Employees - VaLORS	(0.070%)	(0.060%)	(0.051%)	(0.051%)	(0.052%)
Medical Center Employees - VRS	N/A	N/A	N/A	N/A	N/A
College at Wise Employees - VRS	(0.178%)	(0.180%)	(0.187%)	(0.197%)	(0.203%)
College at Wise Employees - VaLORS	(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	$ 18,866	$ 27,900	$ 27,086	$ 24,583	$ 23,866
University Employees - VaLORS	204	263	228	216	216
Medical Center Employees - VRS	1,754	2,616	2,785	2,793	2,794
College at Wise Employees - VRS	511	745	713	704	713
College at Wise Employees - VaLORS	22	32	28	30	31
HIC OPEB Liability (Asset)					
University Employees - VRS	$ 101,812	$ 110,958	$ 112,193	$ 105,773	$ 103,119
University Employees - VaLORS	425	414	373	366	368
Medical Center Employees - VRS	55,461	52,897	54,400	59,595	58,152
College at Wise Employees - VRS	2,082	2,282	2,362	2,268	2,324
College at Wise Employees - VaLORS	46	50	46	51	52
LODA OPEB Liability (Asset)					
University Employees - VRS	N/A	N/A	N/A	N/A	N/A
University Employees - VaLORS	$1,149	$ 1,109	$ 868	$ 852	$ 705
Medical Center Employees - VRS	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
College at Wise Employees - VaLORS	207	196	170	150	124
VSDP OPEB Liability (Asset)					
University Employees - VRS	$ (25,193)	$ (16,567)	$ (14,838)	$ (16,471)	$ (14,896)
University Employees - VaLORS	(241)	(132)	(101)	(116)	(107)
Medical Center Employees - VRS	N/A	N/A	N/A	N/A	N/A
College at Wise Employees - VRS	(613)	(397)	(368)	(443)	(417)
College at Wise Employees - VaLORS	(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 2022 is the fifth year for this presentation, only five 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)*	2022	2021	2020	2019	2018
EMPLOYER'S COVERED PAYROLL					
GLI OPEB Liability (Asset)					
University Employees - VRS	$ 334,547	$ 344,069	$ 326,293	$ 307,783	$ 292,551
University Employees - VaLORS	3,622	3,247	2,753	2,704	2,772
Medical Center Employees - VRS	31,100	32,261	33,547	34,969	40,629
College at Wise Employees - VRS	9,054	9,188	8,595	8,812	8,532
College at Wise Employees - VaLORS	389	393	342	376	375
HIC OPEB Liability (Asset)					
University Employees - VRS	$ 868,729	$ 870,811	$ 828,243	$ 780,764	$ 739,172
University Employees - VaLORS	3,622	3,248	2,753	2,700	2,761
Medical Center Employees - VRS	473,235	415,138	401,596	439,856	423,097
College at Wise Employees - VRS	17,769	17,909	17,438	16,734	15,960
College at Wise Employees - VaLORS	389	392	342	376	378
LODA OPEB Liability (Asset)**					
University Employees - VRS	N/A	N/A	N/A	N/A	N/A
University Employees - VaLORS	$ 3,622	$ 3,248	$ 3,624	$ 3,019	$ 3,254
Medical Center Employees - VRS	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
College at Wise Employees - VaLORS	390	392	387	348	375
VSDP OPEB Liability (Asset)					
University Employees - VRS	$ 315,874	$ 325,292	$ 306,127	$ 288,230	$ 291,594
University Employees - VaLORS	3,020	2,599	2,080	2,030	2,237
Medical Center Employees - VRS	N/A	N/A	N/A	N/A	N/A
College at Wise Employees - VRS	7,690	7,791	7,587	7,762	7,993
College at Wise Employees - VaLORS	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	5.639%	8.109%	8.301%	7.987%	8.158%
University Employees - VaLORS	5.638%	8.110%	8.299%	7.988%	7.792%
Medical Center Employees - VRS	5.639%	8.109%	8.301%	7.987%	6.877%
College at Wise Employees - VRS	5.639%	8.108%	8.300%	7.989%	8.357%
College at Wise Employees - VaLORS	5.657%	8.111%	8.279%	7.979%	8.267%
HIC OPEB Liability (Asset)					
University Employees - VRS	11.720%	12.742%	13.546%	13.547%	13.951%
University Employees - VaLORS	11.721%	12.741%	13.546%	13.556%	13.329%
Medical Center Employees - VRS	11.720%	12.742%	13.546%	13.549%	13.744%
College at Wise Employees - VRS	11.720%	12.742%	13.546%	13.553%	14.561%
College at Wise Employees - VaLORS	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
University Employees - VaLORS	31.717%	34.153%	23.949%	28.221%	21.666%
Medical Center Employees - VRS	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
College at Wise Employees - VaLORS	53.021%	49.938%	43.880%	43.103%	33.067%
VSDP OPEB Liability (Asset)					
University Employees - VRS	(7.976%)	(5.093%)	(4.847%)	(5.715%)	(5.108%)
University Employees - VaLORS	(7.975%)	(5.092%)	(4.846%)	(5.714%)	(4.783%)
Medical Center Employees - VRS	N/A	N/A	N/A	N/A	N/A
College at Wise Employees - VRS	(7.976%)	(5.093%)	(4.847%)	(5.707%)	(5.217%)
College at Wise Employees - VaLORS	(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	67.45%	52.64%	52.00%	51.22%	48.86%
HIC OPEB Liability	19.75%	12.02%	10.56%	9.51%	8.03%
LODA OPEB Liability	1.68%	1.02%	0.79%	0.60%	1.30%
VSDP OPEB Liability	229.01%	181.88%	167.18%	194.74%	186.63%

