THE UNIVERSITY OF VIRGINIA MEDICAL CENTER AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

-T A B L E O F C O N T E N T S-

MANAGEMENT'S DISCUSSION AND ANALYSIS
(unaudited)

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the University of Virginia's Medical Center (Medical Center) for the year ended June 30, 2022, with comparative information for the year ended June 30, 2021 as restated. This discussion has been prepared by management and should be read in conjunction with the financial statements, and the notes thereto, which follow this section.

The Medical Center is one of the three operating divisions of the University of Virginia. The Executive Vice President for Health Affairs of the University of Virginia and Chief Executive Officer for UVA Health provides overall leadership and management of the Medical Center. The Medical Center is an integrated network of hospitals and primary and specialty care services ranging from wellness programs and routine checkups to cutting edge technologically advanced care. The 696 bed Academic Medical Center (University Hospital) in Charlottesville is the hub of UVA Health. The Medical Center includes the state's only Comprehensive Cancer Center, the number 1 children's hospital in the state, a level 1 trauma center and several joint ventures.

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.

Financial Statements

The Medical Center's financial report includes the University Hospital and network, UVA Community Health (in 2022), and component units as outlined in the footnotes.

The audited financial statements are prepared in accordance with standards published by the Governmental Accounting Standards Board (GASB). The audited financials break out the Primary Medical Center from discretely presented components and this management discussion focuses on the Primary Medical Center.

A summary of the Medical Center's Statement of Net Position follows, representing a $30 million decrease in net position from 2021 to 2022.

Statement of Net Position
As of June 30, 2022 and 2021 as restated
(In millions)

	2022	2021	Incr (Decr) Amount	Incr (Decr) Percent
Assets and deferred outflows				
Current assets	$ 847	$ 834	$ 13	2%
Capital assets	1,605	1,378	227	16%
Deferred outflows	27	29	(3)	-10%
Other	1,441	1,682	(241)	-14%
Total assets & deferred outflows	3,920	3,923	(3)	0%
Liabilities and deferred inflows				
Current Liabilities	487	576	(89)	-15%
Deferred inflows	59	31	28	90%
Other	1,041	954	87	9%
Total liabilities & deferred inflows	1,587	1,561	27	2%
Net position				
Net investment in capital assets	720	634	86	14%
Restricted	159	175	(16)	-9%
Unrestricted	1,454	1,553	(99)	-6%
Total net position	2,333	2,362	(30)	-1%
Total liabilities, deferred inflows, & net position	3,920	3,923	(3)	0%

This result was driven by strong operating performance of the Medical Center as well as one-time settlements, offset by investment market losses.

The development and maintenance of the Medical Center's capital assets is a necessary and critical factor for sustaining and increasing the quality of care patients receive. Capital projects consist of replacement, renovation, and new construction projects of the Medical Center and its related outpatient clinics, as well as significant investments in equipment and information systems.

The major investments include the acquisition of UVA Community Health, related transition expenses, and the construction of the new Comprehensive Orthopedics Center. Additional detail on the changes in capital assets and construction-related commitments is found in footnote 7 and footnote 14, respectively, of the financial statements.

The Medical Center participates in the pooled debt program managed by the University of Virginia. The Medical Center currently has $940 million of debt outstanding with the University of Virginia.

The following table summarizes key operational statistics.

Key Operational Statistics
For the years ended June 30, 2022 and 2021

	2022	2021	Incr (Decr) Amount	Incr (Decr) Percent
Adjusted Discharges				
University Hospital & Clinics	61,535	60,586	949	2%
UVA Community Health	42,245			
Outpatient				
University Hospital & Clinics	906,742	859,366	47,376	6%
UVA Community Health	237,583			
Emergency Room				
University Hospital & Clinics	41,992	36,793	5,199	14%
UVA Community Health	105,151			
Surgeries				
Charlottesville Area	37,712	31,786	5,926	19%
UVA Community Health	11,042			

The most significant impact on volumes was the acquisition of UVA Community Health. Aside from that, University Hospital adjusted discharges increased, reflecting very strong outpatient and surgical volumes.

A summarized comparison of revenues, expenses, and other changes in net position for the years ended June 30, 2022 and 2021 follows.

Statement of Revenues, Expenses, and Changes in Net Position
For the years ended June 30, 2022 and 2021 as restated
(In millions)

	2022	2021	Incr (Decr) Amount	Incr (Decr) Percent
Operating revenue				
Net patient service revenue	$ 2,324	$ 1,807	$ 517	29%
University allocations	9	(1)	10	1000%
Other	104	85	19	22%
Total operating revenue	2,437	1,891	546	29%
Operating expense				
Salaries, wages, and fringe	890	761	128	17%
Other	1,407	1,052	355	34%
Total operating expense	2,297	1,813	484	27%
Operating income	140	77	63	82%
Net nonoperating revenues	(170)	511	(681)	-133%
Net income	(30)	588	(617)	-105%

Operating revenue increased 29% year over year, due primarily to the acquisition of UVA Community Health and successful operations in University Hospital.

Total operating expense for fiscal year 2022 was 27% above the prior year. About half of the increase was due to the acquisition of UVA Community Health and most of the rest was driven by increased cost of labor and supplies.

At the end of fiscal year 2022, the Medical Center's operating income was $140 million, compared to fiscal year 2021's operating income of $77 million. The improvement was driven by:

- High acuity and strong volumes in outpatient, surgeries and emergency room visits.
- Net favorable one-time settlements.

Net non-operating revenue decreased significantly from fiscal year 2021 to fiscal year 2022. This was primarily related to capital market investment losses, both realized and unrealized.

The Statement of Cash Flows provides additional information about the Medical Center's financial results by reporting the major sources and uses of cash. A comparative summary of the statement of cash flows for the years ended June 30, 2022 and 2021 is as follows:

Statement of Cash Flows
For the years ended June 30, 2022 and 2021
(In millions)

	2022	2021	Incr (Decr) Amount	Incr (Decr) Percent
Cash flows from (used by)				
Operating activities	$ 48	$ 196	$ (149)	-76%
Financing activities				
Non-capital	(86)	26	(112)	-431%
Capital & related	(199)	(165)	(33)	-20%
Investing activities	118	140	(22)	-16%
Net increase (decrease) in cash and cash equivalents	(119)	197	(316)	-160%
Cash and cash equivalents				
At beginning of year	473	276	197	71%
At end of year	354	473	(119)	-25%

The cash generated from operating activities decreased by $149 million from fiscal year 2021 to fiscal year 2022, primarily due to CMS' intermediary retracting $162 million of the Medicare COVID-19 Accelerated and Advance payments received during fiscal year 2020. The acquisition of UVA Community Health has also contributed to the year over year change.

Cash flows from non-capital financing activities decreased $112 million from fiscal year 2021. This was primarily related to transfers to UVA for future commitments.

The cash from capital and related financing activities decreased $33 million in fiscal year 2022, primarily due to the acquisition and related debt issue for UVA Community Health.

Cash flows from investing activities decreased by $22 million, primarily due to investment activity throughout the year.

Economic Factors Affecting the Future

COVID recovery, work force challenges, supply chain instability and inflation trends dominated fiscal year 2022 and remain concerns in FY23. Looking forward the Federal Reserve has raised rates significantly to combat inflation and the investment market volatility has eroded some of the balance sheet cushion built during the pandemic. An anticipated recession could further accelerate consolidation of independent hospitals and smaller providers.

UNIVERSITY OF VIRGINIA MEDICAL CENTER
STATEMENT OF NET POSITION
As of June 30, 2022
With Comparative Amounts as of June 30, 2021 as restated

	Primary Medical Center	
	2022	2021
Current assets:		
Cash and cash equivalents (Note 2)	341,355,311	458,248,080
Accounts receivable, net of estimated uncollectibles (Note 3)	430,570,482	319,736,372
of $936,374,823 at June 30, 2022 and $732,115,143 at June 30, 2021		
Due from University of Virginia	-	1,620,407
Inventories and prepaid expenses	74,747,031	54,444,321
Notes receivable	1,500	1,500
Total current assets	846,674,324	834,050,680
Noncurrent assets:		
Cash and cash equivalents restricted (Note 2)	12,695,178	14,866,058
Investments in pooled endowment funds (Note2)	874,701,216	958,719,419
Investments (Note 2)	406,188,772	496,918,035
Investments in affiliated companies (Note 5)	45,400,254	111,847,742
Leased Assets less accumulated amortization (Note 7)	51,411,444	41,322,635
Land (Note 7)	77,966,113	33,898,328
Contruction in Progress (Note 7)	29,606,545	153,759,651
Depreciable land improvements, buildings, and equipment, less accumulated depreciation/amortization of $1,448,765,255 at June 30, 2022 and $1,314,075,770 at June 30, 2021	1,497,794,819	1,190,310,401
Other Assets	21,348,489	15,405,281
Assets whose use is limited:		
Assets held by Trustee	897,728	11,583,766
Due from the University of Virginia - non current	28,583,542	30,747,319
Total noncurrent assets	3,046,594,100	3,059,378,635
Deferred outflows of resources (Note 17)	26,581,388	29,449,797
Total assets and deferred outflows of resources	3,919,849,812	3,922,879,112

The accompanying notes to financial statements are an integral part of this statement.

UNIVERSITY OF VIRGINIA MEDICAL CENTER
STATEMENT OF NET POSITION
As of June 30, 2022
With Comparative Amounts as of June 30, 2021 as restated

	2022	2021
Current liabilities:		
Accounts payable and accrued expenses (Note 9)	263,153,955	199,726,572
Due to third-party payors	149,199,395	319,319,862
Current installments of long-term debt (Note 10)	45,919,037	31,258,457
Due to University of Virginia	23,176,626	10,764,226
Grants payable - current portion	2,269,566	2,662,566
Unearned Revenue	3,651,992	3,901,975
Total current liabilities	487,370,571	567,633,657
Long-term liabilities:		
Long-term debt (Note 10)	893,763,822	761,883,394
Grants payable - noncurrent portion	27,765,127	42,287,817
Other Post Employment Benefits (Note 19)	87,666,547	82,490,571
Net Pension Liability (Note 17)	31,644,104	66,669,354
Nonctrl Interest in Subsidiary	-	200,000
Total long-term liabilities	1,040,839,600	953,531,136
Deferred inflows of resources (Notes 1Q and 19))	58,872,370	39,401,945
Total liabilities and deferred inflows of resources (Notes 1Q; 19)	1,587,082,541	1,560,566,738
NET POSITION		
Net investment in capital assets	719,732,297	634,083,962
Restricted:		-
Nonexpendable	53,099,192	53,099,192
Expendable	105,607,327	121,807,719
Unrestricted	1,454,328,455	1,553,321,501
Net position	2,332,767,271	2,362,312,374
Total liabilities, deferred inflows and net position	3,919,849,812	3,922,879,112

The accompanying notes to financial statements are an integral part of this statement.

UNIVERSITY OF VIRGINIA MEDICAL CENTER
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT
As of June 30, 2022
With Comparative Amounts as of June 30, 2021 as restated

	Discretely Presented	
	2022	2021
Current assets:		
Cash and cash equivalents (Note 2)	7,626,902	4,905,238
Accounts receivable, net of estimated uncollectibles (Note 3)	8,654,970	8,682,128
of $44,284,243 at June 30, 2022 and $36,573,679 at June 30, 2021		
Inventories and prepaid expenses	5,732,919	1,977,979
Total current assets	22,014,791	15,565,345
Noncurrent assets:		
Depreciable land improvements, buildings, and equipment, less accumulated depreciation/amortization of		
$23,051,429 at June 30, 2022 and $20,547,379 at June 30, 2021	12,995,645	11,026,257
Total noncurrent assets	12,995,645	11,026,257
Total assets and deferred outflows of resources	35,010,436	26,591,602

	2022	2021
Current liabilities:		
Accounts payable and accrued expenses (Note 9)	2,800,200	3,372,433
Current installments of long-term debt (Note 10)	2,195,390	1,260,580
Total current liabilities	4,995,590	4,633,013
Long-term liabilities:		
Long-term debt (Note 10)	10,250,881	5,220,389
Total long-term liabilities	10,250,881	5,220,389
Total liabilities and deferred inflows of resources (Notes 1Q; 19)	15,246,471	9,853,402
NET POSITION		
Net investment in capital assets	549,374	4,545,288
Restricted:		
Nonexpendable	3,952,793	3,347,640
Expendable		
Unrestricted	15,261,798	8,845,272
Net position	19,763,965	16,738,200
Total liabilities, deferred inflows and net position	35,010,436	26,591,602

The accompanying notes to financial statements are an integral part of this statement.

UNIVERSITY OF VIRGINIA MEDICAL CENTER
STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
As of June 30, 2022
With Comparative Amounts as of June 30, 2021 as restated

	Primary Medical Center	
	2022	2021
Operating revenue:		
Net patient service revenue (Note 12)	2,323,698,055	1,806,678,441
University allocations (Note 13)	9,295,346	(579,213)
Other	104,017,637	84,440,343
Total operating revenue	2,437,011,038	1,890,539,571
Operating Expenses:		
Salaries and wages	709,399,367	611,856,220
Fringe benefits	180,241,211	149,432,359
Supplies	642,901,018	513,623,885
Purchased services and other expenses	579,455,727	368,711,909
Utilities	34,047,672	28,960,564
Provision for depreciation and amortization	150,836,451	140,548,711
Total operating expenses	2,296,881,446	1,813,133,648
Income from operations	140,129,592	77,405,923
Nonoperating revenue (expenses):		
Gifts	1,385,520	1,752,032
Investment income	741,652	530810.11
Net increase (decrease) in the fair value of investments	(68,827,318)	508,942,294
Net gain (loss) from investments in affiliated companies (Note 5)	(471,311)	10,861,430
Interest expense	(29,634,809)	(17,151,650)
Gain (Loss) on disposal of fixed assets	205,301	66,745
Cares Act Funding (Note 20)	21,524,135	25,481,814
Other	(14,667,694)	(4,497,534)
Net nonoperating revenues	(89,744,525)	525,985,941
Income before other revenues, expenses, gains or losses	50,385,067	603,391,864
Transfers	(79,930,171)	(15,577,058)
Increase (decrease) in net position	(29,545,104)	587,814,806
NET POSITION		
Net position - beginning of year, 2022 as restated	2,362,312,374	1,774,497,568
Net position - end of year	2,332,767,270	2,362,312,374

The accompanying notes to financial statements are an integral part of this statement.

UNIVERSITY OF VIRGINIA MEDICAL CENTER
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT
As of June 30, 2022
With Comparative Amounts as of June 30, 2021

	Discretely Presented	
	2022	2021
Operating revenue:		
Net patient service revenue (Note 12)	41,588,091	$41,266,138
Total operating revenue	41,588,091	41,266,138
Operating Expenses:		
Salaries and wages	8,421,138	7,967,625
Fringe benefits	1,701,824	1,542,272
Supplies	1,293,664	1,197,731
Purchased services and other expenses	7,731,073	6,494,640
Utilities	-	-
Provision for depreciation and amortization	2,504,050	1,612,305
Total operating expenses	21,651,749	18,814,573
Income from operations	19,936,342	22,451,565
Nonoperating revenue (expenses):		
Investment income	67	67
Interest expense	(261,276)	(220,868)
Net nonoperating revenues	(261,209)	(220,801)
Income before other revenues, expenses, gains or losses	19,675,133	22,230,764
Distributions to Members	(16,649,368)	(23,438,902)
Increase (decrease) in net position	3,025,765	(1,208,138)
NET POSITION		
Net position - beginning of year	16,738,200	17,946,338
Net position - end of year	19,763,965	16,738,200

The accompanying notes to financial statements are an integral part of this statement.

UNIVERSITY OF VIRGINIA MEDICAL CENTER

STATEMENT OF CASH FLOWS

As of June 30 2022

With Comparative Amounts as of June 30 2021

	2022	2021
Cash flows from operating activities:		
Receipts from patients and third-parties	2,051,488,897	1,787,374,089
Receipts from other revenue	113,312,984	66,013,094
Payments to employees	(907,885,045)	(719,193,610)
Acquisition of affiliate		(3,128,095)
Payments to suppliers	(1,175,300,165)	(905,897,107)
Payment for utilities	(34,047,672)	(28,960,564)
Net cash provided by operating activities	47,568,999	196,207,807
Cash flows from non-capital financing activities:		
Payments on grants	(393,000)	(595,950)
Gifts	148,029	1,224,569
Transfer from UVA	23,490,697	6,574,453
Transfers to UVA and related entities	(130,373,406)	(6,481,391)
Federal Grant Receipts	21,524,135	25,481,814
Net cash provided (used) by non-capital financing activities	(85,603,545)	26,203,495
Cash flows from capital and related financing activities:		
Purchase of capital assets	(315,750,020)	(133,391,560)
Principal paid on capital debt	(24,271,704)	(23,150,849)
Principal paid on leases	(6,986,718)	(191,572)
Interest paid on debt	(18,269,655)	(17,151,650)
Proceeds from University loan	166,745,081	8,529,360
Proceeds from sale of capital assets		163,432
Net cash used by capital and related financing activities	(198,533,016)	(165,192,839)
Cash flows from investing activities:		
Sale of investments	117,503,914	150,037,413
Purchase of investments		(9,500,000)
Transfer to affiliate		(1,000,000)
Net cash provided by investing activities	117,503,914	139,537,413
Net increase(decrease) in cash and cash equivalents	(119,063,648)	196,755,877
Cash and cash equivalents - beginning of the year	473,114,139	276,358,262
Cash and cash equivalents - end of the year	354,050,491	473,114,139

UNIVERSITY OF VIRGINIA MEDICAL CENTER
STATEMENT OF CASH FLOWS
As of June 30 2022
With Comparative Amounts as of June 30 2021

	2022	2021
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	140,129,593	77,405,923
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	150,836,451	140,548,711
Changes in Assets, Liabilities, Deferred Outflows and Deferred Inflows		
Accounts receivables	(111,595,788)	(32,632,624)
Inventories and prepaid expenses	(20,302,710)	(1,541,827)
Deferred outflows of resources	(140,986)	(3,085,404)
Accounts payable and accrued expenses	(100,374,190)	5,886,779
Changes in pension and OPEB liabilities	(29,849,274)	(1,852,237)
Deferred inflows of resources	18,865,904	11,478,486
Net cash provided by operating activities	47,569,000	196,207,807
Noncash investing, capital and financing activities		
Change in fair market value	63,234,310	(513,774,823)
Gain(loss)on investment in Novant JOC		12,133,287
Noncash portion of Community Health acquisition	74,337,200	
Change in assets acquired by the Assumption of a Liability		(464,660)
Gain on investment in Healthsouth	1,337,409	1,013,111
Loss on investment in Fortify		(585,044)
Change in liability to Culpeper Regional Hospital	931,645	(6,693,379)
Loss on Dissolution of Affiliate		(3,229,578)
Accrued interest added to principal	11,365,154	

The accompanying Notes to financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Mission

The Medical Center is a division of the University of Virginia. The Health System's mission is "Transforming Health and Inspiring Hope for All Virginians and Beyond". Our vision is to be the nation's leading public academic health system and a best place to work - while transforming patient care, research, education, and engagement with the diverse communities we serve. Only those activities directly associated with the furtherance of this mission are considered to be operating activities. Other activities that result in gains or losses unrelated to the Medical Center's primary mission are considered to be non-operating.

A separate report is prepared for the Commonwealth that includes all agencies, boards, commissions, and authorities over which the Commonwealth exercises or has the ability to exercise oversight authority. The Medical Center is part of the University's financial reporting entity and is fully consolidated within the University's reporting entity. The University is a component unit of the Commonwealth and is included in the basic financial statements of the Commonwealth.

B. Financial Reporting Entity and Basis

In accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB) for providers of healthcare services, the Medical Center uses the economic resources management focus and accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when incurred and measurable, regardless of when the related cash flows take place. The component units follow the pronouncements of the Financial Accounting Standards Board (FASB).

The Medical Center's financial reporting entity includes both the Medical Center and all of its component units. The Medical Center's component units are either blended or discretely presented in the Medical Center's financial statements. The blended component units, although legally separate, are, in substance, part of the Medical Center's operations and, therefore, are reported as if they were part of the Medical Center.

The Medical Center's financial statements include the following blended component units:

Community Medicine, LLC
On November 14, 2000, the University established the Community Medicine University of Virginia, LLC (Community Medicine). Community Medicine 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 University, Community Medicine is considered a disregarded entity for tax purposes and its financial activity is blended with the Medical Center.

Community Medicine commenced operations on July 1, 2001.

Monticello Community Surgery Center, LLC
On April 17, 2021, the Medical Center purchased Monticello Community Surgery Center for $4.2M. Monticello Community Surgery Center is an ambulatory surgery center where community physicians, as well as, UVA physicians, perform ambulatory surgical services. The Medical Center acquired 100% interest in Monticello Community Surgery Center, and its financial activity is blended with the Medical Center.

University of Virginia Community Health (formerly Novant Health University of Virginia Health System)

On December 31, 2008, the University of Virginia Medical Center and Culpeper Regional Hospital entered into a partnership agreement, whereby the Medical Center obtained a 49 percent interest in Culpeper Regional Hospital, with a $41.2 million investment. The Medical Center used the equity method of consolidation in order to reflect the Medical Center's investment in Culpeper Regional Hospital until September 30, 2014.

On October 1, 2014, the Medical Center acquired the remaining 51 percent of Culpeper Regional Hospital for $45 million, providing the Culpeper and surrounding communities a new level of care that includes expanded services and greater access to specialty providers. Culpeper Regional Hospital is a 60-bed community hospital providing primary care, as well as specialty services in orthopedics, cardiology, and cancer. Effective October 1, 2014, the Medical Center accounted for Culpeper Hospital using the blending method of accounting. On December 31, 2015, the Medical Center contributed Culpeper Regional Hospital to Novant Health, for a 40% interest in the new joint operating company, called Novant Health University of Virginia Health System. The Medical Center used the equity method of accounting to account for the joint operating company.

On July 1, 2021, the University of Virginia Medical Center acquired the remaining 60% 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 3 community hospitals (Prince William, Haymarket, and Culpeper), a Medical Group, surgery centers, and ambulatory clinics. The Medical Center owns 100% of Community Health, and its financial activity is blended with the Medical Center. For financial reporting purposes, the Medical Center relied on independently generated statements from Novant Health, related to the Joint Operating Company. Community Health uses a December 31st fiscal year end, and as such, only activity through December 31, 2021 is included in these financial statements as prescribed by GASB.

The Medical Center's financial statements include one discretely presented component unit:

University of Virginia Imaging, LLC

On March 26, 2002, the Medical Center entered into an agreement with Outpatient Imaging Affiliates of Virginia, LLC to establish University of Virginia Imaging, LLC (UVI). The limited liability corporation 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 Zion Crossroads facility. UVI provides services to outpatients from the Medical Center's primary and secondary service areas.

In accordance with GASB Statement 90, *Majority Equity Interests,* 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. The Medical Center presents UVI as a discrete component unit in its financial statements.

The financial statements have been prepared in accordance with GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and GASB Statement 35, *Basic Financial Statements and Management's Discussion and Analysis of Public College and Universities.*

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Subsidiary and Affiliated Companies

Investments in affiliates in which the Medical Center has substantial interest (approximately 20 to 50 percent), or for which the Medical Center exercises significant influence, but not control, over policy decisions are accounted for by the equity method and are described in Note 5.