** The amounts presented have a measurement date of the previous fiscal year end. Schedule is intended to show information for 10 years. Since 2022 is the fifth year for this presentation, only five 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 relevant measurement, which is the total payroll of the employees in the OPEB plan.*

Required Supplementary Information (Unaudited)

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	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	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**	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	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 2022 is the fifth year for this presentation, only five 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, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

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)*	2022	2021	2020	2019	2018
RETIREE HEALTH PLAN					
Service cost	$ 3,533	$ 4,392	$ 3,954	$ 6,567	$ 6,725
Interest	951	2,151	2,165	3,249	2,405
Expected vs actual experience	(1,043)	(17,036)	(3,854)	(23,155)	1,439
Changes in assumptions	253	1,750	1,730	(19,294)	(5,903)
Benefit payments	(217)	(288)	(8)	(946)	(2,727)
CHANGE IN RETIREE HEALTH PLAN LIABILITY	**3,477**	**(9,031)**	**3,987**	**(33,579)**	**1,939**
Retiree Health Plan liability, beginning	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	1,793	583	483	1,283	1,475
Interest	482	285	264	634	527
Expected vs actual experience	(354)	2,606	983	(5,514)	3,297
Changes in assumptions	132	643	544	(5,570)	(1,498)
Benefit payments	(109)	(6)	(6)	(6)	(1,355)
CHANGE IN OPTIONAL RETIREMENT RETIREE LIFE INSURANCE LIABILITY	**1,944**	**4,111**	**2,268**	**(9,173)**	**2,446**
Optional retirement retiree life insurance, beginning	20,055	15,944	13,677	22,851	20,405
OPTIONAL RETIREMENT RETIREE LIFE INSURANCE LIABILITY, ENDING	**21,999**	**20,055**	**15,944**	**13,678**	**22,851**
NET CHANGE IN TOTAL OPEB LIABILITY	**5,421**	**(4,920)**	**6,255**	**(42,752)**	**4,385**
Total OPEB Liability, beginning	59,664	64,584	58,329	101,081	96,696
TOTAL OPEB LIABILITY, ENDING	**$ 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	368,004	353,850	347,724	334,350	481,884
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL					
Retiree Health Plan	7.34%	7.02%	8.95%	8.54%	16.21%
Optional Retirement Retiree Life Insurance	5.98%	5.67%	4.59%	4.09%	4.74%

** The amounts presented have a measurement date of the previous fiscal year end. Schedule is intended to show information for 10 years. Since 2022 is the fifth year for this presentation, only five years of data is available. However, additional years will be included as they become available.*

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - UVA ADMINISTERED 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 - Details regarding changes in assumptions can be found in Note 13 to the financial statements.

Financial Report 2021-22

PREPARED BY UVAFINANCE

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