E. Net Patient Service Revenue

The Medical Center reports net patient service revenue at the estimated net realizable amounts from patients, third-party payers, and others for services rendered. Net patient service revenue also includes funds from the Commonwealth's Department of Medical Assistance Services for disproportionate share and indirect medical education payments and funds from third-party payers for estimated retroactive adjustments under reimbursement agreements. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

F. Due To(From) Estimates

State and federal regulations are used to determine the accruals for Due To(From) estimates. Estimates are derived using excel spreadsheet models of the Medicare and Medicaid cost reports that have been developed over a number of years and are tested for reasonableness and accuracy each year. Upon finalization of cost reports, estimates are compared to actuals. The Medical Center routinely and conservatively reserves $5 million for each respective years' cost report adjustment until the cost report is settled. Management's conservative approach and professional judgement stems from the risk of an auditor's change in interpretation of various standards, changes in calculations, or case decisions by the Provider Reimbursement Review Board. The Medical Center uses the actual cost report as this minimizes the risk of ambiguity or oblique areas within the estimates. The Medical Center follows all applicable laws in the preparation of estimates, as well as, the actual cost reports each year. The Medical Center's reserve policy, procedures, estimates and cost reports are reviewed annually by outside consultants to provide further assurance of the accuracy and reasonableness of the financial statements. In addition, using an accepted practice throughout the healthcare industry; and as a result of the uncertainties inherent in cost-based reimbursement programs sponsored by government entities and other contractual and non-contractual uncertainties inherent in the revenue cycle, the Medical Center records general reserves. These uncertainties may arise as a revenue deduction in either a subsequent year or several years subsequent to which the deduction actually relates. The purpose of the general reserve is to maintain adequate reserves to offset precipitous changes in estimates due to the recognition of trends in trailing data. The Medical Center may accrue certain amounts each year to maintain an adequate reserve level to offset or partially offset the future unfavorable impact of unknown events and uncertainties which at some point in the future the Medical Center will be required to record in accordance with GAAP. Per policy, the Medical Center shall maintain unassigned reserves in amounts not less than 0.5% of net patient service revenue and not more that 1.5% of net patient service revenue. Measurement and calculations of minimum and maximum reserve levels under this policy will occur at fiscal year-end using current fiscal year data.

Occasionally, decisions are made to record estimated liabilities as a result of specific circumstances. When specific circumstances arise, the Medical Center obtains external documentation to support the amount of liability. Management exercises significant professional judgement when making the determination regarding when to record contingent liabilities.

G. Indigent Care

As a safety net hospital within the Commonwealth, the Medical Center accepts all patients regardless of their ability to pay. A patient is classified as indigent by reference to established Commonwealth policies. The criteria for identifying indigent patients is based on asset and income guidelines that are updated annually in accordance with the federal poverty income guidelines as provided by the federal Office of Management and Budget. The Medical Center estimates indigent patient revenue based on historical cost estimates. Annually, revenue is settled through the Multisettlement cost report.

H. Settlements with third parties and contractual adjustments

A significant portion of the Medical Center's services is rendered to patients covered by Medicare, Medicaid, or other third-party payers. The Medical Center 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 patient 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.

I. Fair Value Measurements

The Medical Center 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 Medical Center 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, reflect the assumptions of management, and are significant to the fair value measurement.

The Medical Center 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.

J. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include cash and all highly-liquid investments with maturity of three months or less when purchased. Donated investments are reported at the fair market value at the date of receipt. The major portion of the investments of the Medical Center's endowment funds is pooled in the general endowment pool for the University. Annually, endowment earnings on the consolidated endowment pool are distributed to the participating funds based on the participating share of each fund in the pool.

Unrealized appreciation or depreciation of investments is included in the current period net of earnings. All investment income, including changes in the fair value of investments (unrealized gains and losses), is reported as non-operating revenue in the Statement of Revenues, Expenses, and Changes in Net Position.

K. Inventories and Prepaid Expenses

Inventories are generally valued at cost, which approximates market due to high turnover, and consist primarily of expendable supplies held for consumption.

Prepaid expenses primarily represent those expenses surrounding service, maintenance, insurance contracts, workers' compensation, and rental agreements.

L. Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, or if donated, at acquisition value at the date of donation. The Medical Center capitalizes expenditures for equipment costing $2,000 or more and having a useful life of two years or greater in accordance with the *Medicare Reimbursement Manual*.

Depreciation on property, plant, and equipment, excluding land and construction-in-progress, is computed over the estimated useful lives of the assets using the straight-line method. Estimated useful life refers to the period during which an asset is expected to be usable for the purpose it was acquired. The general range of estimated useful lives is 10 to 40 years for buildings and fixtures, 3 to 20 years for equipment, and 3 to 10 years for intangible assets.

The Medical Center utilizes the half-year convention for recognizing depreciation expense related to equipment, both fixed and moveable. A half-year of depreciation is recognized on all equipment in the fiscal year of acquisition. Likewise, a half-year of depreciation is recognized in the fiscal year at the end of the equipment's useful life. Depreciation on buildings is recognized from the date that the asset is placed in service to the date on which it is retired.

M. Accrued Leave

The amount of leave earned but not taken by salaried employees is recorded as a liability on the Statement of Net Position. The amount reflects, as of June 30, all earned leave not taken and the amount payable under the catastrophic leave pay-out policy upon termination, which is the lesser of 25 percent of sick leave not taken or $5,000 per employee with five or more years of service. The liability is based on the probability that an employee with less than five years of service will eventually become vested and has a right to receive payment for sick leave benefits. The applicable share of employer-related taxes payable on the eventual termination payments is also included.

N. Pensions

The Virginia Retirement System (VRS) State Employee Retirement Plans are single employer pension plans that are treated like cost-sharing plans. 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 Virginia Retirement System (VRS) State Employee Retirement Plan; and the additions to/deductions from the VRS State Employee Retirement Plan's fiduciary net 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 are reported at fair value.

O. Other Post-Employment Benefits

The Medical Center participates in postemployment benefit programs sponsored by the Commonwealth and administered by the Virginia Retirement System (VRS). For the Medical Center, these programs include the Group Life Insurance Program and Retiree Health Insurance Credit Program.

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer cost- sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to § 51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance 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 Group Life Insurance Program OPEB Liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the VRS Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's fiduciary net 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 Virginia Retirement System (VRS) State Employee Health Insurance Credit Program is a single employer plan that is presented as a multiple-employer cost-sharing plan. The State Employee Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The State Employee Health Insurance Credit 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 State Employee Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the State Employee Health Insurance Credit Program OPEB, and the State Employee Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) State Employee Health Insurance Credit Program; and the additions to/deductions from the VRS State Employee Health Insurance Credit 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.

University OPEB Plans

The University of Virginia, also provides Optional Retirement Retiree Life Insurance and Retiree Health Plan OPEBs that are not part of the Commonwealth-provided OPEB plans which are administered by the University. 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.

P. Comparative Data

The Medical Center and its discretely presented component unit presents their financial statements 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 generally accepted accounting principles. Accordingly, the prior year information should be read in conjunction with the Medical Center's financial statements for the year ended June 30, 2021, from which the summarized information is derived.

Q. Deferred Inflows and Outflows of Resources

Deferred outflows of resources are the consumption of net assets applicable to a future reporting period and have a positive effect on net position similar to assets. Deferred inflows are the accumulation of net assets applicable to a future reporting period and have a negative effect on net position similar to liabilities.

Schedule of Deferred Outflows and Inflows for Fiscal Year Ended June 30, 2022

Deferred Outflows		**Deferred Inflows**	
		OPEB-VRS administered	7,839,282
VRS Pension	8,938,842	OPEB-UVA administered	12,972,002
OPEB-UVA administered	2,520,348	VRS Pension Liability	28,753,432
OPEB-VRS administered	15,122,199	Lease Revenue	9,307,654
Total	26,581,388		58,872,370

R. Net Position

The Medical Center'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 Medical Center's capital assets, net of accumulated depreciation, reduced by outstanding debt attributable to the acquisition, construction, or improvement of those assets.

Restricted. The Medical Center 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 Medical Center, is classified as nonexpendable net position. This includes the corpus portion (historical value) of gifts to the Medical Center's permanent endowment funds and certain investment earnings stipulated by the donor to be reinvested.

Expendable. The Medical Center's net position subject to externally imposed restrictions that can be fulfilled by actions of the Medical Center pursuant to those restrictions or that expire by the passage of time is classified as expendable net position. This includes net appreciation of the Medical Center's permanent endowment funds that have 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 Medical Center's unrestricted net position may be designated for specific purposes by the Board. Substantially all of the Medical Center'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/or future revenue sources, the type of expenditure incurred, the Medical Center's budgetary policies surrounding the various revenue sources, and whether the expense is a recurring cost.

S. Eliminations

Certain Medical Center operations provide goods and services to internal customers. These Medical Center operations include activities such as wholly owned clinics, and hospitals. The net effect of these internal transactions are eliminated in the Statement of Revenues, Expenses, and Changes in Net Position to avoid inflating revenues and expenses.

T. Transfers

When requested, the Medical Center transfers amounts to the University throughout the fiscal year. These transfers, supported by memorandums of understanding, are not considered operating expenses to the Medical Center, given the purpose of these transfers are in support of the University, primarily the School of Medicine. During fiscal year 2022, the Medical Center reported transfers of $79.9M to the University. These transfers were for salary and research support, as well as furthering the University's strategic plan.

U. Grants Payable

Grants Payable, as of June 30, 2022, primarily consists of amounts due to the Culpeper Regional Hospital Foundation:

Beginning Balance	Additions	Reductions	Ending Balance
25,607,836		931,645	24,676,191

V. Litigation

The Medical Center is 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 material effect on the Medical Center's financial position.

W. Leases Receivable

As of June 30, 2022 the Medical Center has entered into various contracts as the lessor for land, building and residential space. The duration for the agreements range from 2 and 25 years. The lease receivable is measured at the present value of the lease payments expected to be received at during the lease term.

For the year ended June 30, 2022, the Medical Center reported $9.4M in current and noncurrent receivables related to these agreements. Total revenue was equal to $2.2M related to these agreements.

X. Right of Use, Liabilities, and Amortization

In accordance with GASB 87, the Medical Center has recorded right to use assets for land, building space and equipment. The right to use assets are initially measured at an amount equal to the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus any ancillary charges necessary to place the lease into service. The duration of these agreements ranges between 2 and 13 years. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Real estate leases may include one or more options to renew, with renewals that can extend the lease term for five years. The exercise of the renewal option is at the Medical Center's sole discretion. In general, renewal options are not recognized as part of right of use assets and lease liabilities until the Medical Center is reasonably certain it will be exercised.

2. Cash, Cash Equivalents, Investments, and Endowments:

The following risk disclosures are required by GASB Statement Number 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreement), and Reverse Repurchase Agreements* as amended by GASB Statement 40, *Deposit and Investment Risk Disclosures*:

Custodial Credit Risk (Category 3 deposits and investments) - The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Medical Center has no investments subject to custodial risk for 2022.

Credit risk – Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations. GASB Statement 40 requires the disclosure of the credit quality rating on any investments subject to credit risk. The Medical Center does not have any credit risk for 2022.

Concentration of credit risk - The risk of loss attributed to the magnitude of a government's investment in a single issuer. GASB Statement 40 requires disclosure of any issuer, which exceed five percent of total investments. The Medical Center investments are 100 percent invested in the University of Virginia Investment Company, Short Term and Long Term Pools, and as such, are not subject to concentration of credit risk disclosure under GASB 40.

Interest rate risk - The risk that changes in interest rates will adversely affect the fair value of an investment. GASB Statement 40 requires disclosure of maturities for any investments subject to interest rate risk. The Medical Center does not have an interest rate risk policy.

Foreign currency risk - The risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Medical Center has no foreign investments or deposits for 2022.

The following information is provided with respect to the risks associated with the Medical Center's cash, cash equivalents, and investments at June 30, 2022.

Cash and Cash Equivalents

Pursuant to Section 2.2-1800, et seq., Code of Virginia, all state funds of the Medical Center, with the exception of those held by UVA Imaging, LLC, Monticello Surgery Community Center, LLC, and University of Virginia Community Health, are maintained and deposited in collateralized commercial banking accounts. Cash deposits held by the Medical Center are maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400, et seq., Code of Virginia, except for deposits held by UVA Imaging, LLC, Monticello Surgery Community Center, LLC and University of Virginia Community Health. The University of Virginia Medical Center's uncollateralized cash for FY22 totaled $88,310,358. The Virginia Security for Public Deposits Act eliminates any custodial credit risk for Medical Center's deposits. Cash and Cash Equivalents represent cash with the treasurer, cash on hand, certificates of deposit, and temporary investments with original maturities of 90 days or less. Cash and Cash Equivalents reporting requirements are defined by GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting.*

Investments

The investment policy of the Medical Center is established by the Board of Visitors and monitored by the Board's Finance and Audit Committee. Authorized investments are set forth in the "Investment of Public Funds Act", Sections 2.2-4500 through 2.2-4518, Code of Virginia. The University of Virginia Investment Management Company (UVIMCO) was established to provide investment management services to the University and University foundations. The University invests with UVIMCO and other asset managers. Investments are recorded at market value. Certain less marketable investments, such as private equity investments, are generally carried at estimated values as determined by management. Because of the inherent uncertainty in the use of estimates, values that are based on estimates may differ from the values that would have been used had a ready market existed for the investments. Investments with UVIMCO are in the Short Term Pool (STP) and Long- Term Pool (LTP), which are unitized investment pools. The STP commingles LTP cash, certain UVIMCO funds and short-term funds of the University and the University-Associated Organizations (UAOs). The LTP commingles endowment, charitable trusts, certain fiduciary assets, and other investments of the University and the UAOs. Assets of the STP and LTP are pooled on a fair value basis in accordance with U.S. GAAP. These assets are unitized daily for the STP and monthly for the LTP. Deposits and withdrawals are processed weekly for the STP and monthly for the LTP.

Investments fall into two groups: short and long-term. Short-term investments have an original maturity of over 90 days but less than or equal to one year. Long-term investments have an original maturity greater than one year.

The Medical Center 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 MEASURED AT FAIR VALUE

		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[1]	AMOUNTS NOT MEASURED AT FAIR VALUE
CASH AND CASH EQUIVALENTS							
	Cash on hand	$ 76,107,350		-	-	-	-
TOTAL CASH AND CASH EQUIVALENTS		**$ 76,107,350**	**-**	**-**	**-**	**-**	**-**
DEPOSITS WITH THE UNIVERSITY							
	Deposits with the University	277,943,139	-	-	-	-	-
DEPOSITS WITH THE UNIVERSITY		**$ 277,943,139**	**-**	**-**	**-**	**-**	**-**
LONG-TERM INVESTMENTS							
	UVIMCO LTP	406,188,772	-	-	-	406,188,772	-
			-	-	-	-	-
TOTAL LONG-TERM INVESTMENTS		**$ 406,188,772**	**-**	**-**	**-**	**406,188,772**	**-**
ENDOWMENT							
	UVIMCO LTP	874,701,216	-	-	-	874,701,216	-
TOTAL ENDOWMENT		**$ 874,701,216**	**-**	**-**	**-**	**874,701,216**	**-**

1 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.

INVESTMENTS MEASURED AT NET ASSET VALUE (NAV)

		FAIR VALUE	UNFUNDED COMMITMENTS	REDEMPTION FREQUENCY (IF CURRENTLY ELIGIBLE)	REDEMPTION NOTICE PERIOD
	UVIMCO LTP	$ 1,280,889,988	-	Monthly	(a)
TOTAL INVESTMENTS MEASURED AT NAV		**$ 1,280,889,988**	**-**		

(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 of the Univeristy of Virginia financial statements

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 in an attempt to achieve returns that consistently exceed the returns on a passively investable benchmark with similar asset allocation and risk. See the University's financial statements for more information regarding UVIMCO. 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)

		FAIR VALUE	UNFUNDED COMMITMENTS	REDEMPTION FREQUENCY (IF CURRENTLY ELIGIBLE)	REDEMPTION NOTICE PERIOD
	UVIMCO LTP	$ 1,280,889,988	-	Monthly	(a)
TOTAL INVESTMENTS MEASURED AT NAV		**$ 1,280,889,988**	**-**		

(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 of the Univeristy of Virginia financial statements

ENDOWMENTS

The market value of the Medical Center's endowment on June 30, 2022 was $874.7 million. Biannual distributions are made from the University's endowment to the Medical Center's endowment accounts. Restricted expendable assets includes a $7.1 million reduction in donor- restricted endowments. Endowments are invested in accordance with Virginia Uniform Management Institutional Funds Act (UPMIFA), Chapter 11 of Title 64.2 of the Code of Virginia, as amended; and paragraph 23.1-2210 of the Code of Virginia. The University's endowment spending policy ties to the annual increase to inflation as defined by the Higher Education Price Index. The current inflation factor in use by the University is 2.7 percent. 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 Medical Center received $69.7 million in endowment distribution, consisting of $36.3 million for spending distribution and $3.4 million for administrative fees. For the year ended June 20, 2022, the Medical Center had the following endowment-related activities:

SUMMARY OF ENDOWMENT ACTIVITY *(in thousands)*		TYPE OF ENDOWMENT FUND DONOR - RESTRICTED	QUASI	TOTAL
Investment earnings	$	(7,808)	(6,218)	(14,026)
Spending distributions		(38,964)	(30,703)	(69,667)
TOTAL CHANGE IN ENDOWMENT FUNDS	**$**	(46,772)	(36,921)	(83,693)

3. ACCOUNTS RECEIVABLE

As of June 30, 2022, the components of accounts receivable consist of the following for the Medical Center and its discretely presented component unit:

Fiscal Year Ended June 30, 2022-Accounts Receivable

	Primary Medical Center	Discretely Presented Component Unit
Patient Accounts Receivable	357,828,015	5,119,861
Health Insurance Receivable	26,675,197	
Deposits Receivable	22,020,057	
Funds Flow from UPG to MC	14,838,126	
Pharmacy Receivable	4,213,194	
Other Accounts Receivable	2,836,308	3,535,109
Lease Receivable-Short Term	1,726,252	
VCU Pediatric Agreement	433,333	
Total Accounts Receivable	430,570,482	8,654,970

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4. DEFERRED OUTFLOWS-ACQUISITIONS

Governmental Accounting Standards Board Statement No. 69 requires the reporting of a deferred outflow in situations where the consideration in an acquisition exceeds the net position acquired. Previously, the excess consideration was known as goodwill.

Goodwill is reflected in Deferred Outflows on the Statement of Net Position for the Medical Center.

In April 2021, the Medical Center purchased Monticello Surgery Associates, LLC. As a result of the purchase, the Medical Center recorded $3.0 million of a deferred outflow, to be amortized over a period of 15 years, beginning May 2021. In June 2022, management reassessed and determined the Monticello Surgery Associates, LLC deferred outflow to be worthless, as the practice continues to financially struggle.

5. INVESTMENTS IN AFFILIATED COMPANIES

<u>University of Virginia / Encompass Health</u>

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 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 healthcare 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 % 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.

Chesapeake, Riverside, and University of Virginia Radiosurgery Center, LLC

The Medical Center entered into a 20% minority interest, partnership with Chesapeake, Riverside Medical Center. Chesapeake Riverside 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 Newport News 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 in to 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 Children's Health, LLC.

University of Virginia Community Health-Affiliate

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

Schedule of Affiliated Companies as of June 30, 2022

Investment	Common Stock and Equity Contribution	Share of accumulated income (loss)	Net investment
Encompass Health (formerly Healthsouth)	$ -	$ 24,566,787	$ 24,566,787
Valley Regional Health	4,861		4,861
Valiance, LLC	500,000	(250,853)	249,147
Fortify	4,500,000	(3,025,014)	1,474,986
UVA Imaging	5,651,019	10,160,153	15,811,172
UVA Community Health Affiliates	2,535,103	758,198	3,293,301

6. BLENDED COMPONENT UNITS-CONDENSED STATEMENTS

Condensed Statement of Net Position as of June 30, 2022*	Community Medicine	Monticello Surgery Center	University of Virginia Community Health	Total Blended Component Units
Assets				
Current assets				
Cash	$2,430,685	$642,419	$82,119,335	$85,192,439
Receivables	1,055,543	2,366,949	91,364,811	94,787,303
Inventories and prepaid expenses	12,688	656,113	12,604,449	13,273,250
Total current assets	3,498,917	3,665,480	186,088,594	193,252,991
Noncurrent assets				
Investment/Other assets			5,613,188	5,613,188
Capital assets	(6,990)	205,822	269,326,219	269,525,051
Total noncurrent assets	(6,990)	205,822	274,939,407	275,138,239
Total Assets	3,491,927	3,871,303	461,028,001	468,391,231
Liabilities and net assets				
Current liabilities				
Payables	8,339,761	2,398,863	94,013,382	104,752,006
Long-term liabilities				
Note payable		1,400,554	500,000	1,900,554
Long-term liabilities	(9,256)		188,242,513	188,233,257
Total liabilities	8,330,505	3,799,417	282,755,895	294,885,817
Net Assets				
Net investment in capital assets	(6,990)	205,822	80,583,706	80,782,538
Unrestricted	(4,831,588)	(133,937)	97,688,401	92,722,876
Net assets	(4,838,578)	71,885	178,272,107	173,505,414
Total net assets and liabilities	3,491,927	3,871,303	461,028,002	468,391,232

Condensed Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2022*	Community Medicine	Monticello Surgery Center	University of Virginia Community Health	Total Blended Component Units
Operating revenues				
Inpatient revenues	2,752		238,894,632	238,897,384
Outpatient revenues	7,038,295	17,155,967	576,489,347	600,683,608
Total operating revenues	7,041,047	17,155,967	815,383,978	839,580,992
Deductions from outpatient revenues	(2,968,013)	(6,509,127)	(583,834,346)	(593,311,486)
Net patient service revenue	4,073,034	10,646,840	231,549,632	246,269,506
Other operating revenue	20,069	2,720	13,113,006	13,135,795
Total operating revenue	4,093,103	10,649,560	244,662,638	259,405,301
Operating expenses				
Salaries, fringe, and contract labor	3,547,848	3,311,959	114,283,218	121,143,024
Supplies	280,813	5,025,421	38,623,316	$43,929,550
Purchased services	404,865	3,328,684	68,254,194	$71,987,743
Depreciation	19,198	369,560	13,070,620	$13,459,378
Total operating expenses	4,252,723	12,035,623	234,231,348	250,519,694
Operating income (loss)	(159,620)	(1,386,063)	10,431,290	8,885,607
Nonoperating revenues (expenses)				
Interest expense		(4,124)	(2,452,134)	($2,456,258)
Investment income			364,975	$364,975
Nonoperating other			(5,722,273)	($5,722,273)
Net nonoperating revenues		(4,124)	(7,809,432)	($7,813,556)
Increase (decrease) in net position	(159,620)	(1,390,187)	2,621,858	1,072,051
Beginning net position	(4,678,957)	1,462,072	175,650,248	172,433,363
Ending net position	$ (4,838,578)	$ 71,885	$ 178,272,107	$ 173,505,414

Condensed statement of Cash Flows for the year ended June 30, 2022*	Community Medicine	Monticello Surgery Center	University of Virginia Community Health	Total Blended Component Units
Net Cash Provided (Used) by Operating Activities	94,313	411,706	90,133,931	$ 90,639,950
Net Cash Provided by Noncapital Activities		1,000,000		$ 1,000,000
Net Capital Provided (Used)by Capital and Related Financing Activities	(106,248)	92,240	(8,232,314)	$ (8,246,322)
Net Cash Provided (Used) by Investing Activities	(159,620)	(1,327,018)	217,351	$ (1,269,287)
Net Increase (Decrease) in Cash and Cash Equivalents	(171,556)	176,928	82,118,968	$ 82,124,340
Cash and Cash Equivalents, July 1, 2021	$2,602,241	465,491	-	$ 3,067,732
Cash and Cash Equivalents, June 30, 2022	$2,430,685	$ 642,419	82,119,335	$ 85,192,439

*Community Health is presented as of its year end December 31, 2021

7. PROPERTY, PLANT, AND EQUIPMENT

A summary of Medical Center property, plant, and equipment accounts and the related accumulated depreciation as of June 30, 2022 is presented as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	$ 33,898,328	$ 44,067,785		$ 77,966,113
Construction in Progress	153,759,651	32,795,547	156,948,654	29,606,544
Depreciable Capital Assets				
Land improvements	11,568,136	2,483,277	-	14,051,413
Leased Building	49,322,187	18,090,031		67,412,218
Leased Equipment	321,202	1,285,329		1,606,531
Leasehold improvements	-	6,497,462	-	6,497,462
Buildings	1,697,076,174	329,810,103	328,638	2,026,557,639
Equipment-Fixed	16,990,320	9,869,739	34,642	26,825,417
Equipment-Movable	583,726,631	100,198,647	6,905,452	677,019,826
Total depreciable capital assets	2,359,004,650	468,234,588	7,268,732	2,819,970,506
Less accumulated depreciation and amortization				
Land improvements	10,441,257	327,059		10,768,316
Leased Building	8,252,452	8,636,707		16,889,159
Leased Equipment	68,302	649,843		718,145
Leasehold improvements	-	5,924,904		5,924,904
Buildings	712,777,750	58,545,281	328,089	770,994,942
Equipment-fixed	10,875,276	1,298,036	31,204	12,142,108
Equipment-movable	426,850,495	61,531,588	6,737,048	481,645,035
Total accumulated depreciation and amortization	1,169,265,532	136,913,418	7,096,341	1,299,082,609
Depreciable land improvements, buildings and equipment, net	1,189,739,118	331,321,170	172,391	1,520,887,897
Depreciable Intangible Assets	195,255,877	352,440		195,608,317
Less accumulated amortization:				
Intangible Assets	153,363,310	13,926,641		167,289,951
Depreciable intangible assets	41,892,567	(13,574,201)	-	28,318,366
Total depreciable capital and intangible assets (net)*	1,231,631,686	317,746,969	172,391	1,549,206,263

*FY22 beginning balance changed due to implementation of GASB 87

8. ASSETS HELD BY THE UNIVERSITY

Assets held by the University consist of assets whose use is limited under indenture agreements. The Series 2016 bond resolution requires deposits be made in a specific order to various accounts and funds held by the University of Virginia Internal Loan Program as follows:

A. To the credit of the Interest Account on a monthly basis, the amount of interest due and payable on the first day of the succeeding month with respect to the bonds of each series then outstanding;

B. To the credit of the Principal Account on a monthly basis, the amount sufficient to pay maturing principal of all bonds on the next principal payment date;

C. To the credit of the Sinking Fund Account, the amount sufficient to retire all bonds to be called by mandatory redemption on the next ensuing mandatory redemption date;

D. To the credit of any other fund or account created pursuant to an applicable Series Resolution.

As of June 30, 2022 the Medical Center does not have funds held by the University.

9. ACCOUNTS PAYABLE

	Primary Medical Center	Discretely Presented Component Unit
Accounts Payable-Other	$ 80,257,947	
Accrued Payroll	48,860,763	
Accrued Leave	45,779,099	
Payroll Liabilities	23,674,623	
Funds Flow-SOM, UPG	23,603,679	
Accounts Payable	6,731,944	2,800,200
Credit Balance A/R, Refunds Payable	15,762,929	
Other Payroll Liabilities	9,026,003	
Miscellaneous Accounts Payable	7,417,029	
Retainage Payable	2,039,939	
Total Accounts Payable	263,153,955	2,800,200

10. LONG-TERM OBLIGATIONS

Long-term Debt and Notes Payable

FY2022

Description	Interest Rate	Maturity	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable:							
Series 2012 Pooled	4.75	2032	$ 73,041		$ 5,442	$ 67,599	$ 5,707
Series 2013 Pooled	4.75	2036	11,130		557	10,573	584
Series 2014 Pooled (1)	4.75	2031	10,289		832	9,457	873
Series 2014 Pooled (2)	4.75	2025	3,556		3,556	-	-
Series 2014 Pooled (4)	4.75	2034	21,968		1,367	20,601	1,433
Series 2014 Pooled (5)	4.75	2032	189,835		13,538	176,297	14,195
Series 2016 Pooled (1)	4.15	2042	397,906	4,162		402,068	13,183
Series 2017 Pooled (1)	4.56	2037	20,666		912	19,754	954
Series 2017 Pooled (2)	4.56	2037	16,300		708	15,592	741
Series 2022 Pooled	1.96	2041	0	168,508		168,508	-
Total bonds payable			744,691	172,670	26,912	890,449	37,670
Notes payable:							
Monticello Surgery			400	1,000		1,400	-
Community Health				3,701		3,701	72
Kirtley			5053		188	4,865	182
Leases			42,983	4,352	8,066	39,269	7,991
Total notes payable			48,436	9,053	8,254	49,235	8,245
Total long-term obligations			$ 793,127	$ 181,723	$ 35,166	$ 939,684	$ 45,915

Note: Series 2022 initial interest rate is 1.96, with a rate increase on 7/1/2026 to 4.56

TOTAL LONG-TERM DEBT OBLIGATIONS

Fiscal Year	Principal	Interest	Total
2023	$37,924,517	$31,231,762	$69,156,279
2024	44,549,858	32,487,149	77,037,007
2025	41,485,621	27,691,232	69,176,853
2026	43,319,701	25,796,157	69,115,858
2027	53,980,403	31,944,243	85,924,646
2028-2032	303,490,072	120,212,281	423,702,353
2033-2037	192,118,955	65,006,667	257,125,622
2038-2042	195,530,824	22,849,394	218,380,218
2043-2047	622,393	2,923,010	3,545,403
2048-2052	937,540	5,062,460	6,000,000
	$913,959,884 *	$365,204,355	$1,279,164,239

*On 7/1/2021 the UVA Health System borrowed 162M for the purchase of the Community Health hospitals from Novant. The first payment due on the loan is 7/1/2026. Interest will accrue until the initial payment, resulting in an increase to the loan balance over the next 4 years of 15.3M.

TOTAL LONG-TERM LEASE OBLIGATIONS

Future Lease Schedule:

Fiscal Year	Principal	Interest	Total
2023	8,160,177	1,420,231	9,580,408
2024	5,260,131	1,231,175	6,491,306
2025	4,897,221	1,052,496	5,949,717
2026	4,177,577	889,101	5,066,678
2027	3,656,622	745,585	4,402,207
2028-2032	12,047,666	1,968,776	14,016,442
2033-2037	3,052,714	115,392	3,168,106
	$41,252,108	$7,422,756	$48,674,864

11. FINANCING OF MAJOR CONSTRUCTION AND RENOVATION PROJECTS

In May 2016, the Medical Center acquired financing for the Emergency Department and Tower Expansion through the University of Virginia's Internal Debt Program, Series 2016 (note 10). The University Hospital Expansion-Emergency Department, Operating Rooms and Inpatient Bed Expansion provides for the expansion of the current Emergency Department into the adjacent site, where the helipad was previously located; as well as, an expansion of the surgical services suites on the second level and the development of a 6-story inpatient tower, along with the expansion of ancillary services on the lower level. The Medical Center completed the Emergency Department and Bed Tower Expansion during fiscal year 2022.

12. NET PATIENT SERVICE REVENUE

Net patient service revenue is reported at the amount that reflects the consideration to which UVAMC expects to be entitled for providing patient care. These amounts are due from patients, third party payors (including health insurers and government programs) and others. Generally, the Medical Center bills the patient and third party payors several days after the services are performed and/or the patient is discharged from the facility. Revenue is recognized as services are performed.

The Medical Center determines the transaction price based on standard charges for goods and services provided reduced by contractual adjustments provided to third party payors, discounts provided to uninsured patients in accordance with UVAMC's policies and/or implicit price concessions provided to uninsured patients. The Medical Center determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical experience. The Medical Center determines its estimate of implicit price concessions based on historical collection experience.

Cost report settlements under reimbursement agreements with Medicare and Medicaid for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on historical experience. Estimated settlements are adjusted in future periods as final settlements are determined. As a result, there is a reasonable possibility that recorded estimates will change.

The Medical Center's Primary and discretely presented component unit patient service revenue is presented as follows for the year ended June 30, 2022:

Net Revenue by Payer (000's)		Medical Center Primary		Discretely Presented Component Unit	
Medicare		$ 675,547	29%	$ 11,645	28%
Medicaid		430,753	19%	2,495	6%
Commercial		965,793	42%	21,626	52%
Other		251,605	11%	5,822	14%
		2,323,698	100%	41,588	

Gross patient revenue and related allowances for the year ended June 30, 2022:

	Medical Center Primary	Discretely Presented Component Unit
Gross patient service revenue:		
Inpatient		
Routine	$1,139,746,825	
Ancillary	2,142,427,540	
Outpatient services		
Ancillary	4,222,792,005	359,803,476
Pharmacy	220,358,582	
Continuum	32,483	
Total gross patient revenue	7,725,357,435	359,803,476
Allowances for indigent care and contractual adjustments	(5,401,659,380)	(318,215,385)
Net patient service revenue	$2,323,698,055	$41,588,090

13. UNIVERSITY ALLOCATIONS

The Medical Center assists the School of Medicine in its mission of providing healthcare and medical education. A survey is conducted annually to determine the value of this effort. An allocation is made on the Statement of Revenues, Expenses, and Changes in Net Position to reflect the value of this effort as income and is recorded in University Allocations. This allocation is offset in the operating expenses by an equal amount in purchased services. The amount of this allocation for fiscal year 2022 was $1,546,332.

Likewise, the University provides the Medical Center with various general and administrative support services. An analysis is prepared annually to determine the cost of providing these services. The same type of allocation as above is made to the Statement of Revenues, Expenses, and Changes in Net Position to reflect the difference between the direct charge to the Medical Center and the actual cost of these services. The amount of this allocation for fiscal year 2022 was $ 7,749,015.

Although these allocations have no direct effect on operating income, they do affect the Medical Center's reimbursement from third-party payers by increasing allowable costs.

14. COMMITMENTS

Service agreements and additional obligations for future periods are as follows:

FY Ended 30-Jun	Service Agreements	Additional Obligations
2023	$ 21,178,482	$ 1,719,415
2024	11,707,557	295,551
2025	7,045,870	13,944
2026	5,621,977	
2027	1,578,941	
Totals	$ 47,132,827	$ 2,028,910

The total rental expense for the year ended June 30, 2022, was $20,025,005.

The Medical Center was party to construction contracts and commitments for the year ended June 30, 2022 totaling $87,296,661 of which $84,114,696 incurred as of June 30, 2022.

15. UNIVERSITY OF VIRGINIA PHYSICIANS GROUP

The University of Virginia Physicians Group (UPG), a nonprofit educational, scientific, and charitable organization, began operating with the approval of the Board of Visitors as of June 30, 1980, to assist the University in providing hospital and medical care services, medical education programs, and programs of public charity at the University. Prior to August 1, 2011, UPG was formerly known as the University of Virginia Health Services Foundation (HSF).

On August 1, 2000, management of 63 outpatient clinics operated by UPG since July 1, 1994, transferred to the Medical Center. At that time, the Medical Center filed for provider-based status with the federal government and became responsible for all costs associated with the operations of these provider-based clinics except for physicians' costs. Currently the Medical Center has 79 outpatient clinics. On August 1, 2000, the Medical Center entered into leased employment agreements with UPG for limited personnel who remained UPG employees, but were performing Medical Center duties.

The Medical Center recorded $18,301,551 as expense payable to the Physicians Group for the provision of supervisory and administrative services, and $33,679,657 for other services which includes expenses related to the purchased services, employee and cost sharing agreements, as well as , $1,548,397 for rental of space for the year ended June 30, 2022. In addition, the Medical Center recorded non-operating expenses of $7,872,954 payable to the Physicians Group.

The Medical Center recorded income from the Physicians Group of $25,400,067 for clinic facility fees and other services, and $1,130,581 for the rental of space for clinics for the year ended June 30, 2022.

16. RISK MANAGEMENT AND SELF-INSURANCE

The Medical Center is a participant in the Commonwealth's self-insurance program administered by the Department of Treasury, Division of Risk Management. Participation in this program provides the Medical Center with medical malpractice insurance on an occurrence basis with no aggregate limitation and with such limits of coverage equal to the statutory malpractice recovery limits as specified in Section 8.01-581.15 of the Code of Virginia. In the opinion of management, such coverage is adequate to provide for the ultimate liability, if any, which might result from the settlement of claims currently asserted against the Medical Center, as well as the potential liability for medical incidents of which the Medical Center has knowledge, but for which claims have not yet been asserted against the Medical Center. Accordingly, no provision is included in the financial statements for such potential liabilities.

Sufficient information has not been developed by the Medical Center to provide a reasonable basis for estimation of the potential liability for incurred medical incidents, which have not been reported to the Medical Center; however, in the opinion of management, any potential liability for unreported medical incidents is not expected to have a material effect on the financial position of the Medical Center.

The University sponsors a self-funded, comprehensive program of health care benefits. The program covers all employees of the University and the Medical Center. Fringe benefit expenses include estimates for claims that have been incurred, but not reported. Additional information regarding the medical benefits program is available for the entire University only in the University's annual financial statement.

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

Other risk management insurance plans are administered by the Commonwealth's Department of Treasury, Division of Risk Management. Risk management insurance includes property, boiler and machinery, crime, employee dishonesty bond, general (tort) liability, professional liability, aviation and watercraft, and automobile liability. Detailed information relating to this policy is available at the statewide level only in the ACFR.

The University is self-insured for the first $100,000 of each property and boiler and machinery loss, and for the first $20,000 of each vehicle physical damage loss. The University also maintains excess crime/employee dishonesty insurance and insurance for vehicle physical damage insurance on vehicles valued in excess of $20,000.

17. RETIREMENT PLANS-VIRGINIA RETIREMENT SYSTEM

Medical Center employees are employees of the Commonwealth. Approximately 10% of all full-time classified salaried permanent employees of the Medical Center are automatically covered by the VRS State Employee Retirement Plan upon employment. This plan is 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. 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 RETIREMENTPLAN**
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.	**AbouttheHybridRetirement 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>PLAN 1</th><th>PLAN 2</th><th>HYBRID RETIREMENTPLAN</th></tr>
<tr>
<td>Eligible Members
Employees are in Plan 1 if their membership date is before July 1, 2010, they were vested as of January 1, 2013, and they have not taken a refund.

Hybrid Opt-InElection
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, salaried state employees.*
• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

*Non-Eligible Members
Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:
• Members of the Virginia Law Officers' Retirement System (VaLORS)

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</td>
</tr>
</table>

PLAN 1	PLAN 2	HYBRID RETIREMENTPLAN
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 pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payments.	**Retirement Contributions** Same as Plan 1.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
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.

PLAN 1	PLAN 2	HYBRID RETIREMENTPLAN
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 Contributions 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.

PLAN 1	PLAN 2	HYBRID RETIREMENTPLAN
CalculatingtheBenefit 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.
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 1.70%.	**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.	**Service Retirement Multiplier** *Defined Benefit Component:* ***VRS:*** The retirement multiplier for the defined benefit component is 1.00%. 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. *Defined Contribution Component:* Not applicable.

PLAN 1	PLAN 2	HYBRID RETIREMENTPLAN
Normal Retirement Age ***VRS:*** Age 65.	**Normal Retirement Age** ***VRS:*** Normal Social Security retirement age.	**Normal Retirement Age** *Defined Benefit Component:* ***VRS:*** Same as Plan 2. *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.	**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.	**Earliest Unreduced Retirement Eligibility** *Defined Benefit Component:* ***VRS:*** Same as Plan 2. *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.	***Earliest Reduced Retirement Eligibility*** ***VRS:*** Age 60 with at least five years (60 months) of service credit. .	**Earliest Reduced Retirement Eligibility** *Defined Benefit Component:* ***VRS:*** Same as Plan 2. *Defined Contribution Component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.

<table>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID RETIREMENTPLAN</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%.</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%.</td><td>Cost-of-Living Adjustment (COLA) in Retirement Defined Benefit Component:
Same as Plan 2.

Defined Contribution Component:
Not applicable.</td></tr>
<tr><td>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.</td><td>Eligibility:
Same as Plan 1.</td><td>Eligibility:
Same as Plan 1 and Plan 2.</td></tr>
<tr><td>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>Exceptions to COLA Effective Dates:
Same as Plan 1.</td><td>Exceptions to COLA Effective Dates:
Same as Plan 1 and Plan 2.</td></tr>
</table>

PLAN 1	PLAN 2	HYBRID RETIREMENTPLAN
Disability Coverage For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% 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 5.00% of their compensation toward their retirement. Each state agency’s contractually required employer contribution rate for the fiscal year ended June 30, 2022, was 14.46% of covered employee compensation for employees in the VRS State Employee Retirement Plan. 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 earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the state agency to the VRS State Employee Retirement Plan were $ 5,018,314 and $ 5,197,811 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 state agency reported a liability of $ 31,625,090 or its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2022. The state agency's proportion of the Net Pension Liability was based on the state agency's actuarially determined employer contributions to the pension plans 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 state agency's proportion of the VRS State Employee Retirement Plan was .87% as compared to .92% at June 30, 2020.

For the year ended June 30, 2022, the state agency recognized pension expense of ($2,547,645) for the VRS State Employee 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 state agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 284,875	$ 1,815,904
Change in assumptions	3,635,653	-
Net difference between projected and actual earnings on pension plan investments	-	21,771,838
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	5,165,690
Employer contributions subsequent to the measurement date	5,018,314	
Total	$ 8,938,842	$ 28,753,432

$5,018,314 reported as deferred outflows of resources related to pensions resulting from the state agency's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending 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 Ended June 30	
2023	(6,415,834)
2024	(6,385,291)
2025	(5,384,147)
2026	(6,647,632)

Actuarial Assumptions

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	2.50%
Salary increases, including inflation	3.5% – 5.35%
Investment rate of return	6.75%, 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) Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020

Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Net Pension Liability

The net pension liability (NPL) is calculated separately for each plan and represents that particular plan's total pension liability determined in accordance with GASB Statement No. 67, less that plan's fiduciary net position. As of June 30, 2021, NPL amounts for the VRS State Employee Retirement Plan are as follows (amounts expressed in thousands):

		State Employee Retirement Plan
Total Pension Liability	$	26,739,647
Plan Fiduciary Net Position		23,112,417
Employers' Net Pension Liability (Asset)	$	3,627,230
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		86.44%

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 net pension liability 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)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi -Asset Public Strategies	6.00%	3.29%	0.20%
PIP- Private Investment Partnership	3.00%	6.84%	0.21%
Total	**100.00%**		**4.89%**
	Inflation		2.50%
	Expected arithmetic nominal return *		**7.39%**

* The above allocation provides a one-year expected return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was 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%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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 state agency for the VRS State Employee 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% of the actuarially determined contribution rate. From July 1, 2021, on, all agencies are assumed to continue to contribute 100% 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 State Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the state agency's proportionate share of the VRS State Employee Retirement Plan net pension liability using the discount rate of 6.75%, as well as what the state agency's

proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

		1.00% DECREASE (5.75%)	**CURRENT DISCOUNT RATE (6.75%)**	**1.00% INCREASE (7.75%)**
the VRS State Employee Retirement Plan net pension liability	$	59,237,868	31,625,090	8,486,977

Pension Plan Fiduciary Net Position

Detailed information about the VRS State Employee Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Report. A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at 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 Medical Center did not have any payables at the end of fiscal year 2022.

18. RETIREMENT PLANS-FACULTY OPTIONAL RETIREMENT PLAN

Substantially, all full-time faculty, including certain administrative staff and health care professionals participate in Faculty Optional Retirement Plans. These are fixed-contribution plans where the retirement benefits received are based upon the employer and employee contributions (all of which are paid by the Medical Center), and the interest and dividends. Individual contracts issued under the plans for full-time faculty, including certain administrative staff, provide for full and immediate vesting of both the Medical Center's and the participants contributions. Health Care Professional's employer contributions fully vest after one year of employment.

Total pension costs under the plans were $19,612,818 for the year ended June 30, 2022. Contributions to the Optional Retirement Plans were calculated using base salaries of $439,316,724 for the year ended June 30, 2022. The contribution percentage amounted to 4.46 percent for the year ended June 30, 2022.

19. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Group Life Insurance Program

Plan Description

Medical Center employees are employees of the Commonwealth. Approximately 10% of all full-time classified salaried employees of the Medical Center are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (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 Group Life Insurance Program OPEB.

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
Eligible Employees The Group Life Insurance 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.

Benefit Amounts
The benefits payable under the Group Life Insurance 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
    ◦ Accelerated death benefit option

Reduction in Benefit Amounts The benefit amounts provided to members covered under the Group Life Insurance 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.
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 Group Life Insurance 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.

Contributions

The contribution requirements for the Group Life Insurance 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 Group Life Insurance Program was 1.34% 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% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). 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% 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 Group Life Insurance Program from the entity were $150,815 and $168,585 for the years ended June 30, 2022, and June 30, 2021, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2022, the participating employer reported a liability of $1,753,742 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB Liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program 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 participating employer's proportion was .1506% as compared to .1568% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of $ (15,674). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 200,020	$ 13,363
Net difference between projected and actual earnings on GLI OPEB program investments		418,581
Change in assumption	96,683	239,949
Changes in proportion	-	340,913
Employer contributions subsequent to the measurement date	150,815	
Total	$ 447,518	$ 1,012,806

$150,815 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year ended June 30

FY 2023	$ (173,918)
FY 2024	$ (154,455)
FY 2025	$ (150,824)
FY 2026	$ (189,587)
F Y2027	$ (47,319)
Thereafter	$ -

Actuarial Assumptions

The total GLI OPEB Liability 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	2.50%
Salary increases, including inflation –	
General state employees	3.50% – 5.35%
Teachers	3.50% – 5.95%
SPORS employees	3.50% – 4.75%
VaLORS employees	3.50% – 4.75%
JRS employees	4.50%
Locality – General employees	3.50% – 5.35%
Locality – Hazardous Duty employees	3.50% – 4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality rates – General State Employees

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/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality rates – Teachers

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 age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Mortality rates – SPORS Employees

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 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

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

Pre-Retirement:

Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males and females set back 2 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 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 – Largest 10 Locality Employers – General Employees

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; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 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 – Non-Largest 10 Locality Employers – General Employees

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; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 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 – Largest 10 Locality Employers – Hazardous Duty Employees 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. 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
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality rates – Non-Largest 10 Locality Employers – Hazardous Duty Employees 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. 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 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 Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Net GLI OPEB Liability

The net OPEB Liability (NOL) for the Group Life Insurance Program represents the program's 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 amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	$ 3,577,346
Plan Fiduciary Net Position	2,413,074
GLI Net OPEB Liability (Asset)	$ 1,164,272
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%

The total GLI OPEB Liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB Liability 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.

Long-Term Expected Rate of Return

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:

AssetClass(Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi -Asset Public Strategies	6.00%	3.29%	0.20%
PIP- Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return *	7.39%

* The above allocation provides a one-year return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was 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%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2021, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board- certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's 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 GLI OPEB Liability.

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net GLI OPEB Liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	5.75% 1% Decrease	6.75% Current	7.75% 1% Increase
Medical Center's proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 2,562,281	$ 1,753,742	$ 1,100,811

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program'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 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 VRS Group Life Insurance OPEB Plan

The Medical Center did not have any payables at the end of fiscal year 2022.

State Employee Health Insurance Credit Program

Plan Description

Medical Center employees are employees of the Commonwealth. Approximately 10% of all full-time classified salaried employees of the Medical Center are automatically covered the VRS State Employee Health Insurance Credit Program. This plan is administered by the Virginia Retirement System (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.

The specific information about the State Health Insurance Credit Program OPEB, including eligibility, coverage and benefits is set out in the table below:

STATE EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS

Eligible Employees

The State Employee Retiree Health Insurance Credit 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.

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.

Benefit Amounts

The State Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:

- *At Retirement:* For State employees who retire, the monthly benefit is $4.00 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 Virginia Sickness and Disability Program (VSDP), the monthly benefit is $120.00 or $4.00 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 Virginia Sickness and Disability Program (VSDP), the monthly benefit is $120.00 or

  $4.00 per year of service, whichever is higher.

  For State police officers with a work-related disability, there is no benefit provided under the State Employee Retiree Health Insurance Credit Program if the premiums are being paid under the Virginia Line of Duty Act. However, they may receive the credit for premiums paid for other qualified health plans.

Health Insurance Credit Program Notes:

- The monthly Health Insurance Credit benefit cannot exceed the individual's premium amount.
- Employees who retire after being on long-term disability under VSDP must have at least 15 years of service credit to qualify for the Health Insurance Credit as a retiree.

Contributions

The contribution requirement 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% of covered employee compensation for employees in the VRS State Employee Health Insurance Credit 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 University of Virginia Medical Center to the VRS State Employee Health Insurance Credit Program were $5,343,330 and

$5,303,446 for the years ended June 30, 2022 and June 30, 2021, respectively.

In June 2021, the Commonwealth made a special contribution of approximately $38.7 million which was applied to the Health Insurance Credit Plan for state employees. This special payment was authorized by a budget amendment included Chapter 552 of the 2021 Appropriation Act.

State Employee Health Insurance Credit Program OPEB Liabilities, State Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to State Employee Health Insurance Credit Program OPEB

At June 30, 2022, the University of Virginia Medical Center reported a liability of $55,461,155 for its proportionate share of the VRS State Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS State Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2021 and the total VRS State Employee Health Insurance Credit Program OPEB Liability used to calculate the Net VRS State Employee Health Insurance Credit Program OPEB Liability 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 of Virginia Medical Center's proportion of the Net VRS State Employee Health Insurance Credit Program OPEB Liability was based on the University of Virginia Medical Center's actuarially determined employer contributions to the VRS State Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating state employers. At June 30, 2021, the University of Virginia Medical Center's proportion of the VRS State Employee Health Insurance Credit Program was 6.567% as compared to 5.761% at June 30, 2020.

For the year ended June 30, 2022, the University of Virginia Medical Center recognized VRS State Employee Health Insurance Credit Program OPEB expense of $6,059,029. Since there was a change in proportionate share between measurement dates, a portion of the VRS State Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, the University of Virginia Medical Center's reported deferred outflows of resources and deferred inflows of resources related to the VRS State Employee Health Insurance Credit Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 17,156	$ 1,805,989
Net difference between projected and actual earnings on HIC OPEB plan investments		1,052,653
Change in assumption	1,436,360	156,469
Changes in proportionate share	7,877,833	3,811,365
Employer contributions subsequent to the measurement date	5,343,330	
Total	$ 14,674,679	$ 6,826,476

$5,343,330 reported as deferred outflows of resources related to the State Employee HIC OPEB resulting from the University of Virginia Medical Center's contributions subsequent to the measurement date will be recognized as a reduction of the Net State Employee HIC OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the State Employee HIC OPEB will be recognized in the State Employee HIC OPEB expense in future reporting periods as follows:

Year ended June 30

FY 2023	$	908,238
FY 2024		187,110
FY 2025		(203,965)
FY 2026		442,726
FY 2027		1,136,665
Thereafter		34,099

Actuarial Assumptions

The total State Employee HIC OPEB Liability for the VRS State Employee Health Insurance Credit Program 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	2.50%
Salary increases, including inflation –	
General state employees	3.50% – 5.35%
SPORS employees	3.50% – 4.75%
VaLORS employees	3.50% – 4.75%
JRS employees	4.50%
Investment rate of return	6.75%, net of plan investment expenses, including inflation

Mortality rates – General State Employees

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/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality rates – SPORS Employees

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 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

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

Pre-Retirement:

Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males and females set back 2 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 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

Net State Employee HIC OPEB Liability

The net OPEB liability (NOL) for the State Employee Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2021, NOL amounts for the VRS State Employee Health Insurance Credit Program are as follows (amounts expressed in thousands):

	State Employee HIC OPEB Plan
Total State Employee HIC OPEB Liability	$ 1,052,400
Plan Fiduciary Net Position	207,860
State Employee Net HIC OPEB Liability (Asset)	$ 844,540
Plan Fiduciary Net Position as a Percentage of the Total State Employee HIC OPEB Liability	19.75%

The total State Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net State Employee HIC OPEB liability 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.

Long-Term Expected Rate of Return

The long-term expected rate of return on VRS 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 VRS 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:

AssetClass(Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi -Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	**100.00%**		**4.89%**
	Inflation		2.50%
	Expected arithmetic nominal return *		7.39%

** The above allocation provides a one-year return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.*

On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was 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%, including expected inflation of 2.50%.asset allocation.

Discount Rate

The discount rate used to measure the total State Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2021, the rate contributed by the University of Virginia Medical Center for the VRS State Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the State Employee HIC OPEB 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 State Employee HIC OPEB liability.

Sensitivity of the University of Virginia Medical Center's Proportionate Share of the State Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the University of Virginia Medical Center's proportionate share of the VRS State Employee Health Insurance Credit Program net HIC OPEB liability using the discount rate of 6.75%, as well as what the University of Virginia Medical Center's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease **5.75%**	Current Discount **6.75%**	1.00% Increase **7.75%**
Medical Center's proportionate share of the VRS State Employee HIC OPEB Plan Net HIC OPEB Liability	$ 62,216,287	$ 55,461,155	$ 49,673,670

State Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS State Employee Health Insurance Credit Program'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 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 State Employee Health Insurance Credit Program OPEB Plan

The Medical Center did not have any payables at the end of fiscal year 2022.

University of Virginia Other Post Employment (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 $321,021 to the plan for retiree costs. Retirees receiving benefits contributed $3.2 million, or approximately 91 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:

Retiree Health Plan	
EMPLOYEE CATEGORY	
Inactive employees currently receiving benefit payments	51
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	8436
TOTAL COVERED EMPLOYEES	8487

Life Insurance	
EMPLOYEE CATEGORY	
Inactive employees currently receiving benefit payments	641
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	7015
TOTAL COVERED EMPLOYEES	7656

At June 30, 2022, the University reported a total OPEB liability (TOL) for University administered programs of $29,720,233. The actuarial valuation was performed as of July 1, 2019 and rolled forward to the measurement date of June 30, 2022. Update procedures were used to roll-forward the census data and actuarially determined liability to the measurement date using standard methodology.

At June 30, 2022, the Medical Center recognized a negative OPEB expense of $2,172,548. The Medical Center also reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ -	$ 8,675,756
Net difference between projected and actual earnings on OPEB plan investments	-	
Change in assumption	2,027,012	4,296,246
Changes in proportionate share	-	-
Amounts associated with transactions subsequent to the measurement date	493,336	-
Total	$ 2,520,348	$ 12,972,002

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

Year ended June 30

FY 2023	$ (4,770,180)
FY 2024	$ (4,096,045)
FY 2025	$ (1,075,421)
FY 2026	$ (971,748)
FY 2027	$ (31,596)

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	4.0 percent
Discount rate	2.16 percent, based on the Bond Buyer GO 20-Bond Municipal Bond Index.
Healthcare cost trend rates	7.0 percent for June 30, 2021, decreasing 0.25 percent per year to an ultimate rate of 5.0 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

	2022
Total OPEB liability	
Service Cost	2,442,377
Interest Cost	648,591
Changes in Benefit Term	
Differences Between Expected and Actual Experiences	(408,225)
Changes of Assumptions	204,924
Benefit Payments	(145,324)
Net Change in Total OPEB Liability	2,742,343
Total OPEB Liability-(Beginning)	26,977,889
Total OPEB Liability-(Ending)	$ 29,720,232

** 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 (1.21 percent) or one percentage point higher (3.21 percent) than the current discount rate:

SENSITIVITY OF TOTAL OPEB LIABILITY TO CHANGES IN DISCOUNT RATE	1% Decrease 1.21%	Current Rate 2.21%	1% Increase 3.21%
Total OPEB Liability	$ 34,344,922	$ 29,720,233	$ 26,016,177

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 (6.0 percent decreasing to 4.0 percent) or one percentage point higher (8.0 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

SENSITIVITY OF TOTAL OPEB LIABILITY TO CHANGES IN HEALTHCARE TREND RATE	1% DECREASE (6.00% DECREASING TO 4.00%)	HEALTHCARE TREND RATE (7.00% DECREASING TO 5.00%)	1% INCREASE (8.00% DECREASING TO 6.00%)
Total OPEB liability	27,534,167	29,720,233	32,341,922

20. CARES ACT

Due to the global COVID19 pandemic, and the subsequent CARES Act legislation implemented by Congress, the University of Virginia Medical Center received additional sources of funding throughout FY22, illustrated in the table below:

Source	Relief	Amount
CARES Act-Phase 4	$ 21,524,135	$ 21,524,135
		-
Total	$ 21,524,135	$ 21,524,135

Per GASB 33, the Medical Center recorded the relief funds as non-operating revenue, with the exception of the change in federal match for Medicaid reimbursement which is recorded in operating income. The Medical Center recorded the accelerated payments received from the intermediary as a current liability in fiscal year 2020 and retractions began in April 2021. During FY22, the intermediary retracted $141.2 million, leaving a remaining balance of $25.4 million as of June 30, 2022.

21. 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 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 $17.7 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 “Fellows Penalty”.

The court ruled in favor of the hospitals and on October 27, 2022, and VAMC 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 patient service revenue estimate total for FY10-FY22 is $39.4 million which was posted in FY22.

REQUIRED SUPPLEMENTARY INFORMATION
For the year ended June 30, 2022

Schedule of Medical Center Share of Net Pension Liability VRS State Employee Retirement Plan

For the Measurement Dates of June 30, 2014 through 2021

Schedule of University of Virginia Medical Center 's Share of Net Pension Liability
VRS State Employee Retirement Plan
For Fiscal Years Ended June 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015*

	2022	2021	2020	2019	2018	2017	2016	2015
Medical Center's Proportion of the Net Pension Liability (Asset)	0.87188%	0.92023%	1.00901%	1.0647%	1.0941%	1.0981%	1.1178%	1.1239%
Medical Center's Proportionate Share of the Net Pension Liability	$ 31,625,090	$ 66,669,354	$ 63,766,733	$ 57,641,000	$ 63,756,000	$ 72,375,000	$ 68,435,000	$ 62,919,000
Medical Center's Covered Payroll	36,071,719	38,660,208	40,495,343	41,425,057	41,631,254	38,688,242	36,672,364	49,730,407
Medical Center's Proportionate Share of the Net Pension Liability as a Percentage of its Medical Center Covered Payroll	87.67%	172.45%	157.47%	139.15%	153.14%	187.07%	186.61%	126.52%
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%

Schedule is intended to show information for 10 years. Since 2022 is the eighth year for this presentation, only eight years of data are available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

VRS State Employee Retirement Plan
Schedule of Employer Contributions
For Fiscal Years Ended June 30, 2015 through June 30, 2022

FY	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2022	5,018,314	5,018,314	-	34,746,983	14.44%
2021	5,197,811	5,197,811	-	36,071,719	14.41%
2020	5,026,434	5,026,434	-	38,660,208	13.00%
2019	6,556,854	6,556,854	-	40,495,343	16.19%
2018	5,756,144	5,756,144	-	41,425,057	13.90%
2017	5,769,346	5,769,346	-	41,631,254	13.86%
2016	5,345,457	5,345,457	-	38,688,242	13.82%
2015	5,245,180	5,245,180	-	36,672,364	14.30%

Schedule is intended to show information for 10 years. Since 2022 is the eighth year for this presentation, eight years of data are available. However, additional years will be included as they become available.

Notes to RequiredSupplementary Information

For the Year Ended June30, 2022

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:

Retirement Rates

mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020

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

Required Supplementary Information-Group Life

Schedule of Medical Center's Share of Net OPEB Liability
Group Life Insurance Program
For the Years Ended June 30, 2022, 2021, 2020, 2019 and 2018*

	2022	2021	**2020**	**2019**	**2018**
Medical Center Proportion of the Net GLI OPEB Liability (Asset)	0.1506%	0.1568%	0.1711%	0.1839%	0.1857%
Medical Center Proportionate Share of the Net GLI OPEB Liability (Asset)	$ 1,753,742	2,616,068	2,784,741	2,793,000	2,794,000
Medical Center Covered Payroll	31,100,000	32,261,000	33,547,000	34,949,181	41,631,254
Medical Center's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	5.64%	8.11%	8.30%	7.99%	6.71%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Since 2022 is the fifth year for this presentation, only five years of data are available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

Schedule of Medical Center Contributions-Group Life
For the Years Ended June 30, 2022, 2021, 2020, 2019 and 2018

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer Covered Payroll	Contributions as a % of Covered Payroll
2022	150,815	150,815	-	31,100,000	0.48%
2021	168,585	168,585	-	31,099,419	0.54%
2020	167,528	167,528	-	32,261,390	0.52%
2019	175,000	175,000	-	33,547,466	0.52%
2018	178,559	178,559	-	34,949,181	0.51%

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 For theYear Ended June30,2022

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 as a result of the experience study and VRS Board action are as follows:

General State Employees

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

Teachers

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
Discount Rate	No change

SPORS Employees

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 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

VaLORS Employees

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

JRS Employees

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

Largest 10 Locality Employers – General Employees

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

Non-Largest 10 Locality Employers – General Employees

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

Largest 10 Locality Employers – Hazardous Duty Employees

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
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest 10 Locality Employers – Hazardous Duty Employees

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 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 Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Required Supplemental Information-Retiree Health Insurance Credit

Schedule of Medical Center's Share of Net OPEB Liability
Health Insurance Credit Program
For the Years Ended June 30, 2022, 2021, 2020, 2019 and 2018*

	2022	2021	2020	2019	2018
Medical Center Proportion of the Net HIC OPEB Liability (Asset)	6.5670%	5.7621%	5.8934%	6.5325%	6.3866%
Medical Center Proportionate Share of the Net HIC OPEB Liability (Asset)	$ 55,461,155	$ 52,896,613	54,400,004	59,595,000	58,152,000
Medical Center's Covered Payroll	473,235,000	415,138,000	401,596,000	439,856,021	412,664,212
Medical Center's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of its Covered Payroll	11.72%	12.74%	13.55%	13.55%	14.09%
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	19.75%	12.02%	10.56%	9.51%	8.03%

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 amounts presented have a measurement date of the previous fiscal year end.

Schedule of Medical Center Contributions-Health Insurance Credit
For the Year Ended June 30, 2022, 2021 ,2020, 2019, and 2018

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Medical Center Covered Payroll	Contributions as a % of Covered Payroll
2022	5,343,330	5,343,330	-	475,833,396	1.12%
2021	5,303,446	5,303,446	-	473,234,683	1.12%
2020	4,910,138	4,910,138	-	415,138,237	1.18%
2019	4,989,855	4,989,855	-	401,596,000	1.24%
2018	5,267,829	5,267,829	-	439,856,021	1.20%

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.

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 as a result of the experience study and VRS Board action are as follows:

General State Employees:

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 Sc 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

SPORS Employees:

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 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

VaLORS Employees:

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

JRS Employees:

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

Required Supplemental Information

POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS-UVA ADMINISTERED OPEBS

Changes in the Total OPEB Liability and Related Ratios-UVA

	2022	2021	2020	2019	2018
Total OPEB liability					
Service Cost	2,442,377	2,180,980	1,933,883	3,499,754	$ 3,508,399
Interest Cost	648,591	1,129,427	1,114,214	1,585,000	1,110,940
Changes in Benefit Term				-	4,735,948
Differences Between Expected and Actual Experiences	(408,225)	(8,167,254)	(1,063,461)	(7,493,282)	-
Changes of Assumptions	204,924	1,903,677	1,221,780	(11,293,026)	(3,196,088)
Benefit Payments	(145,324)	(129,624)	(5,820)	(420,991)	(1,288,000)
Net Change in Total OPEB Liability	2,742,343	(3,082,794)	3,200,596	(14,122,545)	4,871,199
Total OPEB Liability-(Beginning)	26,977,889	30,060,683	26,860,087	40,982,632	36,111,433
Total OPEB Liability-(Ending)	$ 29,720,232	$ 26,977,889	$ 30,060,683	$ 26,860,087	$ 40,982,632

*Schedule is intended to show information for 10 years. Since 2022 is the fifth year for this presentations only five years of data is available. However, additional years will be included as they become available.

*GASB 75 was effective first for employer fiscal years beginning after June 15, 2017

Total OPEB Liability and Related Ratios*

	2022	2021	2020	2019	2018
OPEB Liability (Ending)					
Retiree Health Plan	18,125,041	16,495,555	21,581,918	19,640,252	32,879,228
Optional Retirement Retiree Life Insurance	11,595,192	10,482,335	8,478,766	7,219,835	8,103,404
Covered-Employee Payroll					
Retiree Health Plan	263,203,000	253,080,000	241,426,000	232,140,000	231,930,000
Optional Retirement Retiree Life Insurance	263,203,000	210,450,000	209,726,000	201,660,000	231,930,000
OPEB Liability as a Percentage of Covered Payroll					
Retiree Health Plan	6.89%	6.52%	8.94%	8.46%	14.18%
Optional Retirement Retiree Life Insurance	4.41%	4.98%	4.04%	3.58%	3.49%

*Schedule is intended to show information for 10 years. Since 2022 is the fifth year for this presentations only fifth years of data is available. However, additional years will be included as they become available.

* GASB 75 was effective first for employer fiscal years beginning after June 15, 2017

Changes in assumption

The discount rate decreased from 2.21% to 2.16%

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
University of Virginia

INDEPENDENT AUDITOR'S REPORT

Report on Financial Statements

Unmodified and Disclaimer of Opinion

We have audited the financial statements of the business-type activities of the University of Virginia Medical Center (the Medical Center), a division of the University of Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Medical Center's basic financial statements as listed in the table of contents.

Disclaimer of Opinion on the Discretely Presented Component Unit

We do not express an opinion on the accompanying financial statements of the discretely presented component unit of the Medical Center. Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the Discretely Presented Component Unit section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the discretely presented component unit.

Unmodified Opinion on Business-Type Activities

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

Basis for Disclaimer of Opinion on the Discretely Presented Component Unit

The financial statements of University of Virginia Imaging, LLC (UVA Imaging) have not been audited, and we were not engaged to audit UVA Imaging's financial statements as part of our audit of the Medical Center's basic financial statements.

Basis for Unmodified Opinion

We conducted our audit of the financial statements of the business-type activities 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 Medical Center, 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 opinion.

Emphasis of Matter

Relationship to the University of Virginia

As discussed in Note 1, the basic financial statements of the University of Virginia Medical Center are intended to present the financial position, the changes in financial position, and where applicable, cash flows of only that portion of the business-type activities and the discretely presented component unit of the University of Virginia that is attributable to the transactions of the University of Virginia Medical Center. They do not purport to, and do not, present fairly the University of Virginia's overall financial position as of June 30, 2022, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Change in Accounting Principle

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

Other Matters

Report on Summarized Comparative Information

We have previously audited the Medical Center's 2021 financial statements, and we expressed an unmodified audit opinion on the business-type activities in our report dated December 3, 2021. In our opinion, the summarized comparative information presented herein for the business-type activities 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. The financial statements of the discretely presented component unit included in the Medical Center's 2021 financial statements have not been audited, and we were not engaged to audit those financial statements as part of our audit of the 2021 financial statements. Accordingly, we expressed no opinion on them.

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.

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 Medical Center'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.

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 2 through 4; the Schedule of University of Virginia Medical Center's Share of Net Pension Liability, the Schedule of Employer Contributions, and the Notes to the Required Supplementary Information on pages 68 through 69; the Schedule of Medical Center's Share of Net OPEB Liability, the Schedule of Medical Center Contributions, and the Notes to the Required Supplementary Information for the Group Life Insurance and Health Insurance Credit programs on pages 69 through 76; the Schedule of Total OPEB Liability and Related Rations, Changes in the Total OPEB Liability and Related Ratios – UVA, and the Notes to the Required Supplementary Information for the University-administered OPEB plans on pages 76 through 77 . 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 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 Medical Center'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 Medical Center's internal control over financial reporting and compliance.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

DLR/clj

MEMBERS OF THE BOARD OF VISITORS

UNIVERSITY OF VIRGINIA

AS OF JULY 1, 2021

NAME	APPOINTMENT DATE	TERM EXPIRES
Whittington W. Clement, Rector	July 1, 2015	June 30, 2023
Robert D. Hardie, Vice Rector	July 1, 2017	June 30, 2025
Robert M. Blue	July 1, 2017	June 30, 2025
Mark T. Bowles	July 1, 2015	June 30, 2024
L.D. Britt, M.D.	July 1, 2014	June 30, 2022
Carlos M. Brown	July 1, 2021	June 30, 2025
Frank M. Conner III	July 1, 2014	June 30, 2022
Elizabeth M. Cranwell	July 1, 2016	June 30, 2024
Thomas A. DePasquale	July 1, 2016	June 30, 2024
Barbara J. Fried	July 1, 2014	June 30, 2022
Louis S. Haddad	July 1, 2019	June 30, 2023
Babur B. Lateef, M.D.	July 1, 2016	June 30, 2024
Angela Hucles Mangano	July 1, 2019	June 30, 2023
James B. Murray Jr.	July 1, 2016	June 30, 2024
L.F. Payne	July 1, 2021	June 30, 2025
C. Evans Poston Jr.	July 1, 2018	June 30, 2022
James V. Reyes	July 1, 2015	June 30, 2023
Joel W. Hockensmith	July 1, 2021	June 30, 2022
Sarita Mehta	June 1, 2021	May 31, 2022